

***Ensuring a  
dignified life:  
Making sense of  
minimum  
income, minimum wage  
and reference budgets***

***An insight into the work done by  
Eurodiaconia members***

**Eurodiaconia** 

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## ***Ensuring a dignified life: Making sense of adequate minimum income, minimum wage and reference budgets***

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**November 2014**

### **Introduction**

This report and Eurodiaconia's work on minimum income links to our work on the 2008 EU Recommendation on Active Inclusion. For the last few years Eurodiaconia has been monitoring the implementation of the **active inclusion Recommendation** based on feedback from members, looking at the three pillar approach of *access to quality services, adequate minimum income and inclusive labour markets*. Eurodiaconia welcomed the Recommendation which would encourage Member States to facilitate the integration into sustainable, quality employment of those who can work and provide resources which are sufficient to live in dignity, together with support for social participation, for those who cannot. However according to our assessments, as well as those of the European Commission and other independent bodies, it seems that until now, the active inclusion approach has not been implemented in an integrated or comprehensive way. It seems that Member States have tended to focus on *activation* or the 'inclusive labour market' pillar – i.e. getting people into work – rather than linking the three strands of the approach with equal importance.

Whilst we want to maintain an integrated approach to active inclusion, we recognise that it can be useful to look at the pillars individually to see where gaps lie in terms of implementation and the relationship to the other two pillars. For this reason, Eurodiaconia is currently focusing on minimum income as part of an active inclusion approach. Furthermore, given the increase of people at risk of poverty and social exclusion in the EU we see the urgent need to discuss the role of minimum income schemes. Reports reveal that we are far from achieving the Europe 2020 poverty target of reducing the number of people at risk of poverty by 20 million. And whilst social policy remains largely a competence of the Member States, the need for the EU to take more responsibility for ensuring minimum social standards from a human rights perspective is becoming ever more evident. Additionally with increasing numbers of people experiencing in-work poverty across Europe, there is growing debate around the possibility for the EU to ensure a minimum wage, although there is also some resistance to this debate.

Eurodiaconia members aim to protect the most vulnerable people in society from poverty and social exclusion primarily through the provision of social and health services to support and assist all who need their services. However they also achieve this through projects offering financial assistance and a number of our members are also active carrying out campaigns and awareness raising activities advocating on behalf of people experiencing poverty by calling for an adequate minimum income and/ or a minimum or living wage. This report is therefore based on initial research Eurodiaconia has carried out among its members in order to gauge their positions on the topic of minimum income and minimum wage as well as to map types of projects/ campaigns they carry out in this area. This report is based on the written answers from 7 Eurodiaconia members to find out how they currently respond to the challenges of inadequate minimum income schemes at national level. A network meeting was also held in December 2014 to further explore Eurodiaconia members' positions and work on this issue. This report is therefore not an official position paper of Eurodiaconia, but is to be used as a background paper which can be used to guide our future work on the questions of minimum income and minimum wage and will contribute to developing an official policy position on the topic to be adopted in 2015.



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### **Part I: A summary of members' answers**

## Why and how minimum income schemes can ensure a dignified life

### ***Dignity***

For Eurodiaconia, *adequate* minimum income is about ensuring dignity, participation and social inclusion through guaranteeing decent living standards and going beyond 'minimum income'. For our members, it is clear that minimum income schemes are there to ensure the dignity of those who without social assistance would fall below the poverty threshold. They say that minimum income schemes should be universal and available for all. Our understanding of dignity is primarily founded on our Christian understanding of God-given dignity. The belief that all humans are created in the image of God with equal worth and dignity forms the basis for all our work. As part of minimum income schemes, access to social services is necessary to uphold human dignity and "*care should be given in such a way that this dignity is recognized and respected*"<sup>1</sup>. We also believe that access to social services is a fundamental right.

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<sup>1</sup> 'To Be and To Do' – Diaconia and the Churches, Eurodiaconia, 2004



Our understanding of dignity is also founded on a human rights perspective as stipulated in the Universal Declaration of Human Rights (**UDHR**)...

*Article 22: Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity...*

The UNDH goes on to clearly establish which services and social security (i.e. social rights) are necessary to ensure a certain 'standard of living'...

*Article 25 (1): Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.*

A number of other EU and international conventions ratified by all the Member States support this human rights approach and can be used to justify adequate minimum income schemes such as the **European Charter of Fundamental Rights**, the **European Social Charter** and the **UN Covenant on Economic, Social and Cultural Rights**. In reality the issue is lack of implementation of these agreements at national level.

### ***Empowerment not punishment***

Taking a rights based approach does not mean that we are to take away an individual's responsibility to contribute to civil life and take care of themselves and their families. Our members insist that minimum income schemes should not create over-dependency on social welfare and should ideally be short-term. People must be empowered and supported to participate fully in society and to reach their potential. Eurodiaconia members believe that work is beneficial and valuable for people and is in itself a human right. Minimum income schemes must therefore be accompanied with incentives to work. However our members stress that schemes should not be in any way punitive or be conditional on good behaviour.

*"At City Mission Gothenburg we want to take a social responsibility by focusing attention on difficult social circumstances and vulnerability. We want to both influence and make a difference against abuse, and strengthen the individual to courage and responsibility. We want to see the person as a whole and meet her physical, mental, spiritual and social needs"*

should have the freedom to choose how to spend their income which ensures the empowerment and dignity of the individual. Whilst minimum income schemes are not supposed to be long-term solutions for people experiencing poverty, they can be efficient tools that can provide the necessary assistance for short periods of time, whilst an individual seeks employment. This however needs to be accompanied with supportive, individualised pathways back to work and enabling quality services.

Our members stress that there needs to be a continuity between support systems to help people moving between periods of employment and inactivity. It is also very important to activate people on their own terms, and reward their efforts and willingness to work or study.

### ***Support and incentives***

Whilst access to affordable and quality social and health services is essential for ensuring human dignity, and is an essential element of a healthy and functioning society, we would also argue that people need a cash income to live dignified lives.

We would also go further to say that people

*"From the start people should have good counselling and they should always have the ability to educate themselves if that is what they want"*  
(Church of Iceland)



## ***Employment isn't the 'silver bullet'***

It is important to stress that whilst Eurodiaconia members agree that employment is a key route out of poverty, it is not the only route, and for some, it is simply an impossible route. There are some people who simply cannot work for example some people with a particular disability or illness, or with a carer responsibility, and should be entitled to an income which allows them to live life to the same standard as those who can work. It is also important to highlight that in-work poverty is also a growing problem in many EU countries and shows that employment is not always the answer to poverty. In Scotland for example the largest group experiencing poverty are actually those in employment. Wages therefore must be adequate enough to ensure the dignity of the worker. However it is not only a question of a decent minimum wage, since even minimum wage paid on increasingly common so-called 'zero hours' contract leaves many in situations of poverty.

Our members also feel that they have a role to raise awareness about problems of unemployment through different channels such as through the media as well by directly lobbying politicians, who are de facto the ones that can create long-term decent jobs and address structural issues poverty.

## ***Reference budgets***

*"People need to be able to meet their commitments, such as housing, electricity, insurance, and also have enough money to buy food, medicine, clothes and activities for the family. In Iceland, a computer is necessary, as a part of your education. A car is also very important for most people in Iceland."*

Members agree in general that reference budgets can be useful in establishing and defining 'adequate income' as it would stipulate, according to the local/ regional or national context a basket of goods and services necessary for an dignified life and to reach a certain standard of living. Our members would perhaps differ on the

details, for example some would say having a car or a mobile phone or internet access is necessary whilst others would find this goes beyond 'adequate'. Therefore there should not be one size fits all but elements of a generic reference budget could be agreed upon by Eurodiaconia. Members highlighted that recreational activities and the ability to participate in cultural activities for example should be included in the basket, as should the ability to meet spiritual needs. As mentioned before, the basket of goods and services should also include cash, although we would not go so far as to stipulate an amount or percentage.

*At Gothenburg City Mission we also see a spiritual need in people, which leads us to include participating in festivals such as Christmas as a basic sort of service. Gothenburg City Mission has a more generous understanding of what people need than Sweden in general, not only in regard to spiritual needs, but also in the sense that our reference budget includes recreational activities and other things that we see give people a way of living life, not just surviving it.*

## ***Measuring poverty***

Whilst the 60% median income poverty indicator can sometimes be seen as "no longer accurate" given decreasing living standards, our members stress that the it can be helpful to have a commonly agreed poverty threshold and in some cases they have advocated to have such a poverty indicator which should not therefore be dismissed. They argue that it needs to be complemented and used in combination with other indicators of poverty and social exclusion. However in Eastern European countries, it's true that 60% of the median income is definitely NOT adequate. For this reason, reference budgets can be helpful for defining adequacy.



## Who are the most vulnerable? Who falls through the gaps in social welfare?

Those most at risk of falling through the gaps in the welfare system and therefore most at risk of poverty and social exclusion seems to vary according to country.

In **Germany** our members say that children, young people and elderly people are particularly vulnerable.

Certain cuts made by the government and/or special regulations mean that they are at a higher risk of falling out of the safety net. The aim of enabling people to actively participate in social and cultural activities does not extend to **children** as benefits are either cut or too little that would allow them active participation in society. (Diakonie Deutschland)

not cover the cost of participating in a sports club. In addition, children require more changes of clothing than adults do as they grow much faster, however, the government calculated the same needs for children in that age category as for adults. Finally, taking children living in poverty as a reference will not work for adults living in poverty as they will have different needs at different stages in their lives.

With the *Hartz IV* reforms, the government introduced a special regulation for **young people** under the age of 25 receiving unemployment benefits. Those under the age of 25 receiving unemployment benefits are not allowed to move out of their parents' home or the home where they are staying while receiving benefits and without permission of the job centre and will get penalised (their benefits cut) if they do. Diakonie Deutschland is against this special regulation as it violates various aspects of human dignity and the fundamental rights of a person. For Diakonie Deutschland the government should not be able to rely on the 'good-willingness' of others (such as family) – rather, it is the role of the state to care for the most vulnerable in society, no matter their background, origin or family situation.

**Elderly people** in Germany are increasingly at risk of falling into poverty as the legal pension is often not enough to ensure a life in dignity in older age. Diakonie Deutschland is therefore working on developing a more future-oriented preventive strategy to avoid gaps in the pension payment and have worked on a concept of basic pension.

In **Iceland** those that fall out of the safety net are people who have an active application for social security benefits and are between systems. (Social security benefits are higher than the benefits you get from your municipality and are above the poverty line). In **Sweden** undocumented migrants and people who suffer from a number of illnesses and disabilities needing social assistance are particularly vulnerable to falling through the safety net due to language barriers and heavy bureaucracy. In **France** Roma people, travellers and undocumented migrants are particularly vulnerable groups in society and often fall through the safety net.

In **Scotland** the majority of families that live in poverty do so despite being in employment. Excluding pensioners, there are 6.1 million people in families in work living in poverty compared with 5.1 million people in poverty from workless households. The bottom end of the UK labour market is characterised by a large number of people (1.4 million) who work fewer hours than they would want, and a large turnover of people moving from an insecure low-paid job with minimal employment rights to unemployment and back again.



## Do members want an EU framework Directive on minimum income?

All members who responded to the questionnaire on minimum income are in favour of a national adequate minimum income. However there is no consensus on whether an EU Framework Directive would be the right solution. For some members it is clear that enforcing a minimum income scheme on the Member States would be in line with ensuring European and international human rights. However its implementation should perhaps not be supported financially by the EU, or perhaps only as a system of solidarity for those countries that are struggling financially or for example countries that have higher numbers of immigrants and refugees. Other members felt that an EU Framework Directive would not work given the differing levels of living standards across the EU, as well as the varying social systems and the divergent average income in the EU Member States. Other members felt strongly that an Framework Directive would be useful and important for the EU to enforce a minimum income **criteria and standards** for all Member States and that the EU should provide funds to support a minimum income across the Member States.

### **Part II: Our members work: Tackling poverty through minimum wage and minimum income projects and campaigns**

#### **Through financial assistance...**

#### **City Mission Gothenburg, Sweden**

##### **Projects and campaigns**

**Operation “Rådgivningsbyrån”:** At Stadsmissionen Göteborg (City Mission Gothenburg) they do not have a particular project or campaign on minimum income or living wage, but they do have a permanent operation, “Rådgivningsbyrån”, that offers financial advice, financial, psychosocial counselling and, if necessary, support in contacting the authorities. Families can apply for economic support twice a year and also for scheduled activities during summer and Christmas. Young people (up to 26 years) without children, who moved away from home, and adults can apply once a year as well as for scheduled activities during summer and Christmas. Other financial counselling and psychosocial support can be given several times a year.

**Project “Local social mobilization - a more humane society”:** City Mission Gothenburg does not primarily advocate for minimum income but they see that much of their work targets inequalities in disposable income, such as the project “Local social mobilization - a more humane society”. It is a 3-year project with the goal that human rights should be regarded and respected in Gothenburg in the long-term. An important part of social mobilization are different types of advocacy and advocacy campaigns designed to change society in a more equitable and non-discriminatory direction.

##### **Position on minimum income and reference budgets**

The “ekonomiskt bistånd” is a form of minimum income scheme in Sweden. City Mission Gothenburg operates in a country which is supposed to cover the citizen’s needs, due to Sweden’s structure as a welfare state, but if this welfare would be adequate, our members say that their work as a non-governmental organization should not be necessary. They work with those who have fallen in between or outside the different systems for social assistance and therefore they see a lot of different barriers, for example the importance of a knowledge of the Swedish language and the rigid bureaucracy in every administrative authority. Increasingly they and other non-governmental organizations cover the alternatives to cash benefits, such as food or clothing vouchers, recreational activities and more.



The amount of allowance for the minimum income scheme is decided by the Government and Parliament yearly, and the amount has been increased every year with the exception of this year (2014). The fact that food and service prices increased in 2014 as well as every year leaves people in need of social allowance with less money and the impact for City Mission Gothenburg is that more and more people apply for economic support to manage basic needs such as food and hygiene (which should be covered by “ekonomiskt bistånd”).

## Church of Iceland, Icelandic Church Aid

### Projects and campaigns

**Debit card project:** For many Years the Icelandic Church Aid (ICA) ran a food bank. However the staff learned about the concept of debit cards instead of food banks and after a while ICA experimented using debit cards to support families with children on low incomes. In 2011 after an evaluation of the pilot project they decided to use only debit cards instead of having a food bank. This method is more expensive than having food bank as many companies donated the ICA food. However ICA found this method better as it gave people possibility to decide what they would buy and it gave people more dignity. So although this system is more expensive, it focuses on participation rather than ‘charity’. Also, the government financially supports the debit card scheme.

In practice people apply for assistance and get debit cards they can use in any grocery store and is equivalent to one shopping trolley of food. ICA still help people to have medicine, clothes and activities for the children/families and in some cases computers to young students.

**EMIN project (EAPN Iceland.):** the Church of Iceland is engaged in the Icelandic anti-poverty network which has written articles in the newspaper and had interviews on the radio advocating for minimum income. They are active in lobbying for minimum income both via EAPN, and alone in the media. They also participate in a number of different groups and committees that have the goal to lobby the government and local politicians.

See [www.help.is](http://www.help.is) for more information

### Position on minimum income and reference budgets

There is no official minimum income scheme in Iceland, but every municipality has their own definition of minimum income which can be very different from one to another. The ministry of social affairs made an index about adequate living standards and although it has never been used, according to our members it has been an eye-opener for people. Iceland has no official reference budget and every municipality makes their own minimum income scheme. The Church of Iceland is working on pushing the government to change the fact that the municipalities have a constitutional right to have their own minimum income scheme.

In ICA they calculate who is eligible for their debit card facility by talking to people in need, gathering information from them and making the calculations based on their income versus expenditure for each family. They use the index from The Debtors' Ombudsman (<http://www.ums.is/english>) which uses a standard budget to estimate the cost of living for food, clothing, medicine, travel, communication and hobbies. They find this a good basic tool.

### Position on minimum wage:

The Church of Iceland emphasises that the minimum wage is too low and lobby to increase it because it keeps down the minimum income, and at the same time does not incentivize people to move from receiving benefits to work. To ensure work pays and to activate people, they call for a higher minimum wage, rather than cutting benefits. For people that are taking their first steps in the labour market, the minimum wage is



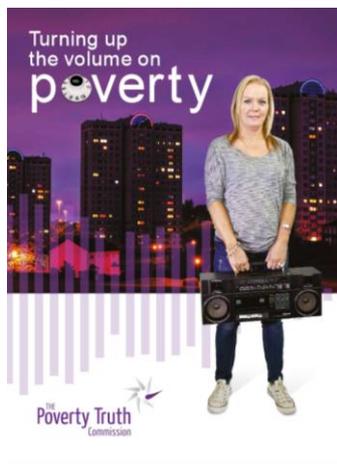
215.000 ISK and minimum income in Reykjavik for example is 170.000 ISK. If you have children the difference declines, if you have two children for example, the difference becomes very little. For single parents in particular this is not effective, and does not encourage people to seek employment.

## Through advocacy and campaigns....

### The Church of Scotland

#### Projects and campaigns

The Church of Scotland lobbied for the introduction of the **minimum wage** in the UK, and has been associated with the **Scottish Living Wage campaign**. Employers choose to pay the Living Wage on a voluntary basis, while the National Minimum Wage is statutory and enforced by HM Revenue and Customs (HMRC).



The Living Wage is calculated and set annually by the Centre for Research in Social Policy (CRSP) at Loughborough University. The calculation is based on the Minimum Income Standard for the United Kingdom. CRSP's research looks in detail at what households need in order to have a minimum acceptable standard of living and includes things such as food, clothing, rent, council tax, fuel for heating your home and childcare (if applicable). What is included in this minimum standard is decided upon by groups of members of the public. The costs of these items are then sourced from national providers and chains. Therefore, the Living Wage is rooted in social consensus about what people need to makes ends meet.

The Poverty Truth Commission (of which the Church of Scotland is part) wrote letters to the Minister of Finance, Scottish Government, and Chief Executives of local authorities and the NHS Scotland, calling for payment of the living wage to be part of their public procurement policies. Scottish Government and many local authorities do themselves pay the living wage to their employees.

#### Position on minimum income and reference budgets

According to our members, while the UK has a welfare benefits system that is notionally needs-based, there is no serious attempt to calculate needs. The current tax credit scheme is notionally oriented towards the concept of a minimum income scheme but is inadequate. "Adequate" would not only include a nutritious diet but would include normal social participation such as being able to go to a museum and the ability to pay for public transportation to get there and back. The Church of Scotland say that severe cutbacks in benefits and demonising of recipients have undermined the sense of social solidarity which underpinned the system.

The Church of Scotland is broadly supportive of the goal of achieving a minimum income. They are currently considering advocacy for a 'citizen's income'. They are currently working on reports on fuel and food poverty, both of which will recognise these as basic goods.

#### Position on minimum wage

The Church of Scotland supports the living wage methodology to prevent in-work poverty. They advocate for a living wage and its inclusion within public procurement policy. The living wage is set for the next year at £7.85 per hour, an increase of 2.6% on the 2013 rate and 21% higher than the national minimum wage of £6.50 per hour; this will improve the take home pay of 35,000 low-paid workers across the country who are



employed by over 1,000 Living Wage accredited organisations. According to our members, many people earning the minimum wage in Scotland need benefit top-ups to lift them out of poverty.

One of the major areas of concern in relation to a living wage is in the care sector. Even the Church's own social care agency finds itself currently unable to pay all staff the living wage due to its dependence on local government procurement tendering. Although the Church of Scotland does pay the living wage to all staff directly employed by them, they cannot compel external care agencies, who supply them with care staff, to pay the living wage.

## Diaconia Austria, (Diakonie Österreich)

### Projects and campaigns

Diakonie Austria is a founding member of the *Armutskonferenz*, which is a network of Austrian organisations, working to alleviate poverty. Through this network Diakonie Austria has led most of its campaigns and projects for example on minimum income. Through the Armutskonferenz, Diakonie Austria lobbied for over



ten years for a minimum income in Austria (i.e. from 2000-2010) until the government agreed to introduce a national minimum income in 2010. See for example [this campaign](#) from 2005. They have also contributed to a number of written publications. At the moment they are monitoring the implementation of the minimum income in the different provinces of the country. One approach they have is to publically award 'lemons' to those regions where there are gaps in the law and/or implementation of the 'Bedarfsorientierte Mindestsicherung' (BMS = minimum income). The current 'lemon' goes to Burgenland, Niederösterreich, Oberösterreich and Tirol. The Lemon award has been successful in two regions which as a consequence changed (and improved) their policy on disability benefits.



Another activity they organise is 'Legislative theatre' where actors (experiencing poverty) play out scenes from their lives for example in the hospital, the office and home. They present their demands in theatre and also in a booklet to give to the Austrian Parliament. They also hold a 'Parliament of the excluded' which is a meeting of people experiencing poverty and members of Parliament whereby they present their demands to Parliamentarians.

The "Bearer of Hope" campaign is a 24 day campaign during the advent period before Christmas where each day they call for a particular demand and have some sort of press action (see picture on left).



- See [here](#) for how they monitor the BMS in the different provinces
- More information on reference budgets [here](#)
- <http://www.armutskonferenz.at>

### Position on minimum income and reference budgets

Since 2010 there is a minimum income scheme in place in Austria. Previously it was called social assistance which is broader in its definition and scope. However, the minimum is ambivalent and is still quite close to what was used to be called 'Sozialhilfe' (i.e. social assistance). This is why the Armutskonferenz is mainly monitoring the process of implementation and criticizing too narrow definitions of minimum income. They



work together with EAPN as well as universities to establish reference budgets, although there is not official Austrian reference budget. According to Diaconia Austria, adequate minimum income should include social services, access to the labour market and material coverage of basic needs. Currently the government has responded that they cannot raise the minimum income because they have no money and there would not be a big enough gap with the minimum wage. Diakonie Austria stress that austerity is a choice – they are not obliged to cut social security.

Regionally benefits greatly differ, as regional authorities are very powerful and don't want to return powers centrally, therefore people are sometimes forced to move region to access certain benefits. One of the reasons for non-take up of benefits is a feeling of shame, bad experiences at the employment/ benefits office. For this reason Diakonie Austria are going to start a 'buddy' scheme made up of a platform of volunteers to accompany people to the benefits office.

### **Position on minimum wage**

Diaconia Austria advocacy for a higher minimum wage. They stress that getting people into work does not depend on the relationship between minimum income (social assistance) and minimum wage.

## **Diaconia Germany, (Diakonie Deutschland)**

### **Campaigns and projects**

Diakonie Deutschland advocates for a more decent, realistic, universal minimum income that allows people to live a life in dignity and does not exclude others (e.g. young people, children). In their statements, Diakonie Deutschland highlights how the currently guaranteed minimum income calculated by the government is not sufficient. You can find more information on how Diakonie Deutschland adds to the calculations made by the government for reference budgeting in the links below.

To calculate an 'adequate' minimum income the Diakonie Deutschland proposes a mix of statistical calculations, studies about minimum cost for example for healthy food and a commission of non-governmental organizations to discuss the question. Internally they use a sample survey of income and consumption.

In the German committee of the European Anti-Poverty-Network they work together with people experiencing poverty. Diakonie Deutschland coordinates the working group on minimum income and the German alliance for a humane living wage.

### **Position on minimum income and reference budgets**

Diakonie Deutschland has made various statements on reference budgeting, criticizing governmental legislative changes that reduce and/or put in clauses that de facto exclude people from receiving minimum income. Minimum income should be guaranteed for all in poverty or without income, with no sanctions or penalty. They say that the minimum income scheme needs to be guaranteed for all and cannot exclude certain groups.

There is a minimum income scheme in place in Germany called *Grundsicherung* or *Mindestsicherung*. The legal basis is in the social code (*Sozialgesetzbuch*) II and XII. Since January 2014 the minimum income is:

- 391€ for people living alone or single parents
- 353€ for cohabiting spouses, registered partners and other partners
- 229€ for children under the age of 6
- 261€ for children aged between 6 and 14
- 261€ for children from the age of 14 onwards



In addition, the beneficiaries receive the total costs for housing and heating of an appropriate accommodation (Source: [MISSOC](#)). Diakonie Deutschland finds that the calculation of government works with unrealistic deductions.

## Reference budgets

The 'Regelsätze' (reference budgets) were agreed upon in 2011 and are based on the sample survey of income and consumption ('Einkommens- und Verbrauchsstichprobe' 2008). The social code (Sozialgesetzbuch) II and XII provide the legal basis, but the reference budgets per se are listed in the [Regelbedarfsermittlungsgesetz \(RBEG\)](#). The calculation uses statistics to define what a household requires for a minimum standard of existence. In addition the rent for an appropriate apartment is paid, but the definition of "appropriate" is reason for many conflicts. The methodology used per se is effective, however, according to Diakonie Deutschland the RBEG does not consequently apply the pre-defined methodology and rather deviates from the set of indicators and excludes for example costs for babysitting, costs not covered by health insurance, dry cleaning of clothes for e.g. job interviews, etc.

Most of the cuts made by the legislator affect the possibility for social and cultural participation of people in society. According to the calculations made by the Diakonie Deutschland, a transparent and realistic basic minimum should lie over €70 higher than that calculated by the RBEG. The reference budget for a single adult is calculated at 391 €. According to the calculations by the Diakonie Deutschland 461 € was more realistic. Included should also be, for example, the possibility to save in case of sudden costs such as rent cautions. In addition, the RBEG deviates from its reference household – the benchmark for reference budgeting significantly changes when the level of consumption is used of people who themselves do not have sufficient means to cover their basic needs. This is the case as the amount calculated is based on the actual expenditure of households in the lower income range (the lower 15% for normal requirements of adults and the lower 20% for normal requirements of children). For more information see the [statement on reference budgeting](#) and [EU's Mutual Information System on Social Protection \(MISSOC\)](#).

## Position on minimum wage

Diakonie Deutschland lobbies together with the trade unions for a minimum wage that is high enough to prevent poverty. It is currently €8.50/hour. People who find employment after being in long-term unemployment are not guaranteed the minimum wage for the first six months of employment, even though the employer is already subsidized by the government. This is hard to explain and cannot be justified according to Diakonie Deutschland.

Since 2010 Diakonie Deutschland supports their member organisations in the gradual implementation of a minimum wage in the health care sector. In the social and health care sector this is particularly challenging for employers that traditionally employ many people and hence linked to high costs. This is problematic only in so far as social services are under-financed and often struggle to survive. These questions therefore need to be discussed, with the inclusion of the Diakonie in the discussions, to see how health and social care staff are ensured a decent wage (at least the minimum wage) and how health and social care services should be financed over the longer term to ensure this. In addition, it is to be seen if the introduction of a minimum wage will be able to challenge precarious working conditions, etc. and prevent poverty in the long-term.

## Diakonie Deutschland Statements

Statement about basic security benefits:

- Young adults: <http://www.diakonie.de/verfassungsbeschwerde-zu-den-regelungen-fuer-u-25-hartz-iv-13912.html>
- Children: <http://www.diakonie.de/regelbedarf-in-der-grundsicherung-fuer-kinder-13143.html>



- Statement about reference budgeting: <http://www.diakonie.de/stellungnahme-bezueglich-der-regelbedarfsermittlung-12891.html>
- For adults: <http://www.diakonie.de/rechtssicherheit-und-fairness-bei-grundsicherung-noetig-10134.html>
- Social protection for children and young people: <http://www.diakonie.de/03-2013-soziale-sicherung-fuer-kinder-und-jugendliche-12089.html>
- For older people: <http://www.diakonie.de/08-2013-praevention-und-bekaempfung-von-altersarmut-12991.html>
- Minimum wage: <http://www.diakonie.de/referentenentwurf-eines-tarifautonomiestaerkungsgesetzes-14209.html>

## Federation de l'Entraide Protestante, France

### Campaigns and projects

The Federation de l'Entraide Protestant (FEP) participates with 38 other organizations under the umbrella of UNIOPSS, in a number of different campaigns on minimum income. They have carried out the following advocacy activities:

- Call for increasing RSA ('revenu de solidarité active'), which is the minimum income in France "National solidarity must not be an adjustment variable of national economic policies" ([see press release](#))
- Mixing RSA + PPE ('*prime pour l'emploi*'), one measure announced by François Hollande - August 2014 (see more [here](#))
- FEP met with the Commissioner General in the strategic planning to contribute to questions of poverty and minimum income (see final document [here](#))
- FEP participated with the campaign "ALERTE" to warn authorities about insufficient level of minimum income (see [letter](#) to François Hollande)
- They also contributed to a book called "Wrong ideas on poverty", advocating for a minimum income/social protection net; which would be about 650€/month/person.

### Position on minimum income and reference budgets

An important debate exists in France concerning the "decent standards of living" however France's official authorities didn't recognize the EU proposal to fix international standards of poverty and talks are very difficult. Since 2009 there is a minimum income scheme in France. An adequate minimum income would be 25% more than minimum income according to our members. The FEP believes that 650€ could be a goal to reach for the next 5 years. In France there is a problem with use of bank credits, the price of energy, transport and communications. To ensure people don't fall into poverty the FEP believes that we need to build local solidarity for the few people that could fall into poverty. According to the FEP, minimum income schemes should be available to all and universal.

There is no national methodology for reference budgets in France and the FEP doesn't use any models of reference budgeting. The FEP believes that what people need for a dignified life is housing first. Housing is a major problem in France using up a large part of people's incomes. After housing, food, health, education, culture, new technologies

According to the FEP people need the following basic goods and services:

- ✓ clean food (organic)
- ✓ low cost energy
- ✓ health insurance
- ✓ free access to transport
- ✓ free access to culture
- ✓ help for reaching citizen rights
- ✓ mobile phone



are also necessary.

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## **Through provision of services...**

### **Vsi 'Liuteronu diakonija', Lithuania**

#### **Projects and campaigns**

The town of Skirsnemunė in Lithuania is experiencing demographic, social and employment situations which lead to crisis situations. There are many low-income families experiencing social exclusion, children and young people's vulnerability to crime and addiction is a problem given their lack of social skills. In the area of Skirsnemunė there is lack of social service infrastructure which contributes growing numbers of children that are separated from their family. For this reason Liuteronu diakonija (Lutheran Diaconia) established a child and mother day care centre. The target group is children at social risk and low income fathers and mothers. They provide social care services to 20 children every day. The project aims to provide comprehensive services that include children and parents. They also provide several apartments for temporary living available for such families.

#### **Position on minimum income and reference budgets**

The current minimum income is 251.97 Euros a month. According to our members 500 euros would be more 'adequate'. According to our members people living in rural areas are most vulnerable to poverty. There is still huge need for basic material help: bed linen, clothes, equipment for school and food.

There are several initiatives in Lithuania to draw attention to the problem of inadequate income. With the support of European Union and Norway EEA grants there are methodologies written for reference budgeting but according to our members it has not been implemented.

#### **Position on minimum wage**

Minimum wage in Lithuania is 289.62 euro per month. According to our members it is hardly possible to live as single person in the city with this wage.

## **Part III: Policy conclusions: bridging the gap between national contexts and EU policies**

### **EU Policy tools**

#### **Active inclusion**

According to our own assessments carried out with members as well as reports carried out by the Network of Independent Experts on Social Inclusion<sup>2</sup> and the European Commission<sup>3</sup>, while there has been progress in some Member States in implementing the Active Inclusion Recommendation, this is often uneven and partial: The Independent Experts' report concluded that *"Overall, there is still a long way to go to for the effective implementation of the Recommendation across the EU"*. And whilst it is useful to look at specific problem areas within the three pillars of the 2008 Active Inclusion Recommendation, such as inadequacy of minimum income,

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<sup>2</sup> (see 2012 Social Europe Assessment of the implementation of the European Commission Recommendation on active inclusion).

<sup>3</sup> [Staff working document: Follow-up on the implementation by the Member States of the 2008 European Commission recommendation on active inclusion of people excluded from the labour market — Towards a social investment approach](#)



it is still important to remember that the purpose and value of the active inclusion approach is to ensure an *integrated* and comprehensive approach, therefore the other two pillars must not be forgotten. However this does not prevent continued work on the individual pillars where appropriate and where addressing specific problem areas can be useful. The European Commission and European Parliament should continue to remind Member States of their commitment to implement the principles active inclusion Recommendation made in 2008.

As civil society, it can be useful therefore that Eurodiaconia continues to monitor the implementation of the Active Inclusion Recommendation as well as feed into debates on the individual pillars where we have the expertise. Eurodiaconia should also reflect on recommendations such as those made by the Independent National Experts on social inclusion on a wide range of actions that they think could be taken at EU level to enhance the implementation of the Active Inclusion Recommendation by Member States. This includes the importance of enhancing the use of EU Structural Funds in support of active inclusion measures as well as linking active inclusion more closely to the implementation of the Europe 2020 Strategy and establishing an EU minimum income floor. As new EU level strategies, policies and programmes are developed, it will be important for Eurodiaconia to be able to adapt arguments for an active inclusion approach accordingly. It may be useful for Eurodiaconia's Europe 2020 Steering Group to strategically guide this work.

## **An EU Framework Directive on adequate minimum income**

In 2014 important debates have been had on whether the EU could have a Framework Directive on adequate minimum income which would provide a clear definition of adequacy and clear common EU criteria on adequacy to improve on the current EU level recommendations. Currently EAPN (the European Anti-Poverty Network) is working to advocate for such a Framework Directive and has recently completed a two year project called 'EMIN' to try to push for its adoption. However it will be important for Eurodiaconia to develop its own concrete position on adequate minimum income in order to evaluate whether we want to call for such a Framework Directive or another EU instrument.

## **Next steps for Eurodiaconia**

Working in cooperation with other EU level organisations such as EAPN and Social Platform will be useful to gauge what political opportunities are viable and where to find political support and also through mutually supporting advocacy activities.

The European Minimum Income Network (EMIN) was a two year project (2013-2014) led by EAPN, sponsored by the European Parliament and funded by the European Commission in which Eurodiaconia and a number of our members have been involved. The final synthesis report based on 30 national reports examines the realities and obstacles of minimum income schemes across Europe which can provide useful background and detailed information for Eurodiaconia's members. Eurodiaconia should assess whether and how to follow up on this project depending also on how EAPN decide to progress.

The Social Platform, of which Eurodiaconia is a member has recently adopted a position paper on an "EU Directive on adequate minimum income". This position paper is one element of a broader Social Platform common framework position on an adequate minimum social floor (now referred to as social standards) in the EU. Eurodiaconia should continue to contribute to the Social Platform's work in this area and follow developments and discussions on *social standards* as a broader concept in which minimum income would fall.

It will also be important for Eurodiaconia to reflect on the results of the European Commission's recent research project on Reference Budgets ([www.referencebudgets.eu](http://www.referencebudgets.eu)) when made available in which Eurodiaconia has been a European stakeholder. The project aimed to investigate whether it is possible to develop a method for constructing high-quality cross-country comparable reference budgets in all EU Member States. The results



may well help define what 'adequate' minimum income would be if an EU level Directive or other instrument was adopted and could provide academic arguments to support our advocacy at EU level and our members' advocacy at national level.

It could be advisable that Eurodiaconia is active immediately on the question of adequate minimum income given the high level political momentum that exists currently on this subject, in particular from the European Parliament and the European Commission, including from Marianne Thyssen, the new Commissioner for Employment, social affairs, skills and labour mobility who recently stated that:

*"We should think in terms of minimum standards. For example, having a minimum income in every EU country, based on a reference budget. People are working on that right now. We definitely need a more social economic and monetary union. The social indicators I mentioned before can also play a key role in this process."* (Social Agenda n. 39 - The new Commission (23/12/2014))

The new President of the European Commission Jean-Claude Juncker said in the political guidelines for the new European Commission and in his opening statement in the European Parliament *'I believe it is necessary for all EU Member States to put in place a minimum wage and basic guaranteed income'*<sup>4</sup> he was also quoted saying *"All countries in the European Union, we set in place a minimum social wage, a minimum income, a guaranteed minimum income"*.

There is also support from the European Economic and Social Committee also adopted an opinion on European minimum income and poverty indicators which calls for a European minimum income.<sup>5</sup> The EESC could therefore provide another ally in our work on this topic.

## **Conclusions**

Eurodiaconia members clearly consider that adequate minimum income is essential in fighting poverty and social exclusion, therefore the topic is worth further exploration and advocacy efforts. In this context it is also worth persevering with the implementation of the Active Inclusion Recommendation given that this is the strongest document that exists at EU level which should compel Member States to ensure an adequate minimum income and makes a strong link with the need to be combined with quality enabling services. A Eurodiaconia policy paper on adequate minimum income is planned for 2015 and should help to guide Eurodiaconia's future work in this area. It will also be important to provide members with tools and information to support their national or regional level advocacy and to support less experienced members in initiatives in this area. The Marginalisation and Exclusion network could also hold a second meeting on this topic, to exchange good practice and continue to shape Eurodiaconia's advocacy in this area. As mentioned before, the Europe 2020 Steering Group who began shaping this work with a 'concept note' in 2014 should also be involved in strategically guiding the work.

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<sup>4</sup> [http://ec.europa.eu/priorities/docs/pg\\_en.pdf](http://ec.europa.eu/priorities/docs/pg_en.pdf)