

European tools for minimum income schemes, a cornerstone for a European anti-poverty and social inclusion strategy (Discussion paper)

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The document aims at providing a basis for discussion for an ETUC action on minimum income and further integrated steps to respond to the poverty and social exclusion crisis. Based on the EU acquis, when minimum income is referred to in this document it signifies:

- A **fundamental right**, as set out in Principle 14 of the EPSR on Minimum Income (**MI**)
- **Schemes** for income support, based on a combination of cash benefits, enabling good and services, and incentives to reintegrate into the labour market (for those who can work), whose eligibility is subject to conditionalities including means-testing, which have to be adequate, accessible and enabling (**MIS**);
- An integral part of comprehensive, rights-based, and universal social protection schemes;
- A tool against poverty and social exclusion, tool to be enacted across the EU through setting binding European minimum standards for income support;
- A pivotal feature for upward social convergence around which to build a multidimensional anti-poverty strategy, aimed at ensuring the right to adequate resources to live in dignity at all stages of life for all.

Poverty and social exclusion in the EU, an alarming situation

Pre-Covid data¹ indicated that there are 112 million people in Europe who are [at risk of poverty or social exclusion](#). Income inequality has increased overall. [Income poverty](#) represents a major challenge since it is deep rooted in our society, irrespective of gender, age or gainful occupation; most challenging is its persistency.

Those who cannot work, or are poorly or not at all integrated into the labour market are definitively more exposed to the risk of poverty or social exclusion than others - in particular children, young people, non-EU born, people with disabilities, long-term unemployed, women, and single parent households. Poverty is also evident among pensioners and retired people.

In many Member States the overall level of poverty remains concerning, even amongst many people at work, especially where statutory minimum wages are set at rates that are too low to be fair or even under the poverty threshold. In-work poverty is significantly higher for low work intensity households, with people in involuntary part-time or on temporary contracts, self-employed, precarious workers (such as casual and seasonal workers, on-call workers, and those on temporary agency contracts, civil law contracts or zero-hour contracts). The “Working poor” suffer from unstable and low paid working contracts, limited access to and ineffective and inadequate social protection. Countries with low coverage rates of collective bargaining normally stand above the EU average². Before the Covid crisis, 9.6% workers were at risk of poverty in the EU – almost 20 million people.

¹ Joint Employment Report 2020, Eurostat report on the SDG implementation in EU, EP February 2019.

² In spite of the trade union efforts to guarantee fair wages, and as a results of the systematic attacks to collective bargaining in the past years

The pandemic is going to add to these figures in an unprecedented manner; 60 million workers are estimated to be hit by the crisis. Job and income loss will particularly affect the undeclared, most precarious and low-income workers; not to mention temporary workers whose contracts risk not to be renewed, who could not accrue effective and adequate social protection benefits, and do not necessarily fall into extraordinary income protection schemes. The correlation between the risk of mortality due to Covid and the socio-economic status is considered a further risk factor in the exit strategy from the economic lockdown³.

On the one hand, this reality clearly depends on the deterioration of the EU labour market and employment conditions to protect working people from poverty and social exclusion through decent wages and accessible, effective and adequate insurance-based social protection systems.

At the same time, the capacity of the national social protection and social assistance systems to reduce poverty, as well as inequalities and social exclusion, has steadily declined in the last decade. Governments' expenditure did not evolve according to the needs of the EU population, by for example shadowing the evolution of the cost of living. Social transfers were also sacrificed for fiscal consolidation⁴. Although the Annual Growth Survey of 2017 and 2018 already made explicit reference to social assistance aimed at income support for the benefit of both the economy and the society⁵, the European Semester up to 2019 still lacked coherence in this area, with austerity-focused recommendations on deficit/debt reduction, and accent on fiscal sustainability of social systems, resulting in practice in budget cuts, increasing in non-take up, food banks and high level on indebtedness. This resulted in a decline in effectiveness (adequacy and coverage) on poverty reduction in most Member States; these showing no sign of upward convergence among them⁶. This comes together with the growing problem of so-called poverty traps (a.k.a. income traps or promotion traps). Social security systems and more in general social policy are strongly under pressure by both fiscal constraints and ideological views on the efficiency of social protection⁷.

The momentum for minimum income and a comprehensive EU trade union anti-poverty strategy

The EU has made very poor improvement in combating poverty so far. Social exclusion, social divisions and consequent labour market and economic disruptions, are still present and will worsen in the post-pandemic period. The SDGs-driven 2030 Agenda aims at halving the number of people at risk of poverty in Europe by 2030 (cf. SDG 1) – targeting 37 million as of today⁸. In the decade ahead, tremendous efforts must be made to meet the target and not fail it again. The time has come for a comprehensive strategic action towards a more inclusive social Europe, aimed at providing a prompt and substantial response to the high rate of poverty amongst the EU population.

³ *Socio-economic vulnerability and epidemic risk by age, NATALE, GHIO, TARCHI, GOJJON, CONTE , COVID-19 Cases and Case Fatality Rate by age – DG Sante. Available on the website of the European Commission.*

⁴ *Public expenditure in social protection in general and social transfers in particular, increased in real terms less than GDP since 2016 in most Member States; large differences are registered across them, both for the expenditure per capita and as a percentage of GDP. In real terms, only a structural shift occurred in social protection expenditure towards old age pensions and healthcare, partly reflecting demographic change.*

⁵ *Semester 2019 recorded improvements on adequate MI in some countries (CY, EE, IE, LV, LT, ES, PT), but insufficient regarding increases in cost of living. 2019 CSRs: 16 CSRs on poverty, 4 new (CY, IR, IT, PT), 3 no longer included (AT, BE, FR although it is not clear why). On minimum income, 7 MS got CSRs (BG, HR, HU, LV, PT, RO, ES) compared to 6 MS in 2018 (BG, EE, HU, LV, RO, ES): 4 on adequacy (EE, HU, LV, PT) and 1 on coverage (ES), 1 on implementation (RO) and 2 on effectiveness (BG, HR)*

⁶ *JER 2020 very clear on this point, in particular figure 70*

⁷ *One of the driving ideas is more selectivity, or by means testing or by targeting to lower incomes or lower wages, denying the need for universal systems of social protection. The effect is that individual or collective efforts to raise incomes and wages are discouraged because of the automatic loss of social benefits or other selective subsidies.*

⁸ *SDG 1: “By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions”. The objective, set in 2015, implies that in the decade ahead e*

A common initiative to give concreteness to the right to minimum income (**MI**) should be at the core of such a strategy. Such a right - enshrined in the EU fundamental values, today solemnly proclaimed in the EPSR and in line with SDGs - aims at providing income support to lift EU citizens and residents out of poverty, allowing them to live in dignity, remaining active within society and reconnecting to the world of work whenever possible.

Minimum income is recognised across the EU as a key instrument to reduce inequalities, prevent poverty and social exclusion. It can give vulnerable people the security they need to engage in pathways to employment, greater social participation or other routes to inclusion. It ensures the social inclusion of people for whom employment is not an option. In times of crisis, they prevent hardship for those without decent jobs.

Among all possible forms of social transfers (or more generically social assistance interventions), many national and EU level institutions and stakeholders consider at **minimum income schemes (MIS)** as a necessary minimum protection level, integrated in the broader social protection systems. Prior to the pandemic crisis, the German government had already announced an initiative for its EU Presidency in the second half of 2020; this is aimed at launching an EU framework initiative to ensure minimum standards for MIS across Europe⁹. Many stakeholders, including Trade Unions, are calling for a European framework directive. In the light of the pandemic and its consequences, more actors¹⁰ acknowledge the importance of MIS, and the political tide seems to be turning. The 2020 Semester Spring package suspends the boundaries for public expenditure to deal with the COVID crisis, and the 2020 CSRs are less reluctant than before in addressing the need to strengthen the adequacy and the accessibility of social assistance and minimum income schemes¹¹. Commissioner Schmit spoke out frankly in favour of an EU initiative on minimum income¹². In many countries, benefit levels have been raised, their scope extended, and conditionalities removed¹³. In Spain a national MIS has become operational at the beginning of May. Several governments flagged up the need for an adequate and high coverage MIS and the establishment of a similar tool, including EU level funding instruments, inspired by [SURE](#), as envisaged also at the April 2020 EPSCO.

The importance of a series of progressive reforms for social convergence is important at European level, to prevent social dumping and to ensure better social cohesion. Intervening now on the right to minimum income and for adequate, accessible and enabling schemes is important not only in the poverty and post-pandemic urgency. It is timely because intervening on minimum floors/standards for income protection means making the development model of the EU sustainable for *all* and not only for *some*. It also means the creation of a common basis for further enhanced active inclusion and poverty prevention. MIS can contribute to establish minimum levels for income and services providing dignity for all, below which it should not be possible to go in any circumstances. On such level it would be possible to build further income standards, being social assistance-, social insurance-, wage- or pension-related. Applied to all Member States, MIS can represent an instrument for upward convergence *per se*.

It makes sense to focus on MIS now, especially at EU level, because for the first time in decades the EU seems to be undertaking joint actions to address social challenges, which member states alone have not been able to effectively deal with so far. The EPSR, supported by the benchmarking mechanisms annexed to the Social Scoreboard, makes the EU level the most appropriate one to finally create a level playing field and concretise upward convergence across the EU. Unprecedented European economic governance approaches and innovative instruments of public finance, developed during the pandemic crisis, provide additional added

⁹ The programme of the German Presidency tables Council conclusions on MIS for the October 2020 EPSCO

¹⁰ <https://elpais.com/economia/2020-03-23/luis-de-quindos-defiende-una-renta-minima-de-emergencia.html>

¹¹ CSR 2020:

¹² <https://www.irishtimes.com/business/economy/europe-needs-a-minimum-income-says-eu-jobs-chief-1.4253788#.XsKPm9kgFFI.mailto>

¹³ Ireland, Germany and the UK for examples

value. The emergency instrument SURE could inspire a stabilisation mechanism that covers a more comprehensive set of safety nets, including MIS.

What do we refer to when talking about minimum income?

The provision of “income of last resort” is a cornerstone of the welfare state, and an essential basis to ensure the right to a dignified life for all¹⁴. For the past 30 years, with the 1992 and then the 2008 Recommendations, the EU is recognising a *fundamental* human and social right to “*sufficient and reliable resources and benefits* to lead a life that is compatible with human dignity”¹⁵.

Although they contain principles still valid today, these Recommendations and other international and EU instruments are quite generic with respect to both the *right* and the applicative features of the *schemes* aimed at guaranteeing MI¹⁶. This is illustrative of the diversity of national social protection systems and policies and reflects the difficulty but also the need of building a shared approach at EU level.

The adoption of the EPSR however, with Principle 14, clarifies the **right** to minimum income: “**Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services. For those who can work, minimum income benefits should be combined with incentives to (re)integrate into the labour market.** In defining the rights, the EPSR also provides some indications on some qualitative and applicative features of the **schemes**.

Two EU studies¹⁷ provide a definition of MIS, based the common features in the existing national schemes: minimum income schemes are understood as being essentially as *income support schemes for people of working age (whether in or out of work) which provide a means-tested safety net for those not eligible for social insurance payments or those whose entitlement to these payments has expired. They are in effect last resort schemes, which are intended to prevent destitution and to ensure a decent minimum standard of living for individuals and their dependants when they have no other or insufficient means of financial support.*”

Such definition encompasses a series of general features more or less common to a multitude of national systems, which, however, differ widely from country to country. MIS *usually* involve periodic cash payments, tax-based (that in some cases can be complemented by other benefits and/or services). Conditionality elements differentiate them from *universal basic income* which are (theoretically) universal and unconditionally distributed¹⁸.

How to design minimum income schemes ensuring the right?

Such a definition remains just descriptive and not prescriptive. While some sort of MIS is in place in all Member States by now, as a result of the Open Method of Coordination, on which the EU Recommendations relied on, their design and their effectiveness

¹⁴ European Social Charter, the Community Charter of Fundamental Social Rights of Workers, TFEU art. 151, Charter of Fundamental Rights of the European Union art. 1 and 34.3

¹⁵ Council Recommendation 92/441/EEC on common criteria concerning sufficient resources and social assistance in social protection systems, Commission Recommendation 2008/867/EC on Active Inclusion of people excluded from the labour market; European Pillar of Social Rights, Principle 14

¹⁶ The European Commission website, in fact, refer to minimum income schemes, among other “income support measures taken by national authorities to provide an adequate income to their citizens via different benefit schemes (such as unemployment benefits, family and child benefits, pensions, disability benefits and others)”. International and EU instruments also have been referring to general principles and use different wording (income support schemes, minimum resources and benefits, safety-nets or last resort schemes) without providing a clear definition.

¹⁷ EU Network of Independent Experts on Social Inclusion (2009); European Social Policy Network, Report on MIS in Europe (2015)

¹⁸ ‘Universal basic income’ theories generally refer to a tax-based income, granted unconditionally to all on an individual basis, irrespective of household composition, any income from other sources, asset, any work requirement or the capacity to work.

across EU vary enormously. Also there is no sign of upward convergence or of any appreciable progress in their capacity to address poverty and social exclusion¹⁹.

There is an urgent need to define the qualitative and quantitative features of MIS and to set minimum standards applicable across Europe. From a trade union perspective, the right to minimum income, to be an effective measure against poverty, guarantee human dignity and support inclusion, must be implemented through MIS designed on the indications of the EPSR:

- For *all people in need*, they must provide *benefits* in combination with *effective access to enabling goods and services*
- For those who can work, the previous guarantees must also be accompanied by incentives to (re)integrate into the labour market.
- The combination of benefits, goods and services must be *adequate, accessible and enabling*.

Thus, MIS must fulfil the qualitative, fundamental characters in order to fulfil their aim²⁰.

- Benefits have to be *adequate*, thus ensuring a level of income that is indispensable to live a life in dignity and to fully participate in society, providing at least 60 % of the national median equivalised disposable income after social transfers. Benefits fixed at such level should be referenced to and assessed in their sufficiency against the cost of a basket of goods and services, comparable across countries, considered as essential, (the AROP poverty threshold 60% + reference budgets).
- Schemes must be *accessible*, thus providing comprehensive coverage for all people who need the schemes for as long as they need the support.
- Schemes have also to be *enabling*: schemes must promote people's empowerment and participation in society and facilitate their access to quality services and inclusive labour markets.

Many of these essential aspects remain undefined from an EU perspective and need to be specified. In addition, they should be integrated with additional ones: besides the level of benefits, it is crucial to define the set of *enabling good and services* guaranteed to all those in need, and the kind of incentives to reintegrate the labour market for those who can work.

Crucial definitory aspects for trade union also concern the individual entitlement for all those in need, especially in relation to the adaptation to household sizes; the non-discriminatory feature; the possibility to appeal; the presence of mechanisms for benefit adjustment; non regression-clause; the complement with other possible social transfers; take-up measures; duration; conditions for means-testing, for eligibility; the link with other services: key social rights for minimum income beneficiaries, e.g. decent housing, education, affordable health, should be ensured, in line with the EPSR, and should not just be meant as a “condition” or an “instrument” to get them into work.

Jeopardising these important features in existing MIS greatly affects their overall performances, especially against the depth of income poverty among no- and low-work

¹⁹ JER 2020

²⁰ The ETUC is part of the European Minimum Income Network ([EMIN](#)). It is an informal Network of organisations and individuals committed to achieve the progressive realisation of the right to adequate, accessible and enabling Minimum Income Schemes. EMIN was developed and is coordinated by the European Anti-Poverty Network (EAPN), with ETUC as partner in the project, supported by EASI fund. Main activities covered networking, exchange of practices among its members (peer reviews), awareness raising campaign (bus tour through Europe) and establishing a preliminary cooperation between public authorities. The EMIN work contributed to the Principle 14 EPSR, with its ten-year elaboration of the main qualitative features of minimum income schemes. Such joint elaboration, aimed at giving concreteness to the right already present in the EU acquis, is the result of a decade of work with both European and national civil society organisations, trade unions, academics and institutions, and with the financial support of the EU. The ongoing actions and [final reports](#) of the projects EMIN 1 and EMIN 2 have been presented to and discussed with the ETUC social protection committee in 2017 and at the end of 2019.

intensity households, and the challenges magnified by the Covid crisis (domestic violence, exacerbation of gender inequalities...).

The importance of the EU reference frameworks to address poverty and social exclusion

In the scenario outlined above, an EU initiative on minimum income should encompass a multidimensional strategy able to cope with the needs of the most vulnerable among the EU citizens and residents. [The initiative should implement the EPSR, the SDGs](#), bound to the ECFR and be moved within the European reference frameworks where the EU action is more effective than single member states.

Whereas the importance of adequate minimum income support combined within active inclusion policies for ensuring a decent life for all has been emphasised for the past 30 years, the lack of binding common standards resulted in the failure of reaching the EU2020 targets and a severely unequal situation across member states. The ETUC Congress lists the need to set common standards against policy and social exclusion among its priorities since, at least, the last 3 cycles.

A first step in the anti-poverty strategy must thus be the establishment of a European framework directive setting minimum standards for MIS²¹. Not only is an EU directive the only tool able to succeed in fostering upward convergence where MS alone have failed, but this EU legislative process offers social partners the opportunity to provide their inputs. A no regression clause must be included in the Directive.

An appropriate social dialogue framework should be established to allow to take stock of the EU level discussions so far and the assessment of the national contexts to further build on them. A directive would allow to guarantee for safety nets by minimum income protection for all people in need, while also fostering measures dealing with active inclusion for those who can work. A Directive setting up minimum standards for minimum income schemes should then operate where an EU added value exists, fixing main objectives, while leaving member states the margin of manoeuvre to establish measures according to their local practices.

Trade unions must carefully consider the scope of a European framework directive on MI. On the one hand, the EPSR, in Principle 14, when defining the *right* to minimum income, clearly refers to *Everyone lacking sufficient resources (...) at all stages of life*.

On the other hand, it is worth to strategically evaluate which tool(s) and which legislative design can better serve the achievement of this goal. The current existing EU definitions of MI *schemes* suggest that MIS should cover *all people*, both *in* and *out of work*. Certainly, cash benefits must be ensured to people *out of work*, such as those rejected by the labour market, long-term unemployed, people with disabilities, including non-EU born – accompanied by enabling services to foster the reintegration into the labour market for those who can work. In some member states, MIS currently provide safety nets also to those workers whose income does not allow a decent standard of living, with no or insufficient insurance-based social protection schemes, such as atypical and self-employed workers²². Nevertheless, it is through social dialogue and collective bargaining that all workers can be ensured real wages and minimum wages which guarantee a decent standard of living, meaningful participation in society and some scope to insure against unforeseen shocks. There should be clear hierarchy between wages and MI benefits in favour of wages. (see also below para 31). In those countries where MIS apply to people who work, it is necessary to include trade unions at national level in the design of the specific conditions for MIS -mainly to avoid unwanted disincentives to reintegrate into the labour market, labour fraud and undue tax-based subsidies

²¹ A series of study support the idea that there is the EU legal competence on the basis of art. 153.3 TFEU

²² Even though in-work poverty can be attributed to a variety of factors such as insufficient working hours or the number of household members to be supported, the low level of wages is the most important factor that contributes to many people across Europe not being able to make a living from what they earn.

for low wages - and that trade unions consider to which extent such circumstances must be taken into account by a Directive at European level²³.

A further reflection on the scope of a Directive must include the best strategic option(s) to guarantee the right to MI both to both people in working age and *people outside the working age*, such as students and especially retired people who can't live from their pensions. Such reflections must also be led in the light of Principle 15 of the EPSR²⁴. The current existing EU definitions of MI schemes refer to people of working age (see above para 16). Several arguments support the inclusion of people outside of the working age into the scope of a Directive on MIS. However, the existing EU and national studies on its possible legal bases and their interpretations are not unanimous and discussion are still ongoing²⁵.

A second main aspect of the strategy consists in pursuing the right to MI as an integral part of a [comprehensive, rights-based and universal social protection](#). The right to a minimum income is considered as an essential complement to social insurance, which is at the basis of welfare systems. MI has to provide an adequate safety net *across all ages* for those in need as a result of not having access to sufficient income from other sources. It is meant to be implemented as a last resort, and must not act as a substitute for insurance-based social security, whose functioning relies on quality jobs and fair wages. In this sense, it is crucial to implement the rights of chapter three of the EPSR with an integrated approach - especially in connection with an ambitious implementation of Principle 12 and 15, and the rights to access adequate social protection for both workers and the self-employed connected to quality jobs, fair wages and remuneration levels.

Overall, the integrated approach to the implementation of the EPSR considering the interdependency of the rights in each of its three core chapters (equal opportunities and access to the labour market, fair working conditions, social protection and inclusion) is necessary to re-establish the capacity of work in all its forms to guarantee the means to live in dignity at all ages, especially to be protected in case of income loss and in retirement age. An anti-poverty strategy cannot be separated from increasing the quality of work, employment conditions and social protection entitlements. It must be combined with measures against precarious jobs, underemployment, involuntary part time work, lack of trade union interest's representation and collective bargaining, and challenges related to fair minimum remuneration, including the challenge of ensuring that employers are brought to assume their societal responsibilities in this respect. It must rely on the implementation of the Gender Equality Strategy and the fight against gender pay and pension gap that determine the high rate of women, of all ages, in poverty. For ETUC, MIS must incentivise (re)integration into the labour market and combine cash benefits with active labour market policies and investment in people, as part of a more general employment policy, to create real job opportunities by offering quality jobs, education, customized training and counselling services, with targeted programmes for people in poverty.

Re-establishing the bound between work, dignified living standards and adequate and effective social protection for all working people is crucial in a more just, redistributive fiscal perspective. In some countries minimum income benefits also apply to those whose wage-related income doesn't allow a decent standard of living. ETUC emphasizes that quality jobs, decent wages and quality collective bargaining are the appropriate and sustainable tools

²³ The ETUC is currently defining its reply to the second phase consultation of social partners on a possible action addressing the challenges related to fair minimum wages. The ETUC draft approach is to call for a Framework Directive to establish a threshold below which statutory minimum wages should not fall, and not to set the amount at which Member States should set their statutory minimum wages. The draft reply is still under discussion.

²⁴ Workers and the self-employed in retirement have the right to a pension commensurate to their contributions and ensuring an adequate income. Women and men shall have equal opportunities to acquire pension rights. Everyone in old age has the right to resources that ensure living in dignity.

²⁵ The question of the legal base for such a directive and the respective groups it would include has been subject to ongoing discussions. Some scholars come to the conclusion that persons out of working age fall into the scope of a framework directive on MIS, according to their national practices. For further information: <https://www.dgb.de/themen/++co++9f51eb24-ac93-11ea-9535-52540088cada>, p. 22-24. Instead, EMIN suggest using art. 153(1) lit. h TFEU on the "integration of persons excluded from the labour market", rather than Art. 153 (1) lit. c, as legal basis for a Framework Directive on Minimum Income.

to address in-work poverty. Minimum income schemes must be an instrument of last resort, and must not represent a tax-based subsidy to precarious, involuntary part-time, atypical jobs - that must be discouraged as far as they do not allow workers decent income to live in dignity. All workers must be ensured sufficient weekly/monthly/daily (for specific categories) hours of work to enable them to achieve a real decent wage²⁶. Member states must be enabled to free resources to assist those in need of minimum income benefits, goods, services and reactivation measures while creating new opportunities for them in the labour market. When applying the extraordinary recovery plans designed at EU level, trade unions should monitor that the EU funds are employed in ways that concretely benefit the whole society – and not only companies - in the long run and in sustainable ways. Also, a renewed approach to taxation policies especially for companies across the EU should further support redistributive and equality-fostering measures.

Coherently, with both the current and the pre-crisis circumstances, **a strong call for the revision of the European Economic Governance [LINK](#) must be pursued** so as to break the dualism between fiscal and right-based social objectives, and to ensure that its implementation tool, the European Semester, deliveries fully in line with the EPSR. The EEG should aim at preventing poverty and allow member states to face the social needs of their population. The financial rules must in particular allow investments to evolve and foster active inclusion, while ensuring margin to engage in public expenditure for adequate social assistance when necessary. In this context is to crucial to stop the continued pressure on Member States to release resources for investment by first and foremost cutting so-called "passive" expenditure, which is then code language for cutting in social benefits.

A further step of the strategy should target the **frameworks for monitoring national trends (the Social Scoreboard) and a political benchmarking exercise**. The EMIN and the EC benchmarking reference indicators are partial and rely on context information that need to be assessed and evaluated. ETUC can autonomously develop the trade union benchmarking tools as a contribution to the institutional ones, to further foster a tougher progress evaluation within the European Semester process and CSRs and thus social upward convergence. The trade union involvement in the European Semester has already proven to provide valuable contribution to the alignment of the EEG tools with the social objectives of the EPSR.

The Social Scoreboard and benchmarking should serve to drive the policy levers and eventually impact performance and outcomes of the MS decisions. A certain level of coherence should also be fostered. Elaborating on minimum dignifying standards at European level should also be a catalyst for fairer benefits and pensions of any other kind, if linked in a positive hierarchy to decent levels of minimum income, and for adequacy of other type of benefits across member states that cannot be covered by the directive on MI.

Trade unions should engage in an early discussion about a European level financial instrument to address poverty and social exclusion, enabling member states to cope with the needs of their population (and relaunch consumption and inflation). However, the need to face the consequences of this unprecedented crisis already moved the European Council to consider a financial tool to cope with the foreseen income loss, which is more genuinely “European” than any other so far, SURE. A further financial tool could act in complementarity with and thus reinforcing the effectiveness of a framework directive. The strategic paths proposed below intend to prepare trade unions to provide inputs in case an opening to such a financial measure materialise.

²⁶ *The draft ETUC reply to the second phase consultation of social partners on a possible action addressing the challenges related to fair minimum wages calls for a Framework Directive to establish a threshold below which statutory minimum wages should not fall (while not setting the amount at which Member States should set their statutory minimum wages) and to promote collective bargaining to set fair wages .*

Paths for a trade union European anti-poverty strategy built around minimum income

A multidimensional European anti-poverty strategy must aim at the achievement of the 2030 Agenda and the EPSR, with the European Semester providing coherent and tailored responses ([TU input for an Action Plan to implement the EPSR](#)). The following proposals develop in the same line with the particular aim to build around what is foreseen for Principle 14 of the EPSR.

A European framework directive should establish common principles, definitions, minimum standards and methods to grant principle 14 of the EPSR right across the EU and the objectives of SDG1.

Such a directive should be built on trade union principles/priority demands in terms of adequacy, accessibility and enabling capacity of minimum income schemes designed on the needs of people. Such demands should be supported by an assessment of functioning and gaps of the existing schemes per country, contributing to solid analytical frameworks to build on.

Such assessment should develop in coherence with essential features of the right to minimum income as defined by the EPSR. It is particularly important, to assess:

- The inclusiveness actions, for those who can work, enabling services and incentives to re-integrate into the labour market (negative activation, sanctions on benefits, conditionality, 'work fare' practices, unrealistic job search requirements,...); in particular, it is important to link this with the assessment of real opportunities in terms of quality of jobs (on which ETUC is already active - a job alone is not a solution to poverty), collective bargaining, effective activation measures such as education and training, counselling services, and targeted programmes for people in poverty
- the effective implementation of the Gender Equality Strategy and the links with the poverty rates and concrete initiatives to remove discriminations
- the recognition of the right to adequate income, services and social participation tools for those who cannot work, thus the effective access and enabling character of goods and services for everyone in need.

In parallel, ETUC will promote the elaboration of trade union benchmarking on the main features of Principle 14, with respect to the ones already adopted in 2019 by the Social Protection Committee and Employment Committee, and the SDG 1, 8 and 10, as it is already the case in other areas of the social scoreboard (pensions, quality jobs...)

Also, there is the need to set out a social dialogue framework for social partners and governments, to assess coverage, adequacy and effectiveness of MIS, both at European and at national level. Collaboration with civil society organisations in view of implementing legislative measures must be fostered, taking into account the specificity of their role and the long-term collaboration with trade unions in the fight to eradicate poverty and achieve social inclusion.

The trade union input to the implementation of the Recommendation on access to social protection for all workers and the self-employed should benefit from the outcomes of the actions targeting MIS, considering them as basic level of social protection and aiming at adapting the other assistance/protection schemes coherently.

ETUC will also support and promote the monitoring and assessment of the Semester policies to allow greater and more socially balanced public expenditure for social transfers and social assistance, as well as investments in public employment services and skilling and re-skilling of people, especially the long-term unemployed, provision of high-quality services, especially public enabling services. The outcomes will feed the yearly ETUC inputs to the Semester cycle.