

**MISSOC SECRETARIAT**

# **MISSOC ANALYSIS 2011**

## **GUARANTEED MINIMUM RESOURCES**



**For the European Commission  
DG Employment, Social Affairs & Inclusion**

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Table of contents

**Introduction**..... 3

**Chapter 1: What does your country want to guarantee?** ..... 5

I. Approach to social risk and ‘insufficient living standard’ ..... 5

**Chapter 2: Conditions for eligibility**..... 14

I. Nationality, residence and age ..... 14

II. Existing means and resources..... 16

III. Requirements for job search and vocational training ..... 16

**Chapter 3: What are the means to achieve this?** ..... 21

I. Mapping the applicant’s property/capital/means/estate..... 21

**Conclusion** ..... 26

## Introduction

The European Commission and the MISSOC Secretariat have agreed that an analytical report on Guaranteed Minimum Resources should be written in 2011, since combating poverty is high on the EU political agenda and is also one of the main points in the EU 2020 Strategy. Means-tested safety nets are a key element in anti-poverty strategies.

This report aims to place in context both the present and the future policy debate on combating poverty by means of systems of Guaranteed minimum resources, and particularly focuses on three questions: What do the Member States want to guarantee? What are the conditions for eligibility and what are the means to achieve this?

The MISSOC Analysis is based on information found in the MISSOC tables, and demonstrates how these regular updates of social security legislation can be used in a more policy-oriented way. The Analysis is based on the information in these tables. Therefore, if a particular country is not mentioned, this may be the result of either the fact that this element does not exist or that no information on this element was mentioned in the table. As these tables were reviewed in detail only two years ago, it was not possible to draw any conclusions on time-related developments. Experts from the MISSOC Secretariat [currently contracted to Bernard Brunhes International (BBI)] have drafted this paper in consultation with the European Commission. This document is however the sole responsibility of the Secretariat. Prof. Yves Jorens (Scientific mentor in the MISSOC Secretariat) took lead responsibility for developing this document, in collaboration with Prof. J. Ditch.

Strategies and policies to secure a level of Guaranteed Minimum Resource for those in need have become an important part of social protection. With a long history, often rooted in historical traditions and the principles of 'less eligibility' and 'workhouse test', it may nevertheless be found rather surprising that there has not been more research on the subject. This may reflect the complexity and diversity of minimum income and social assistance schemes that vary between, and sometimes within, countries. It may also reflect the frequently conditional nature of claimant entitlement, the problematic interaction with other elements of social protection, including minimum wage provisions, and social insurance benefits and rapidly changing legal frameworks.

The EU has developed a growing interest in such schemes and building upon rights-based Charters, Treaties and Conventions has sought to incorporate and elaborate principles of entitlement, access and adequacy. However, a distinction may be drawn between the ambition inherent in these documents and their substantive applicability or enforceability in the face of poverty, exclusion and inequality<sup>1</sup>.

The relevant European Union declarations include the following:

### *The EU Charter of Fundamental Rights*

Article II-94(3). In order to combat social exclusion and poverty, the Union recognises and respects the right to social and housing assistance so as to ensure a decent existence for all those who lack sufficient resources, in accordance with the rules laid down by Union law and national laws and

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<sup>1</sup> See J. Veit-Wilson, 'Some social policy implications of a right to social security', in J. Van Langendonck, *The Right to Social Security* (Intersentia, Antwerp, 2007), 57-83.

practices.

*The European Commission Recommendation of 3 October 2008 on the Active Inclusion of people excluded from the labour market (C (2008) 5737)* states in its Preamble that:

*Council Recommendation 92/441/EEC of 24 June 1992* on common criteria concerning sufficient resources and social assistance in social protection systems remains a reference instrument for Community policy in relation to poverty and social exclusion and has lost none of its relevance, although more needs to be done to fully implement it.

This 1992 Recommendation (also known as the Minimum Income Recommendations) stated:

(2) Whereas respect for human dignity is one of the fundamental rights underlying Community law, as recognised in the Preamble to the Single European Act; (6) ... whereas the right of the least privileged to sufficient, stable and reliable resources should therefore be recognised ...1. Hereby recommends Member States: A. to recognise the basic right of a person to sufficient resources and social assistance to live in a manner compatible with human dignity as part of a comprehensive and consistent drive to combat social exclusion... B....according to the following general principles: 3. every person who does not have access individually or within the household in which he or she lives to sufficient resources is to have access to such right. The latest EC Recommendation (3 October 2008) calls upon Member States to provide adequate income support which recognises “the individual's basic right to resources and social assistance sufficient to lead a life that is compatible with human dignity as part of a comprehensive, consistent drive to combat social exclusion”.

It adds that deciding what resources are needed to lead a life of dignity should be done on the basis of living standards and prices in each country. However, the meaning of adequacy varies from country to country and no single level can apply to the whole of the European Union.

## Chapter 1: What does your country want to guarantee?

### I. Approach to social risk and 'insufficient living standard'

1. When approaching specific fields in the social security/assistance matter, the first subject should be mapping and defining the 'social risk', as well as describing the ways to overcome and deal with this risk. This leads to the question how the notion 'insufficient resources' is described in national social security/assistance law, and how 'being needy/indigent' as well as 'social exclusion' is approached by the Member State's legislation?

In line with the present EU view, this does not only concern the human dignity and need for means-related assistance, but also covers the possibility of having a fulfilling existence and taking part in every aspect of social/public life<sup>2</sup>. Not only the lack of sufficient resources comes in view; also other elements may be included, such as homelessness, housing exclusion, fuel poverty (heating, cooling, hot water, lighting and other essential domestic necessities), financial exclusion and high indebtedness.

All countries have made some statutory provision to meet the resource needs of residents or citizens who otherwise lack income from employment or other sources. The scope of such schemes, which have grown significantly over the past 20 years, varies from country to country depending on their underlying rationale, conditions of eligibility, cash value and interaction with other social protection or labour market policies. Moreover, even more so than for any other branch of social protection, social assistance schemes are the most difficult to compare: there are no consistent definitions, responsibility for financing, management and delivery can vary between national, regional and local levels of government and in some countries there is a significant role for non-governmental organisations (traditionally charitable bodies, but where private bodies are now becoming involved). Their significance also varies depending on the prevailing economic context and climate, levels of labour market activity, the existence or otherwise of a national minimum wage and the maturity and sustainability of other elements of the social protection system.

Nevertheless, some comparative remarks can be deduced.

Among the cluster of means/asset-tested or income-related benefits, it is possible to distinguish between types of social assistance:

- *General assistance*: schemes of a general nature that provide cash benefits for all (or almost all) people below a specified minimum income standard;
- *Categorical assistance*: provides cash assistance for specified groups such as disabled, unemployed or old people;
- *Tied assistance*: provides access to either goods or services either in cash or in kind including housing assistance or support to meet the cost of education or school meals.

Within this framework, there are three overarching aims for programmes that seek to provide minimum resources. First, to prevent extreme hardship based on principles of social justice and

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<sup>2</sup>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - The European Platform against Poverty and Social Exclusion: A European framework for social and territorial cohesion COM(2010) 758 final

political prudence. There are both theoretical and methodological problems in attempting to define the minimum level to be guaranteed. Different approaches are adopted, some of which are based on the analysis of budget surveys and cost of living measures, some on diverse poverty measures and all of which are subject to technical adjustment by means of equivalence scales to accommodate households of a different size and composition. Second, to prevent exclusion and marginalisation by means of using social assistance to change or adapt behaviour in what might be regarded as either positive or negative directions: by means of encouraging personal growth and self-reliance in pursuit of social integration, cohesion and solidarity; or by means of ensuring that there are minimum disincentives to take on paid employment (the 'less-eligibility' principle). Finally, all these programmes are conscious of the need to contain and restrain expenditure.

At various times over the past two decades, attempts have been made to classify or cluster national social assistance schemes<sup>3</sup> (Eardley, 1996; Ditch & Barnes, 1995; Ditch, 1998; Ditch and Oldfield, 1999). The criteria used to determine allocation may vary and may include: an examination of declared/explicit policy objectives; conditions of eligibility; conditionality rules; value of benefits. The membership of clusters does change over time; the most recent review of the evidence leading to cluster formation is provided by Frazer and Marlier (2009). They write as follows:

“On the basis of the experts reports one can loosely divide Member States’ Minimum resources schemes into four broad groups. First, there are those countries that have relatively simple and comprehensive schemes (AT, BE, CY, CZ, DE, DK, FI, NL, PT, RO, SI, SE) which are open to those with insufficient means to support themselves. Secondly, there are those countries (EE, HU, LT, LV, PL, SK) which, while having quite simple and non-categorical schemes, have rather restricted eligibility and coverage of people in need of financial assistance due often to the low level at which the means test is set. Thirdly, there are those countries (ES, FR, IE, MT, UK) that have developed a complex network of different, often categorical, and sometimes overlapping schemes which have built up over time but in effect cover most of those in urgent need of support. Fourthly, there are those countries (BG, EL, IT) who have very limited, partial or piecemeal arrangements which are in effect restricted to quite narrow categories of people and do not cover many of those in most urgent need of income support<sup>4</sup>.”

A key policy challenge for Guaranteed Minimum Resources is to prevent or alleviate poverty. Although this is a common goal, their effectiveness is both questionable and variable. There are profound problems in seeking to define poverty or adequacy. Moreover, there is a surprising lack of consistent data on agreed or common poverty thresholds. A summary analysis of available data indicates that Guaranteed Minimum Resources schemes may have either a direct or indirect impact on poverty. Although relatively ineffective in removing large numbers from poverty, Guaranteed Minimum Resources schemes do lessen its intensity and immediate impact. This partly stems from financial constraint: the aggregate cost of removing large sections of a country’s population from

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<sup>3</sup>E. Eardley, JR. Bradshaw, JS. Ditch, I. Gough and P. Whiteford, ‘Social Assistance in OECD Countries (Synthesis Report) 1996’, *DSS Research Series* 46 HMSO, London; H. Barnes, ‘Social Assistance: Coverage, Finance and Administration’, in W. van Ginneken, *Social Protection in Europe: Issues in Financing and Coverage* (International Labour Office, Geneva, 1995), 145-173.; ‘Linking work and welfare: the structure and dynamics of social assistance in European Union Countries’, in M. Heikkila (ed), *Linking Welfare and Work: The European Debate*, (European Foundation, Dublin, 1998); N. Oldfield, ‘Social Assistance: Recent Trends and Themes’, (1999) *Journal of European Social Policy* (1), 65-76; John Veit-Wilson <http://www.adequateincome.eu/doc/Myths-and-Realities.pdf>

<sup>4</sup>H. Frazer and E. Marlier (2009) ‘Minimum Income Schemes Across EU Member States’ (Synthesis Report) for EU Network of National Independent Experts on Social Inclusion, available at: <http://www.peer-review-social-inclusion.eu/network-of-independent-experts/2009/>, 8

poverty is considered to be prohibitive. Nevertheless, other factors are important as well: benefit levels are structured in such a way as to retain incentives for thrift and to stimulate labour market engagement.

The provision of adequate income support is but one strand of three elements in the ‘active inclusion strategy’: on the one hand, there are links to the promotion of inclusive labour market programmes with the emphasis on training and skill enhancement and on the other hand, there is access to quality services (child care, health care and housing). Evidence indicates that links are stronger to the former than to the latter.

It is the intention to develop some of these elements in more detail in the following pages.

2. Before actually comparing Member States’ schemes, it should be checked whether or not all Member States are familiar with a social assistance scheme or guaranteed minimum resources *per se*. Every EEA Member State seems to be acquainted with at least one scheme in this sphere, except for Greece (EL) which has no general or specific scheme in this respect. On the other hand, Greece does provide for non-contributory benefits in the form of a rental fee, paid to uninsured and financially weak elderly persons over 65 years who live alone or in a couple and do not own a house (housing allowance, 362 EUR per month).

Besides Greece, all Member States have a certain ‘abstract’ description or entitling of ‘insufficient living standard’, which pretty much covers the same range of situations. A quick overview, irrespective of the specific schemes, causes or conditions for eligibility:

*Table 1: an overview of (abstract) definitions*

EEA Member State	Abstract (and in some cases shortened) description of ‘insufficient living standard’
IS	Those who cannot support themselves
BG	Those unable to satisfy a basic standard of living
CY	“poor” or “no decent standard of living”
CZ	Low income and impossibility to improve by own effort
BE	Persons without sufficient resources and unable to procure them by personal effort or other means / persons in need
DK	Persons, due to particular circumstances, who are without sufficient means to meet requirements
EE	To assure means up to a minimum subsistence level
FI	Persons without sufficient means to meet the necessary costs of living
EL	No scheme(s), no definition(s)
HU	Persons without sufficient resources of living
IT	Individuals or families who are in need of socio-economic support
LT	“sufficient resources for living”
LV	Needy households
NO	Persons who do not have sufficient economic means to cover basic needs through work or by filing economic claims
RO	Basic needs
SE	A person or family who is temporarily without sufficient means to meet the necessary costs of living (or else: who is in need of support)
SK	Those unable to maintain their basic living conditions

CH	(excess of recognised expenses over a determined income)
MT	Those unable to maintain themselves due to sickness or unemployment
UK	Those whose income is below a minimum level / low income
NL	Those who cannot provide the necessary costs of supporting themselves or their family, or cannot do so adequately, or who are threatened by such a situation
SI	Individuals and families who are temporarily unable to secure sufficient funds for basic subsistence
IE	People with insufficient means
PL	Problems which people of families are not able to overcome
ES	Persons in determined situations of need
AT	People who are not able to cover costs of living
LU	Social exclusion; the scheme aims at the providence of sufficient means for a decent standard of living and measures for professional and social integration
PT	Situation of socio-economic deficiency
FR	The scheme aims at a decent amount of income, as well as to promote professional activity and to fight social exclusion
DE	Persons in need who are (in)capable of working and who do not earn a sufficient income in order to meet the needs of the domestic unit
LI	Those in need of help to lead a decent existence if they are unable to support themselves or their family members

3. An exploration of these various national definitions reveals the recurrent general phrasing of “(in)sufficient resources” and “persons in need”. The question arises how each Member State develops and specifies this idea by means of its own national scheme. Different approaches are imaginable: translating the situations of ‘need’ and ‘insufficient resources’ into figures and numerical ceilings, or into piece-meal arrangements such as covering diverse costs or expenses.

*Table 2: the Member States’ interpretation of ‘insufficient living standard’*

Classification			EEA Member States
Income-related approach: a numeric ceiling or standard as a benchmark in order to determine if someone is considered ‘in need’	Fixed ‘living minimum’	(explicitly) linked to the amount of unemployment benefits	DK
		(explicitly) linked to the amount of (old-age) pension benefits	HU, LT, LV
		(explicitly) linked to the amount of minimum wages	/
		Other fixed standard (poverty line, minimum subsistence level)	BG, CY, CZ, BE, EE, FI, LT, LV, RO, SK, MT, UK, NL, SI, IE, PL, PT, DE, LI, LU
	Other or variable minimum	Differentiation <i>ratione loci</i>	IT
		Differentiation <i>ratione loci</i> , but with central guidelines	IS, NO
		Differentiation <i>ratione</i>	FR

		<i>materiae</i>	
		Combination of differentiation both <i>ratione loci</i> and <i>ratione materiae</i>	ES
Non-income-related approach	Coverage of expenses and costs of some listed basic needs (e.g. food, drink, clothing, ...)	Fixed minima	EL, SE, CH
		Other or variable minima	AT

Table 2 reveals that most of the EEA Member States hold on to a statutory minimum level of income/means, which is fixed by the (national, regional, local) legislator or government beforehand. Mostly, there is no explicit connection to other social security or social assistance benefits, although some countries refer to the unemployment benefits (DK: 60 or 80 %, depending on the family composition), the old-age pension benefits (HU: 80, 90, 95, 100 or 130 % of the minimum old-age pension benefit; LT: the specific scheme of the social assistance pensions depends on the amount of the social insurance pension; LV: municipalities can establish a higher GMI level than the national one, but no higher level than 50% of the minimum benefit, for persons receiving old-age and disability pensions). Somehow remarkable is that no subsistence level is linked to national minimum wages, for example applicable for employees.

Some Member States are not acquainted with a general minimum level of income, but with different minima. The reason behind this may be explained by the territorial spread of legal competence. For example, in Italy (IT), the national level has transferred legislative functions to either the regions, municipalities or local entities (since 1998). In Norway (NO) and Iceland (IS), regional authorities are allowed to determine a subsistence level themselves, although the central government issues guidelines that have to be complied with. Another reason why a Member State is not familiar with one level of a minimum living standard, is a functionally spread competence, namely the existence of (only) specific schemes that meet particular social (sub)risks (old-age, job seeking and unemployment, invalidity, ...), which is the case in France (FR). In Spain (ES), the guaranteed minimum resources benefits are a combination of both territorial and functional differentiation: the Member State has no general scheme, but only specific either centrally or regionally organised benefits.

Opposite to the Member States that are familiar with a certain 'subsistence ceiling', there are a few Member States that adopt a different approach towards the concept of being 'needy'. Some Member States indeed only provide in the reimbursement of some expenses and costs which are considered to be essential for a decent living standard. The Greek (EL) case was already mentioned above, namely a 'scheme' that only provides for a fixed housing allowance. Sweden (SE) has organised its social assistance scheme via benefits covering expenses on food, clothing and footwear, play and leisure, disposable articles, health and hygiene, a daily newspaper, telephone and television fees, either with supplements for reasonable expenditures on housing, domestic electricity supply, journeys to and from work, household insurance, and the membership of a trade union and an unemployment insurance fund. The Swiss (CH) system basically consists of supplementary benefits to the first pillar schemes, and refers to "*the excess of recognised expenses over the determining income*". Finally, in Austria (AT), basic rates (fixed at local level by the *Länder*) are fixed for food, maintenance of clothes, personal hygiene, heating and lighting, smaller household appliances and personal needs for an appropriate education and the participation in social life. The need which is not covered by the basic rate (accommodation, clothing, etc.) is to be covered by supplementary cash benefits or benefits in kind.

4. As briefly mentioned in the foregoing paragraph, the conception and structuring of a Member State's guaranteed minimum income scheme depends on the statutory organisation and competent *legislative* (not: administrative or executive) level(s), as well as on the existence (or absence) of a general and specific scheme. The following typology could be noted:

*Table 3: the statutory and structural organisation of the guaranteed minimum income scheme*

Classification		EEA Member States
General scheme(s)	Legislation at central level	CZ, NO, RO, SE, SK, MT
	Legislation at local or regional level	/
	Territorial two-piece arrangement	LV
Specific scheme(s)	Legislation at central level	EL, HU, CH, UK, PL, FR, DE
	Legislation at local or regional level	AT
	Territorial two-piece arrangement	ES
Combination of general and specific scheme(s)	Legislation at central level	BG, CY, DK, EE, FI, LT, SI, IE, LU, PT, LI
	Legislation at local or regional level	IT
	Territorial two-piece arrangement	IS, BE, NL

The table reveals a major split between Member States with either a *general* guaranteed minimum income, or multiple *specific* schemes. However, the table delivers a rather simplified view and classification of the Member States' schemes; the systems cover a large range of varieties, and each particular scheme has its very own characteristics, which sometimes makes it difficult to classify. For example: Latvia (LV) is acquainted with one general non-contributory minimum scheme, incorporated in central (national) legislation. Although the cabinet of ministers fixes the GMI level, municipalities are allowed to deviate from these national guidelines and can establish a higher GMI level - but no higher level than 50% of the minimum benefit for persons receiving old-age and disability pensions. This reflects a certain degree of interaction between the national and local policy level. A similar technique is observed in Norway (NO): no fixed amount of the minimum level of the benefit is set by law. The Norwegian ministry of labour issues guidelines on reasonable amounts for the so-called subsistence allowance.

At first sight, the table also shows some 'exceptional' systems, although these are mostly explained by the Member State's state structure, constitutional law and division of competences. In Italy (IT), legislative competence has been transferred from the national level to either the regions and/or municipalities, which delivers a 'mosaic' of various locally applicable schemes – either of a general or specific nature. The territorial diversification is mostly noticeable in countries with a federal structure. In Belgium (BE), as a rule, benefits are organised at the federal level. However, the policy relating to disabled persons also and mainly belongs to the competence of other federal, regional and community bodies. In Spain (ES), the competence is spread over both the national and regional level, for the specific schemes. Finally, the Austrian (AT) GMI is regulated by different legislative acts and regulations of the nine *Länder*.

5. The next point of interest relates to the nature of the benefits. How does the Member State meet the social risk: is it familiar with either benefits in cash, or providence/access to services (benefits in kind), or a combination of both? Different inquiries present themselves.

a. Benefits in cash *versus* benefits in kind.

*Table 4: summa divisio between types of benefits*

Classification	EEA Member States
(exclusively) Benefits in kind	/
(exclusively) Benefits in cash	IS, BG, CZ, BE, DK, EE, FI, HU, LT, NO, SE, SK, CH, MT, UK, NL, SI, IE, PL, ES, LU, PT, FR, DE, LI, (EL)
Combination or alternating benefits (in kind – in cash)	CY, IT, LV, RO, AT

None of the Member States is familiar with a system that *only* provides for benefits in kind. This is no surprise, given the aim and nature of a *guaranteed minimum income*. The large majority of the countries' GMI systems are founded on the principle of benefits in cash. As mentioned above, Greece (EL) does not provide for any of both types, but only provides for housing and heating allowances (which could be considered as a non-target-bound benefit in cash).

Those Member States that are acquainted with both benefits in cash and in kind, are few in number. The providence for benefits in kind may be explained as a result from a decentralised state structure (with various schemes, often at a municipal or regional level, e.g. in IT and AT (respectively)). In Cyprus (CY), 'benefits in kind' come down to free medical treatment.

b. The MISSOC tables reflect the Member States' view or perception of 'benefits in cash' These benefits in cash are to be conceived as either a minimum 'income' in the narrow sense of the word, or have to be seen – exclusively – as a reimbursement for expenses that are considered essential for meeting the necessary costs of living<sup>5</sup>.

Within the segment of 'pure' benefits in cash (income substitution), some Member States make use of so-called 'top-up benefits'. These are benefits in cash, that are considered a supplement on top of other amounts (often first pillar social security benefits or income through own labour, or social assistance).

*Table 5: benefits in cash*

Classification	EEA Member States	
Benefits in cash as guaranteed minimum income <i>sensu stricto</i>	Lump sum or variable amount of cash	IS, BG, CZ, BE, DK, FI, HU, LV, RO, SK, MT, NL, SI, IE, PL, LU, DE, ES
	Top-up benefits	CH
	Combination of cash benefits and top-up benefits	CY, EE, LT, UK, PT, LI, FR
Benefits in cash (exclusively) considered as reimbursement or contribution for life-essential expenses (excluding housing and heating allowances, medical expenses or other additional refunds)	NO, SE, AT	

<sup>5</sup> Excluding housing and heating allowances, contributions for medical expenses and other additional refunds, which are treated separately in the analysis (see further).

In order to complete this table, it should be noted that Italy (IT) cannot be classified in the table, since the country is acquainted with various schemes at a regional or local level.

Switzerland (CH) is the only Member State that (only) provides for top-up cash benefits. These are supplementary benefits of the first pillar.

Some Member States combine both cash benefits (often a general non-contributory minimum resources scheme) and on-top benefits. A few random examples to gain insight in these on-top benefits:

*Cash benefits on top of social security benefits:*

- Cyprus (CY): ‘special allowance’, of which the amount depends on the level of (regular or social) pension that the applicant enjoys;
- Estonia (EE): ‘flat-rate unemployment benefit’: social assistance scheme financed by taxes, covering the active population providing a flat-rate unemployment allowance (2.11 EUR / day);
- Portugal (PT): ‘solidarity supplement for the elderly’: supplement paid to elderly persons, whether or not they are entitled to a contributory pension.

*Cash benefits on top of income related earnings (through own labour):*

- France (FR): ‘allowance of specific solidarity’: guarantees a minimum income for persons capable of working. Full allowance when income is below a certain ceiling. Differential allowance on the part of the income exceeding this ceiling;
- United Kingdom (UK): ‘income support’: means-tested, tax-financed scheme providing financial help for people who are not in full-time work, who are not required to register as unemployed and whose income from all sources is below a set minimum level.

Norway (NO), Sweden (SE) and Austria (AT) are, on the other hand, familiar with social assistance through coverage of some well-defined and estimated expenses. These are quite similar in these three Member States and include, for example, the most ordinary expenses in daily life: food and drink, clothing and shoes, hygienic articles, a licence for television, a daily newspaper, telephone expenses, expenses related to participation in leisure activities and transportation costs. The Swedish (SE) system even includes household insurance, and – perhaps somehow remarkable – membership of a trade union and an unemployment insurance fund into the list of refunded expenses.

c. Besides the guaranteed minimum income, most of the schemes dispose of flanking measures, benefits or services that aim at overcoming certain *additional* expenses (which means *apart from* the expenses already covered in those schemes, that are entirely founded on the principle of refunding, which is the case in NO, SE and AT). An overview (no matter whether these expenses are met in kind (services) or in cash):

*Table 6: additional refunds (costs)*

<b>(fully or partially) covered expenses and allowances</b>	<b>EEA Member States</b>
Housing (and heating) allowances	IS, BG, CY, CZ, BE (heating: <i>stookoliefonds</i> ), DK, FI, HU, LT, LV, NO, RO, SE, SK, MT, UK, NL, SI, IE, PL, ES, AT, LU, FR, DE, LI
Allowance for issuing ID card	BG
Travel allowance	BG, IE
Child care	CY
Special rights in health care (medical and/or pharmaceutical)	IS, BG, CY, CZ, BE, DK, FI, HU, LV, NO, RO, SE, SK, MT, UK, SI, IE, PL, AT, LU, PT, FR, LI
Living alone allowance	IE
Rent supplement / mortgage interest supplement	IE
Electricity allowance	IE
Television license, telephone rental allowance	IE
Supplements and benefits for pregnant women	DE, SK
Additional school benefits	DE
Expenses in family support	DK
Expenses related to activation and vocational training	DK

6. A last point to be mentioned here, is the question if the amount is subject to *periodical revision and adaptation (indexation)*?

Most Member States are acquainted with an automatic adjustment, following the consumer price index (in some countries an increase will only take place if the consumer index is raised by a certain percentage (CZ, LU, CH, BE)) or the increase of the benefit it is related to. Some States will only adjust at irregular intervals after decision by the Government (IS, LT, EE), where in some countries this will depend on the available budgetary resources (BG, LV). However, the periodicity of adjustment varies from every 6 months (SI, NL), to one year (almost all states), up to once every 2 (CH) or every 3 years (PL), or at irregular intervals (IS, LT, EE).

## Chapter 2: Conditions for eligibility?

### I. Nationality, residence and age

**7. Nationality.** The majority of the EEA Member States do not impose nationality conditions on applicants of the benefits. Some relative exceptions are, however, worth mentioning.

Spain (ES) has one specific scheme (*minimum for Spanish persons residing abroad and returnees*) that does require Spanish nationality in order to obtain benefits. This scheme aims at an export of the benefits to which Spanish nationals who are living abroad are entitled.

The MISSOC tables also indicate, at least for some Member States, that the scope is limited to nationals and to those placed on the same footing. This last category usually includes asylum seekers and refugees, persons who obtained subsidiary protection (both based on the Geneva Convention), stateless persons, nationals from states with which the Member State has concluded reciprocal agreements, and those foreigners who are assimilated on the grounds of state treaties or EU directives. This is, for example, the case for Austria (AT), Belgium (BE) and Germany (DE). In Belgium (BE), national law prescribes that other EU nationals must have the right of residence for more than three months. Some countries make a shift from the nationality to the residence condition, and mention the very same categories; this is the case in the Czech Republic (CZ), Hungary (HU) and Luxembourg (LU).

**8. Residence.** As a rule, almost all of the Member States demand legal residence. The length, intensity and modalities of this status of legal residence differ among the EEA Member States. We could note the following simplified typology:

*Table 7: conditions related to residence*

Classification (legal residence)		EEA Member State
Permanent residence		CZ, FI, LT, LV, CH, MT, SI, PL, BE,
No specific obligations with regard to the condition of residence		IS (emerging assistance), BG (benefit for long-term unemployment), CY, IT, NO, RO, SE, SK, EE, NL, AT, PT, LI
Specific modalities with regard to the condition of residence	'habitual' residence	CY (pension scheme), UK, IE, DE
	'stable and effective' residence	FR
	Long-term residence (specific numbers of months or years)	IS, BG, DK, HU, CH (foreigners), ES, LU, LI (foreigners)

For the sake of completeness, we note that Greece (EL) is not mentioned in the table, due to the absence of a guaranteed minimum income scheme.

With regard to those EEA Member States that demand a 'long-term' residence, the following diverse criteria could be noted – as a comparison:

- Iceland (IS): for some services the applicant must have been a resident in the community for a specific number of years;

- Bulgaria (BG): long-term residence is defined as “residence authorised by the Ministry of Interior for an indefinite period”;
- Denmark (DK): the level of the benefit depends on the past residence: to obtain social assistance residence in Denmark during 7 of the last 8 years is required. Otherwise, the applicant will get a starting allowance which is a lower amount.
- Switzerland (CH): domicile and permanent residence in Switzerland. In addition, foreigners must have resided in Switzerland for the 10 years (refugees and stateless persons: 5 years) immediately preceding the date on which they applied for supplementary benefits, without interruption;
- Spain (ES): for the non-contributory old-age pension: the applicant should be legally resident in Spain and have been so for at least 10 years between the age of 16 and 65 (two of which immediately prior to the date of the pension application); for the non-contributory invalidity pension: the applicant should be legally resident in Spain and have been so for at least 5 years (two of which immediately prior to the date of the pension application);
- Luxembourg (LU): having resided in Luxembourg for at least 5 years during the last 20 years;
- Liechtenstein (LI): with regard to the supplementary benefits: legal residence and stay in Liechtenstein for 10 years prior to the application.

**9. Age.** In general, most Member States impose minimum and/or maximum age limits, although these limitations differ according to the (specific) scheme (leaving aside the absence of a scheme in Greece):

*Table 8: minimum age conditions and restrictions*

Classification			EEA Member State
No limitations concerning minimum age (both general and/or specific scheme(s))			CZ, LV, NO, SE, SK, MT, SI, PL, AT, LI
Limitation(s) concerning minimum age	General scheme		DK, RO
	Specific scheme(s)	Old-age / pre-retirement / long-term unemployment / ...	BG, CY, FI, LT, CH, FR, DE
		Other	CH, NL, ES, FR, DE
	Age limitations in both general and specific schemes		IS, HU, IT (varies according to regional or local schemes), EE, UK, IE, LU, PT, BE

The absolute minimum age usually corresponds with the age of majority (18 years), although some countries refer to 16 years of age (e.g. FI, EE, UK). With regard to specific old-age /pre-retirement / long-term unemployment schemes, most age conditions run parallel to 65 years of age or to the retirement age, although some Member States apply slightly variant age limits; for example:

- Bulgaria (BG): 70 years of age (social pension for old-age); 60.5 years of age (m) or 57.5 years of age (f) (benefit for long-term unemployment);
- Lithuania (LT): 62.5 years of age (m) or 60 years of age (f) (social assistance pension);
- United Kingdom (UK): 60 years of age (pension credit);
- Ireland (IE): 66 years of age (non-contributory state pension).

The Netherlands (NL) are an exceptional case, where the application of the one or the other scheme is – in contrast with most other EEA Member States – explicitly linked to some policies, directed at the activation of young people. The benefit related to the ‘Investment in youth act’ covers 16 years of age (work/education offer) or 18 years of age (income provision) until the age of 27; this in

contrast to the benefit related to the ‘Work and social assistance act’, which the applicant can only claim as from the age of 27.

## II. Existing means and resources

**10.** All of the EEA Member States start from the premise that general and/or specific schemes providing for a ‘guaranteed minimum resource’ should be considered a last resort safety net, and therefore are complementary or subsidiary. This basic assumption expresses itself in the applicant’s obligation to exhaust all other possible means – which is the main condition, usually stated in the legislation of the large majority of the Member States. The applicant should therefore firstly claim all other possible social security benefits, exhaust civil claims (e.g. alimony/maintenance claims), etc.

However, this principle is liable to various exceptions and nuances. Some EEA states allow a combination between social security benefits and social assistance benefits, under some conditions (e.g. in BG, LV, NO, SE, MT, PT)<sup>6</sup>. Alternatively, some countries exclude some rights and claims from one’s means/capital/property. For example, (a fraction of) social (security) benefits (SK, EE, MT), civil claims (HU), and more specific, alimony claims (CH, UK, PL), a portion of income out of (part-time) labour (NL, UK), scholarships and student grants (SK, EE, CH), grants from charitable organisations (PL) and financial support for children (IS) may be exempted from the means test.

More details are to be found *infra* (heading 3).

## III. Requirements for job search and vocational training

**11.** For many years now, the link between social protection and active inclusion has been recognised on a European level. The active inclusion of people who are at risk of poverty and excluded from the labour market entails a comprehensive policy mix, combining an adequate level of income support with a link to the labour market and better access to services<sup>7</sup>. Tackling the risk of poverty and (future) social exclusion of the underprivileged requires a balanced mix of labour integration policies and paying special attention to those who do not work or who are involved in precarious work. To break out of this spiral, it is vital to improve the interaction between economic and employment policies for growth and jobs and the Union’s strategies on social protection and social inclusion. Member States should be more aware of the fact that social protection policies should not only effectively contribute to mobilise people who are capable of working, but should also contribute to achieving the wider objective of providing a decent living standard to those who are excluded from the labour market. Social protection reforms should therefore particularly focus on finding a proper balance between enhancing employment activity without creating trap effects, whilst at the same time improving the adequacy of social benefits and ensuring better access to social services.<sup>8</sup>

In general, Member States have embraced the active inclusion approach and acknowledge in this way more clearly that people’s right to play an active role in society needs to be supported. Consequently, most Member States made efforts to ensure that economic and labour market reforms are accompanied by provisions to protect the most vulnerable groups.

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<sup>6</sup> See also *supra*, table 5: cash benefits; especially the list of Member States that are acquainted with ‘top-up benefits’ and ‘combination of cash benefits and top-up benefits’.

<sup>7</sup> See Recommendation of the European Commission of 3 October 2008 on the active inclusion of people excluded from the labour market (COM(2008) 5737).

<sup>8</sup> Joint Report on Social Protection and Social Inclusion 2007, as adopted by the Council on 22 February 2007, 6694/07, 5.

If effective progress is to be achieved in curbing the risk of social exclusion, policy makers should realise that, without active support for labour market integration, there is a real danger that minimum income schemes trap people in long-term benefit dependency. However, they should also realise that these schemes should provide all persons with adequate levels of minimum resources. Without appropriate income support, there is a risk that active labour market programmes fail to prevent widespread poverty. In turn, this may increase the risk of ill-health and encourage people to seek immediate sources of subsistence by irregular means, such as undeclared work or even crime. In addition, it may increase the demand for other social programmes, such as health care and family allowances which would shoulder some of the burden of poverty relief. On top of this, policy makers should be aware of the fact that access to social services is a pre-condition for being available to work, especially for those who find themselves at the margins of the labour market. Without adequate social support, there is a risk that activation rules are implemented without due regard of the particular needs of people at disadvantage. Thus, the effectiveness of these rules could be seriously reduced. After all, if these rules are implemented blindly, there is a real danger that the hurdles which disadvantaged groups may encounter in entering mainstream society will not be adequately addressed.<sup>9</sup>

It is in this respect that the following table gives an indication to what extent there is a trend in national legislations towards a strong focus and emphasis on work and employment, allowing people to emerge from poverty by participating in an economic activity. Can a direct link be noticed between the right to a benefit and a “willingness to work” shown by an availability and capability to work and/or vocational training and the taking up of employment? To what extent is “the willingness to work” seen as a suitable means to social and economic inclusion?

**12.** The large majority of the EEA Member States link the right to benefits to a minimum degree of commitment and effort towards seeking/finding a professional position, or vocational or occupational training. Luxembourg (LU) adds that one may not abandon or reduce work willingly, without valid justification, or may not be dismissed for serious reasons.

(Only) two Member States do not have provisions in that sense, namely Switzerland (CH) and Spain (ES). Slovakia (SK) is also worth mentioning, because of the confined importance of the factor “willingness to work”:

Switzerland (CH): requirements for job search, vocational training and behaviour modification is ‘not applicable’, most probably because this country is only familiar with specific minima (supplements to first pillar social security schemes) for the elderly, disabled and survivors;

Spain (ES): the measures aimed at promoting the employment are unrelated to whether or not the beneficiary is receiving the economic benefit from the system;

Slovakia (SK): in order to be entitled to (only) the highest level of benefits in material need, persons of an active age who are able to work must be willing to accept offers of suitable work, retraining or minor community work.

**13.** In the other EEA Member States, a certain ‘pattern’ for the obligation of active participation could be deduced from the MISSOC tables.

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<sup>9</sup> See the synthesis report of the Commission Services on the public consultation on active inclusion following the Commission’s Communication concerning a consultation of action at EU level to promote the active inclusion of people furthest from the labour market, COM(2006), 44 final, 8.

a. Most of the Member States' legislation prescribes that registering as a job seeker (with the national/regional/local office that supports and supervises job seekers, such as public employment offices or job centres) is mandatory.

As a rule, every applicant for social assistance benefits must either actively search for an income, generated through own labour, or at least be available for job offers. All Member States primarily focus on the attempt of gaining an income from an employment contract. The German (DE) system also includes measures to support self-employed persons: the possibility of loans or one-time subsidies for the purchase of goods.

This obligation usually relates to the applicant him- or herself, although some schemes take the family situation into account. In Romania (RO), for example, one of the family members is obliged to work in the interest of the local authority, aiming at social integration. In the Netherlands (NL), the partners of the unemployed should, if possible, also look for work. The same more or less applies in Germany (DE): persons in need who are capable of working as well as the persons living together with them in a domestic unit have to resort to all possibilities in order to end or improve their situation of need.

Mostly, some categories are exempted from these obligations. To summarise, these are persons who are not capable for work, based on grounds such as age, health conditions, family situation (taking care of children or other family members), studying and/or equity or 'unreasonable burden'. On the other hand, Germany (DE) demands that people with a reduced capacity to gain an income, nevertheless make an effort to do so, in order to obtain the needs-based pension supplement in the event of reduced earning capacity. Entitled persons can be expected to take up a reasonable job to earn an income despite their restricted capacity; therefore they are obliged to do so and to take part in the necessary preparations.

b. The EEA Member States present different degrees of commitment. A few examples may be sufficient to illustrate this. In the Czech Republic (CZ), applicants must actively look for a job; this includes acceptance of *any* employment - even if less paid or short-term. In line with this, the German (DE) scheme(s) specifies(/-y) that the job offer should not necessarily correspond to the level of vocational training, or that the offer may be considered of lower value than the previous work. Furthermore, if the place of employment is further away from home compared to the previous workplace, the work offer cannot be refused.

Perhaps in slight contrast with this, in the Latvian (LV), Estonian (EE), Slovakian (SK), Maltese (MT), Dutch (NL) system, applicants are obliged to accept *suitable* work offers - although this is subject to investigation and (a margin of) appreciation by the competent authorities. In Liechtenstein (LI), with regard to supplementary benefits, similar reference is made to "*a reasonable employment which is actually available on the labour market*".

In the Dutch (NL) scheme, premiums can be offered to encourage people far from the labour market to take up employment.

c. If the search for work seems to result in failure, most of the EEA Member States provide for an 'alternative pathway', mostly vocational or occupational training. Some Member States establish terms, after which vocational training should be attended if the job search turns out to be unsuccessful. In Ireland (IE), for example, all persons who are unemployed for three months must participate in the National Employment Action Plan (designed with a view to assisting them to enter or re-enter the labour market).

Besides vocational training, some Member States impose or offer other ways of support, aiming at behaviour modification in the broad sense of the word. Worth mentioning are Malta (MT), Slovenia (SI) and Germany (DE):

- Germany (DE): local authorities can offer debt counselling, psychological support and addiction counselling;
- Malta (MT): rehabilitation programmes exist for drug and alcohol addicts;
- Slovenia (SI): entitlement may be linked to signing a contract with the Social Work Centre, which imposes obligations on the beneficiary to resolve his/her social problems (rehabilitation, health treatment, etc.).

The 'contractual approach' also turns up in other Member States, such as Luxembourg (LU): the 'integration allowance' is granted when the beneficiary signs an integration contract and takes part in an integration activity. The integration contract is drawn up in the light of the health, social, educational, professional and financial situation of the claimant, with a view to a vocational and/or social integration project.

**d.** Some countries take it a step further, and involve the public administration and bodies to ensure activation (if occupational training results into failure). Some measures are mandatory; others present themselves free of engagement:

- Norway (NO): The Labour and Welfare Service may set conditions for receiving social financial assistance. These conditions may include working for the municipality;
- Romania (RO): one of the family members is obliged to work in the interest of the local authority, aiming at social integration, under certain conditions;
- Bulgaria (BG): in order to receive the monthly social assistance allowance, unemployed persons have to participate in programmes organised by the municipal administration to provide social services, ecological programmes for urbanisation and hygienic work in the populated areas, where the duration of the employment is not shorter than 14 days, 4 hours per day;
- Belgium (BE): the Public Centre for Social Assistance (PCSA) may propose a job to the person concerned and become his or her employer with a view to acquiring professional experience or creating entitlement to unemployment benefits. The PCSA can put the person at the disposal of third parties, also from the private sector. The PCSA can even cover a part of the wage as a part of different activation measures or in the context of unemployment.

In the Netherlands (NL), in the context of the Investment in Youth Act, the youngster who is not employed or following an education may (but is not obliged to) request the municipality to provide him or her with a work/education offer. The municipality is obliged to provide such an offer.

**e.** Almost all of the Member States' schemes impose sanctions and thus penalise 'reluctant behaviour or attitude'. The definition and description of the behaviour - or lack of actions - that the Member States' schemes recognise, may differ, but are otherwise closely tied to the character of the applicable range of sanctions. In Bulgaria (BG), refusal to participate in programmes organised by the administration results in the withdrawal of the financial social assistance. Other Member States leave a margin of appreciation for the competent governmental level, when assessing someone's individual file. The legislative acts either provide (1) for a 'blank norm' or (2) sum up the reasons and situations when sanctions are likely to be imposed. Examples of the first category can be found in Cyprus (CY; refusal to undertake training or refusal of a job offer *could* lead to withdrawal of public assistance), Denmark (DK; refusal without *sufficient reason* could lead to suspension) and Poland (PL;

*unjustified refusal* to undertake work by an unemployed person may constitute grounds for refusal to grant or for withdrawing social assistance cash benefits). On the other hand, Hungary (HU) could be classified into the second category: the entitlement to benefits is (automatically) terminated if the person is deleted from the registry of job seekers due to his or her own fault, if (s)he refuses a proper job offer or if he or she works illegally (if noticed for the first time, 1 month suspension, if noticed for the second time, termination of the provision), or if he or she cannot prove that in the previous year he or she pursued a gainful activity, or took part in a training programme or in a labour market programme for at least 30 days.

The range of sanctions also differs from Member State to Member State<sup>10</sup>. They often concern the refusal of or expelling from benefits and grants (e.g. in EE, SI, LT, CZ, EE), the withdrawal or deletion (BG, CY, HU) or suspension of benefits (LT, DK), or the reduction of the amount of benefits (LV, IE), and so on.

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<sup>10</sup>The MISSOC tables do not always display the possible sanctions, typical of a Member State's scheme.

## Chapter 3: What are the means to achieve this?

### I. Mapping the applicant's property/capital/means/estate

**14.** In a broad sense, the estimate and assessment of one's fortune - the so-called *means test* - includes the following components:

- Rights/actions in rem (real property, freehold, other rights in rem, ...);
- Personal property (moveable assets, capital that can be withdrawn, ...);
- Income and (other) benefits (remuneration gained through effort and work, as well as other benefits (e.g. benefits within the sphere of family law, social security law; benefits in cash and/or in kind);
- Exhaustion of other claims (e.g. based on family law);
- Possibility of exemption of certain resources.

**15.** The larger part of the Member States allow the claimant to have or to keep certain goods, both real property as well as moveable assets. The general tenor is that applicants for benefits, as well as their relevant domestic unit, are allowed to preserve housing where the person resides. The 'family home' is mostly excluded from the means test. This is explicitly the case in – for example – Cyprus (CY), Slovakia (SK), United Kingdom (UK), Slovenia (SI), Ireland (IE), Germany (DE), Malta (MT) and Liechtenstein (LI). Nevertheless, the modalities, and the way this is translated into legislation, might differ. A few examples could illustrate this.

In some Member States, this principle is put into words as follows: 'the claimant should not possess immovable property (or moveable assets) that can be a source of income except for the assets serving the usual needs of the family', which is the case in Bulgaria (BG) and Cyprus (CY). Or as follows: 'award of financial assistance may be made contingent upon selling real estate (e.g. holiday cottage) that is not necessary for the persons' subsistence' – as it is laid down in Norwegian (NO) legislation. Other Member States add a 'subjective element' into the evaluation. In Poland (PL), real property is generally not taken into account. This is only done in case of *flagrant disproportion* between the level of income and the material status of the person/family. A similar element is to be found in the German (DE) system, where the following are exempted: the dwelling of *appropriate size* which the claimant lives in, as well as goods and rights, if their realisation is manifestly inefficient or would imply additional hardship for the person concerned.

Other Member States apply rules that seem a little more 'flexible'. In Malta (MT), the following goods are excluded from the capital test: the house of residence, a private car, a garage for private use, and (even) a summer residence. Even any immovable property which is being put to profitable use, such as property which is rented out to third parties, is not subject to the capital test, but only to the income test. In the Czech Republic (CZ), real estate used for a gainful activity, is also excluded from the means test.

This is in contrast with Member States that are acquainted with rules and principles which appear rather severe. In Sweden (SE), as a general rule, all real property is taken into account, regardless of the nature and the origin. The sale of assets may be required before social assistance is granted. For instance, under certain conditions, persons may have to sell their house and move to less costly housing. However, the main principle is that if the need of assistance is temporarily, the benefit can

be paid out without sale of assets. In Finland (FI), real property owned by the person (family) is taken into account – without nuance.

Other Member States, such as Switzerland (CH) fix portions of a person’s goods, to take everything into account – for example 1/15th of immovable assets.

In order to conclude, we could make one last observation. Some Member States, such as Bulgaria (BG), explicitly exclude some agriculture-related goods, such as farm equipment, craft tools. In Lithuania (LT), agricultural machinery subject to registration livestock, poultry, animals and beehives are, on the other hand, taken into account for the means test. In Ireland (IE), property personally used such as a farm or business premises is also excluded from the means test. These explicit referrals could perhaps be explained because of the agricultural history of those Member States, and the importance of farming.

**16.** An interesting point of comparison is the basis for the assessment of an individual’s property, and whether or not third parties’ capital (spouse, partner, children, others) is also taken into consideration for the assessment of one’s means, and of the benefits.

In general, almost all of the EEA Member States refer to either the applicant him- or herself (the individual), and – by extension –mostly to other persons who are part of the applicant’s ‘domestic unit’ or ‘household’. The labelling and interpretation of this group, and the actors involved, does nonetheless differ from Member State to Member State. An overview allows us to gain an insight into this matter.

*Table 9: an overview of the interpretation of ‘domestic unit’*

<b>EEA Member State</b>	<b>Definition of ‘domestic unit’ (applicable for the Member State’s general scheme)</b>
IS	The applicant, the spouse and his/her children up to the age of 18
BG	‘Family’, which includes the spouse, minor children and adult children up to 20 years of age if they attend school
CY	‘Family members’, including the head of the household and his/her dependants living under the same roof
CZ	‘Jointly assessed persons’, meaning all persons living in the same household
BE	The single person, cohabiting persons (spouse or cohabiting partner, and in some cases the ascendants or adult descendants in the 1st degree)
DK	The applicant, his/her spouse if married, and the applicant’s children up to 18 years.
EE	Persons who are married or living in the same dwelling in a conjugal relationship, their children and parents who are maintained by them or other persons using one or more sources of income jointly or with a shared household are deemed to be family members ( <i>i.e.</i> domestic unit)
FI	The person, his or her spouse or common law spouse, and their underage children, as long as these people live in the same household
EL	No scheme(s), no definition(s)
HU	the consumption unit, composed of the first adult, the spouse or partner and the child(ren)
IT	Depends on definitions laid down in regional/local regulations
LT	‘Family’, meaning: <ul style="list-style-type: none"> <li>• spouses or an adult man and woman living together but not legally married, as well as a married person with whom, by the court’s judgment because of the</li> </ul>

	<p>separation of the spouses, their children have stayed to live, or one of the parents</p> <ul style="list-style-type: none"> <li>• their children under 18 years of age</li> <li>• persons between the ages of 18 and 24 who are unmarried and not living together with another person: full-time pupils and students of general education schools and other institutions of formal education</li> </ul>
LV	Individual person or household. A 'household' consists of the claimant, his/her spouse and those persons having common expenses for food and living in the same dwelling
NO	The applicant, his or her spouse and dependent children
RO	The individual or family. 'Family' is defined as: <ul style="list-style-type: none"> <li>• Husband and wife, or husband, wife, and unmarried children in maintenance, living and administering the household together</li> <li>• unmarried man and woman, and unmarried children in maintenance, living and administering the household together</li> <li>• siblings without children, administering the household together, without a common domicile or residence with parents</li> <li>• single person and children in maintenance, living and administering the household together</li> </ul>
SE	The individual or household. A 'Household' is a unit based on the nuclear family concept, i.e. only parents and children (grandparents and other persons living under the same roof are not taken into account)
SK	The applicant and the person(s) with whom he or she shares a common household
CH	Spouses/registered partners and persons with children
MT	Head of households, first dependent adult and, subject to a number of conditions, children living in household
UK	The 'family', namely people living in the same household
NL	The claimant, the partner and the children under 18
SI	Family units and to single persons. A family unit comprises: <ul style="list-style-type: none"> <li>• claimant</li> <li>• claimant's spouse or cohabitant</li> <li>• claimant's children or stepchildren for the duration of his/her obligation to care for them</li> <li>• parents and stepparents; orphaned grandchildren, nephews and nieces of the claimant if he or she has to support them</li> </ul>
IE	The individual, adult en child dependants
PL	The individual or the household (i.e. all persons living together and running a joint household)
ES	A domestic unit (= economic unit) exists in all cases in which the beneficiary lives with other persons, whether they are beneficiaries or not, linked to them by marriage or blood relationship up to the second degree
AT	Beneficiaries and dependent family members living in the same household
LU	"De facto" community of all the persons living in the same household. The domestic community is composed of all the persons living in the same common household, having a common budget and who are unable to provide the evidence that they live elsewhere
PT	The following persons living under the same roof: <ul style="list-style-type: none"> <li>• the beneficiary</li> <li>• the spouse or assimilated person (person living in a <i>de facto</i> union for more than two years)</li> <li>• direct or collateral adult relatives or assimilated persons up the third degree</li> <li>• direct or collateral minor relatives or assimilated persons</li> </ul>

	<ul style="list-style-type: none"> <li>• adopted minors, minors in guardianship and minors of whom the beneficiary has custody by decision of the courts or the guardianship services</li> <li>• adoptive parents, guardians and persons granted custody of the beneficiary by decision of the courts or the guardianship services</li> </ul>
FR	All the persons comprising the household and living under the same roof. The means ceilings vary according to the composition of the household
DE	The claimant and spouse or partner who share the same household; for unmarried minors living at home, account is also taken of the parents' income and assets. Persons living in a quasi-marital partnership may not be better off than spouses
LI	The person in need of assistance and dependants living with them in the same household

This listing allows to draw some brief conclusions. Some countries hardly define the notion ‘family’, ‘household’ or ‘cohabitation’ – which is the case in the Czech Republic (CZ), Austria (AT), Liechtenstein (LI) and the United Kingdom (UK). On the other side of the spectrum are those countries that thoroughly describe what should be understood exactly by the word ‘household’. This is the case for Lithuania (LT), Romania (RO), Slovenia (SI) and Portugal (PT): the schemes of these Member States literally sum up which categories and in which capacity persons are covered by the legislation.

The definitions vary from being extensive to less detailed. Belgium (BE), for example, has a ‘variable’ list, consisting of a mandatory group of persons (“the single person, cohabiting persons”), and a group of persons that only should be taken into account on a facultative basis (“the ascendants or adult descendants in the 1st degree”).

The majority of the Member States do not hold on to the legal status of *marriage* (‘spouse’) in order to determine the second dependent person. Mostly, Member States make a referral to real, actual situation, and thus implement a more liberal view towards cohabitation. The spouse, the registered partner as well as the cohabiting partner are taken into account. The German MISSOC table (DE) puts this into the following words: “*Persons living in a quasi-marital partnership may not be better off than spouses*”. In a few Member States, the conjugal bond is determining; this is the case in Iceland (IS), Bulgaria (BG), Denmark (DK), Spain (ES) and Norway (NO).

Other dependent persons are also taken into account; mostly children up to the age of 18, 20 or 24. In some schemes, the ascendants are explicitly mentioned as possibly being part of the relevant domestic unit (e.g. SI, PT, EE), but often limited to a certain degree of relation.

In a small number of schemes, the applicant him- or herself is determinant in an absolute manner, in order to obtain benefits. In Malta (MT) for example, the claimant must be the head of the household. In Ireland (IE), the basic allowance is paid to the individual, with supplements in respect of adult and child dependants.

**17.** The MISSOC tables indicate whether an EEA Member State imposes other (additional) conditions than the ones described above. Most of them are related to the classical range of conditions (means test, age, residence, ...), although a small selection which catches the eye is perhaps worth mentioning:

- Bulgaria (BG): persons who are registered as the owner of a privately owned company or as a shareholder are not entitled to benefits; the same applies to persons who have refused cultivating State or municipality land given to them;
- Latvia (LV): the person (or household) should not have debt obligations.

**18.** A last point we want to discuss is whether or not the Member State’s legislation holds the possibility of recovery of benefits.

While in most states, recovery rests on a compulsory basis (certainly in case of fraud or falsified information), in a few Member States this rests on an optional basis (FI, NO, SK, NL, IE). In LV no recovery takes place in practice, while in DE recovery is in principle excluded, except in case of fraudulent behaviour. Most often recovery is allowed in case of fraudulent behaviour. In most Member States recovery is only possible from the beneficiary him or herself, while in other Member States recovery could also be done from other members of the family (AT, LT, NO, RO, SK, PL). The timeframe for action varies between 3 months (HU) and 10 years (PT). In some circumstances an exemption from recovery is possible, in particular in case of an administration error or in case recovery would lead to a vicious circle where the beneficiary would be put back in a situation of need (FI, NO, SE, CH, IE). Several countries foresee the possibility to pay back the undue amount in several instalments.

*Table 10: recovery*

<b>Classification</b>	<b>EEA Member State</b>
Compulsory	BG / CY / DK / HU / LT / LU / PT / RO / SE / EE / FR / CH / UK / BE / LI / ES
- fraud / falsified information	SI / BG / CY / CZ / DK / FI / HU / LT / LU / NO / PT / SE / EE / FR / CH / MT / UK / DE / IE / PL /
- optional	FI / NO / SK / NL / IE
- no recovery	LV (in practice) DE (except in case of fraud)
Exemptions	
- hardship	FI / NO / SE / CH / IE
- administrative error	CY / MT / UK / LI (certain benefits)
- equity	BE
- in different instalments	CY / HU / LT / PL / PT / FR / UK / BE
To be recovered from	
- beneficiary	SI / BG / CY / CZ / FI / SE / EE / MT / UK / ES
- beneficiary plus spouse / partner / family	AT / LT / NO / RO / SK / PL
- beneficiary and alimentary persons	BE / DE / NL / PL / LI
- heirs	AT / NL / LU / IE / CH / PL
Within certain timeframe	3 months: HU 3 years: CZ / DK / SK 5 years: RO 10 years: PT between 6 months and 5 years: BE (depending on benefits)

## Conclusion

Guaranteed Minimum Resources Schemes differ to a big extent across Europe. The methods used to combat the social risk of "insufficient resources" vary and make it clear how difficult it is to cluster all these schemes within a certain typology. However recognizing the diversity of provision across Europe, there does remain a common set of challenges to be met: achieving and maintaining the adequacy of benefits; the need for a consistent methodology or mechanism to facilitate up-rating of benefits in line with either wages or a measure of inflation; complexity of schemes and coverage of potentially eligible claimant groups; high levels of non-compliance and non-take-up of benefits especially among schemes that are highly residual and targeted; the ever-present dilemma of having an adequate and inclusive minimum income scheme which does not create disincentives to work. These challenges are more acute in the context of economic downturn and financial restraint.