

## **Cross-cutting introduction to Guaranteed Minimum Resources (Table XI)**

Almost all countries make provision to meet the subsistence needs of individuals and families who otherwise lack (sufficient) income from employment or other sources (including insurance-based social security benefits). This is a very complex area; there are no agreed definitions and responsibility for the making of policy, financing and delivery can be held by national, regional or local authorities – sometimes a mixture of all three in the same country. Indeed, in some countries a significant role is assigned to voluntary and charitable organisations.

Typically, social assistance benefits are financed from taxation and their award is subject to a test of means of the claimant and sometimes of his/her family members. Three categories of social assistance can be specified:

**General or universal assistance:** these are schemes that may provide cash benefits for those eligible claimants whose resources are below a specified minimum income standard. In turn, this minimum income standard may have been determined by reference to studies of poverty and adequacy and adjusted, year on year, in accordance with a measure of inflation and a government's capacity to fund. There are complex rules to specify the basis for any claim, the number of entitled persons to be supported and the general conditions of payment (such as nationality or residence test, the nature of the means test, the amount to be paid, the duration of payment and the impact of interaction with other benefits). Housing costs always pose a serious problem for social security authorities and complex rules exist to recognise costs without the prospect of 'moral hazard'.

**Categorical assistance:** these are benefits which seek to guarantee minimum resources to particular groups within the populations such as the unemployed, the elderly, the disabled or - in some countries without minimum wage - the working poor (i.e. those in low paid employment). Each category may have their own criteria or conditions of eligibility, levels of benefit or interaction with the tax system.

**Tied assistance:** provides access to a range of goods and services either through the provision of cash or by providing direct access free at the point of delivery. Receipt of assistance or

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minimum income benefits is sometimes regarded as a 'passport' to other associated rights including, for example, access to free health or dental care.

These are all 'benefits of last resort' and exist within the broadly defined portfolio of social protection. Access and entitlement is based on an assessment of assets and means and benefits will therefore vary according to existing income and individual family circumstances.

There may be said to be three key policy objectives for minimum income schemes. First, is an aim to prevent or alleviate extreme hardship or poverty, though this is defined in different ways in Member States. The second aim is to prevent social marginalisation or social exclusion and to promote social inclusion. On the one hand this may take a positive form and be linked to measures that actively encourage and facilitate individual development, fulfilment and integration. On the other hand it could seek to reduce the disincentives to find and retain paid employment or to fulfil what society prescribes as the required and dominant obligations of parenthood or partnership; in all circumstances these benefits seek to embody the principle of 'less eligibility' so that there are no perverse incentives of the kind likely to discourage paid work in favour of benefit dependency. Finally, all schemes are now resource constrained and reforms seek to embody this over-riding imperative.

Complications inherent in the administration of minimum income schemes relate to family structure and presumed financial obligation and reciprocity (for example, between adults who live together sharing costs or between family relations such parents and children) and, as has been noted, are further complicated by housing costs.

*MISSOC Secretariat, March 2013*