

## BAGFW-Redebeitrag für die Konferenz “Our Social Europe - Strong Together” des Bundesministeriums für Arbeit und Soziales im Rahmen der deutschen EU-Ratspräsidentschaft:

### Workshop 2: “Adequate, accessible & enabling minimum income schemes across Europe – The time for action is now!” am 16.09.2020

Dear colleagues and participants,

It is a pleasure to be here today and speak on behalf of the Association of German Social Welfare Organisations, the BAGFW.

First of all, I would like to thank the Federal Ministry of Labour and Social Affairs and the German EU Council presidency for organising today's conference on "our Social Europe". The conference could not be timelier, in the middle of a health and social crisis caused by the pandemic and thereby showing the absolute need for better social policies.

Moreover, I would like to thank Caritas Europa, Eurodiaconia, the European Anti-Poverty Network (EAPN) and the Social Platform, for designing and facilitating this workshop on minimum income schemes.

As managing director of the association that is coordinating the work of the largest non-profit providers of social and health services in Germany, I am well aware of the social challenges many European citizens are facing while also seeing the lack of resources and support schemes to provide for people living in poverty. A functioning minimum income scheme is one of the best-suited tools to not only lift people out of poverty but to also make them fully-fledged members of our society.

### **So, what do we mean when we speak about minimum income schemes?**

With minimum income, we do not mean unconditional basic income. What we mean is a minimum income as a last resort for a situation where all other mechanisms are exhausted. It represents the last safety net of social protection and can be called upon as soon as the person concerned has fallen through all other safety nets of social protection, such as the regular unemployment insurance.

Also, minimum income should not be confounded with minimum wage. While both instruments go hand in hand, the minimum income is to ensure the existential minimum for people who are not or cannot be in employment while the minimum wage is to ensure adequate remuneration for people in employment.

With the prospect of a proposal for a European framework for minimum wages, we are one step further in the direction of a social and equitable Europe. However, the fact that in-work poverty exists and persists shows that we need both, minimum wage and minimum income schemes to allow every citizen in Europe to have a decent life.

### **Why do we need minimum income schemes?**

Minimum income schemes are not only of great importance for people individually but are also beneficial for society as a whole since they ensure social cohesion. They may provide equal opportunities, participation, future prospects and, most importantly, living in dignity. Measures to secure livelihoods make a fundamental contribution here. They can protect people from social exclusion and enable them to realize their potential. This approach is based on respecting the dignity of each person and the basic idea of solidarity. Efforts must be focused on preventing people from falling into poverty in the first place and on supporting them on their way out of (sometimes long-term) poverty.

Especially, the ongoing COVID-19 crisis shows us the importance of social security systems and that they need to be improved not only for times of crisis. The minimum subsistence level needs to be safeguarded. Especially in times of crisis, adequate minimum income protection plays a decisive role in preventing poverty and social exclusion and supports the most vulnerable in society. This is more evident than ever before, but even before the pandemic, the differences between EU member states were significant. Currently, there are only two Member States which have a minimum income of over 60 % of the median income, namely the Netherlands and Ireland. All other EU member states have systems in place that, however, do not provide adequate protection against poverty and social exclusion.

### **This brings me to the next question: How are the minimum income schemes to be designed?**

While common ground is needed to create a level playing field, the diversity of systems and economic levels in the different Member States cannot be disregarded and needs to be respected. Keeping in mind the principle of subsidiarity, it is important to acknowledge every member state and every region has different challenges - acting on them has to be done closest to the concerned citizens.

Since we acknowledge the diversity of the EU Member States, it is important that the EU strives for a framework for minimum income schemes and does not seek to harmonize the systems of individual countries. The aim should be to gradually reach a uniform level, whereby a uniform level does not mean that the minimum income in Romania should be as high as in the Netherlands or provide the same services, altering its social system. Rather, the aim is to achieve alignment in terms of determinants such as purchasing power and middle income that reduce the risk of poverty in the EU-Member States.

Therefore, on a European level, we do not talk about one system for minimum income which fits all but rather about common standards and thresholds which every Member State is bound to in order to tackle poverty and social exclusion.

To ensure this we need adequate and accessible minimum income schemes in every EU Member State to create upward convergence, meaning to improve the economic and social performance of the Member States while reducing disparities between them. These principles are non-negotiables for an effective system in place. Only in that way can we ensure that people receive enough to live in dignity, that they can access support when needed and that this support net creates opportunities to get back on one's feet.

### **Luckily, several EU initiatives lead the way to a European framework.**

The European Pillar of Social Rights (EPSR) underpins the role of basic security. Principle 14 affirms substantial (adequate) minimum security is needed in all EU member states. It states that every person who does not have sufficient resources has the right to an adequate minimum income that guarantees dignity and effective access to the relevant goods and services at all stages of life.

At the same time, the EU goal for 2020 to reduce poverty has not been reached. With the "Europe 2020 strategy" the EU has committed itself to lift at least 20 million people out of poverty and social exclusion by 2020. This goal would not have been achieved even without the COVID-19 pandemic, as there were still more than 109 million people at risk of poverty in the EU in 2018, representing 21.7 per cent of the population.

The current German EU Council Presidency has acknowledged the importance of the topic and worked on a Draft "Council Conclusions on Minimum Income Protection to Combat Poverty and Social Exclusion in the COVID-19 and beyond". We are very pleased that the German Council Presidency drives this topic forward and emphasizes the principles of adequate, accessible and enabling minimum income schemes. However, we are missing the call for a legally binding European framework. So far, the expected Council Conclusions therefore only have a requesting character in which the Member States are invited to adapt their minimum protection systems.

Notably, the European Commission has been open and supportive of strengthening social security systems in Europe. During the BAGFW Event “Ways out of Poverty” in cooperation with the German Association for Public and Private Welfare on 24th of June 2020, Commissioner Schmit was supportive of a framework for minimum income schemes and promised a proposal in the coming year. We are looking forward to the initiative coming to live by a proposal of the Commission! Events such as the one today underline the importance of this topic.

We need to ensure that we create a strong and social Europe in which everyone can participate. We, as civil society organisations and providers of social services, will keep pushing for this topic. We remain in dialogue with stakeholders and will actively engage in the discussions on minimum income schemes for the benefit of the most vulnerable in our society. We will accompany the baton of the EU Council Presidency being passed on to Portugal and then to Slovenia and are happy to provide our expertise on the long path to "Adequate, accessible & enabling minimum income schemes across Europe".

For now, I am looking forward to a fruitful discussion during this workshop and say once again thank you to everyone who made today's event possible.

– Es gilt das gesprochene Wort –

Dr. Gerhard Timm

16.09.2020