

PEER REVIEW ON “SOCIAL ASSISTANCE BENEFIT - THE DESIGN OF THE
SOCIAL ASSISTANCE BENEFIT IN MOLDOVA: IMPROVING TARGETING AND
SUPPORTING EMPLOYMENT”

**EU SOLUTIONS TO PROVIDE MINIMUM
INCOME BENEFITS, SELECTED FEATURES
THAT SUPPORT ACTIVATION OF
BENEFICIARIES**

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GUARANTEED MINIMUM MINIMUM INCOME SCHEMES

- GMI schemes are the last safety net and provide a minimum income standard
- GMI is anti poverty scheme and, to some extent, an inclusion scheme
- Offered to all citizens that are below a defined income threshold
- Paid at individual level, but individuals considered in the household context
- Benefit: tax financed, cash and in-kind, multiple benefits

THE BASIC STEP, SETTING THE BENEFIT LEVEL

| Countries with a mechanism for establishing the level of payments which is based on a (set of) specified indicator (s) | | | | Countries where there is no clear mechanism and the level of benefits is set on a arbitrary basis |
|--|---|--------------|-------|---|
| Median/Mean income or proportion of it (e.g., national relative poverty line) | Living standards (absolute poverty line, basket of goods) | Minimum wage | Other | AT BE BG DK EE EL FR HR HU IE LT LV MK NO RO |
| IT | CY CZ FI IS IT | ES FR NL | CH DE | |

SLOVENIA, SETTING THE MINIMUM INCOME BENEFIT

The amount is set based on minimum cost of living, index annually (CPI), revised if economic growth $> 2\%$ of GDP

Equivalence scale designed to support employment:

- 1.0 first adult
- 1.28 each first adult that works 60-128 h/m
- 0.7 first adult unemployed, age 18-25
- 0.8 first adult unemployable
- 0.6 each further adult
- 0.7 each further adult that works 60-128 h/m
- 0.88 each further adult that works > 128 h/m
- 0.8 first child
- 0.7 each further child
- Top up of 20% from the calculated benefit for single parents

CONDITIONALITIES FOR ACCESSING THE BENEFIT

- registering with public employment service (all countries)
- signing an integration contract or employment plan (all countries)
- engaging in job search activities and present prove (all countries)
- accepting job offers* (payment off if 3 offers refused)
- participate in training, work rehabilitation (all countries)
- provide public works assigned by the social assistance authorities (BG, DK, HR, HU, SK, IT, LT, RO)

SLOVENIA, CONDITIONALITIES FOR ACCESSING THE BENEFIT

- Able to work beneficiaries have to be registered at the Employment Office
- To sign Employment Plan and/or Integration Plan
- Implement the measures in the plan (job search, (re) training, accept jobs, etc.)
- Unemployed beneficiaries that receive Guaranteed Minimum Income (GMI) for more than 9 months are obliged to take any job offered by Employment Services
- Exceptions: medical treatment, temporarily unemployable, mental health, major social problem (all defined by multidisciplinary team, case management tool).

DURATION OF BENEFIT PROVISION

| No time limit | Periodical reassessment with some interrupted provision | Time limited |
|--|---|-------------------|
| BG CH CZ DE DK HR IT LI MT NL NO SE UK | AT BE CY EE ES FI FR HU IE IS LU LV MK PT RO RS SI SK | CZ EL ES IT LT PL |

SLOVENIA, DURATION OF BENEFIT PROVISION

- Two kinds of cash social assistance: temporary and permanent
- 3 months first application, 6 months second application, 1 year if the circumstances are not expected to change due to illness, age, disability, other circumstances
- Permanently for permanently unemployable or permanently unable to work (clear set of criteria and clear method of defining the unemployable status)

Support to clients with complex needs program (case management method, multidisciplinary support, benefits and services)

TRANSITION FROM GMI TO EMPLOYMENT

- Many countries have no measures, the hh is out of the benefit as soon as the actual income is 1 euro more than the guarantee
- Provision of in-work benefit so that take-home income is increased by supplementing earned income with benefits (BE, ES, FI, IE, MT)
- Tapered withdrawal of benefits over time (HR, IE, MT, RS) (usually 90 days)
- Supplements for the first job (IT)

TRANSITION FROM GMI TO EMPLOYMENT, INCOME DISREGARD

- 20% of new income for a period of 18 months (IT)
- 30% of new income for the 1 year of employment (CZ)
- 100% GMI paid 2 months after employment, 50% 2 more months (EE)
- for part time job a 60% disregard for hard to employ (chronic unemployment, women, disability), for a fixed period of time (IE)
- payment of 65% of the GMI in the first year to employment, 55% second and 45% third, out of the scheme after 3rd year of employment (MT)

SLOVENIA, TRANSITION FROM GMI TO EMPLOYMENT

Transition supplement:

- beneficiaries that work > 60h/m
- beneficiaries of psycho-social programs

Considered as employed:

- beneficiaries of active labour market programs
- beneficiaries in re training, rehabilitation programs

Income disregard:

- casual work, seasonal work

CONCLUSIONS, TRANSFERABILITY

- GMI schemes are “alive” should be adjusted constantly
- Defining benefit level, difficult task: avoid dependency while being relevant
- No concluding evidence that “soft” or “hard” eligibility contribute more to activation
- Many technical solutions to enhance activation
- Typified solutions work until individual approach is needed