

A new kid in town? Active inclusion in European minimum income schemes

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Abstract

This paper assesses the current variation in activation strategies directed towards able-bodied persons of working age who rely on a minimum income guarantee in 20 EU Member states. First, we argue that the Active Inclusion notion developed by the European Commission in its 2008 Recommendation on the active inclusion of persons on a large distance of the labour market provides a useful device to categorize current activation strategies towards minimum income protection (MIP) recipients. Next we use this active inclusion concept in a fuzzy set ideal type analysis of purpose-collected institutional data to investigate to what extent current activation strategies reflect the Commission's concept of active inclusion. We find that there are few countries where the activation discourse has remained a dead letter. Most countries have implemented policy measures that aim to discourage benefit dependency among MIP recipients. Nevertheless, behind the realities of activation strategies towards minimum income recipients seldom lies the notion of active inclusion as defined by the European Commission. Particularly, many countries adopt predominantly negative incentives to increase labour market participation rates, rather than enabling measures. The majority of countries relies heavily on financial and non-financial incentives such as strong reasonable job definitions or severe sanctions for non-compliance with job availability requirements to encourage employment.

JEL: I38, J60, J64

Keywords: activation strategy, fsITA, active inclusion, minimum income schemes, EU social policy.

1 Introduction

In 2008, EU level interest in minimum income protection led to the publication of the Recommendation on the active inclusion of persons excluded from the labour market (henceforth the 2008 Recommendation) by the European Commission (Cantillon & Van Mechelen, 2012; European Commission, 2008). Building on accumulated expertise and consultations with relevant stakeholders (Frazer, Marlier, & Nicaise, 2010), the 2008 Recommendation lists the main policy instruments and domains deemed relevant for the activation of this specific target group. These are structured around three pillars, i.e. adequate income support, inclusive labour markets and access to affordable and quality services. This paper asks whether the principles outlined in this policy document provide a useful extension to activation typologies found in the literature (e.g. Barbier & Ludwig-Mayerhofer, 2004; Bonoli, 2009, 2011), when aiming to assess variation in activation strategies directed at the specific target group of minimum income protection (MIP) beneficiaries. To this end, we compare the Commission's active inclusion principles with dimensions that have been identified as capturing differences in activation types across countries. Subsequently, we embark on an empirical assessment of activation strategies in 20 EU Member States' MIP schemes to inquire the extent to which actual activation strategies adhere to the principles outlined in the 2008 Recommendation. The empirical analysis is carried out on data referring to the situation in January 2012.

This paper contributes to the literature in at least two ways. First, through its synthesis and application of previously identified activation dimensions to the less well-studied target group of MIP recipients, this paper contributes to the literature on the nature and diversity of activation strategies in contemporary welfare states. To date, a truly encompassing view of the current state of activation principles in the European minimum income schemes is lacking. Most studies focus on a small number of countries (e.g. Aurich, 2011). Findings are difficult to compare as research questions, and hence also conceptualization and operationalization of activation strategies may differ. Studies that aim to compare activation policies across a broader group of countries, not necessarily do so with a focus on how these policies are combined into integrated strategies (e.g. Immervoll, 2009). Second, from a (European) policy perspective, it is important to gauge to what extent Member States have embraced EU level principles of activation (Graziano 2011, Graziano 2012) and, more in particular, the notion of active inclusion in their policy design.

In the following section, we briefly discuss the principles outlined in the active inclusion recommendation (section 2). Section 3 assesses whether and to what extent active inclusion represents a different view on activation strategies than the types outlined in previous research into the nature of activation. The identified aspects of active inclusion will then be used in a fuzzy set ideal type analysis of purpose-collected data that aims to systematically assess both the empirical viability of the active inclusion type and the current variation in activation strategies directed towards a vulnerable target group in the EU. Section 4 describes the data and principles used in our classification of activation strategies. Section 5 presents the variation on separate active inclusion indicators over EU Member States. Finally, we discuss the results of our fuzzy set ideal type analysis and conclude.

2 Active inclusion principles

The 2008 Recommendation fits in the ongoing process towards a more investment oriented social policy at EU level. Already in 1992, the Council published a recommendation recognizing the need for each Member State to set a guaranteed minimum income (Council, 1992), conditional on a work availability requirement. Aiming for greater uniformity in the systems of social security was increasingly abandoned throughout the 1990s and replaced with a focus on common policy objectives (Cantillon & Van Mechelen, 2012). Exemplary in this regard is the Lisbon Strategy that

listed a number of social objectives monitored through a process called the Open Method of Coordination. The main focus of the Lisbon agenda (and certainly of its mid-term review in 2004) was however on improving economic growth and increasing labour market participation (Atkinson, 2010; Vandenbroucke & Vleminckx, 2011). Hence, when the European Commission put the issue of minimum income protection back on the table in its New Social Agenda 2005-2010, it was as part of a striving for *active* inclusion. Building on accumulated expertise and consultations with relevant stakeholders (Frazer et al., 2010) the 2008 Recommendation identified active inclusion by referring to three integrated pillars that policies for persons on a large distance of the labour market should promote.

First, the *adequate income support* pillar encourages to “recognise the individual’s basic right to resources and social assistance sufficient to lead a life that is compatible with human dignity” (European Commission, 2008). However the 2008 Recommendation remains vague on the level of minimum income guarantees and issues related to coverage and take-up of assistance payments. The preconditions for adequate income support included by the Commission mainly relate to the requirement for persons whose condition renders them fit for work to remain available for the labour market or vocational training, and to the necessity to provide incentives to seek employment. Second, the 2008 Recommendation stresses the importance of *inclusive labour markets*, more precisely to ensure that persons able to work “receive effective help to enter or re-enter and stay in employment that corresponds to their work capacity”. This section urges Member States to provide for a broad range of very different types of active labour market measures, including policies that raise the employability of the workforce and attention to the accessibility and quality of jobs at the bottom of the labour market. Although there is no direct reference towards behavioural constraints, Member States are cautioned to “continually review the incentives and disincentives resulting from tax and benefit systems, including the management and conditionality of benefits and a significant reduction in high marginal effective tax rates, in particular for those with low incomes”. The European Commission hence encourages countries to equip benefit schemes with due availability criteria and job search obligations.

As a third and final pillar, *access to quality services* is considered essential. The European Commission holds an extensive view on which services are necessary to help benefit recipients in getting their lives back on track, referring to social assistance, housing support, childcare, and health and care services. These services should be affordable, readily available, and easily accessible for those in need.

3 Characterizing active inclusion

3.1 Activation typologies: incentives and human capital formation

The widespread shift in government priorities from passive income support to activation and investment (Weishaupt 2011), has led to an abundance of activation forms and instruments (Barbier and Ludwig-Mayerhofer 2004, Eichhorst and Konle-Seidl 2008). Scholars have sought to reduce this diversity into a number of well-defined activation dimensions, to gauge the specific nature of activation across countries and over time (see, among others, Van Berkel and Hornemann Moller 2002, Weishaupt 2011). Given their different focus and research question, the resulting characterizations tend to differ on various accounts, including the precise definition of activation. Yet, especially more instrument-oriented classifications do share a focus on the distinction between ending benefit dependency through labour market participation versus human capital formation as two different approaches to activation (Torfing 1999, Barbier and Ludwig-Mayerhofer 2004, Dingeldey 2007, Bonoli 2011, Leibetseder 2014). The former approach aims to incentivize behaviour that increases labour market integration. It includes measures that offer both financial and non-

financial stimuli intended to lower the reservation wage such as low benefit levels, strict availability requirements or time limits. The second approach focuses on human capital formation through social investment-oriented measures or what Dingeldey (2007) has labelled 'enabling' policies, like education, vocational formation and other services to promote employability. It favours improving individual capacities, rather than inducing behavioural change.

This broad-brush distinction between incentive-centred (or recommodifying) and human capital formation (or investment type) activation strategies self-evidently obfuscates variation in their exact conceptualization and operationalization. We discuss two differences that are especially relevant in the light of the policy principles the European Commission promoted in its 2008 Recommendation.

A first distinction relates to the conceptualization of human capital formation, that can be either broad and referring to all policies that promote individual autonomy, or narrow, focusing only on those with a direct labour market finality. Whether or not services with no direct labour market finality are included in a country's assessment of activation strategies is a case in point. There is general agreement that services play a crucial role when it comes to investing in human resources. Services directly related to labour market participation, such as the provision of child care, are indeed routinely identified as activation policies (Dingeldey 2007, Bonoli 2009, Bonoli 2011, Bengtsson 2014). Some authors however argue to consider a much broader range of services when assessing the strength and nature of activation policies. Weishaupt (2011), for example, stresses the role of 'bridge services' between welfare and employment. Bridge services are not primarily about work but aim to increase individual chances to social integration, and only indirectly to labour market participation (e.g. debt or drug counselling). Typologies also differ on the treatment of MIP benefit levels in their conceptualization of human capital formation. Benefit levels can be considered relevant to the extent they impact on incentives to take up employment (Eichhorst and Konle-Seidl 2008, Bonoli 2011, Weishaupt 2011), or, more broadly, to the extent they protect against poverty (Aurich 2011, Bengtsson 2014). Whether a typology favours a narrow or a broad interpretation of human capital formation policies ultimately depends on the research question at stake. For instance, a broader conceptualization that includes the level of income support may allow for a better understanding of the link between active labour market and wider social policy provisions. It draws attention to the fact that activation policies are often part of a broader strategy to relieve financial distress and to prevent and resolve situations of social exclusion (Torfing 1999, Aurich 2011, Heidenreich and Aurich-Beerheide 2014).

Second, while it is generally recognized that activation strategies may combine both incentives and human capital formation-oriented elements, both approaches may be presented as two separate (and implicitly opposing) ideal types (with Torfing 1999, and Barbier and Ludwig-Mayerhofer 2004 as straightforward examples). Such a presentation leaves only limited scope for a full understanding of mixed cases. Conversely, Bonoli (2010, 2011) does devote particular attention to potential mixed cases. He sees both aims of activation to represent two distinct dimensions or axes of activation, thereby allowing for four types of activation: incentive reinforcement, upskilling, employment assistance and occupation. The first two activation types bear close resemblance to the incentive and human capital formation approaches (see for example Dingeldey, 2007), whereas the third and fourth are mixtures of both extremes. Employment assistance, for example, consists of measures aiming at removing obstacles to labour market participation without impacting on work incentives. Relevant policies in this regard are placement services, job search programmes, labour market counselling and job subsidies.

3.2 Active inclusion: incentive-centred or boosting human capital?

Where in this spectrum can we position the Active Inclusion strategy? The active inclusion notion as proposed by the 2008 Recommendation can be seen as a mixed activation type. An active inclusion

activation strategy combines a human capital focus with a concern for labour market incentives. Measures to increase employability are at the centre of the active inclusion strategy, yet the pillar of inclusive labour markets includes a warning against possible labour market disincentives stemming from tax-benefit systems. Following Bonoli (2010, 2011), Graziano (2012) has classified active labour market policies pursued today at the EU level as a hybrid combining elements of both upskilling and employment assistance features. Yet, the Commission's active inclusion strategy goes beyond strict active labour market policies as it explicitly includes measures to fight social exclusion. Measures that aim to promote inclusive labour markets are directly linked to the pillars of adequate income support and quality services. In this sense, the active inclusion concept really lives up to its name: it aims to connect activation recipes to enhanced social protection and the broader set of welfare provisions aimed at social inclusion. The active inclusion strategy therefore performs well in terms of what Aurich (2011) has labelled the autonomy enhancing side of activation. It combines a broad interpretation of human capital policies with conditional elements that are commonly seen as recommodifying.

3.3 Active inclusion as a means to classify activation policies

The next sections of this paper use the active inclusion concept as a classification scheme in order to assess the variation in activation strategies pursued in EU member states. We consider each pillar to represent a separate dimension of active inclusion. This may hold for all pillars except for the inclusive labour markets pillar that includes both recommodifying measures and investment-type policies. Therefore we identify not three but four dimensions: adequate income support, the incentive-oriented side of inclusive labour markets, the enabling elements of inclusive labour markets and access to quality services.

As the AI concept disentangles activation strategies into several pillars and therefore implies a multi-dimensional activation concept, a classification based on AI shares with Bonoli's typology a strong focus on mixed activation strategies. As the classification presented below contains four rather than two dimensions, it allows identifying even more complex strategies than Bonoli's typology. More in particular, as the active inclusion concept encompasses the adequacy of income support and access to quality services, an AI based classification takes into account how active labour market policies are embedded in broader welfare policies. Our typology allows to assess empirically not only to what degree incentive-oriented policies are actually combined with investment type measures, but also to identify the extent to which governments have been successful in reconciling active labour market policies with adequate income support and the provision of quality services.

4 Data & Method

4.1 Data

This paper uses institutional data on minimum income provisions for the able-bodied of working age in 20 EU member states, extracted from the expert sourced CSB MIPI data set (see Van Mechelen, Marchal, Goedemé, Marx, & Cantillon, 2011 for a detailed description). We use i) model family simulations of net disposable income for hypothetical households relying on social assistance and on a single minimum wage and ii) descriptions of institutional characteristics of the schemes covered as well as information on the activity requirements and activation efforts within minimum income protection schemes. Data refer to January 2012. We focus on policy intentions, i.e. the actual policy output such as policy guidelines or directives and levels of income support, rather than on policy outcomes such as poverty rates (Green-Pedersen & Haverland, 2002). This allows us to assess purposeful changes in policy directed to a target group for which implementation data are generally absent or marred by contextual factors.

Activation policies generally leave large leeway to the local level or even individual social workers (Kazepov, 2010; Lipsky, 1980; Minas, Wright, & Van Berkel, 2011), limiting the scope for a truly cross-national comparison. Data in this paper refer to the situation in a large city when income support or activation is devolved to the local government level. Indicators are based on national or local laws and policy guidelines in order to gauge *non-discretionary* activation policies.

We include all EU27 Member States, bar a few exceptions. Greece is not included as it does not (yet) have a minimum income protection scheme. Cyprus and Malta are not covered by the CSB MIPI data set. Denmark, Ireland and Spain lack information on one or more key activation indicators and are hence excluded from the analysis. Finally, activation measures of minimum income beneficiaries is highly discretionary (assessed on a case-by-case basis) in Sweden. This leaves us with only one Scandinavian Member State, in casu Finland, for our empirical analysis.

4.2 Method

4.2.1 Fuzzy set ideal type analysis

We use fuzzy set ideal type analysis (fsITA) to assess the conformity of activation policies to the active inclusion principles of the 2008 Recommendation. As a subfield of Qualitative Comparative Analysis (QCA) (Ragin, 1987, 2000; Schneider & Wagemann, 2012), fsITA builds on the recognition that social science concepts are generally complex and multidimensional. Cases are explicitly seen as configurations of aspects to which they can adhere to varying extent. A researcher performing fsITA first identifies these aspects of the complex multidimensional concept under scrutiny, so-called sets (Table 1). The degree to which cases adhere to any of these aspects (sets) is systematized through assigning set membership scores. These membership scores are based on empirical indicators (see Table 2), that are converted into scores based on substantive and theoretical knowledge. Scores take values between 0 and 1, where 0 indicates that a case is considered to have no relevant adherence to the aspect in question (fully out of the set) and 1 where the case is considered to completely align (fully in the set). A value of 0.5 denotes the point of maximum ambiguity (see Table 3). Through logically combining these set membership scores, it is possible to systematically assess cases membership into the overarching ideal typical constructs. The logical combination stems from two principles. First, a case is only a member of a set to the extent it is not a member of the negated set. (More precisely, a membership score of 0.3 in the adequate income support set corresponds to a membership score of 0.7 in the negated “not adequate income support” set.) Second, a case is only a member of a combination of sets to the extent it is a member on each of the underlying sets. A thorough discussion of these principles, with examples, is offered in Kvist (1999). A more formal discussion of relevant logical operators is provided in Schneider and Wagemann (2012). The method’s explicit acknowledgement of cases as configurations of dimensions makes it well suited for studying complex constructs such as social policy and welfare states (Hudson & Kühner, 2010). In recent years, fsITA has consequently become increasingly common in welfare state research (Aurich, 2011; Ciccia & Verloo, 2012; Hudson & Kühner, 2012).

4.2.2 Pure and hybrid activation strategies

We have identified four main elements of *active inclusion*: i) adequate income support, inclusive labour markets through ii) incentives, through iii) enabling measures and iv) quality services. The presence of all four elements indicates an adherence to the active inclusion activation strategy.

Four other theoretically relevant activation strategies are conceivable when building on one or more of these active inclusion elements (see Table 1). The first one is a single-minded focus on *incentives*, favouring a quick reintegration in the labour market through increased conditionality, sanctions and financial incentives (cf. workfare in Dingeldey (2007), or the liberal type in Barbier and Ludwig-Mayerhofer (2004)). A strategy focusing solely on labour market activation through *enabling* policies

has been used as a natural contrasting case (Dingeldey, 2007). Either implicitly or explicitly, it has been recognized that both approaches can be combined in a single strategy (Dingeldey, 2007; Etherington & Ingold, 2012; Torfing, 1999). A prime example is the employment assistance type by Bonoli (2011) (cf. supra). In Table 1 we term this combination the *comprehensive* model that combines a broad range of employment-centred enabling measures with substantial incentives. Finally, one can think of a pre-activation model where providing passive income support rather than preventing social risks is the main policy priority. Even though the empirical relevance of this *passive protection* model may be limited, it is theoretically interesting in the light of the paradigmatic shift from passive social protection to activation and investment. Eleven more “hybrid cases” (cf. Hudson and Kühner 2009) are logically possible (see Table 1).

Table 1. Property space: logically possible combinations of the four dimensions of the active inclusion strategy

	Adequate income support	Enabling policies for inclusive labour markets	Inclusive labour markets through incentives	Access to quality services
PURE TYPES				
Active inclusion	+	+	+	+
Enabling	-	+	-	-
Incentives	-	-	+	-
Comprehensive	-	+	+	-
Passive protection	+	-	-	-
HYBRID TYPES				
Enabling +	+	+	-	-
	-	+	-	+
Incentives +	-	-	+	+
	+	-	+	-
Active inclusion -	-	+	+	+
	+	-	+	+
	+	+	-	+
	+	+	+	-
Passive protection +	+	-	-	+
NO MAIN FOCUS				
	-	-	-	-
	-	-	-	+

4.2.3 Operationalization and calibration

Table 2 shows the indicators used to assess countries adherence to each of these aspects. Empirical values are converted into fuzzy set membership scores (see Table 3) based on theoretical considerations, common practice in the literature, or, if such guiding principles did not exist, policies in countries identified in the international literature as significant cases. As the choices made in the calibration process may have a large impact on the empirical configurations found, this paper devotes substantial attention to a discussion of the underlying empirical indicators. Furthermore, the impact of alternative calibrations is reported in appendix.

Table 2. Operationalization

Set	Operationalization
Adequate income support	Net income at social assistance, average over 4 family types, as a % of median equalized household income
Incentives	Time limits Gap between net income at social assistance and at minimum wage, average over 4 family types Severity of sanctions Severity of the definition of a reasonable job Presence of workfare (work-for-benefit)
Enabling	Range of different ALMP available to MIP recipients Net income at minimum wage relative to median equalized household income
Services	Affordability of child care: share of child care costs in net disposable income of a lone parent working at minimum wage Range of services likely available to minimum income recipients

Table 3. Calibration

Scores	0	[0.01-0.17]	[0.17-0.33]	[0.33-0.5]	0.5	]0.5-0.67]	[0.67-0.83]	[0.83-1[	1
Membership definition	Fully out	Almost fully out	Fairly out	More or less out	Nor more in or out	More or less in	Fairly in	Almost fully in	Fully in
Adequate income support									
Ndi at SA % median income	40%	]40-43.4[	]43.4-46.6[	]46.6-50[	50%	]50-53.4[	]53.4-56.6[	]56.6-60[	60%
Time limits	yes	-	-	-	-	-	-	-	No
Enabling									
Range of different ALMP	1 option or less	-	0.25: 2 options	-	2 options, incl. training	-	0.75: 3 options, incl. training	-	3 options, training most likely
Ndi at MW % median income	40%	]40-43.4[	]43.4-46.6[	]46.6-50[	50%	]50-53.4[	]53.4-56.6[	]56.6-60[	60%
Incentives									
Ndi at SA rel. to ndi at MW	90%	]90-86.30[	]86.30-82.81[	]82.81-79.11[	79.11	]79.11-75.41[	]75.41-71.92[	]71.92-68.2[	68.2%
Sanctions	None	0.17: <50% <1 m	-	0.34: <50%, 1month	≥50%, ≤1 month	0.67: ≥50%, > 1 m	-	0.83: 100%, ≤ 1 m	100%, > 1 month
Reasonable job	All three categories of reservation allowed	-	-	0.33: Two	-	-	0.67: One	-	No reservation allowed
Workfare	No	-	-	-	-	-	-	-	Yes
Services									
child care cost % ndi at MW	30%	]30-24.5[	]24.5-21.09[	]21.09-16.5[	16.5	]16.5-11.91[	]11.91-7.59[	]7.59-3[	3%
Range of services	0	0.09: 1	0.18: 2 0.27: 3	0.36: 4 0.45: 5		0.55: 6 0.64: 7	0.73: 8 0.82: 9	0.91: 10	all 11 possible types

Note: ndi: net disposable income, MW: minimum wage, SA: social assistance, ALMP: active labour market programmes. 9-value fuzzy set labels as proposed by Kvist (1999: 236) for translating membership scores into verbal concepts. When no transformation of underlying empirical data between cut-off points is obviously preferable, a linear transformation is employed in line with common practice (Ciccia & Verloo, 2012; Hudson & Kühner, 2012; Thiem, 2010, p. 10; Vis, 2007). Adequate income support: when time limits apply, a country is considered to be fully out. Enabling: intersection of both aspects. Incentives: Conditionality score (intersection of sanctions and reasonable job) replaced by 1 if pure workfare is required. Conditionality is allowed to compensate for lack of financial incentives and vice versa. Services: intersection of both aspects.

5 Active inclusion indicators

5.1 Adequate income support

Tables 2 and 3 list the indicators and thresholds selected to assess countries' performance on each one of the active inclusion elements. Following common practice (see for instance Bahle, Hubl, & Pfeifer, 2011; Behrendt, 2002; Gough, Bradshaw, Ditch, Eardley, & Whiteford, 1996; Kuivalainen, 2005; Nelson, 2013), the adequacy of income support is assessed through standard simulations of net benefit packages in relation to commonly used poverty thresholds. As we deem it a fundamental characteristic of "the last safety net" (Bahle et al. 2013) to provide a minimum income guarantee as long as the need persists, we consider the absence of time limits to be elementary to adequate income support (see also Council of the European Communities (1992)).¹ Figure 1 shows the average net disposable income that four working-age model families are entitled to when they fully rely on social assistance and other state benefits. None of the 20 countries² in our sample guarantees a minimum income that reaches the EU at-risk-of-poverty threshold, at 60% of the median equivalent household income. Nonetheless, this threshold has been repeatedly proposed as a minimally acceptable standard within the EU (see for instance European Parliament, 2010). Only the Dutch and Luxembourg minimum income benefits reach 50% of median equivalent household income. Most countries however do not even succeed in guaranteeing a minimum income above 40%, identified as severe poverty by Behrendt (2002). Time limits on the other hand are quite exceptional in European minimum income schemes. In 2012, they are only relevant in Italy and Lithuania. In Italy, a tight budget and the lack of a sound legal basis lead to de facto time limits. This is even the case in the more generous regions, such as Milan. In Lithuania, final safety net benefits are regressive in time, and may be withdrawn from singles without children after 60 months uninterrupted benefit receipt. As both countries do not consider minimum income protection to be a matter of right as long as a need persists, they are assessed to be fully out the adequate income support set (see Table 3).

5.2 Inclusive labour markets through enabling policies

Earlier assessments of countries' commitment to enabling policies focus mainly on spending data (Graziano, 2012; Hudson & Kühner, 2009; Vis, 2007). Yet internationally comparable data sets do not allow zooming in on spending relevant for MIP recipients. This paper therefore uses the range and content of active labour market programmes relevant to MIP recipients as a proxy (see Table 2). As made explicit in Table 3, a broader range of active labour market policies, as well as a substantial human capital development component, are considered to be more enabling (Bonoli, 2009; Goerne, 2012).

¹ Please note that one may also conceive of time limits as incentives to take up employment. See for instance (Moreira, 2008).

² Minimum income benefits for the able-bodied at working age reach the EU poverty threshold in only two European countries, Ireland and Denmark, both not included here (Van Mechelen & Marchal, 2013).

Table 4. Main ALMP per category as per national expert's judgment, 2012

	Training	Private sector	employment	Public sector	job creation/employment program
AT	Case management project: "Step2Job"	Step2Job		Step2Job	
BE	- Organized by local welfare agency - Available from public employment service if registered	Subsidized employment: Art 60\$ 7"		Subsidized employment: Art 60\$ 7"	
BG	Development program	Development program		From Social Assistance to employment	
CZ	Retraining	<i>None mentioned</i>		"Publicly beneficial jobs"	
DE	further training: Berufliche Weiterbildung	Grant for labour market integration: Eingliederungszuschüsse		Arbeitsgelegenheiten (subsidized employment, e.g. one-euro jobs)	
EE	Labour market training: Tööturukoolitus	Wage subsidy: palgatoetus		Public work	
FI	Labour market training and vocational training available	Trainee work		Subsidized employment (not exclusively public sector)	
FR		Contrat unique d'insertion – Contrat initiative emploi		Contrat unique d'insertion – contrat d'accompagnement dans l'emploi	
HU	No <i>general</i> training programme	START PLUSZ		Közfoglalkoztatási program (public sector job creation)	
IT	Vocational Training and Occupational Courses	Borsa Lavoro (Job Grant)		<i>None mentioned</i>	
LT	Vocational training	Support for the acquisition of professional skills		Public works	
LU	National Languages Institute	Internship		Subsidized minimum wage employment in (mainly) enterprises without profit goal	
LV	Acquisition of informal education with coupons	Pasākums noteiktām personu grupām - Measure for unemployed from disadvantaged groups		Training and practice for the State Employment Agency inspectors' assistant	
NL	Participation internship	Practice jobs		<i>None mentioned</i>	
PL	Training (Szkolenia)	Internship		praca społecznie użyteczna (socially useful work)	
PT	Recognition, Validation and Certification of Competences System	Estágios Qualificação-Emprego (Probatory Period for Qualification-Employment)		Employment contract insertion plus	
RO	Second Chance Educational Program	State subsidy		<i>None mentioned</i>	
SI	Development and training programs	On the Job training		Public Works	
SK	Education and preparation of jobseekers for labor market	Job training (in-work) of disadvantaged jobseekers		Contribution to support job creation and retention of employment in social enterprise	
UK	Case management: Work Programme	Case management: Work Programme		<i>None mentioned</i>	

Note: Where ALMP for able-bodied MIP recipients are mainly a local or regional responsibility, information refers to Vienna (AT), Cologne (DE), Tartu (EE), Milan (IT), Utrecht (NL) and the legal minimum (PL).

Source: CSB MIPI Version 3/2013 (see Van Mechelen et al., 2011)

Table 4 distinguishes between three different types of ALMP: training, employment experience in the public sector and in the private sector³. These categories are admittedly broad and most respondents reported at least one programme for each category. Unfortunately, no comparable data that allow gauging the actual relevance of these programmes are available⁴. CSB-MIPI respondents indicated a lack of pure employment programmes for the private sector only in the Czech Republic, and in the

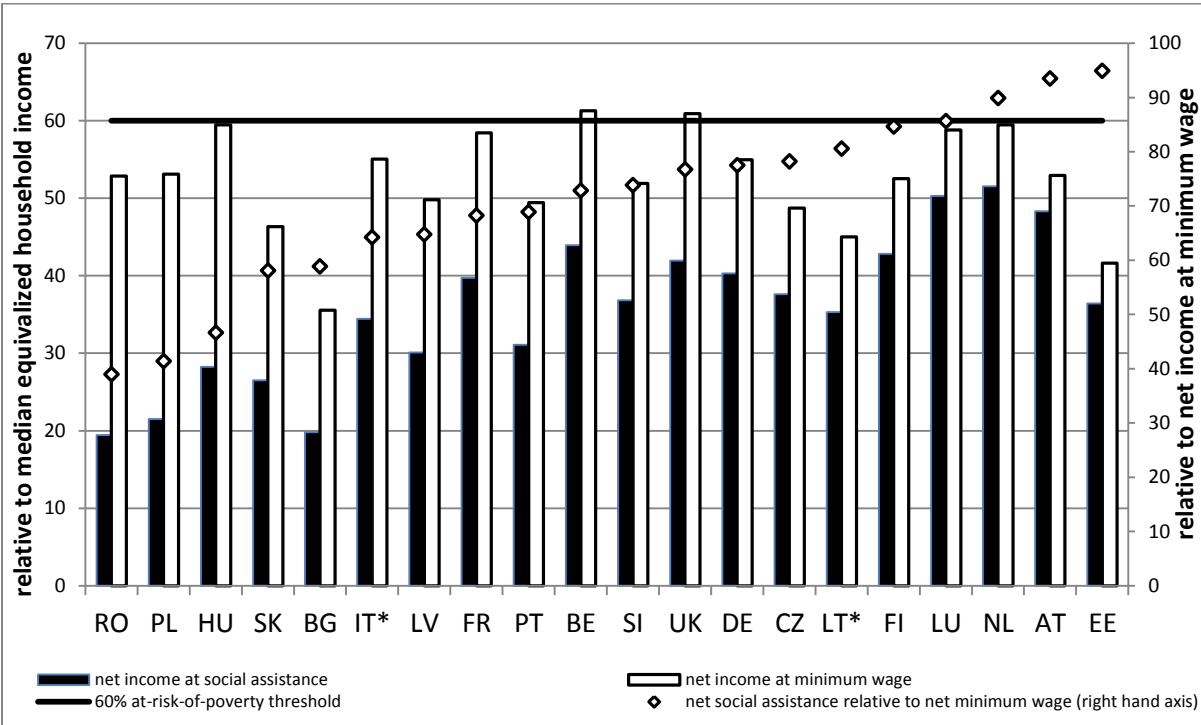
³ This distinction is loosely based on the classification by Martin and Grubb (2001). Specific target group measures (such as youth or disabled) are not included, nor are smaller ALMPs such as start-up grants for self-employment or workfare, defined as pure work-for-benefit without a human capital element.

⁴ A number of countries (UK, FR, LT, RO, EE, HU) note that training is a particularly unlikely option for MIP beneficiaries. Yet as training programmes exist and participation rates for other countries are generally lacking, we do not take account of this information in our calibration. See appendix for impact of alternative calibrations taking account of this additional information.

public sector in Italy, the Netherlands, Romania and the UK. All countries at least pay lip service to the idea of improving the human capital of minimum income recipients.

An additional aspect of inclusive labour markets is the quality of jobs at the bottom of the labour market. A straightforward yet narrow indication is whether low income jobs protect against poverty. Figure 1 shows the average net income at minimum wage over four family types. It is quite rare that a single minimum wage job fully protects a family against the risk of poverty, mainly as a minimum wage does not suffice for families with children (Marx, Marchal, & Nolan, 2013). Yet in most Western European countries, and in Romania, Poland, Hungary and Slovenia, a sole minimum wage on average ensures a net income above 50% of median equivalized household income. Only in Bulgaria, income at minimum wage falls short of the 40% poverty threshold.

Figure 1. Average net disposable income of four model families depending on social assistance and minimum wage, relative to median equivalent household income, 2012



Note: Model families included are a single and couple both with and without two children (aged 7 and 14). Social assistance case: no income other than provided through the tax-benefit system. Simulations for LT and IT assume full-year receipt, although time limits may apply for (some of) the family types. Where benefit levels are (partially) decided at the local level, calculations refer to Vienna (AT), Milan (IT) and the legally defined minimum (PL). Minimum wage case: family has no income other than one full-time full-year minimum wage and that provided by the tax-benefit system. Where no statutory minimum wage exists, the wage floor is captured through the minimum wage level nationally agreed between the social partners (AT) or a low sectoral minimum wage (IT, FI). For DE, an hourly minimum wage of €7.5 was assumed.

Source: CSB-MIPI Version 3/2013 (Van Mechelen et al., 2011); median equivalent household income from Eurostat (2014).

5.3 Inclusive labour markets through non-financial and financial incentives

The activation literature has stressed the importance of non-financial and financial incentives (Weishaupt, 2011). This paper focuses on two aspects of conditionality that are generally laid down in guidelines or legislation: the reasonable job definition and the severity of sanctions for activation related infringements. The former is taken to be a proxy for conditions related to continued benefit receipt. Sanctions are in line with Venn (2012) considered as more conditional the higher the

reduction and the longer the duration (see Table 3). After three decades of activation reform, these provisions still show large variation across the EU (see Table 5). Reasonable job definitions range from lacking or no reservations, to very detailed stipulations on relevant grounds for refusal (e.g. a maximum commuting time). Sanctions vary from a mild reduction to outright termination of the benefit for a prolonged period. Nonetheless, activation related infringements are punished in all EU countries, and grounds for job refusal may be relatively harsh or only relevant in the first weeks of benefit receipt. In some countries, such as the Netherlands and Luxemburg, this contrasts with the lack of substantial financial incentives, in other countries such as Poland and Romania these stipulations come on top of already impressive financial incentives.

Financial work incentives are lower in countries with more generous minimum income protection (see Figure 1). Yet, only in Austria and Estonia net disposable income at social assistance surpasses 90% of the minimum employment income, what can be seen as an irrelevant difference⁵ as the simulations do not take account of various costs related to employment. Financial incentives remain relatively limited in the Netherlands, Luxembourg and Finland. In contrast, the 2009 French minimum income reform brought net MIP benefits to 68.2% of a full-time net minimum wage⁶, through the implementation of a generous earnings-disregard rather than through benefit cuts (Van Mechelen et al., 2011).

⁵ Vis (2007) and Kvist (1999) employ a similar cut-off point to assess whether benefits allow to maintain an attained standard of living in the short run.

⁶ This is the average ratio net social assistance to net minimum wage income based on standard simulations for four family types.

Table 5. Conditionality of minimum income benefits, 2012

	Reasonable job definition			Most severe sanction possible at first violation		Workfare
	Geographical	Occupational	Other	Reduction (% benefit)	Duration (months)	
AT				25	1	No
BE				100	1	No
BG	within 30 km	taken into account		100	12	Yes
CZ	Accessible	if possible	Min. 80% of full time employment	30	2	No
DE	Commute up to 2,5 hours	not hinder return to former job	personal, cultural and religious reasons	30	3	No
EE	Commute up to 2 hours Commute cost <15%wage	first 20 weeks: corresponds to former experience and 60% of former income/2 times the minimum wage	First 20 weeks: no temporary jobs	100	1	No
FI	Within area of employment; single : no reservation	first 3 months: professional and occupational immunity		20		No
FR	after 6 months: max. 30 km or 1 hour (one-way)	up to 12 months: min. 85% former wage	availability of child care	80% (50% if more persons in household)	3	No
HU		max one level lower		Withdrawn		No
IT				Benefit will not be proposed for renewal.		No
LT	Daily commute: max. 3 hours	corresponding to vocational training, experience and skills	family circumstances	Termination	6	Yes
LU				100		No
LV	One-way commute up to 1 hour	corresponding to professional skills		Termination		No
NL			child care availability is issue until child is 12 years old	100	1	No
PL				Termination		No
PT	25% of working time schedule cost < 10% wage		first 12 months: wage must be 10% higher than benefit	100	24	No
RO	< 50 km	corresponding to educational and professional education		100	1	Yes
SI	3 hours daily commute	after 3 months: one level lower than previous job After 6 months: 2 levels lower	at least 20 hours	100	6	No
SK		corresponding to education	Min. 50% of full time employment	Reduction		No
UK				100	6,5	No

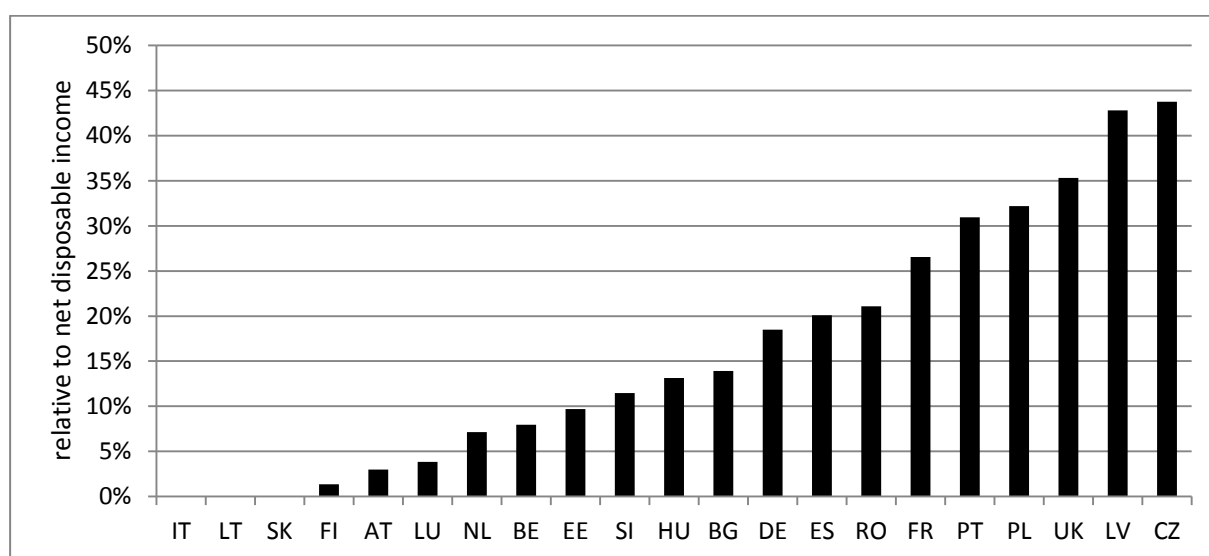
Note: No duration interpreted as until compliant. For the calibration (Table 3) we assumed this to be one month. Where the national level is not the main decision maker, information refers to Vienna (AT), Antwerp (BE), Cologne (DE), Tartu (EE), Milan (IT), Utrecht (NL) and a mid-size town (HU). Workfare is defined as pure work – for- benefit without a human capital element.

Source: CSB-MIPI Version 3/2013 (Van Mechelen et al., 2011)

5.4 Access to quality services

We assess the availability and affordability of services to MIP recipients using the range of services likely available to them and the affordability of child care to low wage earners as proxies (see Table 2). CSB MIPI respondents were asked to indicate which ones of 11 bridge services⁷ relevant to minimum income recipients were likely available to minimum income recipients in a large city in their country. Table 6 presents the 11 types of bridge services, and shows in which countries this (often discretionary) support is relevant. Some types of services are more common than others. For instance, social assistance services, such as psycho-social or family counselling, will be provided to MIP recipients in need in a majority of countries, at least in the larger cities. Likewise, housing support and health services are quasi omni-present. Housing support is a very broad category that includes services as diverse as social housing, the provision of a warranty by the local welfare agency or simply support in searching a dwelling. In a large number of countries, benefit recipients are automatically covered by universal health care. In others, additional support exists, such as courses on a healthy diet. Due to a lack of clearly identifiable thresholds, we rescaled the number of services (see Table 3) to calibrate membership scores. The impact of alternative calibrations is limited and is described in more detail in the appendix.

Figure 2. Child care costs of a lone parent with a 2-year old child, working full-time at minimum wage, 2012



Note: full-time full-year care in the most common type of child care in a large city (see footnote to Table 6). Simulations take account of rights-based child care tax credits or benefits.

Source: CSB-MIPI Version 3/2013 (Van Mechelen et al., 2011)

The affordability of full-time child care varies greatly over the 20 countries of our sample (see Figure 2). In five countries the share of child care costs accounts for less than three per cent⁸ of the net disposable income of a single minimum wage earner, taking account of child care tax credits or child care benefits. In Italy, Lithuania and Slovakia (former) minimum income recipients are in principle

⁷ These 11 bridge services were identified in a previous questionnaire. Regular employment and training measures are excluded from this assessment, as these are already included in the enabling dimension.

⁸ Roughly the share in Sweden.

entitled to free child care. At the other end of the spectrum, in 5 countries the child care costs faced by a lone parent with one child exceed 30% of his or her net income.

Table 6. In-kind benefits and services likely available to minimum income recipients, 2012

	social assistance services	housing support	child care	health services	transport	leisure	ICT	clothing	food	judicial support	debt service
AT	x	x		x	x	x					x
BE	x	x		x	x	x	x		x	x	x
BG	x			x							
CZ				x							
DE	x	x		x		x					x
EE				x							
FI		x	x	x		x			x		x
FR		x	x	x	x					x	
HU	x			x					x		
IT	x	x	x	x							x
LT	x		x	x	x				x	x	
LU		x		x							x
LV	x	x	x	x					x		
NL			x	x		x					x
PL	x	x		x	x				x	x	x
PT		x		x				x			
RO											
SI	x		x	x	x	x			x	x	
SK	x	x	x	x	x					x	
UK	x	x		x							

Note: services likely (as per CSB MIPI respondent's judgment) available at the local level, in Vienna (AT), Antwerp (BE), general city or national level (BG, CZ, FI, FR, HU, LT, LU, PL, RO, SI, SK, UK), Cologne (DE), Tartu (EE), Milan (IT), Riga (LV), Utrecht (NL) and Lisbon (PT).

Source: CSB-MIPI Version 3/2013 (Van Mechelen et al., 2011)

6 Results and discussion

6.1 Dimensions of active inclusion

Table 7 presents the membership scores of the countries in our sample in each aspect of active inclusion. As already clear from Figure 1, most countries do not provide adequate income support. Countries that do show some adherence to the adequate income support set, do so only to a limited extent, and are still quite ungenerous. The only exceptions are Austria, the Netherlands and, hesitantly so, Luxembourg. Also the provision of affordable services is not convincingly empirically present. Countries such as the Czech Republic, Estonia, Latvia, Poland, Portugal and Romania either have very high child care costs, an extremely limited offer of bridge services to minimum income recipients or both. This stands in stark contrast to the more directly labour market related aspects of active inclusion. With the exception of Bulgaria and Estonia, all countries show at least some adherence to the inclusive labour markets pillars, and generally, substantially so. Especially in the incentives dimension, most countries reach high membership scores, with no less than 10 countries fully in the set of incentives, and another three almost fully in. Membership scores in the enabling dimension are less outspoken (cf. Knotz & Nelson, 2013). An important caveat to these first observations relates of course to the validity of our choice of thresholds. Using different cut-off thresholds does impact on the provided categorization for some cases (see appendix).

Table 7. Set membership scores

	Adequate income	Enabling	Incentives	Services
AT ^a	0,63	0,82	0,34	0,55
BE ^b	0,20	0,75	0,84	0,82
BG	0,00	0,00	1,00	0,18
CZ ^c	0,19	0,50	0,54	0,00
DE ^d	0,26	0,75	0,57	0,43
EE ^d	0,23	0,35	0,00	0,09
FI ^c	0,38	0,87	0,34	0,55
FR	0,00	0,75	1,00	0,13
HU ^b	0,00	0,75	1,00	0,27
IT ^a	0,00	0,50	1,00	0,45
LT ^c	0,00	0,25	1,00	0,55
LU	0,51	0,75	0,84	0,27
LV ^c	0,00	0,53	1,00	0,00
NL ^d	0,81	0,50	0,67	0,36
PL ^e	0,00	0,75	1,00	0,00
PT ^c	0,00	0,47	0,97	0,00
RO	0,00	0,50	1,00	0,00
SI	0,00	0,69	0,74	0,64
SK	0,00	0,32	1,00	0,55
UK	0,39	0,50	1,00	0,00

Note: ^a Authority rests in each of the four strands on the regional/local government. AT: Vienna, ES: Catalonia, IT: Milan; ^b authority rests on regional/local level (or mixed) for incentives and services. BE: Antwerp, HU: city > 40 000; ^c regional/local level (or mixed) for services. CZ: city > 100 000; FI: large city (adequacy according to regulations in Helsinki); LT: large town; LV: Riga; PT: Lisbon; ^d regional/local level (or mixed) for enabling policies, incentives and services. DE: Cologne; EE: Tartu; NL: Utrecht; ^e PL: authority is mixed over the national and local level for adequate income support, enabling policies and services. The national framework stipulates minimum requirements for income support and enabling policies. This minimum is used for the calibration. Services are those likely relevant in a Polish city.

6.2 Mapping active inclusion in the EU

Figure 3 presents for each country the activation strategy to which it adheres the most, i.e. the combination of separate activation dimensions in which it reaches the highest membership score. Some countries are associated to more than one outcome (see italics in Figure 3). The underlying fuzzy set membership scores (the logical combinations of the membership scores in Table 7) are provided in appendix.

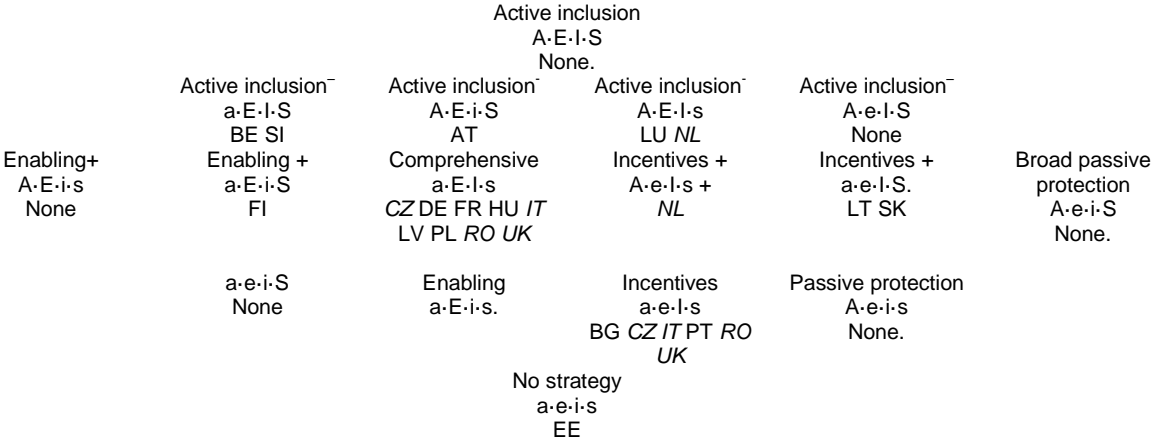
The first concern of this paper is the empirical relevance of the active inclusion ideal type. Figure 3 shows that none of the 20 countries included combine a substantial membership in each of the four aspects of this ideal type. Moreover, most countries do not show any membership whatsoever in the active inclusion type, as they are fully out of at least one of its four dimensions (see Table 7). Exceptions are Austria, Belgium, Germany, Finland, Luxembourg and the Netherlands, nonetheless their main affiliation rests elsewhere (see Figure 3). Of the other theoretically relevant combinations, also the (broad) passive protection type and the pure enabling type are nowhere the dominant activation strategy.

Even though none of the countries under scrutiny focus substantially on each of the four aspects, some countries do show substantial membership in related hybrid activation forms. Figure 3 shows Austria, Belgium, Luxembourg, the Netherlands and Slovenia as members of the *active inclusion*⁻ type. Their low membership score in the active inclusion type is caused by falling short on only one dimension, that can be (financial or non-financial) incentives, adequacy (of benefits) or services (both

the range of bridge services and child care affordability). All five countries pursue enabling labour market policies (as measured by the level of the net minimum wage and the range of available ALMP). Quite some variation exists even within this group. Contrary to Austria, Luxembourg and the Netherlands, benefit levels in Belgium and Slovenia are inadequate, in the sense that average benefit levels for minimum income families do not reach 50% of median equivalent household income. Slovenia does not even reach the 40% threshold, although it scores quite high on the remaining three dimensions (see Table 7). Financial incentives to take up work are limited in Austria, Luxembourg and the Netherlands, yet in the latter two countries this may be compensated by relatively outspoken non-financial incentives. Finally, although child care for low income families is (quite) affordable in all five countries, in Luxembourg and the Netherlands the range of additional services likely available to minimum income recipients is limited.

Some caveats apply. For one, in countries such as Austria, Belgium and the Netherlands, decentralization leaves ample room for local authorities to design specific approaches. Focusing on local practices in one large city may then falsely provide an image of a national active inclusion strategy, as large intra-national variation is possible. Second, the operationalization of the enabling dimension is necessarily crude. The focus on measures specifically for MIP recipients excludes some of the more common ways to assess countries commitment to supportive labour market policies (most in particular ALMP spending per unemployed, or the number of unemployed in ALMP). Similar cross-nationally comparable information on MIP recipients is unavailable. A tentative interpretation of participation rates based on national data points to relatively high ALMP participation rates in the Netherlands (Marchal & Van Mechelen, 2013). In Belgium, participation in federal ALMP is relatively low at 10% but rises substantially when taking local initiatives in Antwerp into account. Similarly, ALMP participation data reported in Leibetseder (2014) qualify the finding that Austria pursues enabling activation policies to some extent.

Figure 3. Classification of countries



Note: depiction based on Hudson and Kühner 2009. Countries in italics have a membership score of exactly 0.5 in multiple configurations. See footnotes to table 7.

Source: CSB MIPI (Van Mechelen et al., 2011)

Figure 3 shows Finland as the only country mainly adhering to the *enabling*[†] type. The minimum income scheme provides less generous benefits than Austria does, but it scores equally high on the enabling and services dimension (Table 7), entailing a clear emphasis on supportive measures in approaching minimum income recipients.

Most countries combine an incentives with an enabling focus (the comprehensive type in Figure 3). Yet, they generally seem to favour one of the two aspects. Especially in Italy, Latvia, Romania and the UK the focus appears to be more on financial incentives rather than on enabling policies⁹. France, Hungary and Poland score relatively high on both dimensions (see Table 7), even though the French membership into the enabling set might be overestimated given the low participation rates in the main activation programmes (see Marchal & Van Mechelen, 2013)¹⁰. Table 7 furthermore indicates that the Czech Republic does not have an outspoken focus on either financial incentives or enabling labour market policies¹¹. Finally, Germany combines a meaningful but moderate financial incentive with a broad range of active labour market programmes with moderate participation rates. An important caveat relates however to the quality of jobs at the bottom of the labour market. Membership into the enabling set takes account of a proxy of the income of workers at the bottom of the labour market (see footnote to Figure 1), that ignores issues of coverage of workers by a minimum wage.

Lithuania and Slovakia both combine stark financial incentives and behavioural conditions with affordable and broad based services (termed incentives+ in Figure 3). In both countries minimum wages are inadequate. Yet social assistance recipients may still more than double their net income when taking up full time minimum wage employment, due to (very) low social assistance benefits. Behavioural conditions are equally pronounced. In Lithuania the law allows workfare practices at the municipal level. In Slovakia, the minimum income scheme consists of one very low basic benefit, that can be topped up by several conditional benefits (e.g. an activation allowance for taking part in activation programmes). Both countries completely exempt relevant target groups from paying child care fees.

Bulgaria and Portugal adhere to the *incentives* type. Also the Czech Republic, Italy, Romania and the United Kingdom belong to this type, even though they share this membership with the comprehensive type (cf. supra, see Figure 3). Bulgaria and Romania both expect work services in return for minimum income support from non-active beneficiaries. In Romania this is institutionalised to large extent. By contrast, in Portugal recipients duties are mentioned in non-predefined insertion contracts and in Italy opportunities for participating in employment programmes are low. Additional services are largely irrelevant in all of these countries. Also benefits are completely inadequate except in the UK, where net income of minimum income beneficiary families are relatively adequate.

It is clear that nearly all countries include a labour market perspective, either through a focus on incentives, on enabling labour market policies or both. Hence the activation discourse is translated into actual policies in nearly all EU member states. The only exception is Estonia, that reaches in none of the identified dimensions a substantial membership score (see Table 7). Even though minimum income benefits are fairly high (in fact, the highest among the Eastern European countries) they come nowhere near the 50% threshold we identified as being a reasonable yardstick for adequacy. In combination with a low minimum wage, benefit levels do not ensure a substantial financial incentive to work. Participation rates in ALMP are very low, as pressure to participate is limited and remunerations are tapered in full.

⁹ Table 7 shows that membership scores in the enabling aspect oscillate very close to the “nor more in, nor more out” cross-over threshold (see appendix for discussion of the robustness of these results), in contrast to a decisive membership in the incentives aspect.

¹⁰ Data for Poland and Hungary are unavailable.

¹¹ See appendix for robustness of the Czech case.

6.3 A turn towards active inclusion?

It would be interesting to assess whether EU Member States have moved towards the Active Inclusion principles since the publication of the 2008 Recommendation. Unfortunately, the information on activation measures in CSB-MIPI is not fully comparable across time. Hence, a full-fledged comparison of changes in membership scores is not possible. Yet, CSB-MIPI respondents did provide a more general description of changes that occurred since 2008. Based on this information (reported in Marchal, Marx, & Van Mechelen, 2013; Marchal, Marx, & Van Mechelen, 2014), it seems valid to say that substantial changes in the various subfields of active inclusion have been rare since 2008. Changes that did take place do not unequivocally point towards a spread of the active inclusion strategy, nor do they always seem substantial or related to a clear concern for more inclusive minimum income protection schemes.

Trends in *benefit levels* are a clear example. In many countries minimum income benefits have changed, though mainly in reaction to the crisis rather than from a concern for active and inclusive minimum income schemes. Benefits increased in real terms in the first crisis years (either through conscious uprating in order to protect citizens against the main crisis impact, or through the automatic reaction of a lagged indexation mechanisms to sharply shifting inflation). This trend was discontinued from 2010 onwards, or even reversed. Large decreases occurred in Hungary, Italy, Portugal, Ireland, Romania and Lithuania. In addition, uprating mechanisms were changed in Germany, Romania and the UK. Only in Finland, Austria and Estonia were benefit levels substantially increased after the first crisis shock wore off (2011 and 2012). Yet only in Finland can this increase be seen as the result of a conscious effort to reinforce the bottom of the welfare state. In Estonia, the increase made up for a nominal standstill since the onset of the crisis. The Austrian increase is mainly due to the 2010 reform that aimed at removing some of the large regional discrepancies. Despite this increase, Finland and Estonia still fall short of substantial membership in the adequate countries. Time limits were generally left unchanged, with the exceptions of Bulgaria and Catalonia (not included in the analysis). Bulgaria abolished time limits within the minimum income scheme in order to bring its legislation in line with the European social charter. On the other hand Catalonia introduced a 5 year life time limit for social assistance in 2012.

In contrast, changes that impacted on *incentives* were generally not crisis related, but part of broader reforms or measures prepared before the onset of the crisis (Marchal et al., 2013). Examples are Hungary and the Czech Republic, where benefit levels are diminished when one fails to take part in activation. The UK started transferring lone parents from the income support scheme to the far more conditional jobseekers' allowance scheme. In France, the 2009 rSa reform impacted on non-financial as well as financial incentives. Similar changes occurred in Austria, the Netherlands, Bulgaria, Finland, Hungary, Romania and Slovenia. Generally, incentives were raised by referring to the need for activation, and in some cases by a commitment to reducing social fraud. In some of these countries, this stricter conditionality is coupled to changing benefit levels and equivalence rates in broader reforms. Often, these changes resulted in lower overall benefits, yet there are exceptions where increased conditionality is coupled to similar or higher benefits. For instance, financial incentives in France increased due to more generous withdrawal rates.

Changes in the *enabling* dimension differ substantially between countries. On the one hand, there are a number of countries, such as Poland, Portugal and Hungary, who substantially increased minimum wages. The reasons for this increase are related to fairness and concerns about the working poor. The French and Slovenian social assistance reforms increased take-home pay for low wage workers through top-ups and generous withdrawal rates within the minimum income scheme. Also, there are indications that in the first crisis years a number of countries increased efforts to offer relevant active labour market programmes. On the other hand, this increased effort often did not meet the higher demands following increasing unemployment. In addition, a number of countries

even cut ALMP spending out of budgetary concerns or changed accents within the range of active labour market programmes. In Hungary the government decided to decrease the relevance of training within ALMP relevant for MIP recipients. In the UK the New Deal programmes were replaced by a single work programme.

Services are often organised (and financed) at the local level. It is therefore quite difficult to gauge to what extent the range of additional services to minimum income recipients has changed. For a number of countries the respondent mentions however a decrease of available services. This is especially the case in Portugal, where budgets for municipal services have been curtailed.

All in all, there are only few indications for a common trend in the EU countries, despite the impetus of the 2008 recommendation and the spread of activation outlined by many authors (e.g. Eichhorst and Konle-Seidl, 2008). Frazer and Marlier (2013) point in this regard to the crisis, that led to sharply varying contexts and urgency in many countries.

7 Conclusion

This paper assesses the potential of the elements outlined in the European Commission's 2008 Recommendation on the active inclusion of people excluded from the labour market to structure a fine-grained classification of activation strategies for beneficiaries of European minimum income schemes. An active inclusion strategy encompasses a wide variety of policy measures that can help to strengthen individual capacities and to end not only benefit dependency but also social exclusion. The 2008 Recommendation links strict active labour market policies to the need to provide adequate income support and access to quality services. Without ignoring the relevance of work incentives, human capital investment is considered to be a key instrument for social integration. We have argued that this broad notion of activation provides a useful device to categorize current activation strategies towards MIP recipients in the EU and assessed the empirical relevance of the active inclusion principles in 20 EU Member States. A classification scheme based on the active inclusion concept reveals how active labour market policies in Europe are embedded in broader welfare policies.

In none of the 20 countries included in our analysis do activation policies correspond fully to the notion of active inclusion. An important qualification is however that our analysis does not include any Scandinavian countries other than Finland. Nevertheless there are good arguments to say that activation policies in Austria, Belgium, Germany, Finland, Luxembourg, the Netherlands and Slovenia are relatively close to the active inclusion ideal type. The range of active labour market policies towards minimum income protection recipients is relatively broad, and includes training programmes. Moreover, minimum wages tend to be above 50% of median equivalent household income. However, even these countries do not perform well on each and every dimension of active inclusion. In Luxembourg and the Netherlands the range of services available to minimum income recipients is relatively limited. Social assistance benefit levels fall short of the poverty line in Belgium and Slovenia – as they do in most European countries-. Further, the degree to which activation policies are really inclusive tends to vary largely across municipalities, especially in Belgium, the Netherlands and Austria where local governments are comparatively free to determine their own activation strategy. In addition, this classification exercise is based on the availability of activation programmes rather than on the actual implementation of social investment programmes due a lack of data. Comparable data on how many minimum income recipients actually participate in active labour market policies, especially in training programmes, would allow us to provide a more nuanced picture of how inclusive activation policies in the above countries really are. More generally, given the devolved and discretionary nature of both activation and minimum income protection in the EU, further attention on how to cope with these issues in a comparable fashion is in order. Comparable

information on sanction and ALMP participation rates, as well as benefit coverage, may well reveal large differences in the extent to which similar laws or policy guidelines are implemented.

Despite these cautionary notes and a number of important conceptual caveats listed in this paper, the findings leave little doubt on two things. First, there are only few countries where the activation discourse has remained a dead letter (with Estonia being a notable back marker). Most countries have implemented various policy measures that aim to discourage benefit dependency, not only among the unemployed, but also among people that are not entitled to replacement benefits and that are often further removed from the labour market. Second, behind the realities of activation strategies towards minimum income recipients seldom lies the notion of active inclusion as defined by the European Commission. Particularly, many countries adopt predominantly negative incentives to increase labour market participation rates, rather than enabling measures. The brunt of Eastern European countries, as well as Italy, Portugal and the United Kingdom rely heavily on financial and non-financial incentives such as strong ‘reasonable job’ definitions or severe sanctions for non-compliance to job availability requirements to encourage employment. This observation is confirmed by both the European Commission’s 2013 evaluation of the implementation of the active inclusion recommendation (European Commission, 2013) and Frazer and Marlier’s synthesis report (2013). Both documents identify the “inclusive labour markets” pillar as the policy domain that received most attention in recent years, especially with regard to tackling the financial disincentives emanating from the tax benefit scheme. Room for improvement exists with regard to the provision of adequate income support and quality services, including employment services. In fact, the European Commission (2013) confirms the widespread inadequacy of minimum income protection in the European Member States, not only with regard to benefit levels (the focus in our paper), but also considering coverage and take-up rates. In short, if the European Commission really considers active inclusion in its broadest sense to be a corner stone of the European social model, there remains a lot to be done.

8 Appendix

8.1 Mixed governance levels responsible for *legislating*^a various dimensions of active inclusion strategy: main decision maker per dimension

	Adequate income support (benefit level)	Inclusive LMs through enabling policies (ALMP)	Inclusive LMs through incentives (conditions)	Access to social services
AT	regional exceptions to national frame (Vienna)	regional	regional	Depends
BE	National	national	local (Antwerp)	Depends
BG	National	national	national	National
CZ	National	national	national	Mixed partly state policy, partly organized by non-profit in large cities (> 100 000), supported by public budget
DE	National	local (Cologne)	national guidelines with substantial leeway to local	local
EE	National	Local (Tartu)	depends	local
FI	national exception: housing allowances according to regulation in Helsinki	National	national	depends in large cities most services are probable. Child care and job counselling are nationally guaranteed.
FR	National	national	national	National
HU	National	national	depends	local (mid-size town: compulsory by national law in cities > 40 000)
IT	local (Milan)	local	local	Local
LT	National	national	mainly national	depends (large towns)
LU	National	national	national Not specifically part of RMG	National
LV	national However, financing is (partly) local.	national	national	mixed (Riga)
NL	national local additions are possible	local (Utrecht)	mixed e.g. sanctions local within national frame	Local
PL	mixed 50% of the minimum income guarantee is provided by national govt, local authorities may decide to top-up benefits to 100% from local funds.	national guidelines with substantial leeway to local (minimum requirements according to guidelines)	national	Local
PT	National	national	national	mixed, depends on type of care (Lisbon)
RO	national (with rather strict supervision of local implementation)	legislated at the national level, administered at the local level	national with strict control on local implementation	national and local partnerships with local charities
SI	National	national	national	National
SK	National	national	mainly national	National
UK	National	national Potentially limited national uniformity as private providers have significant autonomy on designing interventions	national	National

^a Actual implementation is almost always local.

Source: CSB MIPI (Van Mechelen et al., 2011)

8.2 Alternative calibrations

Table 8 below provides an overview of the impact of a selection of alternative calibrations on countries' membership scores into each set.

Table 8. Shifts in fuzzy set membership scores in variations on original calibration

	Original calibration <i>(see also Table 3)</i>	Main variations on original calibration	Countries that surpass cross-over threshold
Adequate income support	Net income at SA over 4 family types, relative to 40 – 50 – 60 % poverty threshold and time limits	With or without time limits Average over 5 vs. 4 family types	None.
		Alternative thresholds - 20 – 40 - 60 - Percentile (0.33;0.5;0.66)	↑ BE, CZ, DE, EE, FI, UK (FR at 0.5)
Enabling	Net income at MW over 4 family types, relative to 40–50-60% poverty threshold and range of ALMP (number of different types, additional weight given to training)	Alternative range ALMP - Taking account of whether or not remuneration is offered - Taking account of indications of relevance (participation rates or expert's assessment)	- None. From/ to 0.5: ↓: IT, LV, NL, RO, UK; ↑: BG - ↓: FR, HU; From 0.5: ↓: RO, UK
		Alternative for MW - Internally driven threshold - Average over 5 family types	- ↓: LV, SI; To 0.5: ↓ AT; From 0.5: ↓ IT, RO, - ↓: LV
		Solely minimum wage	From 0.5: ↑: CZ, IT, NL, RO, UK
		Solely range of ALMP	↑: BG, EE, LT, PT, SK
Incentives	Net SA relative to net MW average over 4 family types or stringency reasonable job and severity sanctions, workfare	Exclusion of workfare	↓: LT
		Solely financial incentives	↓: LT, LU, NL
		Alternative financial incentives - Incentives for a single, incl. BTWB - Internally driven thresholds	- ↑: FI - ↓: CZ, DE
		Solely conditionality	↓: CZ, DE, FR, LV, PT, SI, SK
		Based on conditionality index (alternative assessment of severity sanctions and reasonable job definition)	To 0.5: ↓: NL
Services	Share of child care costs in budget and range of services	Solely child care costs	↑: BG, EE, HU, IT, LU, NL
		Solely services	↑: PL
		Alternative thresholds for child care costs - Internally driven	None.
		Alternative calibration of range of services - Rescale with empirical maximum - More weight to EC recommendation examples	- ↑ IT - ↑: IT; To 0.5: ↑: BG, LU, NL;

We performed 19 fsITAs using a selection of these alternative calibrations in order to gauge the robustness of our empirical classification to choices made in the calibration process, leading to the following conclusions:

The non-membership into the *active inclusion type* is relatively consistent. Using laxer cut-off points for the calibration of the adequate income support set, only Belgium shifts its main affiliation to this type. Luxembourg and the Netherlands reach the crossover threshold (0.51 and 0.5 respectively) when focussing on the affordability of services.

The non-membership in the (broad) *passive income protection* set is relatively consistent. Only in the case of laxer thresholds for the calibration of adequate income support does the no strategy country Estonia shift to passive income protection. In two instances does the Netherlands reach a membership of 0.5 in the passive income protection set, be it in combination with membership in three other sets.

Membership in the *active inclusion-* type is relatively consistent for AT and BE. Luxembourg, the Netherlands and Slovenia may shift to the *enabling+* type when solely focusing on respectively financial and non-financial incentives. Laxer cut-off points in the adequate income set calibration may lead to the inclusion of the Czech Republic, Germany, Finland, and the UK. A calibration of the enabling set relying solely on the range of ALMP, regardless of content or relevance, may lead to the inclusion of LT and SK, both with a score of 0.55. Finally, alternative calibrations of the services set may lead to the inclusion of Hungary and Italy, or Poland.

Bar the one exception noted above, Finland is consistently placed in the *enabling+* type.

A large group of countries (Czech Republic, Germany, France, Hungary, Italy, Latvia, Poland, Romania and the United Kingdom) adheres to the *comprehensive* type, yet generally this affiliation is none too robust. Only Latvia and Poland are consistently member of the comprehensive type. Italy, Romania and the United Kingdom share membership between the comprehensive and the incentives type. Different calibrations often lead the latter two countries to adhere more convincingly to the incentives type. Focusing solely on non-financial incentives, leads to the inclusion of some of the comprehensive countries in the otherwise empirically irrelevant enabling type. This is the case for countries that mainly focus on financial incentives to activate MIP recipients, or that despite large sanctions and activity requirements still allow for quite a few grounds for job refusals. The Czech Republic shifts quite often to the enabling type for these reasons, but also Germany, France, Hungary and Latvia shift affiliation in a few instances. Especially France and Hungary are hard to classify, and appear as members of the comprehensive, incentive and enabling type depending on the exact rules outlined in the calibration.

Finally, Bulgaria and Portugal adhere to the *incentives* type. With a laxer definition of enabling policies, they may shift in few instances to the comprehensive type. In quite a few robustness checks membership scores for Romania and the UK increase, in the case of Romania even to fully in (1) the incentives type.

Table 9. Fuzzy membership scores into theoretically and empirically relevant configurations, 2012

	Active inclusion A·E·I·S	Active inclusion a·E·I·S	Enabling A·E·i·S	Enabling + A·E·I·s	Incentives a·E·i·s	Incentives + a·E·i·S	Comprehensive a·e·I·s	Passive income protection A·e·i·s	No main focus a·e·i·s
AT ^a	0,34	0,34	0,55	0,34	0,37	0,37	0,18	0,18	0,18
BE ^b	0,20	0,75	0,16	0,18	0,16	0,16	0,18	0,18	0,25
BG	0,00	0,00	0,00	0,00	0,00	0,00	0,82	0,00	0,18
CZ ^c	0,00	0,00	0,00	0,19	0,46	0,00	0,50	0,19	0,00
DE ^d	0,26	0,43	0,26	0,26	0,43	0,43	0,25	0,25	0,25
EE ^d	0,00	0,00	0,09	0,00	0,35	0,09	0,00	0,00	0,00
FI ^c	0,34	0,34	0,38	0,34	0,45	0,55	0,13	0,13	0,13
FR	0,00	0,13	0,00	0,00	0,00	0,00	0,25	0,00	0,13
HU ^b	0,00	0,27	0,00	0,00	0,00	0,00	0,25	0,00	0,25
IT ^a	0,00	0,45	0,00	0,00	0,00	0,00	0,50	0,00	0,45
LT ^c	0,00	0,25	0,00	0,00	0,00	0,00	0,45	0,00	0,55
LU	0,27	0,27	0,16	0,51	0,16	0,16	0,25	0,25	0,25
LV ^c	0,00	0,00	0,00	0,00	0,00	0,00	0,47	0,00	0,00
NL ^d	0,36	0,19	0,33	0,50	0,19	0,19	0,19	0,50	0,19
PL ^e	0,00	0,00	0,00	0,00	0,00	0,00	0,25	0,00	0,00
PT ^c	0,00	0,00	0,00	0,00	0,03	0,00	0,53	0,00	0,00
RO	0,00	0,00	0,00	0,00	0,00	0,00	0,50	0,00	0,00
SI	0,00	0,64	0,00	0,00	0,26	0,26	0,31	0,00	0,31
SK	0,00	0,32	0,00	0,00	0,00	0,00	0,45	0,00	0,55
UK	0,00	0,00	0,00	0,39	0,00	0,00	0,50	0,39	0,00

Note: ^a Main decision making authority in each of the four strands is the regional or local government. AT: Vienna, ES: Catalonia, IT: Milan ^b Main decision making authority is the regional or local level for incentives and services, or mixed. BE: Antwerp, HU: city > 40 000 inhabitants; ^cMain decision making authority is the regional or local level (or mixed) for services. CZ: city > 100 000; FI: large city (and housing allowances – adequacy- according to regulations in Helsinki); LT: large town; LV: Riga; PT: Lisbon; ^d Main decision making authority is the regional or local level (or mixed) for enabling policies, incentives and services. DE: Cologne; EE: Tartu; NL: Utrecht; ^e In Poland, authority is mixed over the national and local level for adequate income support, enabling policies and services. The national framework stipulates minimum requirements for income support and enabling policies. This minimum is used for the calibration. Services are those likely relevant in a Polish city.

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ImPRovE: Poverty Reduction in Europe. Social Policy and Innovation

Poverty Reduction in Europe: Social Policy and Innovation (ImPRovE) is an international research project that brings together ten outstanding research institutes and a broad network of researchers in a concerted effort to study poverty, social policy and social innovation in Europe. The ImPRovE project aims to improve the basis for evidence-based policy making in Europe, both in the short and in the long term. In the short term, this is done by carrying out research that is directly relevant for policymakers. At the same time however, ImPRovE invests in improving the long-term capacity for evidence-based policy making by upgrading the available research infrastructure, by combining both applied and fundamental research, and by optimising the information flow of research results to relevant policy makers and the civil society at large.

The two central questions driving the ImPRovE project are:

How can social cohesion be achieved in Europe?

How can social innovation complement, reinforce and modify macro-level policies and vice versa?

The project runs from March 2012 till February 2016 and receives EU research support to the amount of Euro 2.7 million under the 7th Framework Programme. The output of ImPRovE will include over 55 research papers, about 16 policy briefs and at least 3 scientific books. The ImPRovE Consortium will organise two international conferences (Spring 2014 and Winter 2015). In addition, ImPRovE will develop a new database of local projects of social innovation in Europe, cross-national comparable reference budgets for 6 countries (Belgium, Finland, Greece, Hungary, Italy and Spain) and will strongly expand the available policy scenarios in the European microsimulation model EUROMOD.

More detailed information is available on the website <http://improve-research.eu>.

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