

**Minimum income and social integration:
Institutional arrangements in Europe.**

Working Paper



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Fighting Social Exclusion

**Minimum income and social integration:
Institutional arrangements in Europe.**

Working Paper

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List of abbreviations

CPAS	Centre Public d'Action Sociale – French name
PCSW	Public Centres for Social Welfare – Flemish name
DIS	Droit à l'Intégration Sociale
FOREM	Office communautaire et régional de la FORMation et de l'EMploi
Minimex	Minimum de moyen d'existence
ORBEM/BGDA	Office Régional Bruxellois de l'Emploi
PES	Public employment service
RMI (France)	Revenu Minimum d'Insertion
RMI (Italy)	Reddito Minimo d'Inserimento
VDAB	Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding

1 Introduction

This document deals with the different institutional arrangements of minimum income and social integration policies in Europe. It stems from the synthesis report the authors prepared for the EU peer review process, which aimed at placing the Belgian DIS policy in a comparative European context¹. The EU is pursuing a policy of mutual learning for member and future member states. The peer review is one of the instruments of such a policy, whose aim is to circulate knowledge and stimulate debate and feedback on the institutional arrangements of single countries by other countries belonging to different welfare clusters but undergoing similar welfare reform pressures. The Belgian DIS was selected as interesting case in the European welfare reforms scenario on the basis of an analysis of the NAPs/incl reports. It appears as highly relevant in the actual policy reform debate, because it intervenes on the main features of the social assistance schemes: replacement rates, individualisation of rights, use of social contract, individualised insertion programmes, age targeting, etc.

Policies against poverty, in particular social assistance schemes², represent an important part of the European social protection systems, which are articulated along the life course of people and are composed by a wide range of public measures, from child and family allowances, through education and health systems, to employment services and unemployment benefits, public care services (for children, elderly and dependent persons), disabled, sickness and injury protection, to old-age and survivors' pensions and the recently introduced (only in some countries) old-age dependency schemes. The degree of coverage of the different pillars of social protection vary sensibly throughout the different European countries, and also within each country at the local level. Still, public social protection in Europe is a wide and complex system, of which social assistance represents the last safety net for citizens in economic need who, for different reasons, are not (enough) covered by the other existing protection schemes (de Neubourg et al, 2005).

Social assistance schemes are becoming more important in all European countries. Despite broad commonalities in this converging trend, differences among countries persist.

Our hypothesis is that within European countries social assistance and activation policies are undergoing a deep process of change characterised by an ambivalent *converging path dependency*, that is: particular institutions and narratives (e.g. *contractuality*, *activation*, *conditionality*, ...) relating to social policies aimed at combating poverty are converging. This convergence, however, is occurring within the frame of the overall existing welfare state settings, bringing about an increased differentiation both between countries and between sub-national territorial levels.

Within this frame of analysis we will address the following questions:

- 1) Why social assistance and activation schemes become more important in Europe?

¹The Peer Review of Social Inclusion Policies has been carried out on behalf of the European Commission by a consortium between INBAS, NIZW and the European Centre. For more information see <http://www.peer-review-social-inclusion.net/peer/en/index.html>.

²By social assistance schemes one usually understands non contributory tax-financed and means-tested income support and in-kind services targeted to low-income citizens, whereas other schemes, covering labour market related risks, such as old-age pensions and unemployment benefits are generally contributory-based.

- 2) What are the main features of the *welfare systems* within which social assistance policies are embedded?
- 3) What are – more specifically – the characteristics of the Belgian DIS which are relevant in a comparative perspective?
- 4) What is the impact of the changes and what are the critical issues emerging?
- 5) What can we learn from the comparison?

By locating the Belgian policies in an international perspective, we aim at clarifying the process through which institutions translate vulnerability and social risk into socially defined conditions of need in European countries and the respective welfare models.

An appendix includes some relevant data needed to frame the policy in the European and wider international context.

2 The European development of minimum income policies

2.1 *Why are social assistance schemes becoming more important in Europe?*

Social assistance schemes are becoming more important in all European countries. This does not necessarily entail that claimants are increasing as well, but that some common trends increased economic and social vulnerability. In particular we can highlight the following trends:

- a) *the growth of unemployment* after the end of the Seventies and the persistence of unemployment and long-term unemployment in the current phase. This brought about the fact that many unemployed had to resort on social assistance schemes when their insurance-based benefit was/is over.
- b) *the weakening of family ties* (e.g. growth of divorces, separations, single households and single parents). This reduces the possibility to rely on relational resources in developing strategies to cope with economic breakdowns.

a) The sharp drop of the employment base in the manufacturing sector has been more or less counterbalanced by the increase in highly heterogeneous – and sometimes unstable and badly paid if not in the public sector – forms of employment in services. This occurred in quite different ways in different countries but – in general – the socio-economic transformation led to an overall precarization of working and living conditions, instability of work careers, and a decreasing trend of the *full-time long-life* job perspective for some social categories. Flexibility, part-time and atypical forms of work are not synonymous with vulnerability and social exclusion everywhere. It depends on the social and economic context within which the working activity is carried out, as well as on the regulatory frame of reference. Some sub-national levels (namely regions and cities) are hit more prominently by the transformation process than others and the different needs are also met differently in different welfare settings. However, persisting and relatively high long-term unemployment rates, affecting since the early nineties also the Scandinavian countries, changed the overall scenario, even in dynamic or highly regulated labour markets.

b) The weakening of family ties is the result of several interlocked socio-demographic processes like the growth of divorces, and separations, the diffusion of single households

and single parenthood³ as well as increased life expectations (implying the growth of elderly in need of care). These changes characterise to a variable degree the ongoing demographic transformations in most industrialised countries. One of their main consequences is the weakening of the *family's protective capacity* along two main lines: 1) an increasing number of individuals may become socially isolated and hence more vulnerable for longer periods during their life-course (e.g. elderly, lone mothers, single long-term unemployed); 2) an increasing number of subjects is living in households with insufficient resources, for instance large families with dependent members (e.g. elderly, children leaving home at a later age). The risks distribute differently in the different countries and regions, also because of different welfare settings, but the overall vulnerability undoubtedly increased.

Both these changes are more extreme in cities than in rural areas and are, therefore, challenging national and local welfare arrangements. The social groups mainly turning towards social assistance are long-term unemployed, young people (where eligible), lone parents and non-EU people (Aust, Arriba, 2004). The number of social assistance recipients increased in all countries over the Eighties (see table A.2 in the appendix), and reached a peak around the half of the Nineties and then started to decrease, as ECHP data shows (Nicaise et al., 2003; see table A.1 in the appendix). This change of direction is mainly due to three factors: a) on a macroeconomic level, the end of the economic crisis; b) the tightening of the targeting of the measures, excluding part of the claimants on the basis of their – or their families' – resources; c) their increasingly activating features, moving them towards an entitlement to contributory unemployment measures in case of success, and excluding those who are less performing (see § 3.1).

2.2 *The characteristics of the European welfare systems within which social assistance policies are embedded*

The above sketched challenges that national and regional (local) welfare systems have to face are, to some extent, similar. However, their institutionalised heritage further contributes to make the picture more complex. Recent debates – in particular when they address also last safety nets in their classification exercise – point to the existence of *five European welfare systems*. These are characterised by a different equilibrium between the main responsible agencies in the provision of welfare i.e. of resources to individuals in case of need (e.g. *State, Family and Market*). *State regulation* (or its absence) has a prominent role as it defines the role of the other agencies and the instruments governments have in facing poverty and social exclusion.

The five systems are:

1) *The Liberal welfare system*. Here *state* Welfare is conceived as relatively residual and intervenes only when both the *market* and the *family* have failed in allocating resources. The *market* is the prevailing mechanism of regulation and integration in a highly individualised (see positions on the “x” and “y” axis of graph 1) and competitive society. The main example of this model is represented by the US, where the importance of public education, pension and health systems is extremely limited, and where there is an extremely residual social assistance system. Employment and welfare have historically been organised through different agencies both at the national and state level.

³ Children (0–14 years) living in families with only one adult as a percentage of all children living in families with two adults increased from 6 to 9,7% in EU-15 between 1990 and 2000 (Eurostat, 2003b).

Among the European countries, the United Kingdom is the closest one to this model, even though some substantial differences point at a more *state centred* variant of the model, because of the legacy of the Beveridgean welfare state (expanded during the 40s and 50s) and the – comparatively to the US – developed social services. However, poverty (mainly urban) and inequality rates are among the highest in Europe. In this system *Social Assistance* is a universalistic measure – in the sense that everybody in a condition of need can access it – but with a tight use of the means-test. Generosity and adequacy of income support levels are in Europe on an intermediate position (see “x” axis in graph 1), lower than in Scandinavian countries, but definitely higher than in South European ones. In the last decades, a sharp retrenchment of social expenditure was put on the political agenda, but the legacy of a highly developed welfare system allowed maintaining the core of social protection. Differentiation among regions occurs more in relation to *activation policies* and to the related local partnerships (for training, stages, motivation, social insertion,...). Social assistance benefits *per se* are more or less managed homogeneously throughout the country, but the joint PES and Benefits agency management of the New Deals is increasingly fragmented and depends very much on the resources available locally, which are related to the degree of competitiveness regions and cities can achieve on the market.

Different welfare system developments have a strong role in explaining diverging poverty rates and social inequalities within societies. Both the incidence and the duration of poverty are higher in the US and the UK; this is true whatever poverty and inequality measure is used. The lower capacity of this welfare system in preventing poverty is clearly seen in the poverty rate before and after transfers, and in particular in the comparison between the UK on the one side and Denmark and Germany on the other (see table 1). Moreover, although the average citizen has a higher income level, the distance between the income level of the lower deciles and the median income is bigger than in the EU countries, except for the UK (de Neubourg *et al.*, 2005). The liberal welfare system is the one absorbing least public resources (except the familistic one): as table 1 shows, expenditure on social protection as a percentage of the GDP in Denmark is almost double than in the US. In the latter model, the caution in increasing public social expenditure is linked to the rhetoric of maintaining economic competitiveness high (see again table 1).

2) *The Social-democratic system.* Here *state Welfare* is pervasive and replaces both *family* and *market* responsibilities, and measures are universalistic, addressed to all citizens according to their need. A wide range of in-kind services and monetary transfers is supplied. The welfare *State* is the prevailing agency and *redistribution* is the most important allocation form, even if in the last decades also some second-level insurance-based schemes have been introduced. Market dependency, poverty and inequality are the lowest in the EU. *Social assistance* is in this system by far the most generous one, not only in the amounts of the benefits, the high replacement ratios on the poverty lines, and on the wage levels (especially in Denmark; see table 1.), but also in the institutional configuration of the measures. Social assistance is a clear right for those who are not able to maintain themselves; the payment is assured according to the persistence of the need. Recipients are entitled to a number of supplementary benefits (housing benefits, family and child allowances) which, in most cases, lift them over the poverty threshold. Social assistance is only a residual part of the *Guaranteed Minimum Income* (GMI) package, a last-resort measure that intervenes to top up the other benefits to the social assistance threshold. Adequacy of income support is a fact and local differentiation is very little, except for activation measures, which depend on local political and economic arrangements. Even though income inequality *before* taxes and transfers is the highest in

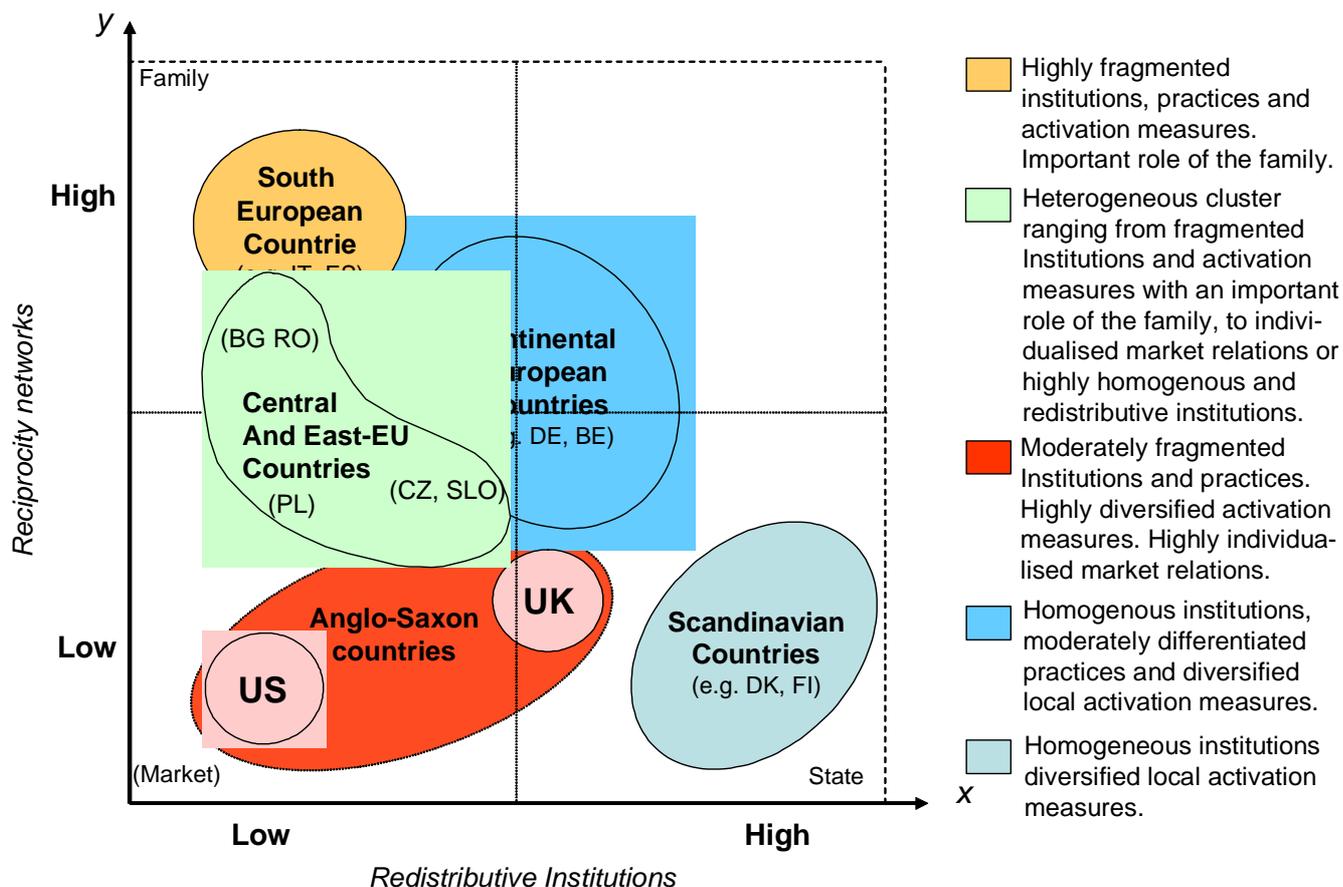
these countries, income inequalities and poverty rates *after* taxes and benefits are particularly low (see the Gini coefficient in table 1), thanks to the overall design of their welfare system. In fact, the last resort social assistance measures are not so efficient in reducing the poverty rate, even if they improve the income conditions of those in need (without necessarily lifting them over the poverty line). It is the rest of the income transfers (child and family allowances, unemployment benefits, old age pensions) and in-kind services that keep a bigger part of citizens well over the poverty threshold in these countries (de Neubourg *et al.*, 2005). This welfare model is the most expensive one in terms of percentage of social expenditure on the national GDP (see table 1); nevertheless, it maintains a high degree of social consensus, as both social and economic results are positive (see the ranking of Denmark in competitiveness evaluations in table 1). As we shall see, reforms have been approved in order to keep social expenditure under control, but the overall system configuration is – comparatively seen – still the most generous and encompassing.

3) *The Corporatist system.* Here *state* welfare is conceived in a meritocratic way: schemes reproduce the socio-economic status that families achieve in the labour market through the position of the breadwinner(s). The *Family* is the prevailing social agency and, coherently, it is strongly supported by specific *targeted* in-kind and monetary state provisions (*active subsidiarity*). *Reciprocity* is the most important integration and resources allocation form (see “y” axis in graph 1). Even though the state intervenes extensively, this intervention is mediated by the role of the *family*. Dependency from the *market* is higher than in the Social democratic model, but lower than in the liberal one. Germany (with Austria, France, Belgium) is the example of this welfare system, whose origins are to be found in the Bismarckian reforms in the second half of the 19th century. Social assistance is still a clear right, but the family is its target much more than the individual. Levels are lower, but still generous⁴ (see “x” axis in graph 1). Specific monetary and in-kind measures are targeted to families in order to sustain them in the major caring role assigned to them (*active subsidiarity*). These, however, may vary at the Länder level as well as activation measures, even though within a frame of guaranteed rights.

Graph 1 more or less here:

⁴ Some data presented in the tables in the appendix give the impression that Austria is more generous than Germany, but the Austrian data refer to the maximum levels of social assistance, which are seldom granted, whereas in Germany it is the guaranteed minimum that is referred to. Exceptional *una tantum* payments (varying a lot according to local arrangements) stock up those levels quite often.

Graph. 1. European Welfare systems and the role of social assistance schemes



4) *The Familistic system.* Here *state* welfare is conceived in a meritocratic and fragmented way, like in the corporatist model, but it is less generous and very unbalanced in the provision of benefits rather than in-kind services. Much less resources are targeted to *family* policies (*passive subsidiarity*) and to other contributory and means tested schemes. The consequence is that the *family* is overloaded with social caring responsibilities without or with few resources from the *State*. All south European countries (I, ES, PT, GR) show a high degree of local variation. Policies are highly segmented and targeted to particular categories. Dependency from the market resembles that of the liberal model with the exception given by the fact that families reduce this dependency (low divorce rate, low single households, etc.) more extensively. As far as social assistance schemes are concerned, *the Familistic welfare system* is the most problematic one. Levels are much lower in Spain and in the Italian local measures and formal entitlements do not guarantee effective payments. Local differentiation and discretionary power of social workers are much more spread because of heavy budgetary constraints. Yet, the experimental Italian RMI (which has never been implemented at the national level) was closer to the Conservative cluster as far as levels and features are concerned (see table A.1). Together with the recent reform in Portugal, it went in a direction towards a converging modernisation of social assistance in the Southern countries. All these reforms – given a national framework law of reference – shift responsibilities for any policy aimed at combat social exclusion and poverty towards the local level. This is true, in particular, for activation (or insertion) policies and the

respective partnership involved. Though, there is no legally enforceable social right within a national framework law, even if some countries grant the right to social assistance in their Constitutional Chart, like Spain⁵. Moreover, schemes often send recipients to obliged family members for support, which keeps the number of recipients and the overall expenditure rather low. Income inequalities and poverty rates are higher than in the other European countries, especially in Italy where children's poverty rate is similar to the US' one (around 20%). An example of the overall low capacity of this welfare model in preventing poverty is represented by the very low difference in the poverty rate observed before and after social transfers in Italy, indeed the lowest difference among the countries considered (see table 1).

5) The *transition model* is not yet a consolidated model with clear characteristics. Here both the conditions producing vulnerability and the institutional frame aimed at contrasting them experienced a dramatic change since the 1989. Most Central European and East European countries belonging to this model underwent a deep structural change in the economy with sharp GDP decreases followed by high increases. The reforms implemented in the last decade to accompany these changes and to contrast its potentially negative impact, have ambivalent consequences, with countries like Poland, for example, giving a more important role to market regulation, while others like Slovenia investing more in coordinated market and social policies. The starting basis, however, is a quite homogenous distribution of income with – in most cases – below average inequalities. Yet, the dynamic of change and the impact of the policies adopted in the last decade will bear their consequences in the coming years. First signals come from the greater (e.g. Slovenia, Czech Republic) or lesser (e.g. Slovakia) ability of policy transfers to reduce significantly the risk-of-poverty rates.

The five models described so far show a relatively high degree of coherence with the configurations social assistance and activation policies have in the different local welfare arrangements. We can easily recognise different levels of benefits, sets of opportunities in escaping the condition of economic need and degrees of institutionalisation of local partnerships.

Although these differences reinforce the highly fragmented scenario emerging at the local level for activation policies, one could argue that European welfare systems show a number of relevant similar features, in particular if opposed to the United States. First and foremost, social assistance represents in European Union countries (where it exists), only the last safety net within a complex and articulated (at varying degrees, as we have seen) system of social protection.

⁵ This is true for Switzerland as well; Aust and Arriba, 2004.

Table 1. Socio-economic and social expenditure indicators for selected EU countries and US							
2004	EU		Universalistic	Conservative	Familistic	Neoliberal	
	EU-15	EU-25	DK	GER	IT	UK	USA
Population							
<i>Old age index</i> ¹	25,0	24,1	22,3	25,9	26,9	23,7	18.7 ^a
<i>% population aged > 65</i>	17,0	16,5	14,9	18,0	19,2	17,1	12,4 ^b
<i>Fertility rate</i> ³	1,48	1,52	1,18	1,34	1,29	1,71	2.08 ^c
<i>Births out of wedlock</i> ⁴	31,4	30,2	44,8	26,2	10,8	43,1	33,2
<i>Divorce</i> ⁵	2,0	2,0	2,8	2,5	0,7	2,7	4,2
Employment rates ⁶							
<i>Male (15-64)</i>	72,7	70,9	79,7	70,8	70,1	77,8	82.2 ^d
<i>Female (15-64)</i>	56,8	55,7	71,6	59,2	45,2	65,6	69.7 ^d
<i>Youth (15-24)</i>	16,6	18,6	8,4	15,1	23,6	12,1	61.6 ^d
<i>% of fixed term contracts</i> [*]	13,6	13,7	9,5	12,6	11,8	6,0	16,6
Unemployment rates							
<i>Male (15-64)</i> ⁷	7,1	8,1	5,1	8,7	6,4	5,1	6,4 ^d
<i>Female (15-64)</i> ⁷	9,3	10,2	5,6	10,5	10,5	4,2	5.7 ^d
<i>Youth (15-24)</i> ⁷	16,6	18,6	8,2	15,1	23,6	12,1	12.4 ^d
<i>Long-term (15-64)</i> ⁸	43,4	n.a.	22,9	50,0	49,4	20,2	11.8 ^d
Expenditure on social protection							
<i>Per capita in PPS</i> ¹⁰	6.270,0	6747,6	8.095,4	7.291,7	6.266,3	7.002,0	5.302 ^e
<i>As % of GDP</i> ¹¹	27,5	n.a.	29,5	29,8	25,6	27,2	15,2 ^f
<i>(2002) On Family/children</i> ¹²	8,0	n.a.	13,4	10,7	3,9	6,7	
<i>On old age and survivors</i> ¹²	45,8	46,2	37,6	42,5	61,9	46,4	6,1 ^f
<i>On labour policies</i> ¹³	n.a.	n.a.	4,63	3,31	1,20	0,75	
<i>On active labour policies</i> ¹³	n.a.	n.a.	1,58	1,18	0,57	0,37	0.2 ^f
<i>Unemployed covered</i> ¹⁴	n.a.	n.a.	63,8	72,3	4,4	26,2	n.a.
<i>SA for 1parent+1child PPP</i> ¹⁵	n.a.	n.a.	585	390	160	420	139
Poverty							
<i>60% median pre-transfers</i> ¹⁶	24 ('01)	24 ('01)	32	24	22 (2001)	26	
<i>60% median post-transfers</i> ¹⁶	16 ('01)	15 ('01)	12	15	19 (2001)	18	17 (50%) ^g
<i>Gini index</i>	n.a.	n.a.	22	25	29	31	45 ^c
Competitiveness ¹⁷							
<i>Growth 2005-ranking</i>	n.a.	n.a.	4	15	47	13	2
<i>Business 2005-ranking</i>	n.a.	n.a.	4	3	38	6	1

¹ Old age index: people over 65 as a percentage of the working age population (15-64) (source: Eurostat 2003a).

² Children (0-14) living in families with only one adult as a % of children living in families with two adults (Eurostat 2003b).

³ Estimated values for 2003. Source: Eurostat (2005).

⁴ As a percentage of all live births. DK GER UK EU-15 EU-25 estimated values for 2003. BE and IT Estimated values for 2002 (source: Eurostat 2005).

⁵ Per 1000 persons in 2002. IT, UK, EU-15 and EU-25 estimated values (source: Eurostat 2005).

⁶ Source: Eurostat (2005) Employed persons as a share of the total population aged 15-64. Data refer to 2004.

^{*} source Eurostat Labour force survey 2004

⁷ Source: Eurostat (2005).

⁸ Long term unemployed (12 months or more) as percentage of all unemployed Eurostat Labour Force statistics 2004

¹⁰ In PPS (purchasing power standards) Estimated values for 2002 (source: Eurostat 2005).

¹¹ Estimated values for 2001 source: Eurostat (2005) Year book 2004.

¹² As a percentage of social benefits (source: Eurostat 2003b)

¹³ As a percentage of GDP. Years: BE 2003, DK 2000, GER 2002, IT 2002, OECD Employment outlook 2005

¹⁴ Unemployed covered by unemployment benefits. Source: ECHP version 2001, data refer to 1998 (wave 5). Calculations by Carbone (2003).

¹⁵ Social Assistance benefits for *one parent plus one child aged 2 years 11 months*. PPP= purchasing power parities (£=1). Situation 31st July 2001 (source: Bradshaw and Finch 2002).

¹⁶ Eurostat (2003a). First year 1995, last year 2000.

¹⁷ Source: World economic Forum (2004). The report and full methodological details are available online at: www.weforum.org. Updates available.

US sources:

a) US Census Bureau, 2000

b) <http://quickfacts.census.gov/qfd/states/00000.html>

c) CIA, year 2004

- d) Division of Vital Statistics, National Center for Health Statistics, Births: Final data for 2000. National vital statistics reports, 50(5). <http://www.acf.hhs.gov/programs/ofa/annualreport5/0804.htm>
- e) US dollars. Total social expenditure includes Public and Mandatory Private expenditure. Source: OECD, 2004, National Accounts of OECD countries, Main aggregates, Volume 1, Paris
- f) OECD, 2004, Social expenditure database 1980-2001, www.oecd.org/els/social/expenditure.
- g) proportion of the population below 50% median income poverty threshold (Source: OECD, 2005, Society at a glance).

2.3 *The impact of changes and the development of activation policies*

The overall changes sketched out above brought about an increased pressure on the welfare state settings which set in motion a far reaching reform trend. In fact, social policies faced in the Nineties a deeper shift in regulatory terms. Overall spending did not change accordingly yet, but social assistance schemes with a tighter use of means test became more important. Being *not passive anymore* is the new rhetoric, cross-cutting the whole of Europe, from the Scandinavian countries to the Southern European ones (Lødemel and Trickey, 2001; Heikkila and Keskitalo, 2001; Nicaise and Groenez, 2004).

The fact that unemployment has become one of the main causes for the increasing figures of Social Assistance recipients since the mid 80s and consolidating in the 90s – in a period in which welfare systems undergo cost containment and scarce political support – stirred the debate on welfare *dependency* and how to hinder it (highlighting mainly poverty and employment traps).

Activation has become a magic word for finding a solution to dependency and attaining two goals:

- a) Getting people off-the-payrolls by cutting down public expenditure for social assistance and unemployment measures, reducing the social costs of poverty and unemployment;
- b) Empowering the people out of work by increasing their opportunities giving wide social support through ad hoc designed accompanying measures.

The attainment of these goals varies considerably from one welfare system to another and according to the political colour of governments and municipalities and the existing budgetary constraints. In all cases, however, activation changes the relationship between the recipients and the public administration, widening the duties of claimants and – only in some positive cases – also their rights⁶. In both cases, anyway, the emphasis on activation is driven by a tendency to blame long-term unemployment more on the individual unemployed – as lacking of competencies and or initiatives and therefore not matching the requests of labour market demand – rather than on the overall capacity of the economic systems to create a sufficient number of quality jobs. In fact, insufficient responses to changes in global economy (technological changes, differences in labour

⁶ To legitimise activation policies, different narratives have been developed which are – in line with their contrasting aims – co-present in the public debate in every country. On the one side, activation policies are presented as an absolute necessity to contain financial and social costs of inefficient and passive unemployment measures, in a moment of fiscal crisis that imposes cuts to the public expenditure. Budgetary constraints due to the EU Monetary Union are also used successfully in the rhetoric. In this discourse, the accent is on the *duties* of the beneficiaries (especially the duty to *work* and *maintain oneself*): citizens who receive public assistance have to give something back. On the other side, what is underlined is the fundamental function that work has in shaping the personality and in fostering the social inclusion and integration of persons. According to this narrative, access to activation programs is a right that the unemployed persons should be able to claim in front of the public administration, as activation is a key to enter the labour market (again), thus avoiding falling into poverty and achieving autonomy (again). In this discourse the accent is on the *rights* (to work, but also to consume: citizens have the right to be defended from poverty by the State according to need, and not depending on their willingness to activate).

cost levels, etc.) leads to insufficient labour demand in the European labour markets. In fact, differences among welfare models apply also to activation measures, even though the emerging picture is more fragmented and heterogeneous considering the different territorial levels (see § 3.6).

The main institutional forms through which these goals have been pursued are more or less all related to the first and foremost relevant reform addressing this issue: the Revenue Minimum d'Insertion (RMI), which has been introduced in France in 1988. At the very basis of this reform there are two main relevant changes which – according to many scholars – provided a major paradigm shift:

- 1) the contractualisation of the relationship between the municipality and the claimant;
- 2) the activating nature of accompanying measures.

All subsequent reforms (in most south European countries: Spain, Portugal and the RMI testing phase in Italy; but also in Germany and in Scandinavian countries) followed this pattern of institutionalisation. What differs substantially are the details according to which these main lines of reform have been implemented and translated into specific regulatory frames. It is, in fact, this complex process of de-contextualising and re-contextualising the institutional arrangements and policies, that has a quite differentiated impact in the different European countries. Mutual learning and institutional shopping are always filtered by the existing national framework and by the interactions new measures have with the overall welfare system.

Eardly et al. (1996) argue that the policy agenda and reforms were rather reflecting the specific holes/shortcomings of each welfare regime, focussing on the absence of social assistance schemes in Southern Europe, the persistence of social inequality in Scandinavian countries, the “new poverty” in the continental countries, and social assistance dependency in the UK. Lødemel and Trickey (2001), as well, underlined the social and political conditions of different activation developments. Nevertheless, in the second half of the Nineties, these partially different aims were pursued through a similar introduction of activating measures, with a common concern about the need to contain social expenditure (Aust and Arriba, 2004).

1) In the liberal model, a strong accent on workfare (compulsory activation) was put by the former conservative governments during the '80s and early '90s. Though, in the UK present labour Governments have developed those programs, tailoring them in a very specific way according to the needs of the different risk categories (so called New Deal programs for the young (18-24), the long-term unemployed, lone mothers, etc.), with increasing local differentiation. In the US, the main target of reform was the Aid for Families with Dependent Children (mainly paid to lone parents), the consensus around which was decreasing since the '80s, as it was believed to favour welfare dependency and the reproduction of an underclass culture. However, Clinton's democratic governments announced to pursue the end of the welfare “as we knew it”, and the transformation of social assistance from a safety net to a springboard towards job insertion and independence. Obligation to work was introduced together with the re-organisation of one-stop-shop services and the contracting out of many activities, but here as well with a remarkable variation between and within states. The decrease of social assistance beneficiaries was reflected in the increase of the phenomenon of the working poor (Finn, 2000).

2) In the social-democratic model there is the longest tradition in active labour policies. In the last decade, activating elements have been introduced also into social assistance (which was residual in the overall welfare system up to the 90s), in order to increase employability of benefit recipients and to contain a very high social expenditure. Conditionality characterises these measures for the first time in the Scandinavian tradition, rising questions of a possible paradigmatic shift taking place in Nordic social policy. This change, however, has been accompanied by more individualised activation plans with strong empowering character. Local differentiation emerges here as well.

3) The conservative/corporatist model followed a similar trend as the social-democratic countries, even if starting from a much less developed tradition in activation policies. In the second half of the 90s, the measures became increasingly formalised, foreseeing a mixture and balance of punitive and empowering elements giving room to a high degree of local variations and putting often local administrations under high financial pressure (e.g. in Germany). For sake of economic savings and in view of pursuing efficiency, trends of privatisation of services have taken place at different degrees in different countries. The Netherlands, which performs a very hybrid welfare system, has completely privatised the reintegration services during the second half of the Nineties. In Belgium since 1993 relevant activation elements have been introduced in social assistance (see § 2).

4) In the Familistic model, characterised so far by fragmented and highly targeted welfare policies, examples of last resort measures (PT, ES) have been recently introduced for the first time. They present innovative activation elements resembling the contractual settings characterising the French RMI. Spanish Autonomous Communities, for instance, introduced regional programs of Renta Mínima de Inserción between 1989 and 1995 (Ferrera, 2005). Despite a wide inter and intra regional differentiation (see § 3.6.), these programs filled the existing gap in social assistance in Spain. The same did the 1996 law in Portugal (Capucha in Ferrera, 2005). Italy tested a similar measure in the 1998-2002 period, but never institutionalised it and actually lies back as the only European (EU15) country without a national last resort measure, together with Greece (Matsaganis et al. in Ferrera, 2005). The Spanish and Portuguese reforms represent an important paradigm shift, aiming at widening the coverage (previously very limited) of people in a condition of need, preventing dependency and containing costs at the same time. On one side we face a process of centralisation (finally rights are homogeneously distributed within the country), on the other side we witness a process of increased local differentiation.

5) In the Transitional model, patterns are still unclear and the NapIncl from the central and eastern European countries do not provide an adequate picture of the reforms and adopt a rather vague rhetoric. Social assistance is not the top priority vis-à-vis major structural reforms and old systems still partly persist in the changed scenario. Replacement rates are, comparatively, low and measures have still a categorical structure of intervention, targeting resources to specific groups at risk and not to the whole potential population at risk (e.g. in some countries Roma or families with children, etc.).

We can therefore observe common trends throughout European countries towards the institutionalisation of social assistance where it was lacking, the introduction of stricter means-tests, and the shift towards activation policies. However, such common trends are constantly filtered by national specificities, historical inheritance and path dependency. Policy changes are therefore less clear cut and convergence and divergence patterns tend to coexist and influence one another. It is within this overall framework that we address

the Belgian *Droit à l'Intégration Sociale*, which exemplifies quite paradigmatically the changes that have taken place.

3 A Case for analysis: the Belgian “Droit à l'Intégration Sociale” (DIS)

3.1 *The main characteristics of the Belgian DIS*

The Belgian DIS law is an interesting case for analysis in addressing social assistance in Europe. Its relevancy stems from the fact that it is one of the most recent reforms which addresses the issues at the centre of the actual policy reform debate: the policy design and management, the indexing procedures, the process of individualisation of rights, the introduction of a social contract, the individualised insertion programmes, the age targeting. The law “*Droit à l'intégration sociale*” (DIS), implemented from the 1st October 2002, explicitly contains a combination of monetary support and services of professional and social integration. In this section, we summarize the reasons for developing this policy, and the problems it intends to solve.

3.1.1 *The historical background of DIS*

Belgium has a long tradition of minimum income guarantee. In 1974 the *Minimex* was introduced, a measure of monetary support aimed at guaranteeing living conditions conforming to human dignity to every citizen with resources below a given threshold and available to work. In 1976 the CPAS (*Centres public d'action sociale*) were created, and the *Aide Sociale* (Social Help) was introduced, with a multiple set of intervention means: a) monetary benefit⁷; b) support services (social guidance, counselling, etc.); c) in kind support (food vouchers, etc.).

In 1993 the law “*Programme d'urgence pour une société plus solidaire*” introduced within the frame of the *Minimex* a relevant turn towards active welfare. The implementation of activation programmes was entrusted to the local CPAS that already managed the *Minimex*. A first distinction by age was introduced: activation became compulsory for claimants under 25. The idea of a “social contract” was drawn from some of the Belgian NGOs working on social integration that were using social contracts in order to involve beneficiaries in their integration path.

The adequacy of the *Minimex* has been challenged by the consequences of the negative economic conjuncture that hit European countries at the beginning of 2000. In particular, the increasing unemployment (also long-term) in Belgium questioned the effectiveness of the existing labour market services as well as the financial sustainability of the existing minimum income measure, calling attention to the potential poverty traps.

3.1.2 *Reasons for change*

With the end of the '90s the “active welfare state” became an explicit political aim and the flagship of the purple-green coalition that came to power in Belgium in 1999 after a long period governed by a Christian-Democratic/Socialist coalition.

This priority was coherent with the EU Lisbon Strategy (2000) aimed at achieving an economy that should be dynamic, competitive, knowledge-based, capable of sustainable

⁷ Not without confusion, the name *Aide Sociale* is also often used with reference to this monetary benefit.

growth, with more and better jobs and with greater social cohesion and less poverty. The National Plan on Social Inclusion (NAP/Incl) is the tool through which member states define their strategies in order to reach Lisbon targets and translate them into concrete operative actions. The NAPsIncl 2003-2005 showed a greater attention to “promoting access to work” strategies, and plead for a greater connection between the NAP/Incl and the NAP/Emp, in order to create virtuous synergies about labour market integration. In particular, disparities between territorial areas, the discrimination by gender and the integration of newcomers and second and third generation immigrants are concerned. The exploitation of the potential of job creation of NGOs, as well as the fostering of the emersion of irregular jobs are pursued as ways to increase the provision of quality jobs (Commission des Communautés Européennes, 2003).

Four problematic areas demanded political attention: a) long-term unemployment; b) youth social exclusion; c) immigrants’ exclusion; d) educational inequalities.

- a) *Long-term unemployment*: represents a social problem because research has shown that the longer persons stay out of the labour market, the harder is their insertion, with all the consequences in terms of loss of autonomy.
- b) *Social exclusion of young persons*: the relative weight of people below 25 years of age on the whole of minimum income recipients has been increasing (from 12% to 26% between 1990 and 1999; see table A.1. in appendix). This is worrying for the consequences that such a socialization can have for further steps in their lives and in terms of wasting human resources.
- c) The *exclusion of registered immigrants* from certain social assistance measures, such as minimum income benefits, represented a flagrant inequality that had to be overcome in view of a universalistic and inclusive orientation and in order to strengthen their social integration process.
- d) Significant *educational inequalities*, both between geographic areas and between schools in the same local context asked for measures to prevent them to become paths into poverty (2001-2003 Belgian NAP).

3.1.3 The goals and target groups of the DIS policy

The DIS targets the development of a multidimensional strategy to address social exclusion and prevent the rising of other social problems in households hit by poverty and/or unemployment. These goals are common to most reformed social assistance schemes developed in Europe from the end of the ’90s.

More specifically, the DIS law aims at:

- preventing long-term dependency on income transfers;
- preventing poverty and unemployment traps;
- increasing the sustainability of the social protection system, and allowing significant savings to the public budget, also through the prevention of other social problems;
- promoting citizens’ participation.

As the *Minimex*, the DIS is a universalistic last resort measure: every person⁸ has a right to social integration, but the CPAS may oblige them to turn to their family (parents or children). The DIS introduces a further step towards the individualization of social rights: whereas within the *Minimex* the couple was treated as a whole, within the DIS each of the

⁸ Each adult person effectively living in Belgium and who has the Belgium nationality, is an EU national, or is a foreign immigrant registered in the population record, a stateless or a refugee. Young persons are considered as adults if they are married, have children at charge or are pregnant.

married or cohabitating partners has an individual right to social assistance. From this point of view, an important change was introduced in the definition of recipients' categories after a judgement of the *Cour d'Arbitrage*⁹. Nowadays couples with children are again treated as a whole, and the entitlement of the household's person of reference covers the partner's entitlement as well¹⁰.

The critical point of this formulation is that the benefit's level is not differentiated per *number* of persons at charge, a feature that was controversial in the *Minimex* law as well. As a consequence, a couple without children gets the same monetary benefit as a single parent or a couple with one or more children at charge. Differently from what happens in other countries, here the presence of children¹¹ is taken into account through generous family allowances to which social assistance recipients are entitled. This might be a relevant strategic decision in terms of legitimacy of welfare spending for groups at risk of poverty. Family allowances come from a different budgetary line and do not increase the expenditure for social assistance, avoiding undermining the public support for the DIS.

Finally, the DIS reaffirms a clear age differentiation already present in the 1993 law. For young people under 25 and students activation is at the same time a duty and a right, with a tighter implementation schedule: a concrete project for the insertion on the labour market must be signed within three months from the opening of the recipient's dossier.

3.1.4 *The human and financial resources*

The implementation of the law is – obviously enough – local, and it is entrusted at the basic local structure of Belgian social assistance, the CPAS. Quite interestingly, in 2004 their name was changed from Public Centre of Social *Help* to Public Centre of Social *Action*, a semantic shift underlining the move towards a more activating approach.

The 1976 law did not fix any criteria on the number of beneficiaries per social worker, nor any specific financial budget for the personnel costs. Practice has shown that therefore wide differences exist among CPAS investing on the staff, and others overcharging workers in order to redistribute the new dossiers. This has evident effects

⁹ In the first formulation of the law (2002), couples with or without children were economically treated in the same way, i.e. they were getting the same amount of money. In a way, this represents a step backward in the individualization of rights reinforcing the strong role of the family and of the subsidiarity principle, characterising also the other countries of the corporatistic welfare model (Julemont, 2005). The disposition was sanctioned by the Arbitration Court in January 2004 for reasons of inequality. In order to answer to the Court's condemnation, a new regulation has been introduced. Now households with children are classified in the same way, disregard whether parents are single persons or living in a couple (Circulaire 14/12/2004).

¹⁰ In other words, a person living alone gets 625,60 € a month; a person living with one or more persons (not at his/her charge), gets 417,07 €; while a person living with children <18 or a life partner at charge gets 834,14 € per month. The change is more formal than substantial. Let's take the case of a couple with two children. In the first formulation of the DIS law, each of the parents would have been entitled to the basic yearly amount of 4.400€, i.e. the household would have been entitled to an overall basic yearly benefit of 8.800€. With the new formulation, one of the adult members of this household is entitled to a basic yearly amount of 8.800€ (as "person with family at charge"), and his/her entitlement covers his/her partner's as well.

¹¹ Economic difficulties experienced during childhood affect one's chances to achieve a school degree and to enter the labour market with the necessary resources, thus decreasing one's chances to reach economic independence during adulthood. Eliminating child poverty is a key step in combating the intergenerational transmission of poverty, and it constitutes one of the EU priorities for a more cohesive and competitive European society. Efforts should be made to treat families with and without children equally from the point of view of benefit levels. It has still to be assessed if family allowances are an adequate means of taking into account the size of the family within the DIS.

on the quality of social work. The 2002 DIS law aims at establishing a first step towards an official treatment of the financial costs for the staff. The CPAS receive a fixed amount (278 € in 2005) for each new dossier opened, in order to cover the fixed costs necessary to handle the file, realize the first reception steps, initialise the integration project. Nevertheless, the general opinion of CPAS about this way of financing is not completely favourable (Ernst & Young, 2004).

The levels of basic amounts of the monetary benefits have been increased, as it was promised by the Government, by 4% in 2002, and a further increase by 10% is foreseen before the end of the legislature. This is aimed at increasing the life conditions of DIS minimum income recipients, in order to keep them close to a level of human dignity. As the international debate shows, the level of replacement rates has to be fixed at a difficult balance point, at the same time permitting decent living standards and preventing dependency traps (Taylor-Gooby and Dean, 1992).

The CPAS receive a grant from the State for each person receiving the DIS monetary support. This grant is equal to 50% of the benefit; is increased to 60% in case the CPAS has more than 500 DIS recipients, and to 65% if DIS recipients are more than 1.000. The Centres also receive a grant from the State for each recipient they hire within an employment project (100% of the integration income), and for the training or education costs.

This funding procedure protects the activity capacity of the CPAS, avoiding budgetary constraints limiting the right of access to the measures. This problem affects contexts – like south and some east European countries – where the yearly budget is given, and social workers “must do what they can with it”. In the Belgian case, on the contrary, the financial burden is divided between the State – which takes over at least half of the economic cost of intervention – and the regional and local level (Lamaitre, 2005).

3.2 *The dimensions of implementation*

3.2.1 *Individualised projects*

In order to assess the eligibility of the claimant, the CPAS foresees a preliminary inquiry into family and personal (economic and social) conditions of the claimant and opens an administrative dossier for each individual recipient. If the recipient is considered able to work and ready for a real job, the CPAS will develop – together with the claimant – a job search strategy. The job should fit the recipients’ abilities and – as far as possible – the recipients’ wishes. It can be found in the private for-profit sector, in the CPAS or in the municipality which can act as direct employer, or in the non-profit sector. Recipients will sign a real work contract and will be paid at least the minimum wage.

As far as the claimants under 25 are concerned, the search for a suitable job or the elaboration of an individualised project is compulsory and must be done within the first three months after the application.

In all cases in which recipients are not able to work, the CPAS has to prepare an individualised vocational project together with them. In this sense the Belgian measure seems closer to Danish activation policies, in which the co-definition of the integration path has a major importance, than to British ones (Barbier, 2001). Steps may foresee training, stages, protected work periods in social organizations, etc. The CPAS pays the

training costs, and during this period recipients are entitled to an *integration income*, and may also be entitled to an additional help (*aide supplémentaire*).

Young persons who have not completed compulsory school, or have not attained vocational skills to apply on the labour market, can prepare together with the CPAS an individualised integration project aimed at the attainment of compulsory school graduation, vocational training, or university graduation. The CPAS will verify whether the family of origin can contribute to the educational costs, or whether the person is entitled to a scholarship.

3.2.2. Sanctions

Sanctions are foreseen in case recipients give false declarations or omit information about their income status, or any other condition that would affect their right to the DIS. The payment of income integration can be suspended partly or totally for a maximum period of 6 months (12 months in case of fraud).

Sanctions can also be foreseen in case the recipient does not respect – without a legitimate reason – the obligations foreseen in the contract. On the basis of the information reported by the social workers, the Municipal Council has the discretionary power to decide whether to suspend partly or totally the payment of the integration income up to one month at the maximum, and up to three months in case of recidivism within one year. It is rather difficult to assess the degree of social workers' discretionary power, and therefore the diversity in case management between structures, territories, or categories treated.

3.2.3. Local stakeholders and coordination practices

Because they aim to address social exclusion as a multi-dimensional phenomenon, the implementation of social integration policies involves a number of different institutional and non institutional stakeholders. In Belgium the picture is further complicated by the federal structure, as competencies on training and labour market mediation for the unemployed have been widely devolved to the regions. The main actors involved in the integration projects are: a) the CPAS; b) the PESs; c) NGOs; d) private entrepreneurs.

- a) The CPAS. Management, including evaluation of the number of social workers needed, is decentralised, and the variability in the organization of the administrative work may be wide. The CPAS, as other municipal offices, can also act as direct employers of the recipients, to provide them with an opportunity of a social work or protected job (Lamaitre, 2005).
- b) The labour market services (PESs) are organised on a regional basis. Their local offices provide mediation between unemployed and employers, counselling and training. In the last years some of their activation programmes for unemployed have been made accessible for social assistance recipients as well.
- c) NGOs are involved in order to provide recipients either with a protected work experience, in the secondary labour market, or with a real paid job according to their background and competences. Some social organizations provide both kinds of contracts, while others are more specialised.
- d) Private for profit entrepreneurs are involved in the most ambitious DIS objective, i.e. the integration of recipients in the “real” labour market, through a non-protected job that guarantees their social and monetary independence.

No legal framework exists for the coordination of these and other local actors involved in the DIS implementation. As a consequence, great variability is observed in the kind of relations they establish, ranging from the mere exchange of information, up to real networking on the concrete recipients' cases, with a shared methodology and a coordination of the different steps. Such differences highly depend on the local tradition of cooperation, on the role of individual social workers and mediators, and on the availability of resources supporting the coordination initiatives (Ditch and Roberts, 2002).

The CPAS often experience difficulties in their relations with the local labour market services (VDAB, FOREM, ORBEM, BGDA). On one side they fear to be perceived as the newcomers on the scene of labour market insertion. On the other side, labour market services may not be stimulated to work towards the insertion of DIS recipients, seen as the most difficult persons to be placed in the labour market (Ernst & Young, 2004). To enhance coordination on labour market integration projects, consultative platforms were established at the local level. Moreover, the CPAS have been allowed to outsource some activities and manage others in partnership with other local actors. Finally, in Flanders 130 "employment shops" were set up jointly by CPAS, PESSs, and NGOs, presenting together their integration activities.

3.3 *The DIS: a quantitative overview*

Since 1975, the number of minimum income recipients has been steadily growing. Only in 1999 a decrease is noticed. Yet, a direct comparison is difficult, as recipients' categories changed a few times. Brussels is the region that shows the strongest increase; here the incidence of minimum income recipients grew from 8,3 every 1.000 inhabitants in 1993, up to 19,2 in 2004, whereas at the federal level the increase was less than 3‰ (table 2). This is coherent with the fact that big urban areas generally concentrate poverty and social exclusion (Mingione, 1996).

	Flanders	Wallonie	Brussels	Belgium
1993	3.8	7.9	8.3	5.6
1999	5.0	11.9	15.1	8.2
2004	4.3	11.1	19.2	8.0

Source: http://socialassistance.fgov.be/Fr/themes/Stats/Beleidsnota/RMI_3.html

An analysis by recipients' category and gender shows that single persons represent more than half of all *Minimex* or DIS recipients from 1994 until 2003. Only since 2004 they undergo a small decrease. One observes a predominance of single mother households among female recipients, and a majority of single men living alone among male recipients. This confirms that separation and divorce or lone-parenting represent a strong risk of impoverishment, especially in presence of young children.

As it is shown in table A.3., persons between 18 and 24 years of age represent 23% of recipients at the federal level, and 25% in Wallonie. Over 20% of recipients were foreigners in 2003, most of all non EU immigrants, refugees and stateless people, mainly concentrated in Brussels.

In 2003 almost 30% of recipients received only partial benefit. Family allowances are not counted in the household disposable income and thus do not affect the amount of benefit received. Interestingly, 18% of all recipients also received an unemployment benefit.

A monitoring system has been created in 2000, based upon 60 representative CPAS. Table 3 presents data on the evolution of beneficiaries in activation measures.

Year	1999		2002		2004	
	A.V.	%	A.V.	%	A.V.	%
<i>Art 60 §7</i>	4.495	92,3	7.821	82,6	10.820	85,2
<i>Art 61</i>	116	2,4	304	3,2	170	1,3
<i>Activation</i>	257	5,3	1.348	14,2	1.711	13,5
Tot recipients in integration projects	4.868	100,0	9.473	100,0	12.701	100,0
Tot recipients	83.521		69.882		82.786	
% recipients in integration projects	5,8		13,6		15,3	

Source: own calculations on http://socialassistance.fgov.be/Fr/themes/Stats/Beleidsnota/RMI_3.html

Article 60 §7 of the 1976 law establishing the CPAS foresees the recipient's placement in an NGO or a municipal office; article 61 foresees the placement of recipients in a for profit firm; "activation" refers to training and requalification programs. Since the end of the '90s the number of beneficiaries inserted in some kind of integration programmes has steadily grown, having more than doubled in absolute values. This growth is more important in the small CPAS than in the big or medium sizes ones. We can therefore assume that the DIS law has stimulated and helped the small structures to invest in activation more than they could do before. The Brussels Region registers the widest growth in recipients activated (Ernst & Young, 2004).

Nevertheless, in general terms, recipients in integration programs still represent a minority of all minimum income recipients, growing from 5% in 1999 to 13% in 2004. Moreover, despite an increase in the "activation" programs, placement in public offices or NGOs (article 60 §7) remains absolutely predominant, representing 85,2% of all integration projects realised. These governmental figures are coherent with the results reported for 2003 by the evaluation report by Ernst & Young (2004), carried out on a sample of CPAS. Long term independency is a major aim which can be achieved primarily in the labour market, and would therefore need more relations with the private for profit actors (see § 3.4). Moreover, the great majority of these projects are realised directly within the CPAS. This may mean a good capacity of the CPAS in absorbing the demand for working experience, but may as well imply a less good capacity of building job opportunities in co-ordination with other local stakeholders. Nevertheless, the very low figure referring to article 61 should be partly compensated by *Plan Activa*, a working experience programme introduced in 2002, and included here in the data on "activation".

Coherently with the law dispositions on age, the great majority (85% in 2002) of individual projects regards recipients under 25. Moreover, individual projects for the over 25 decreased during the first year from 15% to 12%. This seems to suggest a risk that adult recipients are disregarded from the point of view of activation resources. Among the under 25, more than half are involved in a "Student project", confirming the emphasis on the maximization of human capital.

It is not yet clear what results this law may achieve in terms of the number of recipients succeeding in entering the “real” labour market. Previous data referring to the second half of the ‘90s (Groenez and Nicaise, 2002) are a good starting point for the analysis. First of all, every year, over one third of minimum income recipients move to social security, work or other sources of income. Obvious enough, stronger groups, that is to say male, highly educated, healthy, Belgian, have more chances to move in this direction. In particular, men generally reach inclusion through work, while women are more likely to do the same through marriage and, in the opposite direction, they are likely to fall into exclusion after separation. Finally, women leave support measures more often because of suspension of benefits, than because they enter the labour market (ibidem). This reminds the need to face the gender question.

The same study also tells us that in the generous and articulated Belgian welfare system there is a problem of access to measures, mainly due to non take-up: potential recipients who do not claim any support because of fear, shame and/or lack of information (ibidem). Unfortunately, we don’t know whether and how far the new DIS law improves this situation. Nevertheless, signals from qualitative researches are not fully comforting on the recipients’ degree of information about the new law (Ernst & Young, 2004).

4 The DIS in international context

In this paragraph we will address six major issues in the implementation of the DIS law, which are most relevant for the international debate:

1. activation and contractualisation;
2. age targeting;
3. the discretionary power of social workers;
4. coordination issues;
5. territorial differences;
6. evaluation and monitoring.

4.1 *Activation and contractualisation*

Activation policies have been assessed in international research by considering their main features and distributing countries on an ideal *continuum* between “social integration” and “workfare”.

Lødemel and Trickey (2000) use the analytical category “*human resource development*”, contrasting it to “*labour market attachment*” and distributing countries according to the degree to which labour market insertion is compulsory within activation programmes. The distribution of countries along that continuum reflects the main characteristics of the respective welfare states.

Nicaise (2002) suggests that in order to distinguish social integration and ‘workfare’ we should consider – among others – the following criteria:

1. degree of choice for claimants: can they refuse unsuitable proposals? What are suitable proposals?
2. are there procedures in place to allow for appeal by the claimant? Under which conditions?
3. is there a balance between rights and duties? Do the state and the social workers have duties as well as the claimant?

Within this frame, an approach focused on more socially oriented forms of integration satisfies two needs: a) it represents evidence that an activation step was completed by the

recipient; b) it enriches the personal resources that recipients can apply to the labour market and – more broadly – in their life, and at the same time it enhances the human capital of society at large, coherent with the EU Lisbon strategy.

The DIS legislative reform and its implementation have moved Belgium more in the direction of the group of countries that privilege the empowerment and social integration approach, as the new law foresees participation of recipients during the integration path, while sanctions seem to be applied in a rather mild way. In this sense, the Belgian measure seems to follow the French RMI orientation, calling for a greater sharing of responsibilities between the individual and the society at large, with an emphasis – even in the name of the measure – on social integration and citizenship rights. Luxembourg has a system similar to the Belgian one, but in a different context due to the small size of the country and the low level of unemployment. Here the payment of social support is smooth and rapid, but sanctions are stricter (allowing for withdrawal of 100% of benefit), and more often applied. In the Netherlands, a law was recently introduced with features similar to the Belgian DIS, promoting reintegration of citizens through a coordination of employment and welfare issues.

As far as the new EU member states are concerned, in Estonia a new law came into force at the beginning of 2006, with the explicit aim of activating the long-term unemployed. Hungary, as well, is considering an activation approach that would bring different measures together in one system. In Slovakia an important reform took place in 2003, foreseeing activation schemes for people in need who want to access benefits which guarantee basic living necessities (shelter, clothes and meals). Further support is granted for housing, care services etc. if people are unable to work. Nevertheless, activation programs do not seem sustainable as they are presently designed, that is through “small municipal jobs”, because activated recipients tend to return to benefits after some months. The question is how to create sustainable workplaces.

In order to tackle the multiple dimensions of social exclusion, activation programs, even though articulated, are not enough. The prevention of social exclusion also depends on wider labour legislation, family policies helping households to cope with the costs of raising children, and housing policies, given that housing costs are increasingly reported to be a cause of vulnerability in various EU countries even for households with employed members (e.g. Italy, France, Belgium). These are expensive policies, but their effects on the recipients’ empowerment have a chance to be more long-lasting. For recipients characterised by multidimensional problems, policy patterns with a strong emphasis on social and human development seem more adequate, with an integrated approach that tackles the whole of social problems. Finally, the success of an activation programme depends on the existence of good quality jobs. As a consequence, activation schemes should be part of a wider strategy stimulating the demand of this particular labour force, lowering labour cost (for instance by lowering the social contributions).

4.2 *Age targeting*

In the Belgian DIS, the compulsory character of activation is clear only in the case of recipients under 25. For those over 25, the payment of an integration income *can* but does not have to be linked to an integration project. Available data confirm that many more integration projects involve recipients under the age of 25 rather than all other age groups (see §2.3).

Focusing on the youngest recipients implies at least two positive premises. First, it prevents the fall into long-term unemployment and social assistance dependency, by attempting to interrupt the downwards path at an early stage. Second, it concentrates efforts and resources on that group of recipients that *a priori* has most chances to achieve independence through labour market participation, thus increasing the probability of the integration programmes to be successful.

Although there is wide consensus and grounded evidence about this, the age limit is questionable. Many social workers assess it as artificial, as the focus on the age limits the possibility to differentiate recipients on the basis of their chances to be placed (back) on the labour market. Moreover, this approach risks to exclude adult recipients from integration opportunities, thus raising the issue of equal opportunities across age cohorts.

This dilemma is related to targeting *per se* and emerges out of the budget constraints that characterize social policies in general. Activation of multi-problematic social assistance recipients is more complex and needs more time than activation of unemployment benefit recipients. Thus, if the number of activation beneficiaries increases in absence of important public financial investments, activation efficiency may decrease. The (non-intended) result is that those with less personal resources and more cumulated causes of social exclusion will lag behind in the (re)integration process and the feeling of relative deprivation might even increase. The targeting is a way to assure a real accompaniment to social and work integration at least to part of the recipients.

In general terms, a universalistic measure diminishes its intervention potential if it is corrected by the introduction of target groups. Particular groups concentrating social needs or cumulating different causes of exclusion could be better supported through *ad hoc* integrative programs, implemented at the local level (e.g. the Swedish case).

A similar age targeting is observed in the UK, with a specific activation measure (New Deal for Young) addressed to young unemployed. Other countries, on the contrary, tackle the youth integration problem in completely different ways. Luxembourg, for instance, introduced a minimum income similar to the DIS in 1986, establishing the right to financial assistance and the duty to be active, but here entitlement is limited to 25 to 60-year-olds. Germany has traditionally prevented the phenomenon of high youth unemployment through the development of a very effective dual apprenticeship system which eases the school-to-work transition. On the contrary, in the Southern European countries, youth unemployment is not specifically targeted by activation measures, as young people are supported rather by the family of origin than by the social assistance schemes. This is particularly true in Italy and Greece, where social assistance is almost non-existent. Here, such disregard of the youth condition is, by the way, reinforcing sharp delay in adulthood entry, decreasing the Italian birth rates to a worrying level.

4.3 *The discretionary power of social workers*

Significant differences in the application of the law are caused by the discretionary power that social workers have at different stages, i.e. their power to decide or influence decisions with regard to the support for their clients. It is a difficult issue to be addressed in a comparative perspective, because in both highly and loosely formalised systems the degrees of discretion that inform the activities of social workers are relatively high. What makes the difference is related to what can be decided and what impact it may have on the claimant. In particular, two steps in the integration process in which the discretionary power of the social workers seems particularly important in Belgium are:

- judging the level of accomplishment of the integration contract by recipients, and as a consequence deciding the application of sanctions;
- the payment of the *Aide Sociale* and/or other “additional” supports.

In these steps, the result of social workers’ personal enquiry and evaluation makes the difference, and has a direct effect on the type and quantity of support received by citizens. This has been reported in almost all the EU countries, including Scandinavian ones, even if here discretion is mostly used to favour the claimant, and applied mainly to accompanying measures and the definition of insertion plans (Ditch and Roberts, 2002).

In other contexts – Southern and some Eastern European countries – discretion plays a major role already in the definition of the amount and duration of the benefit the recipient can claim. In this sense, the separation of administrative issues (related to payments) from social work *strictu sensu* – as it happens in many continental European countries – might help. Moreover, a major difference is given by the possibility for recipients to apply to the Court in case they feel they have been treated unfairly, like in Belgium.

4.4 *Coordination and networking*

The Belgian DIS confirms that coordination is crucial for the implementation of activation measures that, by definition, involve different stakeholders, belonging to different sectors (public, for-profit and non-for-profit) and at different institutional levels. The patterns of coordination among the local actors are not evident, and they are strongly dependent on formerly existing co-ordination traditions and resources (human, monetary, relational, informative and normative) available in the specific context). In particular, the Belgian case highlights the difficulties of coordination at three following stages of the activation process:

1. *Application reception and analysis of eligibility conditions*: in this preliminary phase, it is crucial that efficient relations between local social assistance agencies and other relevant offices are established, in order to allow on one side stricter controls and thus a more equal application of the measures and on the other side a more fluent and therefore less expensive procedure. Official procedures of co-operation should be established at the higher institutional levels, otherwise, it is left to the individual capacity of each social worker to establish useful contacts.
2. *Design and identification of resources for the individualised integration project*: in this central phase, it is fundamental that local social assistance agencies can count on the experience and competencies provided by the labour market services (PESs), to widen the integration chances for the recipients. In Belgium, many CPAS report difficult relations with those services. Belgian PESs do not distinguish between unemployment benefit recipients and social assistance beneficiaries. As a consequence, social assistance recipients, generally weaker, risk failure and subsequent labelling as “non placeable” unemployed, while real integration efforts might concentrate only on unemployment benefit recipients and on young DIS beneficiaries, perpetuating the existing segmentation of citizens out of the labour market;
3. *Job experiences, job achievement*: in this final crucial phase, stronger relations are necessary between local social assistance agencies and actors working on the labour market, in order to increase probability of success.

It appears that services are more efficient when they are integrated, holistic and flexible, in view of giving quick and adequate responses to new clients. In order to achieve this, different bodies engaged in integration (employment, welfare) should collaborate. In this sense the Belgian CPAs offer a good ‘one-stop-shop’ model for other countries.

4.5 Territorial differences and local inequalities

A major critical issue in social policies is related to territorial differences. After the process of federalization which Belgium has undergone in the last decades, the current debate on social security reforms ranges between two options:

- social security should be definitely regionalised, in order to avoid implicit economic transfers from one region to the other, and make the management more efficient and adequate to the local specific needs;
- social security should not be further regionalised, because less affluent regions will become poorer and local differences do not comply with the equality of rights principle.

As a matter of fact, as many EU countries, Belgium is characterised by significant regional differences in the economic development. In particular, Wallony is less affluent and shows higher unemployment and poverty rates than Flanders. As a consequence Flanders region spends more on social security and gets back less in terms of subsidies. The same occurs in Italy with the less affluent *Mezzogiorno* and in Germany with the eastern *Länder*.

Social security remains in Belgium a matter regulated at the federal level. However, its implementation is obviously local and services targeted to persons such as orientation, training, mediation, can be quite diversified. Local variability concerns in particular:

- the proof of the recipient’s condition of need;
- the recipient’s obligation to collaborate with the CPAS;
- the recipient’s availability to work;
- the recipient’s student *status*;
- the supremacy of family solidarity over the social solidarity.

In all these cases, the Flanders jurisprudence seems to interpret the law in a stricter way than the Wallon one. In fact, Dutch-speaking courts generally tend to:

- ask recipients the responsibility of demonstrating they have insufficient resources;
- sanction more the lack of collaboration from the recipients, by largely approving the CPAS’ decisions about partial temporary suspensions of benefit;
- assign to recipients the responsibility of demonstrating their availability to work;
- not consider the insertion in a school cycle as a sufficient condition to be exempted from the availability to work.

On the contrary, part of the Wallon jurisprudence tends to consider that even though the family solidarity has supremacy over collective solidarity, still it is the society that has the responsibility to keep family and social relations solid (Smeesters *et al*, 2000).

So the richest and most dynamic region turns out to be also the strictest one from the point of view of the application of sanctions, also given the fact that Flanders region is characterized by practically full employment.

The main problematic point deals with the issue of citizens’ equality: if welfare answers substantially differ according to the local context where the social need originates, then citizens

of the same country are exposed to different opportunities and, in practice, enjoy different rights depending on where they live.

Austria has nine different provincial laws governing social assistance, without overall approach. Reform projects are being debated, the first step of which would be a national law to harmonise measures, while the second one would entail minimum standards for activation, which in some places seems at present to be little more than a means of discouraging claimants from applying for benefits.

Also in Hungary local governments run social assistance schemes, whose provision varies substantially among different regions, with particular difficulties in implementing activation programs in small villages.

Similarly, in Romania, where activation is separate from minimum income, and organised at the regional level, small local authorities have little capacity to offer a wide range of services or organise community work. Moreover, in rural areas there are few opportunities for regular employment. Claimants must undertake community work to receive payments, but this is not recognised as real employment and therefore not counted for pension rights. Local authorities have discretion over awarding benefits, but a lot of small rural communities lack the administrative capacity to carry out inquiries.

Instead, a common legal base regulates social assistance schemes in Slovakia's eight regions.

The risk of too strong territorial differentiation is that exactly those local areas that are more in need of social assistance and activation programmes, have fewer resources to implement them. Moreover, some political leaders are more dynamic than others: sometimes, public services themselves need to be activated.

The Belgian national law is useful in setting minimum standards for the DIS, but activation is geared to local needs and opportunities; therefore, some corrective measures have been proposed in order to reduce the degree of territorial variability of implementation.

There emerges the importance of local flexibility and creativity in adapting activation measures to the local needs and resources. The Belgian CPASs represent spaces where citizens can explore their role in society, not just in the labour market.

4.6 *Evaluation and monitoring*

In comparison to other countries Belgium shows a positive landscape as to evaluation, monitoring and transparency. The first results of the permanent evaluation of the DIS is already available, both statistical and qualitative. Moreover, the Crossroads Bank of Social Security will bring together information and boost collaboration between local authorities, collecting data on what is happening at grass-roots level at the present time, thus allowing more up-to-date evaluation of services. The option of a sort of regional Peer Review is also being discussed, where CPASs could compare experiences, and territorial specificities could be confronted.

Moreover, social partners, civil society organisations and local stakeholders enjoy a good degree of participation in the evaluation and discussion on the minimum income measures. All evaluation reports are public and highly accessible to everyone, whereas often such documents are confidential, at least at a first stage, as they are considered more a means of internal adjustments than a contribution to general knowledge and awareness.

Several research reports show the importance of regular monitoring and evaluation of activation policies, using comparable standard indicators not only relating to employment. This would also be useful for the adjustment of local disparities. The

collaboration between different levels of government observed in Belgium is a good example for other countries to make evaluation and monitoring feasible.

5 Conclusions

The process through which institutions translate vulnerability and social risk into socially defined conditions of need has, in recent years, been characterised in most European countries by the implementation of activation policies. These policies present a large number of common features, based on contractual agreements and a relatively common design. Though, transferability is a tricky concept and a risky practice.

Importing a foreign measure is always a complex process, in which the input will be filtered not only by initial conditions and the path dependency tendencies, but also by creative management and implementation, adapting the new practice to the specific context, leading to a different output than the expected one. Moreover, treating in a similar way different contexts may give rise to new inequalities, as far as it may not be fair – nor efficient – to give similar answers to different social needs. This awareness cannot prevent to look for features that might be useful for mutual learning that arise from comparative analyses.

What emerges from the comparative analysis of the current debate is confirming the need for cautious consideration. Countries belonging to the universalistic welfare cluster tend to underline the structural causes of social exclusion, and to socialise the risk and the consequences of being socially excluded, through preventive policies, generous replacement rates and wide activation measures stressing the empowerment of the recipients. Countries belonging to the liberal (anglo-saxon) cluster rather tend to stress the individual responsibilities among the causes of the social problems. Here activation is closer to a workfare interpretation, and recipients' duties tend to be emphasised more than their rights. In the countries belonging to the corporative-conservative (continental European) cluster, like Belgium, a kind of balance can be observed between empowerment and workfare. In the Familistic (Southern European) countries, where social policies are particularly weak, the family is mostly charged with the responsibility to support individuals in case of social and economic difficulty. Finally, in the countries belonging to the cluster that we defined in *transition*, current trends show heterogeneous tendencies going in the direction of all four models.

Despite these differences, all European countries implemented activation measures and in so doing they point to the important role played by public policies in addressing poverty and social exclusion. Activation policies, in fact, are not just a strategy of getting people “off-the payroll”, they are also an important commitment of European societies towards the less privileged, aimed at empowering them to become full citizens.

Appendix

	ECHP waves				
	93	94	95	96	97
Austria		1.2	1.3	0.6	0.7
Belgium	1.4	1.5	1.1	0.9	0.8
France	2.3	2.9	2.8	3.0	2.0
Germany			3.8	3.2	3.8
Luxembourg	1.4	1.1	1.1		
Britain	2.4	4.0	3.0	3.1	1.5
Ireland	2.2	2.1	2.6	2.4	1.8
Denmark	9.3	6.9	4.7	3.5	3.0
Finland			11.1	12.2	
Spain	1.3	0.8	0.7	1.1	0.5

Source: Nicaise, *et al.*, 2003.

Country	Individual recipients as % of national population		Expenditures on social assistance as % of GDP		Expenditure as % of social security	
	1980	1992	1980	1992	1980	1992
Sweden	4,1	6,8	0,8	1,5	4,6	6,7
Finland	3,5	9,2	0,1	0,4	0,9 ¹	2,1 ²
UK	8,6	15,3	1,8	3,9	21,9	30,8
Switzerland	1,8	2,3	n.a.	0,8	n.a.	1,8
France	0,8	2,3	0,6	1,3	3,5	6,4
Germany	4,0	6,2	1,0	1,6	7,1	11,9 ³
Spain	n.a.	2,7	0,3	1,2	2,1 ¹	8,4

¹1982; ²1991; ³1990.
Source: Eardley *et al.*, 1996.

Country	On active l. m. as % of GDP	On active l. m. as % of GDP in relation to unempl. rate	On active l.m. as % of total (active + passive) l.m. spending
Finland	0,94	0,10	32,0
France ¹	1,32	0,14	44,4
Germany	1,21	0,16	38,6
Spain	0,84	0,08	38,9
Sweden	1,39	0,29	59,2
Switzerland	0,45	0,18	48,0
UK ²	0,37	0,07	40,0
Denmark ¹	1,58	0,36	34,3
Netherlands	1,74	0,67	48,0

¹2000; ²2000-2001. Source: OECD, 2003

	12 months or more	12 - 24 months	24 months or more
Germany	38,3	18,0	20,3
Italy	43,9	19,2	24,7
Portugal	75,3	17,2	58,0
Spain	80,3	19,3	61,0
Sweden	33,6	19,3	14,3
UK	83,0	13,9	69,1

Source: Saraceno, 2002. Gassman and Deszka, 2003

Age	1990	1999
<25	11,7	26,0
25-29	11,4	11,8
30-34	11,8	9,8
35-39	12,6	10,5
40-44	12,8	10,4
45-49	9,4	9,5
50-54	10,1	8,7
55-59	9,7	6,6
60-64	5,4	3,7
>65	5,0	2,9
Total	100,0	100,0

Source: Ministry of Social affairs, quoted in Groenez and Nicaise, 2002.

Dependency spell	18-24 years	25+	All ages
6 months	19	11	13
7-12 months	31	17	20
13-24 months	30	22	24
25-35 months	12	15	14
36 months	8	36	29
Total	100 (N = 18,957)	100 (N = 54,583)	100 (N = 73,540)

Source: Ministry of Social affairs, quoted in Groenez and Nicaise, 2002.

	Flanders	Wallonie	Brussels	Belgium
0 - 17	0,08%	0,12%	0,04%	0,09%
18 - 19	4,18%	5,54%	2,72%	4,48%
20 - 24	17,28%	20,21%	16,99%	18,56%
25 - 29	8,87%	8,47%	13,34%	9,68%
30 - 34	8,30%	8,52%	12,44%	9,32%
35 - 39	9,68%	10,02%	11,99%	10,35%
40 - 44	10,67%	11,40%	10,78%	11,03%
45 - 49	9,36%	11,07%	8,53%	9,96%
50 - 54	9,29%	9,93%	7,62%	9,21%
55 - 59	10,00%	8,62%	6,93%	8,68%
60 - 64	8,08%	4,28%	4,97%	5,64%
65 - 69	2,29%	1,03%	1,78%	1,60%
70+	1,93%	0,80%	1,87%	1,40%
TOT	100,01%	100,01%	100,00%	100,00%

Source: http://socialassistance.fgov.be/Fr/themes/Stats/Beleidsnota/RMI_3.html

	Primary income of households per capita*	Unemployment rate
Flanders		
1990	105,1	9,7
2003	108,2	7,9
Wallonia		
1990	87,7	21,4
2003	85,7	19,9

Source: Van Gompel, 2004 *(Belgium = 100)

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