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Minimum Income and Social Integration Institutional Arrangements

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on behalf of



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Part 1: Relevance of the Belgian experience in social integration field for Slovak social policy/measures

The relevance of the Belgian experience in the social integration field for any peer depends on of the way this right is constituted in the national (country) legal system and what the right to social integration means; what legal provisions/instruments are used in order to support the social integration of certain persons (group of persons) and how implementation of such provisions is institutionally organised.

Legal framework in Slovakia

In the Slovak legal system the right to social integration is not explicitly constituted. Generally, only *the right of people in material need to assistance to ensure their basic living conditions* is legally constituted (according to article No. 39 of The Slovak Constitution; basic living conditions are defined as a one warm meal per day, necessary clothes and shelter). People in material need are people whose income is lower than *subsistence minimum* (minimum income) and these people are entitled to social assistance in material need (Assistance in material need act).

The philosophy and forms of social assistance in situations of material need, comparable to the Belgian experience under review, have been changing over time:

- *Minimum income benefit as substitution for lacking or inadequate wage/salary*: up to December 2003, this was provided for the whole household consisting of all dependent persons – single people, couples, parents with dependent children. Research took place into the efforts made by people in material need to resolve their unfavourable material situation; the small differences between the rate of minimum wage and rate of minimum income benefit had often been causing low motivation to seek for a job and be active in different labour market, life-long learning or public beneficial schemes.
- *Minimum income benefit + activation = transition from material need to labour market and social inclusion*: since January 2004, persons in material need are entitled only to a basic rate of minimum income benefit to meet their basic living conditions in combination with various contributions: for health care services and housing costs. Depending on their activation to increase their job qualifications, to be better trained for entering the labour



market, or in little municipal works or in volunteering, they can receive an activation benefit – password: “*Any activity is better than no activity*”. If, due to different objective reasons they are unable to resolve their material deprivation, they can receive protective benefit.

Early in 2004, several new acts brought significant reform of the social system in Slovakia, aimed at a meaningful and sustainable reduction in poverty through employment growth and the possibility for all individuals who really want to be employed to find a job (Assistance in material need Act, Employment services Act, Social assistance Act – part concerning compensation for social consequences of severe disabilities). *Some groups* at the highest risk of social exclusion and exclusion from the labour market have been explicitly identified: long-term unemployed persons, young people aged 16-24, families with many dependent children, incomplete families, older people, people with disabilities. For all these people and groups, a *right of access to employment* (if they want, can and seek work) has been guaranteed through preparation of an *individual action plan* to support their employment inclusion and through provision of various employment services. There is no legal basis to prioritise claimants under 24 in access to financial or another support (clients under 24 present currently ‘only’ 17% out of all job seekers). In the framework of the National Action Plan on Social Inclusion (July 2004), people living in segregated Roma communities, immigrants and homeless people have been recognised as people in the highest risk of social exclusion and poverty.

Institutional and organisational framework

Up to December 2003, action to support people in need was divided between two relatively independent institutions, situated in different places with only minimal cooperation:

1. labour offices: public/legal institutions providing unemployment benefit and various provisions/benefits and services focused on employment integration of people outside the labour market.
2. district offices: departments of social affairs – local state administration providing minimum income benefits for unemployed people after receiving unemployment benefit.

Since January/February 2004, the situation has been changing, principally through an institutional reform that came into force in order to combine employment services with the state administration’s activities in the field of



material need benefits and other social services and provide all services in the field of employment together with related social security benefits and other provisions. Minimum income schemes, unemployment benefits and different provisions focused on employment integration became a *unified system of activation policy* focused on people outside employment with lacking or inadequate income and at high risk of social exclusion and isolation. In this policy, there are two public actors:

1. *social insurance agency*: public/legal institution, based on unemployment insurance contributions provides unemployment benefit for entitled persons for not more than six months.
2. *45 offices of labour, social affairs and family*: known as 'OLSAF', specialised local state administration providing minimum income benefits plus activation contribution and specialised employment services, consultancy and other legal provisions for people during the whole time of their registered unemployment period to encourage them to obtain and maintain a suitable job. There is a clear advantage in benefits and services being provided "under a common organisational roof", with cooperation on the contract platform with employers and municipalities to employ/activate registered unemployed persons and with various public and private services providers operating to support them. Supported employment agencies operate alongside these offices, providing guidance, mediation and job involvement mainly for people with disabilities and employers interested in taking them on.

Part 2: Transferability of the Belgian practice into Slovak social policy/measures

From the above, we can see that currently the fundamental philosophy of activation policies in Belgium and in Slovakia has been similar: moving from the passive receipt of social benefits towards activation (social action); integration/inclusion is more than having a job, nevertheless, education and work are a 'gateway' to social integration.

Yet despite these common factors, we can identify some differences concerning organisational arrangements for assistance to people in need. Public responsibilities and administration for people in need (specially young people) are organised at different levels (municipalities and regions) in Belgium, which



can cause insufficient cooperation between them and unequal access to integration programmes for all (contribution of the host country confirms this effect). In Slovakia, since January 2004, public responsibilities are organised 'under a common roof' as a first-level state administration. It is questionable whether any state administration can operate effectively on this type of agenda, even if we consider integrated organisational schemes as an important 'key stone' for effectiveness. Clients of public social services in Slovakia consider such an organisational arrangement to be better than a divided one (confirmed in research, Hanzelova, Kostolna, 2004).

We appreciate as a good practice a broader vision of activation in the OTC's programme (not only preparing for entry into the labour market or sheltered job setting, but also psychological guidance, assistance to develop basic social skills, etc). Those services are provided in Slovakia by PIC (Consultancy and Information Centres) as an organisational part of OLSAFs. Unfortunately, only two such centres are currently working in Slovakia.

Part 3: Some important questions concerning social inclusion policy in Slovakia

- *Need for a wider societal 'contract'*: a new balance of responsibilities and tasks between public stakeholders and individuals; 74% of claimants are involved in the activation programmes: small beneficial works for municipalities, volunteering; temporary nature of activation programmes; less administration/more social work.
- *Education and employment – a gateway to social inclusion*: vocational training and preparing for labour market as the most effective service to obtain a job – for cca 24% of claimants; various grants for basic school-aged children in material need from September 2005 – for a meal, school articles, awarding their school results; stable consumption habits of households in material need regarding care of children related to their compulsory school attendance.
- *Family and friends networks – the 'glue' in the pathway to integration/inclusion*: for seeking a job – 90% of claimants, for overcoming material poverty – almost 1/4 of recipients.
- *Relativity of the statistical data*: changes in system leading to statistics moving in the right direction are often legally based e.g. reduction in the number of young persons under 25 in material need because of a new



system of household income assessment; importance of raising public legal awareness leading to an increase in the rate of persons entitled to public support.

- *Not every person is employable*: almost 80% of material need benefits are provided to long-term unemployed persons, over 20% out of them are unemployed for longer than five years – this ‘hard core’ of unemployed people has been ‘put off’ activation programmes.
- *Flexibility and labour market*: low rate of preference to territorial mobility to obtain a job – only cca 1/4 of current claimants – vs. relatively high acceptance of atypical forms of work (66%); preference to become employee – more than 90%, compared with cca 8% of recipients opting for self-employment.
- *Global impact of transformation*: worsening of situation of the poorest and deeper regional disparities – the most frequent reflection of recipients: 21-29% of them.

(Resource: based on research carried out by Centre for Work and Family Studies, Hanzelova, et all 2005; Gerbery, at all, 2005)

References

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