



Exploratory study: filling in the knowledge gaps and identifying strengths and challenges in the effectiveness of the EU Member States' minimum income schemes

Country Fiche - Slovakia

Written by Daniel Gerbery
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Table of Contents

Summary	1
1 Description of national schemes providing minimum income support	2
1.1 Eligibility	4
1.2 Coverage	6
1.3 Adequacy	8
1.4 Links with other benefits	10
2 Links with labour market activation	10
3 Links to social services and integrated provision of targeted social services	11
4 Governance mechanisms	12
5 Impact of minimum income scheme	12
6 Sources	13
7 Annex.....	15

Summary

Minimum income support in Slovakia is provided through the 'assistance in material need' (AMN) scheme. This non-contributory, means-tested scheme is organised at central state level. However, municipalities also play an important role. They provide one-off benefits and counselling. One-off benefits, funded from the municipality budget, can take the form of cash or an in-kind benefit. Municipalities also organise activation programmes which allow recipients of AMN to cumulate the activation allowance with the basic amount of the material needs benefit.

AMN consists of one main benefit (the material needs benefit) and four allowances: the activation allowance, the protection allowance, the dependent children allowance, and the housing allowance. To be eligible for allowances, claimants must meet various criteria.

To be entitled to AMN, households must have incomes below the subsistence minimum threshold, which varies according to household composition. Provision of the material needs benefit is also conditional on participation in a public works scheme. The total amount of the benefit for a given type of household is reduced by €68.8 for each adult who does not take part in any of the activities defined by the law for at least 32 hours per month. This obligation to work in order to receive the benefit does not apply, for example, to people who are not able to work or who are involved in other types of activity, including for example education (on a daily basis), resocialisation, caring for a disabled person. The list of the exemptions is, however, longer (see relevant section).

The AMN scheme suffers from several weaknesses in terms of coverage. As regards the material needs benefit, its provision is conditional on participation in a public works scheme. There are also problems with access to the housing allowance and the dependent child allowance.

When it comes to adequacy, the AMN scheme provides a very low income – far below the poverty line, and below any acceptable standard of living. The amounts of the basic benefit and allowances were set in the early 2000s as a part of a radical socio-political reform, with the emphasis on activation. The adequacy or otherwise of minimum income protection has not attracted the attention of policy-makers.

Small community work programmes represent the most frequently used activation measure. Activation schemes are organised by the municipalities or self-governing regions. The selection of AMN recipients for activation schemes is carried out by local labour offices. Recipients who claim the activation allowance must be registered at a labour office as job-seekers. The special allowance, which is not formally part of AMN, represents another activation measure. It is aimed at supporting the transition of long-term unemployed people into the labour market. It is granted to those who were long-term unemployed or recipients of AMN and who have found a job.

The overall impact of the minimum income scheme in Slovakia is very limited – both in terms of adequacy and activation. It does not fulfil the main objective of the scheme. When it comes to adequacy, low sums combined with a long-term lack of indexation result into poor support for poor people. In terms of activation, the existing analyses show that it has failed systematically.

The following sections, first, outline the features of the MI support in place; secondly, describe the eligibility criteria and coverage and consider the adequacy of the financial support provided and the links with other benefits; thirdly, examine the extent of integration with labour market measures to help those supported into employment; fourthly, consider the access provided for the people concerned to social services; fifthly, summarise the governance mechanisms in place; and, finally, review the evidence on the impact on reducing poverty and assisting beneficiaries to find work.

An annex outlines the underlying situation in terms of the relative number of people at risk of poverty or social exclusion and the changes that have occurred over recent years, as well as the characteristics of the people concerned – their gender, age, employment status, education level, country of birth and the structure of the households in which they live. As such, it provides the context in which MI support is operating and indicates the groups on which support needs to be targeted.

1 Description of national schemes providing minimum income support

Minimum income support in Slovakia is provided through the 'assistance in material need' (AMN) scheme (*pomoc v hmotnej núdzi*). This non-contributory, means-tested scheme is organised at central state level, with benefits paid by the state administration. The Central Office of Labour, Social Affairs and Family (COLSAF) and its local offices represents the main authority in this area. Social departments in the local offices¹ make decisions regarding the provision of AMN, check the conditions of claimants of the material needs benefit, provide counselling, and run the register of claimants and members of their households.

Before claiming AMN, claimants need to have exercised their rights to other benefits providing basic living support, such as alimony, compensation income for temporary incapacity, sickness insurance, pension insurance, and accident insurance.

Household consists of jointly assessed persons, which are

- (a) the individual
- (b) the spouse
- (c) the spouse and the dependent child in the case of
 - 1. a minor child living with them in the household
 - 2. adult child
- (d) adult parents and dependent children in the case of
 - 1. a minor child living with them in the household
 - 2. adult child
- (e) parents and dependent children under the age of 25 who have no income or have an income of less than half the monthly minimum wage,
- (f) parents and children over the age of 25 who are preparing for a future occupation on a daily basis,
- (g) minor parents who are not children under point (a); e), and dependent children living with them in the household,
- h) natural persons according to letter b) to g), if they are provided with assistance in a crisis life situation and housing
- j) adult natural persons according to letter b) to f) if a rehabilitation program is implemented for them

The AMN scheme consists of one main benefit – the material needs benefit – and four possible supplementary allowances: the activation allowance (*aktivačný príspevok*); the protection allowance (*ochranný príspevok*); the allowance for dependent children

¹ Local offices consist of several departments which deal with social benefits, public employment services, child protection, etc.

(*príspevok pre nezaopatrené dieťa*); and the housing allowance (*príspevok na bývanie*). To be eligible for allowances, claimant must meet various additional criteria.

The *protection allowance* is provided to those who are not able to take part in activation due to their age, health condition, parental duties, or care responsibilities for disabled people: there are three amounts of the allowance, depending on the reason for inability. The *housing allowance* is intended to cover a part of housing costs. The *dependent child allowance* is aimed at supporting the upbringing, education and development of children with regular school attendance.

The *activation allowance* is intended to support the acquisition, maintenance and development of knowledge, skills, practical experience, and working habits. Provision of the activation allowance is conditional on participation in eligible activities, which include: participation in education (in secondary school or university); and preparation for the labour market, such as activation work in the form of small community services for the municipality or for the self-governed region, or in the form of voluntary activities. The activation allowance is also provided to persons with income from dependent activity which does not exceed a minimum wage.

Minimum income levels were set at the beginning of the 2000s as a part of wider social policy reforms in Slovakia. The stated rationale of the new minimum income support system was to reduce dependency on social transfers and to strengthen incentives to look for a job. As result, very low levels of benefit were set, accompanied by several conditional allowances, the levels of which were also low. Arguments for new amounts of the benefits and allowances or detailed calculations were never published.

In 2020, total expenditure on AMN amounted to €114 million (Ministry of Labour, Social Affairs and Family, 2021). Between 2019 and 2020, total expenditure increased by 1.5% due to the increased level of AMN. There have been significant changes over the last five years. In particular, the reform adopted in 2019 has brought several important changes. In 2019, a regular indexation mechanism was introduced. The amounts of assistance in material need are adjusted (increased) on 1 January. Since 2019, two levels of activation allowance are provided with the aim of strengthening incentives to enter the labour market. The upper allowance was increased to €140.8 per month and is granted to people who live in households receiving material needs assistance and who work. The lower level was €70.4 per month for any other eligible person who does not work.² Finally, the April 2019 reform modified the eligibility conditions with regard to household composition and relationships between household members, in order to facilitate access to the assistance.

In 2020, school meal subsidies for all children were cancelled, and were reserved to more strictly defined category of children (see section 3) – with the aim of making more effective use of the public budget through better targeting.

The AMN scheme was partly amended in response to the COVID-19 crisis. Rules for activation allowance were relaxed in response to the barriers to the performance of activities, which represent conditions for activation allowance (for example, activation works). If a member of household receiving assistance in material need could not perform activities³, which are necessary for being entitled to activation allowance, s/he is entitled to protective allowance. In addition, in 2020, a new social transfer – SOS subsidy – was introduced in order to provide support to people who found themselves without an income during the pandemic. The subsidy is intended for those who ceased to perform a job or run a business during the pandemic and found themselves without

² These amounts have been valid in 2021 and the beginning of 2022 (see [Sumy dávky a príspevkov od 01.01.2022 > ÚPSVaR \(gov.sk\)](#)).

³ Barriers include obstacles faced by the organizer of the activities as well as quarantine measures or isolation due to COVID-19.

any income and without entitlement to any other benefits. This type of income support has supplemented the existing minimum income scheme. Minimum income support is also provided at municipal level in the form of one-off benefits and counselling. One-off benefits, funded from the municipality budget, can take the form of cash or an in-kind benefit. They are intended to cover part of the extraordinary expenses of households receiving minimum income support, including extraordinary healthcare expenses, expenditure related to the school attendance of children, or the purchase of necessary household equipment (e.g. beds, table, chairs, refrigerator). Decision on the provision of one-off benefits are the responsibility of the municipality where the claimant has a permanent residence. One-off benefits and AMN are not mutually exclusive – they can be provided at the same time.

1.1 Eligibility

To be entitled to material needs assistance, households' incomes must be below the subsistence minimum (*životné minimum*) threshold, which varies according to household composition. The subsistence minimum used to determine the situation of material need is calculated by attributing notional amounts to each household member:

- the first adult, €218.06 per month;
- every additional adult, €152.12 per month;
- dependent child, €99.56 per month.

Income is defined in net terms after deducting taxes and social contributions. It is not reduced by any basic costs (e.g. rent, interest paid on mortgages and other loans, energy costs and other housing costs). It is measured over the month in which the application is submitted. However, some types of benefits are not taken into account when assessing entitlement to AMN. All income is taken into account with the exception of those listed below:

- 25% of net earnings from employment;
- 50% of net earnings from employment if the special allowance (*osobitný príspevok*) is provided;
- 25% of old-age or early pension (this proportion is increased by 1% for each additional year of pensions insurance above 25 years of pension insurance);
- 25% of maternity benefit (*materské*);
- 25% of invalidity pension, social pension awarded on account of invalidity, orphan's pension, widow's and widower's pension if the widow or widower has reached retirement age;
- child benefit (*prídavok na dieťa*) and supplement to child benefit (*príplatok k prídavku na dieťa*);
- child tax credit (*daňový bonus*);
- one-off state social benefits;
- scholarships;
- income of secondary school pupils and university students studying full-time up to 3-times the amount of subsistence minimum for an adult person;
- financial contributions provided on the basis of participation in projects or programs supporting employment in the labour market in total up to 75% of the amount of the subsistence minimum for one adult natural person;
-

- 25% of the activation allowance for voluntary service (*príspevok na aktivačnú činnosť formou dobrovoľníckej služby*);
- special allowance;
- childcare allowance (*príspevok na starostlivosť o dieťa*);
- subsidies to support humanitarian assistance and subsidies from other authorities to address particularly critical living situations;
- emergency municipality financial aid; and
- earnings of students, not exceeding three times the subsistence minimum in the previous 12 months before the claim.

Real property and movable assets are taken into account in the means test. Recipients of material needs assistance can be asked to sell or rent out properties and assets except:

- the house which they use as a permanent residence, and land which they use for personal purposes;
- movable assets that are part of necessary household equipment;
- a car used for the transport of a disabled person or which has a value lower than 35 times the subsistence minimum (€7,632.6); or
- a car older than 10 years.

The value of assets is based on a self-declaration by the recipient, which is then assessed by the competent authorities.

The assessment of assets is made for all family members sharing the same household. Assets which belong to all members of the household are included in the calculation. Recipients have an obligation to report to COLSAF any changes in their circumstances within eight days.

Furthermore, claimants must be with legal residence or permission to stay in Slovakia. AMN is also provided to those who were granted international protection status and are authorised to stay in the Slovak Republic.

Provision of the material needs benefit is also conditional on participation in a public works scheme. The total amount of monthly benefit for a given type of household is reduced by €68.8 for each adult who does not take part in any of the activities defined by the law for at least 32 hours per month. This obligation to work in order to receive the benefit does not apply to those unable to work or who are involved in other types of activity (e.g. education, and improving their qualifications).

In order to be entitled to the allowances, various additional requirements have to be met. The following categories of AMN recipients have entitlement to the protection allowance at the level of €70.4 per month:

- people who have reached pensionable age;
- people who receive early old-age pension;
- people with disabilities;
- lone parents with a child or children aged up to 31 weeks;
- people who care for a disabled dependent person; and
- people who participate in resocialisation programmes.

Protection allowance at level of €38.8 per month is provided to member of household who:

- has unfavourable health status lasting for more than 30 continuous days, which is established by the relevant attending physician or
- is a pregnant woman from the beginning of the eighth week before the expected date of childbirth designated by a doctor.

Protection allowance at the level of €15.1 per month is provided to the member of household who:

- is a pregnant woman from the start of the fourth month of pregnancy
- is a parent who personally and full-time cares for a child under one year of age.

To be entitled to the housing allowance, recipients must be the owner or tenant of the dwelling. The allowance is also provided to those living in facilities where various forms of services are provided (including older people's homes, social services facilities, and emergency housing facilities).

The activation allowance is provided to people registered at labour offices who:

- take part in education in order to complete lower secondary education;
- increase their qualifications through external forms of study at secondary school or at university;
- take part in activation work in the form of small projects for a municipality or self-governed region on the basis of the Act on Employment Services 5/2004; or
- carry out small municipal work for 64-80 hours per month, based on the agreement between the labour office and municipality or between the labour office and a voluntary work organiser.

Further, activation allowance is also granted to those receiving parental benefit and studying at secondary school or university.

The application form for AMN has to be sent to the local Office of Labour, Social Affairs and Family (*Úrad práce, sociálnych vecí a rodiny – OLSAF*) according to the place of residence of the applicant.

Applicants have a right of appeal. Recipients must report to OLSAF any changes in their circumstances within eight days.

Eligibility criteria were established at the beginning of the millennium, when the AMN scheme was introduced (from 2004). Since then, some criteria have changed, and some added. However, there are no published or officially accessible documents that would indicate how eligibility criteria were chosen.

NGOs that work with people in poverty have repeatedly emphasised that:

- the level of the subsistence minimum, which serves as a benchmark for assessing income, is too low and does not reflect real living costs; and
- the design of the subsistence minimum has remained unchanged for a long time (despite calls for its redesign).

1.2 Coverage

In September 2021, there were 58,718 households receiving AMN in Slovakia (Table 1). Between September 2020 and 2021, the number of recipients fell by 6.2%. In September 2021, AMN was provided to 138,156 people in total, representing 2.3% of the total population in Slovakia. Single-adult households represent the most frequent

type of household benefiting from the AMN scheme. Households composed of two adults and two children are the second most frequent household type.

Table 1. Recipients of AMN and share of total population receiving AMN

	September 2019	September 2020	September 2021
Number of recipients and number of all population on minimum income			
Number of recipients of AMN	61,005	62,654	58,718
Total number of beneficiaries (incl. member of households)	138 002	138,156	125,655
Number of all people relying on AMN as % of total population	2.53	2.53	2.3
Number of recipients – breakdown by type of household			
Single-adult household	33,462	35,388	34,118
One parent plus 1-4 children	7,902	7,826	7,067
One parent plus 5 or more children	300	296	242
Couple without children	5,102	5,093	4,839
Couple plus 1-4 children	11,305	11,339	10,081
Couple plus 5 or more children	2,934	2,712	2,371

Source: Central Office of Labour, Social Affairs and Family, Slovakia.

The AMN scheme suffers from several weaknesses in terms of coverage.

As regards the material needs benefit, its provision is conditional on participation in a public works scheme. However, the limited capacity of municipalities to create such schemes may hamper access by recipients (Value for Money, 2020).

The shortage of activation programmes also affects access to the activation allowance, which for many AMN recipients represents the only way of supplementing the low level of material needs benefit. The allowance is only provided to 1 in 2 AMN recipients (Value for Money, 2020). In addition, the coverage of job-seekers in the AMN system by activation allowance varies substantially across municipalities (Value for Money, 2020).

The dependent child allowance, which is provided within the AMN scheme, is only available to households with children in compulsory education. This means that households with younger children are not eligible. The well-known benefits of investment in early education are ignored under this design.

The coverage of the housing allowance is also limited due to eligibility conditions. The housing allowance is provided to owners or tenants, people living in facilities providing social services on a year-long residential basis, and also households living in an apartment or house based on a right of residence. Claimants must regularly pay housing costs; and in cases where they have arrears, they must declare that they have a repayment schedule. This may represent a problem for households living in marginalised Roma communities (who might not know how to declare the official status of their dwellings and might not be well informed about the application process)

or for households who face problems with household costs and related debts (Škobla et al., 2016).

There are no available statistics, survey data or estimates regarding non-take-up of the material needs benefit and related allowances, with a few exceptions. The take-up rate of the housing allowance is low. In 2020, only 46% of all households receiving AMN received the housing allowance. The dependent child allowance was granted to 90% of children living in households receiving AMN in 2020. There has been no action taken by the government, regions or municipalities to increase take-up.

1.3 Adequacy

The level of AMN is set on the basis of household composition. Households are defined as adults living alone, or adults and children living together as part of the same family (i.e. spouses, dependent children, parents). The amount of AMN that is granted to households is calculated as the difference between the sum of all entitlements within the AMN scheme and income.

As of September 2022, there are six levels of material needs benefit, depending on the composition of household:

- €68.8 per month for a single adult;
- €130.9 per month for a single adult with 1-4 children;
- €119.6 per month for a couple without children;
- €179.0 per month for a couple with 1-4 children;
- €191.2 per month for a single adult with more than 4 children;
- €241.3 per month for a couple with more than 4 children.

As regards the *protection allowance*, there are three amounts, depending on the reason for inability to participate in activation measures:

€70.4 per month for those unable to take part due to age, disability, parental duties or care responsibilities;

€38.7 per month for those with ill-health lasting for more than 30 days;

€15.1 per month for parents caring for children under 1 and pregnant women regularly attending preventive medical examinations.

The *housing allowance* is provided to single-adult households (€59.40 per month) and households with two or more members (€94.8 per month).

The *dependent child allowance* is paid at the level of €19.3 per month.

The *activation allowance* is provided at two levels. An allowance amounting to €140.8 per month is granted to people who live in households receiving AMN and who work who and has earned income of at least the minimum monthly wage. An allowance of €70.4 is provided to others who are eligible but who do not work or take part in the activation measures (who is registered at labour offices and take part in the activation measures or receiving parental benefit and studying at secondary school or university).

An important point is that the total sum of AMN granted to the claimant and their household is calculated as the difference between all entitlements and the disposable income of the household.

The adequacy of the material needs benefit is indicated in Table 2, which takes account only of the basic material needs benefit, without allowances. The reason for this is that receipt of the allowances requires fulfilment of various conditions that may

differ from household to household. On the other hand, child benefit is taken into account (part B in Table 2), as it is a universal social transfer provided to each child, without any conditions.

Table 2. Adequacy of material needs benefit

Type of household	Single adult	Couple with 2 children
A. Monthly amount of material needs benefit	€67.80	€176.40
% of the at-risk-of-poverty threshold for given type of household (threshold for the year 2020)	15.6	19.3
% of the extreme at-risk-of-poverty threshold for given type of household (threshold for the year 2020)	Not available	Not available
% of gross average wage of single earner (in 2020)	5.9	15.6
% of gross minimum wage of single earner (in 2020)	11.7	30.4
B. Material needs benefit plus child benefit (€25.50 per child per month)	Not applicable	€227.40
% of the at-risk-of-poverty threshold for given type of household	Not applicable	24.9
% of the extreme at-risk-of-poverty threshold for given type of household	Not applicable	Not available
% of gross wage of single earner	Not applicable	20.1
% of gross minimum wage of single earner (in 2020)	Not applicable	39.2

Note: Only two types of households are described, because national poverty thresholds are only published for these.

Since 2020, the levels of the assistance in material need have been updated on 1 January each year, taking into account changes in the subsistence minimum that occurred in July of the previous year (on the basis of the index which was used for the adjustment of the subsistence minimum as per 1 July of the previous calendar year – using the lowest coefficient between the growth of net monetary income per capita and the growth of living costs among low-income households).

AMN is paid for as long as the situation of material need lasts. The amount depends on the condition and situation of the household entitled.

Between 2009 and 2019 the level of AMN was not changed at all. As result, it fell far below the poverty line. In the case of single-adult households, the total amount of AMN fell by 22% relative to the poverty line. In the case of a couple with two children, it fell by 23% (Value for Money, 2020).

A review of the expenditure on groups at risk of poverty and social exclusion (Value for Money, 2020), which was carried out by the Ministry of Finance, confirmed a long-standing call by NGOs and experts (Kusá, 2014; Gerbery, 2015; Gerbery and Miklošovič, 2018) for a significant improvement in the adequacy of AMN. It represents the first official (i.e. declared by the ministerial authorities) recognition of the low adequacy of minimum income protection in Slovakia.

1.4 Links with other benefits

Child *benefit* represents an important addition to AMN – it is provided to all households with dependent children, without any additional conditions. Furthermore, other types of incomes are not taken into account when assessing the income of the claimant's household (see Section 1.1).

ALinks with labour market activation

In general, more than half of AMN recipients are registered at labour offices as job-seekers (on average, 60% in 2020). As job-seekers, they benefit from active labour market policy measures, including counselling and help with job-search. However, participation in activation works programmes, which is a precondition for claiming the activation allowance, is the most frequent form of their activation. It represents the main way to supplement the low amount of the material needs benefit.⁴ Activation programmes are organised by municipalities or self-governing regions, but the selection of AMN recipients for participation is carried out by the labour offices. AMN recipients who claim the activation allowance must be registered at labour offices as job-seekers.

Activation work is not carried out based on a standard labour relationship. The participants are not subject to the minimum wage law, and the organisers are not obliged to pay social insurance contributions for them.

Although the aim is to maintain working habits and increase employability, the ability to do so is rather limited. One of the reasons is that there is a lack of focus on upgrading skills – the ability to improve the labour market chances of participants is quite low. (Value for Money, 2020).

An emphasis on activation in the form of the activation allowance⁵ is accompanied by the fact that activation is embedded directly in the heart of the AMN scheme: into the material needs benefit. As mentioned in the previous section, provision of the material needs benefit is conditional upon participation in activation works⁶. Refusal to take part in activation works leads to a reduction in the basic benefit (which is already very low). These two effects strengthen significantly the activation bias of the AMN scheme.

The *special allowance* represents another activation measure. It is aimed at supporting the transition from long-term unemployment to employment. It is granted to those who were long-term unemployed and/or recipients of AMN and who have found a job.

The special allowance is granted for 18 months: €126.14 per month during the first 12 months, €63.07 per month during the next six months. The allowance tops up wages to twice the minimum wage. Of great importance is that this special allowance is now also provided to those living in households relying on assistance in material need (AMN) minimum income. (Previously, entitlement to the special allowance was not compatible with the receipt of assistance in material need by the household.)

According to the spending review carried out by the Value for Money unit at the Ministry of Finance, the special allowance does not reach its goal and has limited effects: as many as 78% of recipients who were long-term unemployed end up back

⁴ In September 2021, 21,791 recipients of the material needs benefit also received the activation allowance. It represented 31.7% of all recipients. In September 2020, the proportion was 37.3%.

⁵ The activation allowance plays an important role, as its amount represents a significant percentage of the material needs benefit.

⁶ A person must work for at least 64 hours per week. If s/he refuses to work for at least 64 hours, he may work for at least 32 hours, which is the condition for benefit in material need. t The condition is not monitored during the two months after the start of receiving assistance in material need.

on the jobseeker register within 18 months from when they started receiving the allowance (Value for Money, 2020).

2 Links to social services and integrated provision of targeted social services

There is a programme that is intended to address the needs of children at risk of poverty or social exclusion. In the early 2000s, as part of the radical welfare state reform, Slovakia introduced state subsidies for school meals for poor children in order to compensate for cuts in family and social benefits. As a result, poor children could benefit from free school lunches. The measure was targeted at children in low-income households (i.e. households receiving AMN protection or with incomes at or below the level of the official subsistence minimum). In addition, it also covered all children in schools where at least 50% of the children were children from households receiving AMN.

From 2019, the coverage of school meal subsidies was significantly extended. From January 2019, the coverage was extended to all children in the preparatory class in preschool facilities (kindergartens) and from September 2019 all children in primary schools were included. The reasoning behind the shift towards more universal provision was that this removes social barriers among children and avoids stigmatising poor children; it also improves children's eating habits, and parents' financial situation.⁷

In July 2020, the new government, formed after the March 2020 general election, announced that near-universal school meal subsidies would be withdrawn and replaced by increased child tax credits, while at the same time maintaining state subsidies for low-income children. The aim was to make more effective use of the public budget, through better targeting. Furthermore, an increase in the level of child tax credits was seen as a step supporting parents' freedom of choice on how to spend their income. These changes were adopted in 2021, including increase in the amount of the subsidy.

Some commentators pointed to the fact that targeting public support at the most vulnerable is a standard social policy solution. However, in the case of school meal subsidies it did not work. In 2018, when low-income households benefited from the subsidies, subsidised school meals were provided on average to 48,518 pupils in primary schools each month (i.e. 11% of all pupils in primary schools, and 49% of primary school pupils at risk of poverty or social exclusion), measured according to the EU definition (Value for Money Unit, 2020). In the case of kindergartens, subsidised meals were provided on average to 5,036 children each month (i.e. 3.1% of all children in kindergartens, and 30% of children in kindergartens who were at risk of poverty or social exclusion). This means that, despite targeting the most vulnerable, there was a gap in the coverage.

Furthermore, replacing school meal subsidies for non-poor households by increased child tax credits broadens the range of choice, but undermines a cohesive social climate, pitting members of the lower-middle classes, who do not receive the subsidies, against the most vulnerable groups in society.

Apart from school meal subsidies, subsidies are provided for school supplies for poor children. It is provided to children who live in households receiving AMN or whose incomes are below the subsistence minimum. In addition, it is also provided to all

⁷ Extension of the coverage resulted in an increased number of children claiming school lunches. According to COLSAF statistics, school meal subsidies were paid for 501,587 children in May 2020, compared with 100,464 children in May 2019. A survey carried out by the Ministry of Education (cited by a Slovak newspaper) showed that after extending the coverage of school meal subsidies, the number of children covered by school lunches increased by one quarter in the first half of the school year 2019/2020. The highest increase was observed among households with three or more children.

children in school classes where at least 50% of children come from households receiving AMN.

In 2020, free-of-charge debt counselling was launched by the state administration – in the form of a national project funded by the EU (Human Resources Operational Programme, priority axes 8, REACT-EU). Up to 2020, debt counselling had been provided mainly by NGOs. Its provision is crucial because debts represent a strong barrier to entering the labour market.⁸ However, the risk is that debt counselling is provided only on the basis of the project, which relies on EU funds. Therefore, steps should be taken in order to ensure its sustainability in the future.

3 Governance mechanisms

Provision of AMN and special allowance is the responsibility of the central government. More concretely, it is COLSAF that is responsible for provision of the benefits and allowances, for registering claimants, making decisions about the fulfilment of eligibility criteria, and checking the living conditions of recipients. COLSAF has a relatively dense network of local offices, with adequate geographical coverage. The responsibility of COLSAF and its offices is not limited to minimum income protection. They are engaged in the provision of other social benefits, public employment services, counselling and psychological services, and the protection of children. Within public employment services, labour offices provide a package of services – from front-line services providing a first point of contact, through job-search support, to counselling and other services, including activation of assistance in material need recipients.

Relying on a centralised design, the delivery arrangements for minimum income benefits are the same across the country. The administration of benefit claims follows general rules defined by the Act on Administrative Procedure. Decisions by authorities can be reviewed by the courts.

Minimum income benefits are paid on a rights basis. There is a set of criteria which are applied strictly. They relate to an assessment of eligibility, decisions on the total amount of benefit, provision of allowances to benefit, and so on. This also holds true for the termination of benefit payments. The Act on Assistance in Material Need lists the conditions under which benefit payments can be stopped.

At municipal level, one-off benefits and counselling are provided. One-off benefits, funded from the municipality budget, can take the form of cash or in-kind benefits.

As stated in the previous sections, a main feature of the AMN scheme is its activation bias. In this context, municipalities play an important role, as they organise activation programmes which represent a dominant form of activation for AMN recipients.

4 Impact of minimum income scheme

The minimum income scheme in Slovakia is a workfare scheme, with a strong emphasis on activation. The emphasis on activation takes two forms. First, it is reflected in the very low levels of the material needs benefit, which serves as a basic benefit for poor people. Second, it takes the form of activation of AMN recipients and adult household members via the activation allowance, and the conditioning of the basic benefit on participation in public works programmes.

The overall impact of the minimum income scheme on Slovakia is very limited – both in terms of adequacy and activation. When it comes to adequacy, low levels combined with a long-term lack of indexation result in inadequate support for those most in need. In terms of activation, the existing analyses show that it has failed systematically (Value for Money, 2020). However, the problems with activation do not

⁸ People in debt often face debt execution or seizure of personal property. If such people want to take a job, they must take into account that they will receive only part of their future earnings.

directly relate to the parameters of activation allowance itself (and thus to parameters of the AMN scheme), but to the process of activation, embedded in the framework of employment services.

As regards the strengths of the scheme, two aspects can be mentioned. First, there are additional programmes for children in need, supporting their eating habits and nutrition via contributions to school lunches, and supporting their participation in education via contributions to school equipment.

AMN has been the subject of several assessments. Most of them are qualitative in nature, focusing on poverty and social exclusion in marginalised Roma communities and on social work, financial management, or participation in activation programmes. The qualitative studies pointed to the fact that AMN does not cover basic living conditions, and that there are difficulties when claiming the housing allowance. Quantitative assessments (Gerbery and Miklošovič, 2018; Value for Money, 2020) confirm its low level of effectiveness. In particular, a spending review of groups at risk of poverty and social exclusion (Value for Money, 2020) was a very important and useful exercise, as it was based on administrative data and a very detailed review of each initiative and the related expenditure. In general, this quantitative assessment confirmed that the AMN scheme needs fundamental reform. The spending review report proposed various alternatives for revising AMN. For example, it proposed increasing AMN to reach the level of the subsistence minimum (while not taking the housing allowance into account), and for the allowance for dependent children to cover all children from birth until completion of compulsory education. The report quantified various alternatives, while insisting that people's motivation to work would not be reduced.

5 Sources

Legal sources

- Act No 417/2013 on Assistance in Material Need

Statistical sources

- DataCube – online database of the Statistical Office of the Slovak Republic (http://datacube.statistics.sk/#!/lang/sk/?utm_source=susr_portalHP&utm_medium=page_database&utm_campaign=DATAcube_portalHP)
- Data on AMN recipients and members of their households, Central Office for Labour, Social Affairs, and Family (www.upsvar.sk)

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Škobla, D., Csomor, G. and Filadelfiová, J. (2016a): Zmeny v systéme pomoci v hmotnej núdzi a prieskum dopadov zmien v poskytovaní príspevku na bývanie v rámci pomoci v hmotnej núdzi (Changes in Assistance in material need scheme and exploration of the effects of changes in housing allowance provision). Bratislava: Inštitút pre výskum práce a rodiny.

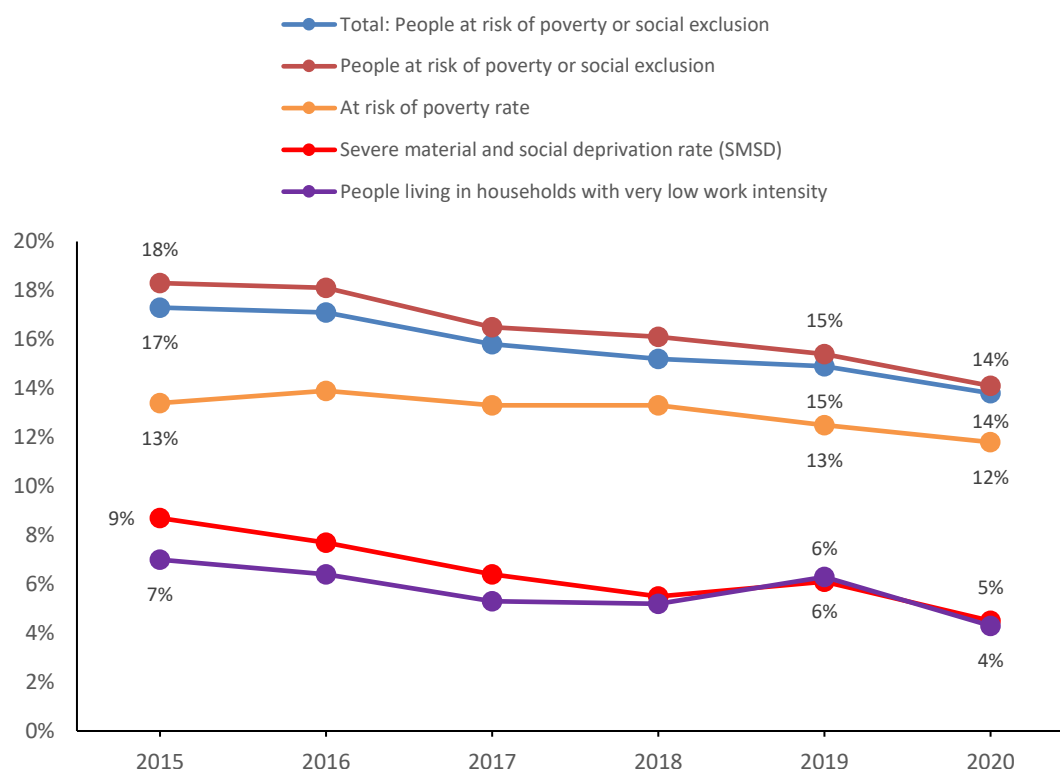
Value for Money (2020): Revízia výdavkov na skupiny ohrozené chudobou a sociálnym vylúčením. Finálna správa (Spending review on groups at risk of poverty and social exclusion. Final report). Ministry of Finance of the Republic of Slovakia.

Interviews

- Interview with expert of the Ministry of Labour, Social Affairs, and Family in the field of minimum income protection
- Interview with expert on marginalised Roma communities and inter-generational transmission of poverty.

6 Annex

Figure 1. AROPE indicator and components, Slovakia, 2015-2020 (%)

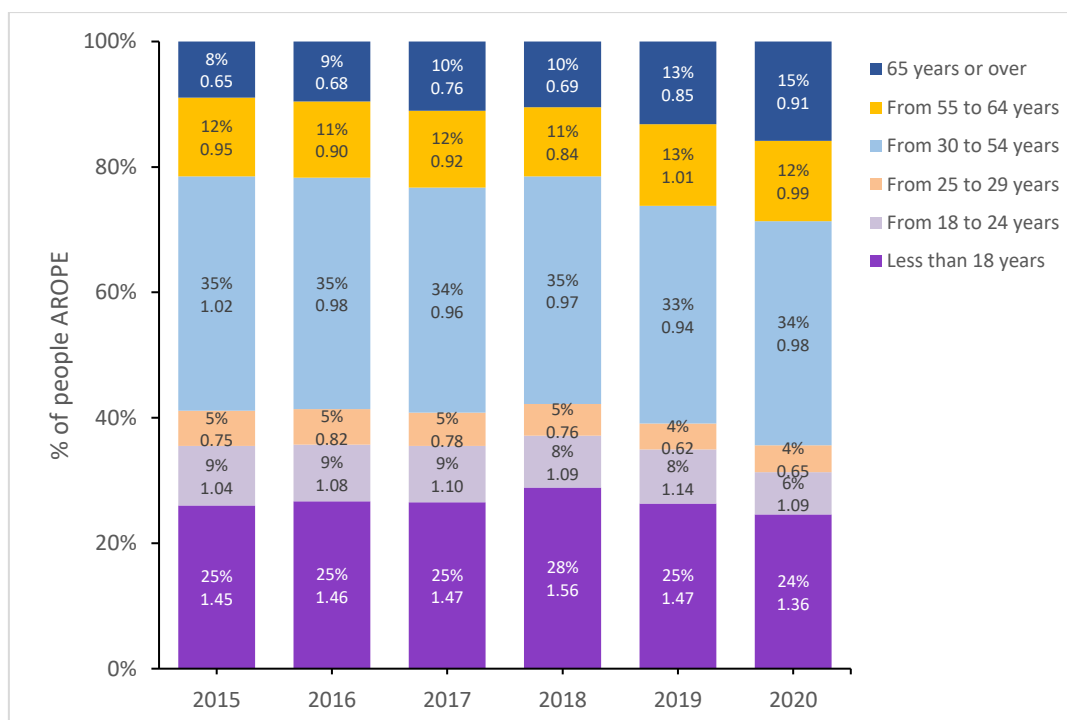


Note: The line for "Total: People at risk of poverty or social exclusion" indicates the trend for overall population, while the other lines show the figures for individuals aged 0-64.

Source: Eurostat EU-SILC indicators [ilc_peps01n], [ilc_li02], [ilc_mdspd11] and [ilc_lvhl11n]. Data downloaded on 14/02/2022.

- In 2020, the share of total population at risk of poverty or social exclusion (AROPE) in Slovakia stood at 13.8%, while that of those aged 0-64 was marginally higher at 14.1%, reflecting the relatively low risk among older people of 65 and over. Over the period 2015-2020, the risk for both those of 65 and over and those under 65 declined, but more for the latter.
- Most of the people at risk of poverty or social exclusion, 11.8 % of those aged 0-64, had household disposable income of below 60% of the median in 2020 (I.e. they were at risk of poverty). The proportion declined over the 2015-2020 period but only slightly.
- Less than a third (32%) of those at risk of poverty or social exclusion were affected by severe material and social deprivation, just 4.5% of those aged 0-64, the latter proportion declining broadly in line with the AROPE rate between 2015 and 2020.
- A smaller share (30%) of those at risk of poverty or social exclusion lived in households with very low work intensity, 4.3% of those aged 0-64, the latter proportion also declining over the 2015-2020 period but by slightly less.

Figure 2. *Division of people aged 0-64 at risk of poverty or social exclusion by age group, Slovakia, 2015-2020 (%)*

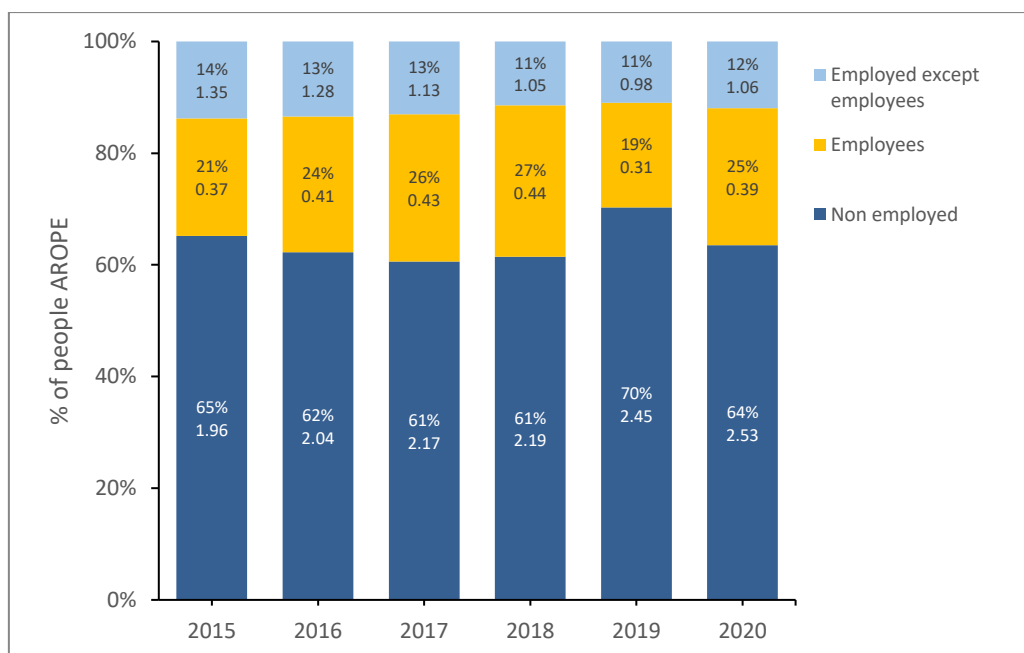


Note: Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.

Source: Eurostat EU-SILC indicators [ilc_peps01n], own calculation. Data downloaded on 14/02/2022.

- Marginally more women than men aged 0-64 were at risk of poverty or social exclusion in 2020, though because there were more men than women in the population of this age group, the relative likelihood of women being at risk was slightly more than the comparative figures suggest.
- As Figure 1 implies, older people aged 65 and over are less likely to be at risk of poverty or social exclusion than those younger. Though the likelihood increased over the last two years of the period 2015-2020, people in this age group made up only 15% of the total at risk in 2020.
- Children under 18 are much more likely to be at risk of poverty or social exclusion than adults, making up almost a quarter (24%) of the total at risk in 2020.
- Young people aged 18-24 are also more likely than average to be at risk, but made up just 6% of the total at risk in 2020.

Figure 3. *Division of people aged 18-64 at risk of poverty or social exclusion by most frequent economic activity status, Slovakia, 2015-2020 (%)*

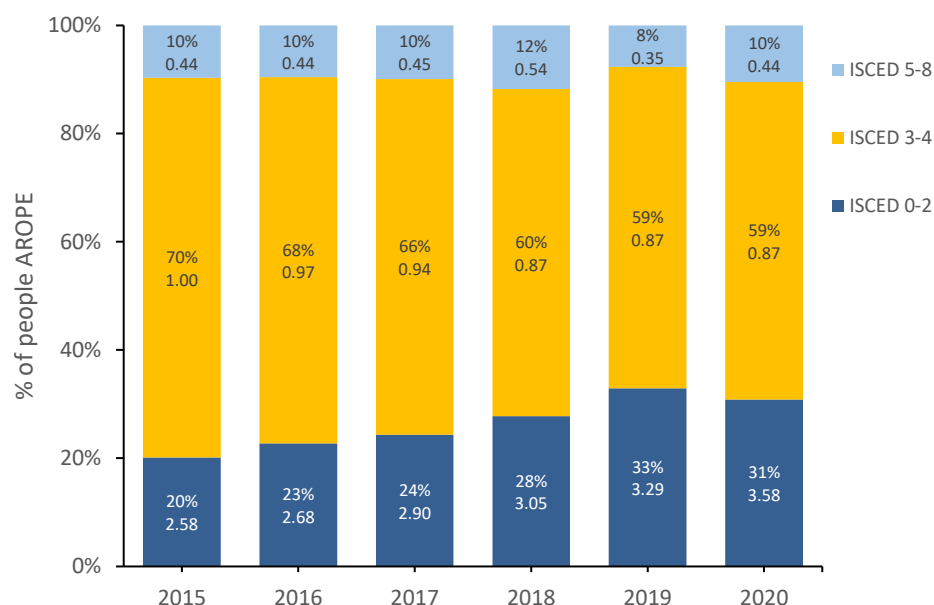


Note: Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.

Source: Eurostat EU-SILC indicators [ilc_peps02n] and [ilc_lvhl02], own calculation. Data downloaded on 14/02/2022.

- People of working age (18-64) are considerably more likely to be at risk of poverty or social exclusion than those in employment, the likelihood increasing over the period 2015-2020 and offsetting the reduction in their numbers. In 2020, they made up 64% of the total at risk.
- Among those in employment, the self-employed and family workers are much more likely to be at risk of poverty or social exclusion than employees, making up 12% of those at risk in 2020.

Figure 4. *Division of people aged 18-64 at risk of poverty or social exclusion by education level, Slovakia, 2015-2020 (%)*

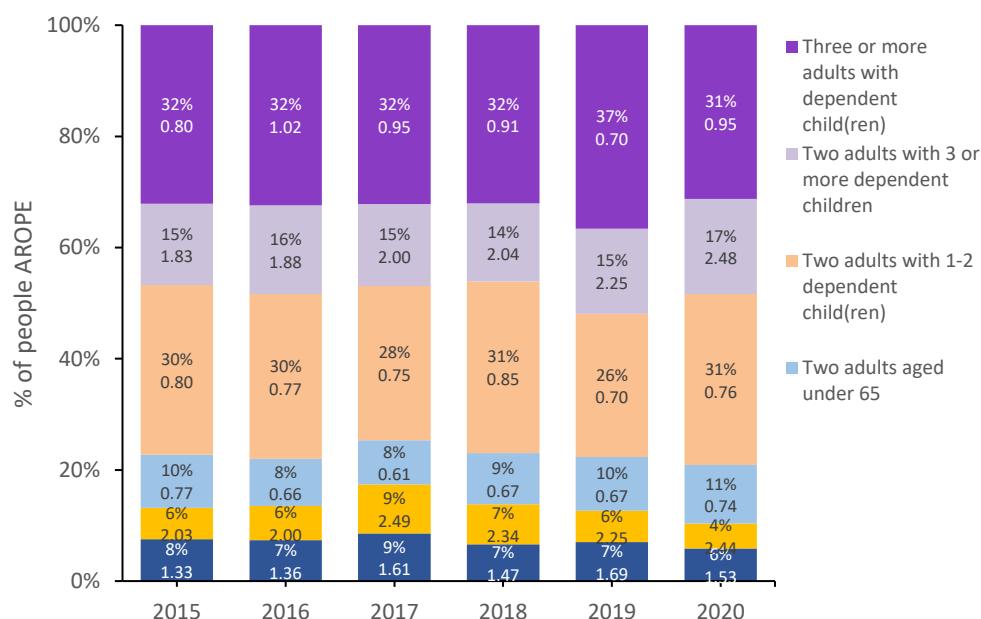


Note: Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.

Source: Eurostat EU-SILC indicators [ilc_peps04n] and [ilc_lvps04], own calculation. Data downloaded on 14/02/2022.

- People aged 18-64 with only basic schooling (ISCED 0-2) are several times more likely to be at risk of poverty or social exclusion than those with higher education levels, the likelihood increasing markedly over the period 2015-2020, at the end of which they made up almost a third (31%) of the total at risk.
- People in this age group with tertiary education, by contrast, are far less likely to be at risk of poverty or social exclusion than others, though they still made up 10% of the total at risk in 2020.
- The large majority (59%) of people aged 18-64 at risk, however, had upper secondary education (ISCED 3 and 4) in 2020.

Figure 5. Division of people at risk of poverty or social exclusion by household type, Slovakia, 2015-2020 (%)



Note: Figures below the percentage figures in the bars show the ratios of the share at risk to the share of the age group in total population, which indicate the relative likelihood of the age group being at risk.

Note that the chart does not include all household types. In particular, it excludes those aged under 65 living in a household with three or more adults without children, who are difficult to distinguish in the published data.

Source: Eurostat EU-SILC indicators [ilc_peps03n] and [ilc_lvps02], own calculation. Data downloaded on 14/02/2022.

- People aged under 65 living alone are much more likely than others to be at risk of poverty or social exclusion. This is even more the case for those living alone with children. The two groups together, however, made up only 10% of the total at risk in 2020.
- Couples with 1-2 children were no more likely than those aged under 65 without children to be at risk of poverty or social exclusion and much less likely than average.
- Couples with 3 or more children, however, were considerably more likely than others, apart from people living alone with children, to be at risk of poverty or social exclusion, in 2020, making up 17% of the total at risk.
- Households with three or more adults and children were no more likely than average to be at risk of poverty or social exclusion but made up almost a third of the total at risk in 2020.

Table 3. *At risk of poverty rate before and after social transfer, excluding old age benefits, for those aged 0-64, Slovakia, 2015-2020*

	Before social transfers, excl. old-age benefits (%)	After social transfers (%)	Effect of social transfers on arpop rate (%-point change)
2015	20.8	13.4	-7.4
2016	20.1	13.9	-6.2
2017	18.8	13.3	-5.5
2018	19.1	13.3	-5.8
2019	20.2	12.5	-7.7
2020	20.1	11.8	-8.3

Source: Eurostat EU-SILC indicators [ilc_li02] and [ilc_li10]. Data downloaded on 14/02/2022.

- Social transfers had the effect of reducing the at-risk-of-poverty (arpop) rate by 10.5 percentage points in 2020, cutting the number at risk by half. This is much the same as in 2019 and slightly more than in each of the preceding 4 years, when the reduction was around 44-46%

Table 4. *At risk of poverty rate and persistent at risk of poverty rate for those aged 18-64, Slovakia, 2015-2020*

	At risk of poverty rate (%)	Persistent at risk of poverty rate (%)	Persistent rate as % of annual rate
2015	11.6	6.8	58.6
2016	12.0	7.3	60.8
2017	11.5	:	:
2018	11.3	:	:
2019	10.7	6.4	59.8
2020	10.3	5.4	52.4

Note: No available persistent at risk of poverty data for 2017 and 2018.

Source: Eurostat EU-SILC indicators [ilc_li02] and [ilc_li21]. Data downloaded on 14/02/2022.

- Just over half (52%) of the people of working age (18-64) at risk of poverty in 2020 were at persistent risk, i.e. they were consistently at risk for a number of years rather than being at risk for only one year, or temporarily. This is smaller than the proportion in 2019, 2016 and 2015, when in each case, the proportion was around 59-61%.

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