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Abstract

Economic crises produce rapid and sizable shifts in the demand for social support. Means-tested cash transfers, such as 'social assistance' programmes and related minimum-income benefits (MIB) typically function as benefits of last-resort, filling some of the support gaps left by other government transfers and are key pillars of strategies to alleviate hardship and prevent long-term damage from episodes spent in poverty. This paper discusses crisis-related challenges for MIB programmes, focussing on support for working-age individuals and their families, and drawing on the experience of OECD countries during the COVID-19 pandemic and the subsequent cost-of-living crisis. It compares MIB provisions before these crises, surveys countries' approaches and reforms in subsequent years, and distils lessons for making MIBs more effective, responsive and crisis ready.

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Weathering the storms? Minimum-income benefits as a crisis response

Summary and key findings

This paper discusses crisis-related challenges for cash minimum-income benefits (MIB), drawing on the experience of OECD countries during the COVID-19 pandemic and the subsequent cost-of-living crisis. It compares MIB provisions for working-age individuals and their families before these crises, surveys countries' approaches and reforms in subsequent years, and distils lessons for making MIB more effective and crisis ready.

Both the pandemic and the cost-of-living crisis produced major risks for households and their livelihoods, and the two crises in close succession translated into a double-blow for some population groups. A range of indicators show that many of the poorest households faced acute economic need, with growing numbers reporting difficulties affording food, shelter or other essentials.

- For instance, in about a third of OECD countries, problems affording "adequate shelter or housing" increased markedly between 2019 and 2024. In Canada, Czechia, Finland, Greece, Hungary, Norway and Sweden, the shares of low-income households with insufficient means for buying food increased by 10 percentage points or more.
- In several countries, recent crises were also accompanied by a steep rise in demands on emergency assistance, such as food banks.

The mechanisms that drove livelihood risks were very different for the two crises, however. In the wake of COVID-19, illnesses, strict lockdowns and disruptions of global value chains produced income and earnings losses. These were large but usually concentrated among specific groups, with the incomes of others remaining broadly stable. Unlike labour-market crises and health shocks, high inflation and volatile prices do not result in sudden – and possibly complete – losses of earned income. But they are felt across the population, affecting all households.

Together, the two crises highlight two fundamental challenges facing MIB policies:

- *To ensure support when and where it is needed,* MIB should respond to changing household circumstances, expanding when urgent support needs intensify, and phasing out as households regain self-sufficiency. When employment and earnings change quickly, timely assessments of household circumstances are required, along with the administrative, technological and budgetary capacity to process large inflows of new claims and beneficiaries.
- *To ensure that support works as intended, and remains adequate and predictable*, MIB entitlements should account for changes in consumption needs among poor households. When prices change quickly, this requires timely adjustments of benefit levels and other nominally defined

amounts in entitlement calculations (such as income or asset limits), either in the form of regular reviews, or through automatic indexation.

Compared to other government transfers, MIBs in OECD countries typically account for relatively minor shares of spending on working-age transfers and on social protection more broadly. MIBs were also not the main channel for emergency support during recent health and cost-of-living crises, with smaller average spending increases (both in absolute and relative terms) than unemployment benefits, short-time working schemes, or untargeted price support. However, tight targeting to the least well-off households means that MIBs have an outsized impact on the incidence and depth of poverty. The accessibility and adequacy of last-resort benefits are key determinants of the effectiveness of government crisis responses. They also shape the balance between targeted and untargeted support in overall crisis response packages and, therefore, their fiscal cost.

Prior to the pandemic, MIB amounts were sometimes difficult to access or much lower than poor households' spending needs.

- Statutory MIB entitlements sometimes covered only a fraction of household spending in the lowest-income groups (e.g., less than 40% in Greece, Hungary, Portugal and Slovak Republic). They represented 20% of median household incomes or less in Canada, Italy, Hungary, Portugal, Slovak Republic and United States. In these and most other OECD countries, MIB recipients would need significant income from other sources to ensure income above commonly used poverty thresholds.
- Although poverty alleviation is a central objective of MIB programmes, only a minority of income-poor "working-age" households received MIB support in some countries. Factors contributing to low coverage rates include low benefit amounts, strict eligibility requirements, and incomplete take-up of entitlements (e.g., due to cumbersome application processes). Prior to the pandemic, countries where jobless people on very low incomes were unlikely to receive MIB include Italy, Korea, Portugal and Spain. By contrast, in Australia, Austria, France, Germany and the United Kingdom, MIB programmes achieved high coverage rates, assisting large shares of households with acute support needs.

Social and labour-market policies have been at the forefront of the battle to preserve incomes and livelihoods during the COVID-19 pandemic. But some groups missed out on key support measures, highlighting the key role of MIB as a backstop to other social protection measures.

- Some countries successfully and quickly scaled up MIB recipient numbers (e.g., Italy, Spain, United Kingdom, United States), often because of policy changes were made or decided already before the pandemic.
- But the difficulties of initiating comprehensive reforms during a major crisis underline the value of maintaining accessible and responsive MIB programmes throughout economic cycles.
- In the absence of broader reforms, countries adapted individual benefit provisions, often on a temporary basis, by increasing benefit levels, relaxing / suspending certain eligibility requirements, removing benefit waiting periods, or streamlining the claiming process.
- Expansions of support for the poorest were often modest or slow, however, e.g., because eligibility criteria did not adjust to the context of an unprecedented pandemic, or because of insufficient administrative capacity to deal with a large influx of benefit claims.
- As support needs escalate in the wake of a major crisis, universal or unconditional emergency benefits (e.g., one-off payments), can be alternatives to fine-tuning targeting provisions or the claiming process, and such measures were common during the initial months of the pandemic. Although ad-hoc support can be implemented quickly, it is typically only weakly targeted, or not at all, making it more expensive than support provided through needs-based MIB.

Shortly after the COVID-19 pandemic, living costs started to climb at an exceptionally fast pace, with inflation in several countries reaching levels not seen in 40 years or longer. Governments once again provided substantial support to workers and households. But it was initially focussed mostly on price subsidies, which tend to be poorly targeted and, therefore, expensive.

Links between prices, household living standards and government support were the defining challenge during the cost-of-living crisis. But they are also relevant outside of major crises, e.g., in the context of carbon pricing and its impact on low-income households. For recipients of government transfers, rising prices can diminish the value of the main income source, hampering households' ability to buy essential items. The resulting livelihood risks are felt most acutely in the case of flat-rate or means-tested assistance benefits, including MIB – and, hence, in countries relying strongly on these types of support.

- Across OECD countries, the real-term value of MIB support packages was often higher in 2024 than in 2019, i.e. prior to the pandemic and cost-of-living crisis. However, the purchasing power of those depending on MIB support fluctuated markedly within and between years, making their economic situation both precarious and unpredictable.
- Prior to the cost-of-living crisis, MIB programmes sometimes lacked regular and systematic price adjustment altogether, leaving benefit recipients highly exposed to the effects of inflation. The cost-of-living crisis has heightened attention to the importance of maintaining social support at adequate levels, though progress and practices remain uneven. Where benefits were linked to prices, the specifics and frequency of such adjustments varied considerably across countries.
- Most countries with automatic indexation in place update MIB values annually. But some adjust parameters more often (e.g. Netherlands, New Zealand), or trigger them whenever a monthly price index has increased by a certain amount (e.g., 2% in Belgium, 5% in Czechia).
- Some countries link MIB provisions specifically to the spending priorities of low-income households, with greater weight on the prices for food, housing and other essentials, than for average income households.
- Linking headline MIB amounts to prices may not be sufficient to prevent an erosion of support levels. MIB entitlement calculations consider many aspects of claimants' economic circumstances and may assess household incomes or assets in relation to thresholds or ceilings that are defined in nominal terms. Unless all of them are adjusted systematically, claimants' entitlements can decline or stop, even when their support needs remain the same or increase.
- Benefit amounts and related rules may require periodic review and tailoring, to meet evolving social and other objectives. Some countries operate multi-stakeholder expert commissions that develop recommendations for social benefit policy. Such bodies can help ensure that MIBs evolve in a transparent manner, and that they remain effective as a central pillar of governments' crisis responses.

1. Introduction

Economic crises produce rapid and sizable shifts in the demand for social support. Social assistance and related minimum-income programmes typically function as benefits of last-resort. Acting as a backstop to "upstream" support measures, such as sickness, disability and unemployment insurance, minimum income benefits (MIB) fill some of the gaps left by other government transfers. As means-tested safety nets, they are a key pillar of strategies to alleviate hardship, to facilitate coping strategies for those facing economic difficulties, and to prevent long-term damage from episodes spent in poverty. Amid high levels of social spending and growing resource needs for defence, the green transition and interest payments, the current

push for reviewing social spending priorities in many OECD countries highlights the crucial role for well-targeted and accessible safety nets.

But safety nets are often difficult to access even when economic conditions are favourable, and MIB programmes may not be designed to respond readily to large and sudden changes in support needs. In countries where other forms of income support are more prominent MIB provisions may not be an immediate priority in governments' crisis response measures.

This paper discusses crisis-related challenges for minimum-income programmes, drawing on the experience of OECD countries during the COVID-19 pandemic and the subsequent cost-of-living crisis. It compares minimum-income provisions before these crises, surveys countries' approaches and reforms in subsequent years, and distils lessons for making minimum-income benefits more effective and more crisis-ready. The paper is part of a series of reports discussing the design and performance of income support measures in the aftermath of the COVID pandemic, including short-time work and unemployment benefits and disability benefits (Dely, Hyee and Prinz, forthcoming[1]).

The remainder of this paper is structured as follows. Section 2 considers support needs in the aftermath of major crises. It summarises recent trends in relative poverty and of the inability to afford essentials and 'make ends meet' and discusses the implications for minimum-income safety nets. Section 3 surveys minimum-income provisions prior to the COVID-19 pandemic, asking whether safety-net benefits were well prepared for a major crisis. The section compares statutory MIB levels to commonly used poverty thresholds, and to consumption-based measures for minimum living standards. It then presents recent empirical results on safety-net support that those with acute support needs actually received. The final two sections survey and discuss countries' MIB provisions, emergency measures and broader reform initiatives during the recent crises. Section 5, on the COVID-19 pandemic, examines the specific challenges for last-resort safety nets during a crisis with unprecedented earnings losses, and in the context of a massive expansion of other social protection measures. It also provides a concise overview of countries' efforts to bolster MIB provisions and make them more responsive. Section 6 sets out the broader implications of cost-of-living crises for social protection systems built to respond chiefly to earnings losses experienced by some population groups, but less so to compensate the burdens from surging prices experienced by everyone. It discusses alternative approaches to cushion cost-of-living shocks for households with acute support needs and shows to what extent real-world policies were able to shield the poorest from a further deterioration in living standards.

2. Support needs in the aftermath of major crises

Minimum-income support seeks to maintain acceptable living standards for the least well-off in society, and to protect them against entrenched livelihood risks. As benefits of last resort, MIB employ means-testing as a central entitlement criterion, and act as a backstop to other social protection measures, including unemployment and incapacity benefits. They typically provide targeted support irrespective of past employment, and regardless of the events that led to low household income.

International crises, inequality trends and recent labour-market trends are reinforcing attention to MIB in policy and research communities. The Future of Work debate has highlighted that some support provisions have not been well prepared for the emergence of new forms of work, or the faster pace of job reallocation due to adoption of new production technologies. For instance, in a majority of OECD countries, less than one third of jobseekers received unemployment benefits prior to the COVID-19 crisis (OECD, 2018[2]). In contributory support systems, support gaps can be concentrated among disadvantaged groups, such as non-standard workers. Such gaps represent not only an inequitable, and possibly regressive, treatment of workers based on their employment status and earnings capacity, but they can also challenge the political and financial sustainability of social protection provisions (OECD, 2019[3]).

Minimum income benefits in times of crises

A primary purpose of MIB and other social policies is to help individuals and families cope with the consequences of economic shocks and crises, and to prevent temporary economic problems from turning into long-term disadvantage. Economic shocks have multiple causes which social policies cannot prevent. They can, however, strengthen families' ability to adapt and respond to economic difficulties when they do occur. Income transfers and public services can prevent cyclical or temporary downturns from turning into protracted social crises.

Economic hardship has tangible impacts on well-being and, when they can, households actively adapt to these adverse circumstances. Some types of responses, such as drawing down savings or reducing non-essential consumption, limit negative long-term effects of reduced income or purchasing power. But severe, or long-lasting economic hardship can overwhelm families' capacity to adapt. Unless there is sufficient public support, they may be forced to cut down on essential consumption, such as food, shelter, and health care. They may also have to curtail investing in their future well-being by, for example, interrupting or cutting short education or training, or by foregoing opportunities for active participation in society. Poor households with little savings are more likely to have to resort to coping strategies that are damaging in the long term (OECD, 2014[4]).

Each major economic crisis is different, affecting different groups of people, and testing social protection systems in specific ways. For several decades prior to 2022, rising price levels were not a primary focus of social protection debates or reforms in OECD countries. Instead, a central objective of benefit programmes, including MIB, was to alleviate employment and income shocks, such as those triggered by the global financial crisis and the COVID-19 pandemic (OECD, 2020[5]; Denk and Königs, 2022[6]; OECD, 2014[4]). Unlike labour-market crises and health shocks, soaring prices do not result in the sudden and possibly complete loss of earned income, but their impact is felt widely and affects all households (OECD, 2022[7]; Causa et al., 2022[8]; Sologon et al., 2022[9]). With losses spread across the population, targeting support becomes more difficult. But it can be critical, notably for keeping budgetary costs manageable (Hemmerlé et al., 2023[10]). To be effective, crisis support should be timely and focused on those facing the biggest challenges.

In the turbulent years of the COVID and cost-of-living crises, other support measures, including job retention schemes, unemployment benefits, sick pay and help with energy bills were the "first line of defence" in most countries, and they also accounted for the bulk of government spending increases. The performance of last-resort benefits is consequential, however, for the most disadvantaged (including those who depended on MIB already prior to the crises), and for those falling through the cracks of upstream support measures. Empirical results suggest that some of the most disadvantaged groups of society suffered a double-blow to their livelihoods from the COVID and cost-of-living crises (OECD, 2022[11]). The specific context of two major crises in close succession further highlight the significance of targeted support that does not leave these groups behind.

Acute economic need during recent crises: How common?

Lockdowns and social distancing provisions led to – often unprecedented – employment and earnings losses during the first wave of COVID infections in 2020, e.g., with total hours worked initially falling ten times more than during the first months of the 2008 financial crisis. Yet, large reductions in hours and earnings were fairly concentrated among specific groups, while incomes of others was less affected or remained unchanged.[1] Relative and official poverty rates tended to increase initially but then declined and

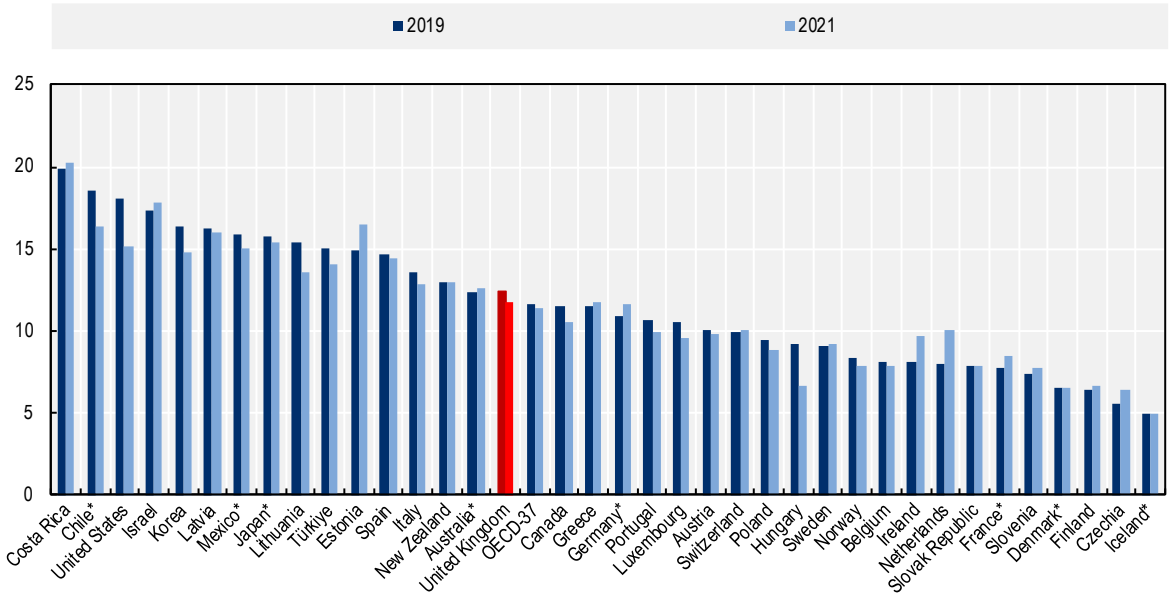
[1] Hard-hit sectors included tourism, hospitality and other face-to-face services, with above-average losses for low-income and non-standard workers, migrants, ethnic minorities and youth. High-income and high-skilled workers were

sometimes even fell below pre-COVID levels (Raitano et al., 2021[12]; Adermon et al., 2023[13]; Han, Meyer and Sullivan, 2020[14]; Menta, 2021[15]; Filauro and Parolin, 2025[16]). During the different phases of the pandemic, movements in the numbers of households facing acute economic need reflect lockdown schedules and intensities, the knock-on effects from disrupted global value chains, and countries' emergency support measures. In fact, notable increases of headcounts of relative poverty during the COVID pandemic were limited to a fairly small group of countries, including Czechia, Estonia, Ireland, Netherlands (Figure 1). In a few others, relative poverty headcounts fell (e.g., Canada, Chile, Lithuania, United States). The OECD average remained practically unchanged, at around 12%. One reason is that old-age pensions shielded large sections of the population from earnings losses, while job retention schemes, sickness benefits and unemployment payments softened the impact of the crisis on working-age families (Dely, Hyee and Prinz, forthcoming[1]), as did ad-hoc support measures, such as one-time payments, that were universal or benefited large sections of the population.

However, commonly used relative poverty measures are a blunt indicator of crisis support needs among the poorest. First, poverty statistics are released with significant delay. For some countries, available series stop in 2022 and, at the time of writing, did not capture the aftermath of recent cost-of-living crises. Second, relative poverty lines can be difficult to interpret in times of rapid economic change, because the poverty line, which is expressed as a percentage of incomes in middle-class households, also moves. Even if those at the bottom of the income ladder suffered significant losses during the COVID lockdowns, measured poverty might not increase when the average income – and thus the poverty line – falls as well, as often happens during a recession. Finally, MIB entitlements – and the family incomes of MIB recipients – are typically much lower than commonly used poverty lines (see Section 3). Available relative poverty headcounts relate to a wider group, including significant shares of households with incomes closer to the poverty line. Trends in these overall headcounts are therefore not necessarily informative about the numbers of the lowest-income people potentially seeking, or relying on, MIB support.

Figure 1. Relative income poverty often declined during the initial phase of the COVID pandemic

Share of total population with disposable income below 50% of the national median



more likely to be able to transition to telework (OECD, 2021[95]) (OECD, 2020[94]). Old-age pensioners and other benefit recipients did not face the same economic risks as workers and could rely on comparatively stable incomes.

Note: Australia: 2018 data instead of 2019, 2020 data instead of 2021; Chile: 2020 data instead of 2019, 2022 data instead of 2021; Denmark: only 2019 data available; France: 2020 data instead of 2019; Germany: 2020 data instead of 2021; Iceland: only data for 2017 available; Japan: 2018 data instead of 2019.
Source: OECD Income Distribution Database (IDD), https://www.oecd.org/social/income-distribution-database.htm.

Households' reported problems in making ends meet provide a valuable additional perspective on acute economic hardship during crises:

- Data from a representative sample of 27 000 respondents across the OECD area indicate that growing numbers of families recently faced severe financial distress, with nearly half (47%) reporting in 2022 that they were somewhat or very concerned about their ability to pay for food, housing, energy, and servicing debt, and with parents and respondents in lower-income households especially worried (OECD, 2023[17]).
- Another source of internationally comparable data, the Gallup World Poll, also includes questions on whether respondents feel that they have enough money to "afford food that you or your family need". Responses confirm that rising numbers of families in OECD countries may have less money to spend on a healthy diet than before the pandemic (Figure 2, Panel A). Growing affordability problems are especially notable during the cost-of-living crisis. By 2024, the shares of low-income households who did not have enough money for food increased by 10 percentage points or more in Canada, Czechia, Finland, Greece, Hungary, Norway and Sweden.
- Data on people's reliance on in-kind emergency assistance can also indicate gaps in income safety nets. In several countries with available data, recent crises were accompanied by a steep rise in demands on food banks during different stages of the pandemic, and the subsequent cost-of-living crisis (see Box 1).

Next to an adequate and healthy diet, housing affordability and stability are also key for households' ability to withstand temporary economic difficulties. In 2022 and, on average across OECD countries, almost a third of the population spent more than 40% of their income on housing (mortgage payments, rents, structural insurance, mandatory charges, regular maintenance, taxes and utilities), according to the OECD's Affordable Housing Database.2 The same data source also shows housing cost overburden rates to be heavily concentrated among low-income households. As prices for energy and other housing-related costs were major contributors to soaring inflation after 2021, meeting housing expenses became a growing challenge for many. Gallup data show that, in about a third of OECD countries, shares of low-income respondents with insufficient funds for "adequate shelter or housing" increased markedly between 2021 and 2024, notably in Canada, Czechia, France, Latvia, New Zealand, Slovenia (Figure 2, Panel B). In several other countries, housing affordability problems appear to have eased, however (e.g., Austria, Korea, Lithuania, Slovak Republic, Spain, Türkiye, United States). The very uneven evolution reflects not only price and earnings trends but also major differences in countries' housing markets and crisis-support policies, including the scope and trajectory of cash housing benefits and other public policies to keep housing affordable, see (OECD, 2023[18]) and OECD Affordable Housing Database (http://oe.cd/ahd).

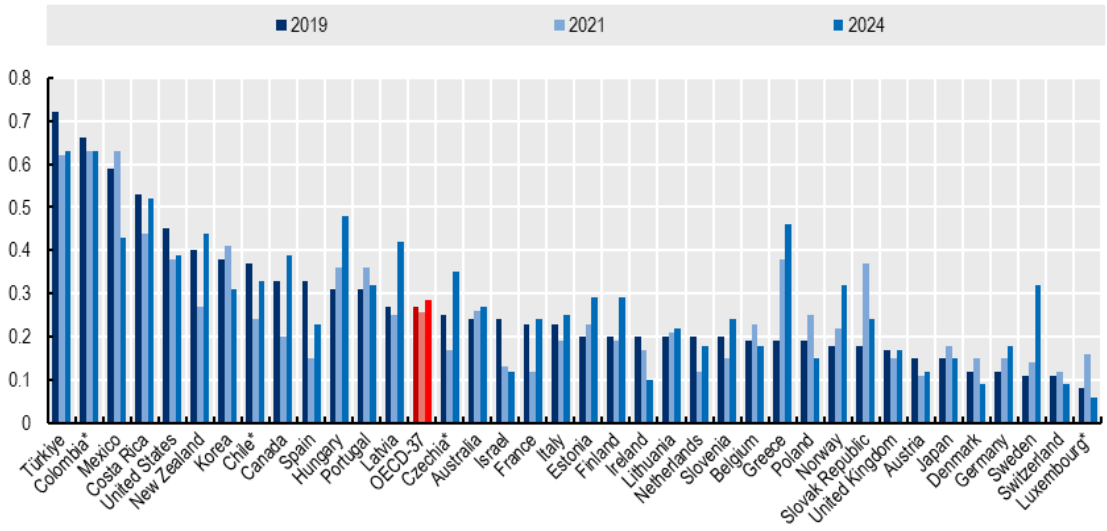
A broad range of policy levers shape the affordability of adequate shelter, food and other essentials, and successful approaches can require a carefully balanced mix of prevention, services, and regulatory measures (see, e.g., the policy repository in the OECD Affordable Housing Database (footnote 2). As part of broader support packages, cash transfers have a crucial role in alleviating situations of acute need, providing recipients with a degree of flexibility and autonomy as they navigate a typically complex web of economic difficulties and constraints. For instance, people's responses to "can you make ends meet" questions suggest that they often face affordability problems for two or more necessities at the same time (Figure 2, Panel C).

[2] http://oe.cd/ahd.

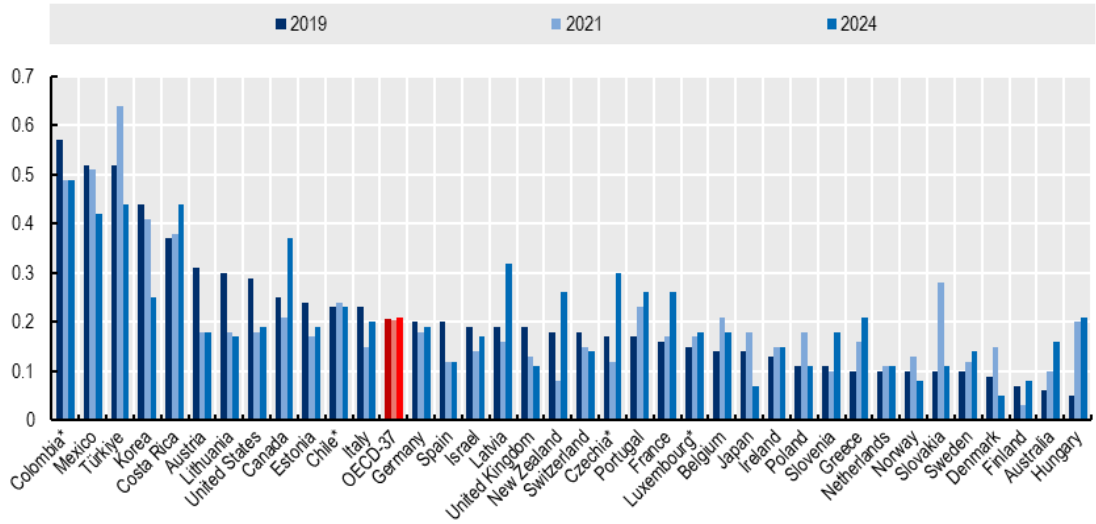
Figure 2. Affordability of essentials during the COVID-19 and cost-of-living crises

Low-income households (bottom 20%)

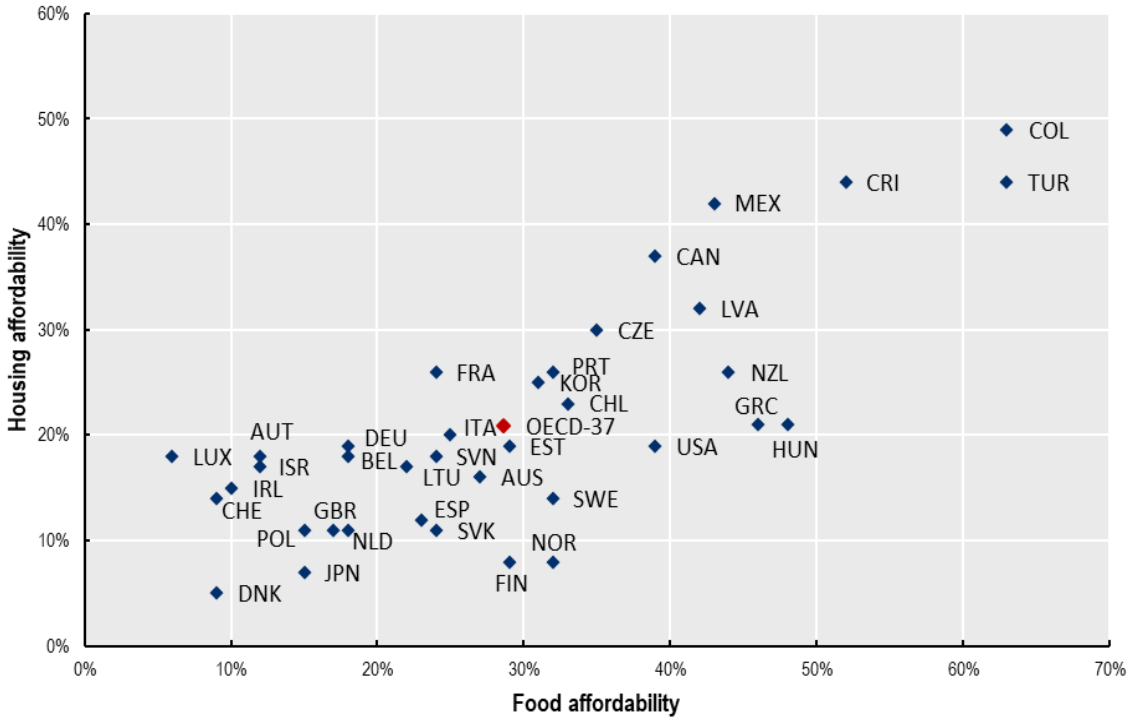
Panel A. Problems affording food



Panel B. Problems affording adequate housing



Panel C. Broader problems affording essentials (food and housing), 2024



Note: Share of "yes" responses, in the bottom income quintile, to the questions "Have there been times in the past 12 months when you did not have enough money to buy food that you or your family needed?" (Panel A, plus Panel C horizonal axis), "… did not have enough money to provide adequate shelter or housing for you and your family?" (Panel B, plus Panel C vertical axis). In panels A and B, data for Colombia, Luxembourg, Chile refer to 2023 instead of 2024. Data for Luxembourg refer to 2022 instead of 2021, and data for Czechia refer to 2020 instead of 2019. The OECD Affordable Housing Database provides alternative / additional indicators of housing affordability: http://oe.cd/ahd.
Source: Gallup World Poll, www.gallup.com/strategicconsulting/en-us/worldpoll.aspx.

Box 1. Food banks as a safety-net provision: Experience and challenges

Already well before the pandemic, many countries in the OECD and globally have seen direct food provision become a more important, and more common, form of poverty alleviation (Lambie-Mumford and Silvasti, 2020[19]; European Food Banks Federation, 2020[20]). During lock-down periods, some of the expected and actual increase in demand for food assistance was driven by extended closures of schools and childcare facilities, depriving children from low-income families of free or subsidised school meals that were available previously (OECD, 2023[21]; Guio, 2023[22]). Partly to offset a suspension of schools meals, various countries have extended in-kind support measures either directly, for example by supplementing existing food assistance programmes (e.g., the United States Pandemic Electronic Benefit Transfer, P-EBT), through meal voucher schemes (e.g. United Kingdom, Spain), or indirectly by supporting food aid associations (e.g. France) (ILO and OECD, 2020[23]; Food Research and Action Center, 2023[24]).

Data from the European Food Bank Federation show that the amount of food distributed often surged in 2020, exceeding 2019 levels by more than 60% on average across 10 countries (Capodistrias et al., 2022[25]). Related data obtained from Food Banks Canada point to an increase of a similar order of magnitude during the first year of the pandemic, e.g. a 50% surge in the number of visits between May 2020-21. That increase in Canada continued in subsequent years and throughout the cost-of-living

crisis, and the latest available data point (June 2024) indicates an almost 3-fold increase in the number of visits compared to the same period of 2020 (Food Banks Canada, 2024[26]). In the United States, at the onset of the pandemic, Feeding America projected an increase of 46% in the number of families facing food insecurity but a 60% decline in the volunteering workforce at food banks (Denk and Königs, 2022[6]), illustrating that major hurdles in scaling up support quickly are not limited to MIB programmes but can inhibit crisis responses by food banks too (Esmaeilidouki et al., 2023[27]; Warshawsky, 2022[28]).

Food banks, operated by governments, non-profit or for-profit organisations, typically redistribute food to households through beneficiary charities. From the perspective of households in acute economic need, charity-based in-kind provisions can complement income transfers, easing affordability challenges and any gaps left by MIB programmes. They can therefore provide much-needed lifelines for aid recipients, especially during major crises. From a broader social protection perspective, however, a 'normalisation' of food banks as a poverty alleviation strategy, potentially replaces rights-based support with discretionary assistance, which can be problematic (Hermans, Cantillon and Marchal, 2024[29]; Beck and Gwilym, 2022[30]). There is in fact a lack of good evidence that existing food banks systematically reduce overall food insecurity (Bazerghi, McKay and Dunn, 2016[31]; Oldroyd et al., 2022[32]).

3. Crisis ready? Safety-net policies before 2020

Income-support strategies and policy setups differ significantly across countries. This reflects policy institutions and traditions, but also different reform priorities, and specific choices in balancing the various objectives of social protection – such as risk sharing, income smoothing over time, inequality reduction and poverty alleviation. Workers in many OECD countries earn entitlements to first-tier earnings-replacement benefits through social contributions while some groups, e.g., families with children or retirees, receive support regardless of income or past employment (universal benefits). In addition, households with limited resources may have access to means-tested MIB.

The relative importance of the *insurance* and the *assistance* functions in a country's social protection system shapes the circumstances of households seeking support (Hyee et al., 2024[33]). Where insurance-based programmes provide significant income support for many low-income households (e.g. Belgium, Spain), MIB are likely to be narrowly targeted to comparatively small numbers of disadvantaged households (such as long-term unemployed, including those who do not qualify for unemployment insurance benefits in the first place).

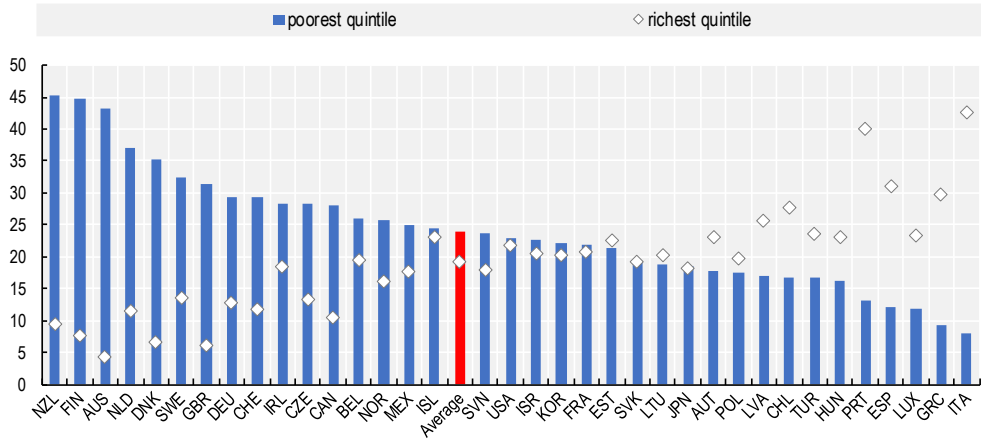
In countries where insurance benefits play less of a role, MIB can be expected to reach a much larger share of out-of-work individuals, including also short-term unemployed with comparatively good re-employment prospects. Indeed, some countries rely strongly on means-tested benefits for working-age support. With tightly income-targeted transfers in New Zealand and Australia, households with income in the bottom 20% received well above 40% of total working-age transfers, while less than 10% went to the top quintile (Figure 3). The share of cash transfers going to low-income families was also high in Ireland, the United Kingdom, as well as in Nordic countries and in some parts of continental Europe. In other countries, low-income households received much smaller shares of the total amount of transfers that went to working-age people. In fact, in several OECD countries, transfer spending for the top quintile was *higher* than in the bottom quintile group. In Italy, as much as 43% of all working age benefits went to the top 20%, and only 8% to the bottom income quintile. Incomplete coverage is one reason for low shares of support going to low-income groups in southern European countries. In addition, not all social transfers are primarily designed to redistribute from rich to poor. Significant benefit receipt among higher-income groups reflects entitlements to earnings-related transfers that redistribute little or not at all (including early retirement benefits, see figure notes), and that require contribution histories that low-income groups often

do not have (Immervoll and Richardson, 2011[34]; Immervoll and Richardson, 2011[35]; Causa and Hermansen, 2020[36]; Hyee et al., 2024[33]).

For several countries, Figure 3 points to remarkably similar shares of benefit payments going to low-income and high-income groups (e.g. Estonia, France, Iceland, Israel, Japan, Korea, Lithuania, Slovak Republic, United States). These countries use "layered" systems that combine insurance-based out-of-work benefits, with MIB as lower-level safety nets, and sometimes with universal support for families with children.

Figure 3. Benefit coverage can be patchy, and support is not always targeted to the poor

Share of total cash transfers received by working-age individuals in low and high-income households, pre-COVID (at or before 2019)



Note: All individuals living in working-age households, defined here as those headed by somebody aged 64 or below. In some countries, transfers therefore include significant amounts early retirement benefits paid to under-65s, and equivalent transfers that can act as de-facto early-retirement benefits for some groups, such as long-term unemployment or incapacity benefits. Income quintiles (bottom 20% and top 20% of the income distribution) refer to income before benefit payments and taxes.
Source: Calculations based on the OECD Income Distribution Database, adapted from (OECD, 2012[37]) and (OECD, 2017[38]).

Statutory entitlement rules and benefit levels

As non-contributory transfers, safety-net benefits are not linked to past employment records or contribution histories. MIB are means-tested and received by households with no other income sources. But they can also top up incomes of workers and recipients of other benefits, and they sometimes provide (reduced) support to non-poor families. Examples are non-contributory cash transfers that cover specific expenses (notably means-tested housing benefits), or that are intended for specific groups (low-paid workers, lone parents, the sick or disabled, jobseekers with no or patchy past employment, pensioners). The overall support package that is available to low-income groups can therefore include transfers from numerous programmes, often with different purposes, legal rules and claiming procedures. MIB programmes also differ markedly in terms of structure, administration, and delivery of income support (Gough et al., 1997[39]; Whiteford and Bradshaw, 2025[40]).

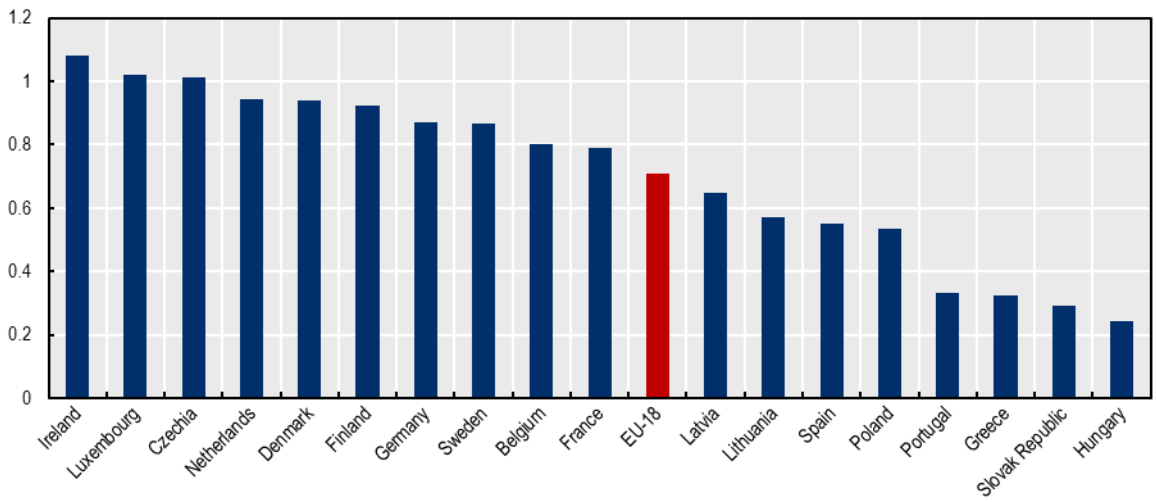
The statutory rules determining claimants' entitlements are complex and may involve provisions in several different programmes. To summarise these rules from the point of view of support claimants, it has become common practice to compare MIB across countries by calculating statutory MIB entitlements for specific "model families". International comparisons often rely on the OECD tax-benefit model, which is based on policy information provided by country officials, or on similar calculation tools that are available for specific

countries or for the EU (Gough et al., 1997[39]; Immervoll, 2012[41]; Marchal and Marx, 2024[42]; Whiteford and Bradshaw, 2025[40]).[3]

When assessing the "adequacy" of resulting benefit entitlements, they can be related to specific income or expenditure standards, using a variety of methods.[4] "Reference budgets" are based on baskets of goods and services that seek to represent an acceptable standard of living for specific low-income households (subject to characteristics such as housing situation, place of residence, number of children). They can be determined using spending data or tailored surveys, and essentially define targets for adequate consumption. Some countries in fact set benefit levels in relation to such reference budgets (see Section 5). Using spending data for low-income households in selected EU countries, Figure 4 shows that, in about half the countries, statutory benefit levels are fairly close to the total amounts spent by low-income households. But in some countries, they are well below (Greece, Hungary, Portugal, Slovak Republic), indicating that, at current benefit levels, MIB and related benefits of last resort may not be able to alleviate livelihood risks.

Figure 4. Benefit levels are sometimes a fraction of households' spending needs

Minimum-income benefit entitlements, in % of household spending for poorest 10%, single-person household, 2019



Note: Selected European Union countries. Equivalent results for families with children are available from the authors. Spending levels are equivalised total spending for poorest 10%, using 2015 household budget surveys, uprated to 2019 levels using change in consumer price index. For calculation of benefit levels, see Figure 5.
Source: OECD Tax-benefit models (http://oe.cd/TaxBEN), EU-HBS (Household Budget Survey).

Poverty avoidance or alleviation are primary objectives of MIB. For international comparisons, it can therefore be useful to express benefit levels relative to commonly used poverty thresholds. In Figure 5, entitlements are expressed in percent of median income, which allows comparing benefit levels to commonly used relative poverty thresholds, such as 50% or 60% of median incomes. Panel A shows 2019

[3] http://oe.cd/TaxBEN; https://www.oecd.org/en/data/tools/oecd-calculator-of-taxes-and-benefits.html.

[4] For instance, the 2023 EU Council Recommendation on minimum income calls for MIB to reach levels at or above "(a) the national-at-risk-of poverty threshold; or (b) the monetary value of necessary goods and services, including adequate nutrition, housing, healthcare and essential services, according to the national definitions; or (c) other levels comparable to the levels referred to in point (a) or (b), established by national law or practice" (Council of the European Union, 2023[81]).

benefit levels for a workless one-person household, who is not entitled to unemployment benefits. Panels B and C show equivalent results for families with two children. In a large majority of OECD countries, the value of the entire package of benefits of last resort are significantly lower than these thresholds, and the implied poverty gaps for MIB recipients can be very large. Entitlements for single-person households represented 20% of median incomes or less in Canada, Italy, Hungary, Portugal, Slovak Republic and United States. In most OECD countries, significant income from other sources is needed to ensure income above commonly used relative poverty thresholds (e.g., 50% of median income). Comparing across different family types shows that net incomes of MIB recipients in families with children (Panels B and C) tend to be somewhat higher than for single persons (Panel A).

In a number of countries, cash housing benefits represent a large part of the total MIB package, and benefit entitlements can therefore vary substantially, depending on housing costs, size, and tenure. The calculations here assume privately rented accommodation and are based on a simple assumption concerning rental expenditures: 20% of the average gross wage of a full-time worker.[5] For many benefit recipients, entitlements to housing benefits may be lower, e.g. somewhere in the range indicated by the dark-blue bar in Figure 5, and social assistance would be a larger part of the package (including, e.g., in Poland, where entitlements to social assistance in Panel A are shown as zero, as housing benefits are included in the means test for social assistance). A few countries do not operate cash housing benefit programmes that are separate from the main social assistance / MIB programme (Belgium, Canada, Greece, Hungary, Israel, Italy, Portugal, Spain, United States).[6] In principle, social assistance entitlements in these cases may be designed to cover “reasonable” housing costs along with other expenditures. However, except for Belgium, Figure 5 shows that countries without cash housing benefits have overall benefit packages well below the country average (though other housing support measures, in the form of in-kind benefits, may be available, see figure note and http://oe.cd/ahd).

Those without other incomes can be entitled to the full amount of MIB indicated in Figure 5. But others. Indeed, concerns about weak work incentives have led many countries to employ gradual benefit phase-outs and even those with non-benefit incomes above the maximum benefit amounts therefore still receive income top-ups in most countries. Other work reports the approximate MIB entitlements of low-paid workers (Hyee et al., 2024[33]), and the earnings levels, where MIBs are fully phased out (Immervoll, 2012[41]).

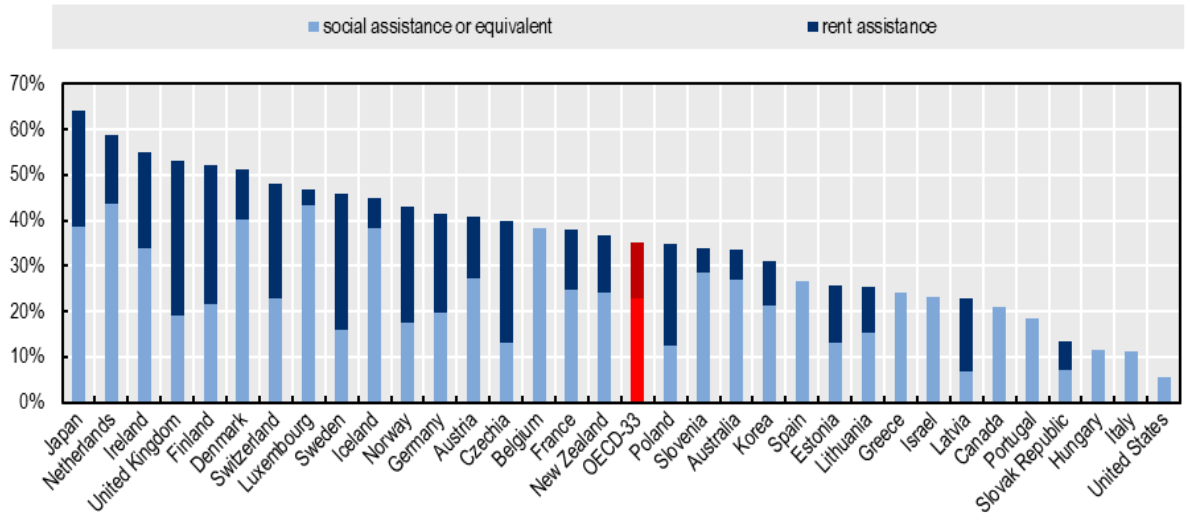
[5] The assumption of 20% of the average private-sector full-time wage (AW) is an attempt to capture differences between countries that operate explicit “reasonable rent” ceilings and those that do not (or where there is a large discretionary element involved in making such decisions). To show this, it is necessary to choose a rent level that is sufficiently high so that relevant limits become applicable. In any case, where they exist, the operation of such ceilings mean that benefits are capped at a rent level that can be well below 20% of AW.

[6] In the United States, housing costs slightly reduce reckonable income in the SNAP (“Food Stamp”) programme in some states.

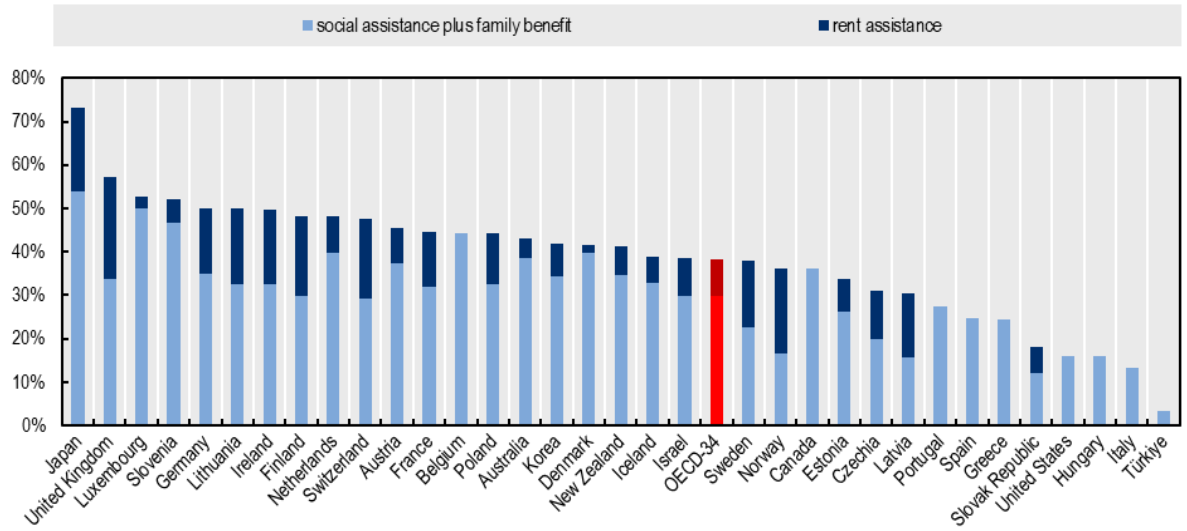
Figure 5. Benefit levels are typically well below commonly used poverty thresholds

2019, % of median household income

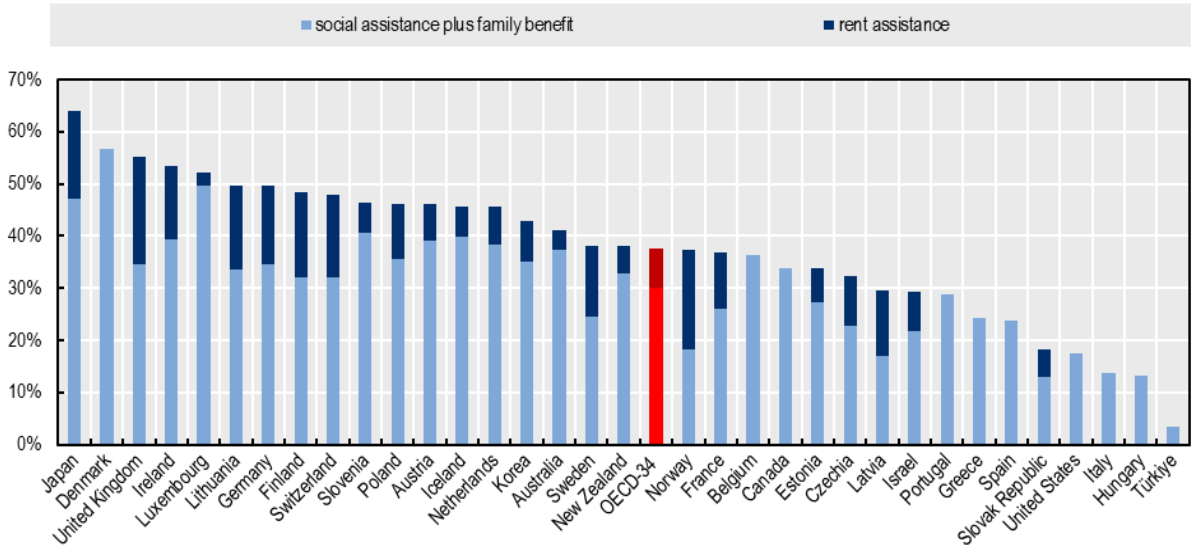
Panel A. Entitlements for single-person households with no other incomes



Panel B. Entitlements for single-parent households with two children and no other incomes



Panel C. Entitlements for a married couple with two children and with no other incomes



Note: Net incomes account for cash and near-cash benefits (social assistance, rent assistance in the form of cash housing benefits), as well as any income taxes, tax credits and social contributions. In-kind benefits, including e.g. social housing, are not taken into account. Panels B and C also include cash family benefits for two children aged 4 and 6. Where one or more benefit provisions vary across the country, amounts are shown for a major region, metropolitan area, or city: Austria (Vienna), Belgium (Wallonia), Canada (Ontario), Czechia (Prague), Finland (Helsinki), Germany (Berlin), Iceland (Reykjavik), Ireland (Dublin), Italy (Rome), Japan (Tokyo), Korea (Seoul), Latvia (Riga), Lithuania (Vilnius), New Zealand (Wellington), Norway (Oslo), Spain (Madrid), Switzerland (Zürich), United Kingdom (Maidstone), United States (Michigan). Information is not available for Chile, Colombia, Cost Rica and Mexico. Amounts shown for Türkiye reflect family benefits only, as social assistance was not available for able-bodied working-age people living alone (other social assistance programmes exist for specific population groups, such as people with recognised health problems and, in June 2022, Türkiye introduced a new poverty-alleviation programme on a temporary basis, which extended also to single-person households).
Source: OECD Tax-benefit models (http://oe.cd/TaxBEN), OECD Income Distribution Data (http://oe.cd/idd).

What support was available in practice?

Although MIB are often characterised as a minimum-income "guarantees", not all low-income individuals receive support; thus, their impact on family incomes (and on poverty, inequality and work incentives) depends crucially on their actual accessibility (Immervoll, 2010[43]). Legal provisions, notably statutory benefit levels, provide important policy indicators, but they are not sufficient for assessing whether last-resort benefits meet their objectives. In practice, numerous factors may preclude access for some households with support needs. Stigma, information gaps, low benefit amounts, the complexity of claiming process and behavioural requirements, such as active job search, may make eligible households less likely to apply for support (Bargain, Immervoll and Viitamäki, 2010[44]; Ko and Moffitt, 2024[45]; Immervoll and Knotz, 2018[46]; OECD, 2024[47]).

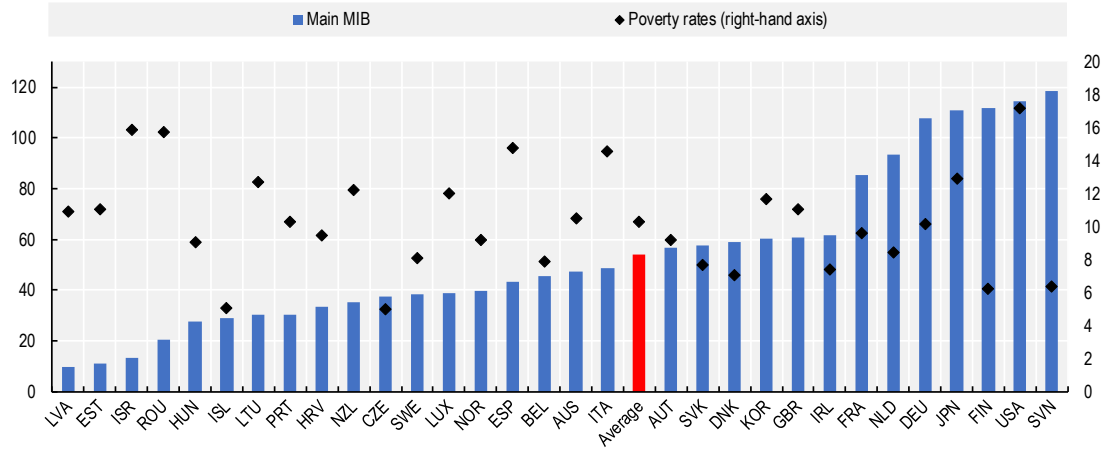
Figure 6 shows the number of households who received payments from main MIB programmes in 2018, expressed in percentages of the number of poor households in each country.[7] Prior to the pandemic, less than half of "working-age" households with income below a relative poverty line received support from the main MIB programmes. In about one third of countries, the ratios were 60% or lower, and they were below

[7] In most countries, the main MIB programme was either the main social assistance benefit (e.g. the *Bedarfsorientierte Mindestsicherung* in Austria), or a jobseeker benefit that is means-tested and not contingent on past employment histories (e.g. Newstart in Australia, now JobSeeker Payment, or the Unemployment Benefit II in Germany, now *Bürgergeld*). In some countries, these benefits also top up low incomes from work or other (insurance-based or universal) benefits.

20% in Latvia, Estonia and Israel.[8] Recipient numbers in the Netherlands were close to the number of income-poor households and they exceeded them in Germany, Japan, France, Finland, United States and Slovenia. The primary MIB programmes in these countries are therefore sizeable and cover a large part of the population. For instance, following reforms from the late 1990s onwards which increased income ceilings in many states, the Supplemental Nutrition Assistance Program (SNAP, previously "Food Stamps") programme grew substantially covering around 1/8 of the US population prior to the COVID-19 pandemic, and also in post-pandemic years (Schanzenbach, 2023[48]; Giefer, King and Roth, 2022[49]).[9]

Figure 6. Minimum-income benefits: What role in poverty-alleviation strategies?

MIB recipients, in % of income-poor working-age households, 2018



Note: "Income poor" refers to households with income below 50% of the national median. Recipient numbers refer to the "main" MIB in each country plus specific lone-parent benefits (in Ireland, New Zealand, Norway, and the United Kingdom) and non-contributory unemployment benefits (in Australia, Denmark, Germany, Ireland, Spain, and the United Kingdom). Internationally comparable recipient numbers were not available for Canada, Greece, Poland, Mexico, and Switzerland. National minimum-income programmes in several countries saw considerable reforms after the reference year shown in the figure. The denominator for Australia and Ireland is poor working-age individuals, as main MIBs are awarded at individual level. The ratio of benefit recipients to income-poor households can exceed 100% if recipients include large numbers of non-poor households. Lump-sum payments, grants, supplements, and refundable tax credits are not included.
Source: (Hyee et al., 2024[33]), using OECD SOCR database (www.oecd.org/social/recipients) and OECD Income Distribution Database (http://oe.cd/idd).

For the reasons discussed above, and although MIB are targeted to low-income households, not all income-poor households receive support, and MIB may be available to non-poor households. Simple ratios of recipient totals and the size of a population group (such as the poor) therefore do not correspond fully to the share of that population group that actually receives a benefit (the coverage rate), and they are therefore sometimes referred to as "pseudo" coverage rates. Focussing on income support reported in 14

[8] Spain introduced a national minimum income programme in June 2020 (*Ingreso Mínimo Vital*) but the 2018 data reported in Figure 6 relates mostly to pre-reform *Rentas Mínimas* programme, which is provided by regions, with varying entitlement rules and benefit amounts. Italy extended minimum-income support in 2019 and continued to reform MIBs since then. On recent reforms in Greece and Italy, see Bulman et al., (2019[84]), Baldini and Toso (2023[85]) and OECD (2025[53]).

[9] According to USDA data, SNAP served an average of more than 42 million participants in fiscal year 2023, accounting for more than 12% of U.S. residents, with 40% of benefits for children under age 18. The headline recipient total in the United States comprises a significant share with very low benefit entitlements, however, including those with some income from other sources (Han, 2020[90]).

OECD countries, (Hyee et al., 2024[33]) calculate receipt probabilities for different types of low-income households in or before 2019. These results show how many households in acute economic need – defined as jobless households whose income from market sources and insurance-based transfers (including unemployment benefits) puts them into the poorest 10% of households – received means-tested support. The ratios can be interpreted as the MIB coverage among those in acute economic needs and provide insights on the reach and value of MIB support across countries. Figure 7 shows estimates for workless able-bodied adults living alone:[10]

- Workless low-income adults living alone were unlikely to receive MIB in **Italy** and **Portugal**, with receipt probabilities below 40%. In Italy, the likelihood of receiving support was lower still before the introduction of the *Reddito di cittadinanza* in 2019 (see also footnote 8). At around 20% of median incomes, the means test of the MIB in Portugal operates one of the lowest income ceilings for single-person households in the OECD area. Even among households with very low incomes, some are not eligible as a result. In addition, social benefits are very fragmented in Portugal, making them difficult for potential claimants to understand and navigate, and contributing to low take-up.[11]
- Receipt probabilities were close to 50% in **Korea** and **Spain**. In Korea, the means-test for the main MIB programme (National Basic Livelihood Security, NBLS) included a support obligation for parents and children of claimants (even if they did not live in the same household), resulting in low recipient numbers (Sohn, 2019[50]). This support obligation was gradually phased out between 2017 and 2021 (OECD, 2023[51]). For Spain, results do not capture the introduction of the new national MIB in 2020 (OECD, 2022[52]). Prior to that reform, social assistance recipient numbers in Spain were low, but with significant regional variation; for instance, some, but not all, regions operate housing benefits (OECD, 2025[53]). The new national programme works in parallel with existing regional MIB schemes, with multi-level governance and the resulting complexity giving rise to several co-ordination challenges (Martinez, Laparra and Zugasti, 2025[54]; OECD, 2023[55]).
- MIB coverage among low-income households in the **United States** is markedly higher than in some other countries, despite comparatively low overall spending on social benefits. This reflects entitlement extensions since the late 1990s, as well as the limited reach of income support programmes other than targeted safety nets. For instance, prior to the COVID pandemic, contribution-based unemployment benefits were received by only 12% of all US jobseekers, much lower than in other OECD countries, e.g. about 30% in the United Kingdom, Spain or Australia, and 60% or more in Austria and Germany (OECD, 2023[56]).
- Coverage rates for low-income households in **Belgium** are higher than in most of the fourteen countries, but lower than, e.g., in Germany. Roughly half of Belgian one-adult households in the poorest decile have incomes above the applicable eligibility ceiling for social assistance receipt. This reflects a comparatively wide reach of unemployment benefits, which jobseekers may, in principle, receive indefinitely. The “space” for MIB to operate is therefore narrower than in other countries, and consists of groups who fall “through the cracks” of comparatively comprehensive social insurance transfers. These are often households in complex socio-economic circumstances (e.g., with multiple barriers), whose claims may be difficult to assess, and who may be less likely to actively engage with benefit bureaucracies in the first place.
- At around 90%, MIB receipt probabilities were highest in **France**, followed by **United Kingdom** and **Australia**, **Austria**, and **Germany**. The continental European countries in this group provide

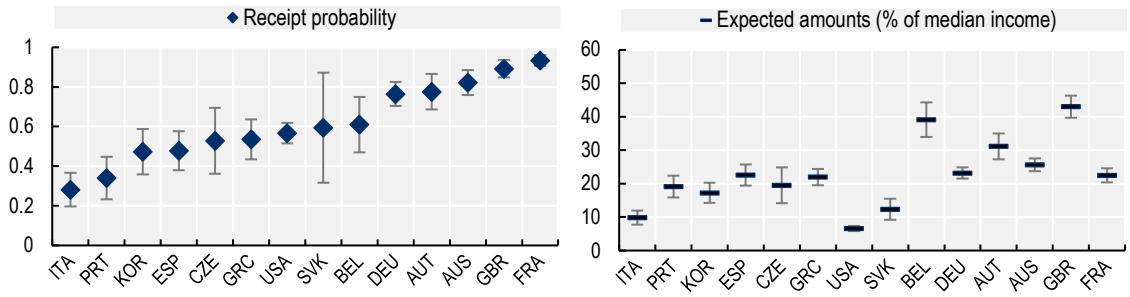
[10] (Hyee et al., 2024[33]) report similar estimates for a range of other circumstances, including families with children, people with health problems, and those with low-wage, part-time employment.

[11] More than 20 different working-age programmes co-exist, often with very different entitlement rules and application procedures (OECD, 2024[86]).

"layered" benefit systems that combine insurance-based support with last-resort benefits, while Australia and the United Kingdom both use low income as the central entitlement criterion. The visibility of MIB as a central benefit programme in Australia and the UK, and the fact that low-income households there have little other income to draw on, is also consistent with findings of comparatively low rates of MIB non-take-up (Ko and Moffitt, 2024[45]). The results illustrate that, while the underlying policy setups are very different across countries, they can achieve a comparable reach of MIB receipt probabilities in the bottom income decile.

Figure 7. Accessibility and value of non-contributory benefits: One-person households

Workless low-income adult living alone, at or before 2019



Notes: Predicted non-contributory benefits for low-income working-age adults reporting "good" or "fair" health and living in privately rented accommodation paying a "low" rent (bottom quintile of the national rent distribution). Countries ranked by probability of receiving non-contributory benefits for a workless low-income adult living alone enjoying good health (*baseline*). Bars indicate 90% confidence intervals. "Workless": having worked less than 10% of potential full-time hours during the reference period (i.e. less than one month of full-time work during the entire year). "Low income": bottom decile of the distribution of income from market sources and contributory benefits.
Source: (Hyee et al., 2024[33]), based on estimates from EU-SILC (2016 wave for Belgium and the United Kingdom, 2019 wave for Austria, Czechia, France, Greece, Italy, Portugal, Slovak Republic, Spain), GSOEP (2018 wave) for Germany, KLIPS (2019 wave) for Korea, HILDA (2018 wave) for Australia and SIPP (2020 wave) for the United States.

The right-hand panel of Figure 7 confirms that benefit pay-outs were, on average, significantly below commonly used relative poverty thresholds. For those receiving support, expected entitlements for single-person households ranged from only 7% of median household income in the United States, to 40% or more in Belgium and the United Kingdom. Comparing across countries, there does not appear to be a major trade-off between accessibility and generosity. In Germany, receipt probabilities were relatively high, while benefit amounts were close to the country average. In the United States, benefit accessibility was in line with the country average, but benefit levels were the lowest. Other countries combined broad access with higher benefit levels (the United Kingdom, Austria and France). In Italy, Korea and Portugal, receipt probabilities and benefit amounts were both low (see discussion of country policies below).

Benefit payments reported by low-income households result from the interplay between legal entitlement rules, the application of these rules, and the circumstances and behaviours of households claiming support. Maximum legal entitlements for households without any other resources differ across countries and frequently also vary sub-nationally between regions (see Figure 5). In practice, and in addition to statutory rules, numerous other factors affect the size of benefit pay-outs: The implementation of statutory rules can differ between countries as well as regionally, e.g., if legal provisions leave some room for discretion, or if the claiming process is time consuming, resulting in delays and a possible timing mismatch between household need and subsequent receipt of support. Benefit sanctions (e.g. if claimants do not comply with job-search requirements) can also reduce empirically observed benefit amounts (Immervoll and Knotz, 2018[46]).

Even among the poorest, not all families will have the same *need* for support. Some households may claim benefits for only part of the year (e.g. if claimants move onto MIB after exhausting their entitlement to first-tier benefits, or if time lags delay entitlements for those experiencing low-income spells). Others may receive support during the entire year but use it to top up modest or occasional incomes from other sources (such as sporadic, part-time employment). MIB claimants may also receive some insurance-based benefits that enter applicable means tests and therefore lower MIB entitlements. For those without any other cash incomes, needs (and resulting entitlement to cash support) may also be reduced if they receive in-kind support (e.g. social housing or subsidised childcare).

4. Minimum-income safety nets in the wake of the COVID-19 pandemic: Challenges and reforms

Social and labour-market policies were at the forefront of the battle to preserve incomes and livelihoods during the COVID-19 pandemic. Thanks to social protection systems, and major ad-hoc emergency measures to complement them, countries supported people's jobs and incomes and lay the foundations for the recovery. During the pandemic and lockdown periods of 2020 and 2021, people fell ill, and workers reduced their working hours or lost their jobs. Those already facing joblessness or economic difficulties prior to the pandemic faced extended periods of low income, benefit dependence, and often sharply deteriorating prospects for finding work or improved pay. Paid sick-leave schemes, short-time work (STW) schemes and unemployment benefits kicked in, including for some groups that have had little to no access to unemployment support before the pandemic (OECD, 2020[57]; Dely, Hyee and Prinz, forthcoming[1]).

Yet, even in countries with the most advanced social protection systems, and despite extensive emergency packages, some groups missed out (Cavalleri and Causa, 2020[58]; Spasova and Regazzoni, 2022[59]). The urgency with which support had to be provided pushed up expenditures, but also led to weak targeting and gaps for some vulnerable groups. Groups at risk of remaining left out included workers with non-standard or informal jobs. Labour-market inequalities grew when some groups of heavily affected workers remained outside of the reach of both the standard system and emergency measures. Another major challenge was getting timely support to the homeless and to undocumented migrants, who are notoriously difficult to reach (Alfres, Moussié and Harvey, 2020[60]).[12] As a result of their specific living conditions, some of these groups simultaneously faced economic vulnerability, and high risks of infection, illness, and social isolation (Ogbonna et al., 2023[61]; Crouzet et al., 2022[62]).[13]

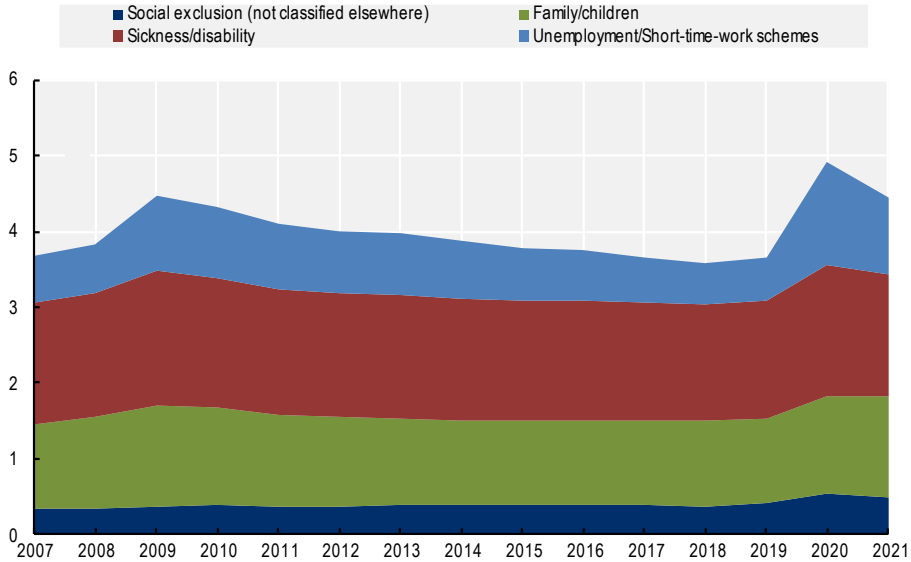
The COVID-19 pandemic led to a drop in GDP and major rise in public social expenditure, adding a strong cyclical spending increase on top of the longer-term trend of growing social expenditures (OECD, forthcoming[63]). A large part of the spending increases reflected demands on reinforced unemployment support and STW / job retention schemes, with payouts approximately doubling between 2019 and 2021 (Figure 8). Other types of cash support also increased, but by much less: sickness/disability (+3%), family payments (+19%) and minimum-income / last-resort safety nets (+19%).

[12] Temporary visa holders may also not have been entitled to financial support. Where migrants in the OECD area lost jobs and livelihoods, they also lost the ability to send remittances to their home countries, putting further strain on the budgets of vulnerable households, including in emerging and developing countries. Studies indicate that remittances to some regions declined significantly in 2020 (e.g. by 16% to Europe and Central Asia, and by 11% to East Asia and Pacific). They were, however, broadly stable for Latin America, helped by income support and stimulus programmes in host countries (Kpodar et al., 2021[88]; Ratha et al., 2020[89]; European Migration Network and OECD, 2020[97]).

[13] However, emergency measures in some countries broadened access to social support, and effectively helped some previously excluded group to re-enter the support system (Lenhard, Margetts and Meng, 2022[87]).

Figure 8. Minimum-income benefits are a small fraction of overall working-age support, and spending increases were often muted during the COVID pandemic

Public social spending in the OECD areas on key support programmes for working-age individuals and their families, in % of GDP (unweighted country average)

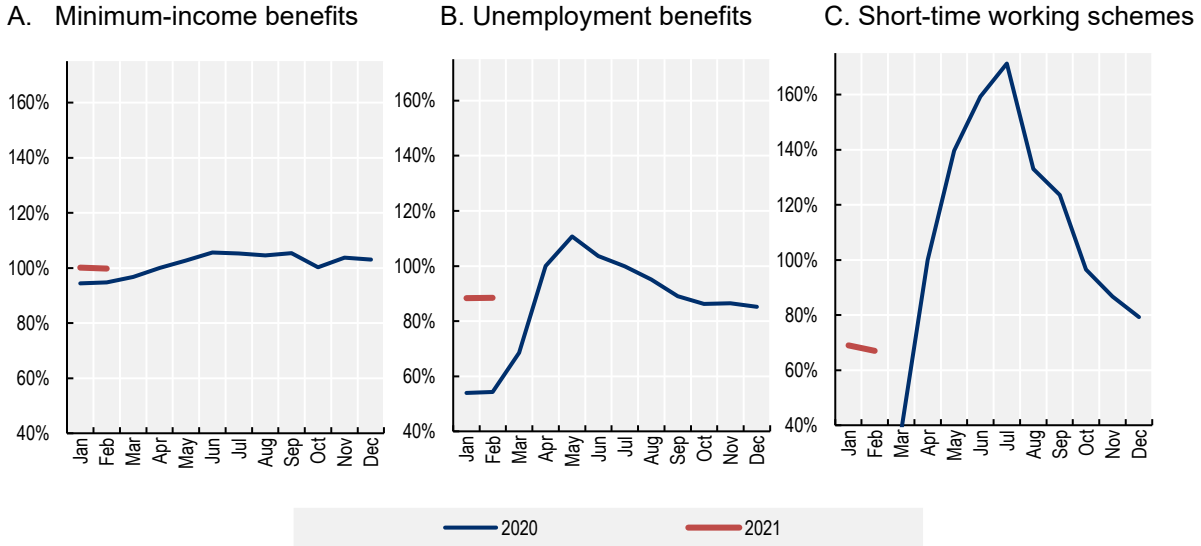


Note: Unweighted country average across 38 OECD countries. Ratios in 2020, and in 2008 – 2009, are also partly the result of a substantial drop in real GDP at the onset of the in the first year of the pandemic and the global financial crisis.
Source: OECD Social Expenditure Database (http://oe.cd/socx).

Early on during the pandemic, some countries made support levels in STW schemes and unemployment benefits more generous for recipients (Denk and Königs, 2022[6]). Some countries also increased MIB levels, e.g., to compensate for the loss of other support (e.g., due to the inaccessibility of free school meals when schools were closed, see Box 1). Mostly, however, the increase in spending for working-age support reflected a rapid growth in beneficiary numbers, rather than more generous payments per recipient, especially in the case of unemployment and short-time work programmes (Figure 9). By comparison, and on average across 10 countries with available data, recipient numbers for last-resort benefits changed little. In part, this reflects the major expansion of “upstream” insurance benefits, which helped to absorb additional support needs. But it also points to often complex claiming procedures and the institutional setups of MIB programmes, which present major hurdles for a timely expansion of MIB payouts in crisis situations.

Figure 9. Recipient rates for minimum-income benefits remained remarkably "flat"

Recipients as a share of working-age population (April 2020 = 100), average across 10 OECD countries



Note: Average across 10 countries with available data on monthly benefit receipt: Australia, Belgium, Canada, Denmark, France, Ireland, Italy, Korea, Sweden, United States. Data for these and several additional countries are in Annex **Error! Reference source not found.**. For calculation details and programmes included, see SOCR-HF data file. Figures for minimum-income benefits refer to the number of recipients households, except for Korea referring to the number of individuals living in the recipient households. For USA, due to the partial federal government shutdown, most of the February 2019 benefits were issued early in the month of January 2019. For Italy, the figure of October 2020 reflects the expiration of the 18-month use of Citizen's income's first recipient cohort. For Ireland, Carer's benefit and Farm assist were not included as high-frequency data were not available. In some cases, missing monthly figures were interpolated using available quarterly data.
Source: OECD Social Benefit Recipient Database (SOCR), high frequency supplement, using published data from national administrative sources (https://web-archive.oecd.org/temp/2021-10-08/583984-recipients-socr-hf.htm, now discontinued).

Indeed, a major concern in the early weeks of the crisis was that public administrations in some countries lacked the capacity to deal with a very large influx of benefit claims, while also needing to reduce faced-to-face contact.[14] Outside of major crises, targeting provisions help to dampen safety-net spending, while seeking to alleviate entrenched livelihood risks by channeling support where it is most urgent. But they are also information-intensive and time-consuming. Without a capable administrative and data infrastructure, they can therefore lead to big delays in benefit payouts, especially when new claims surge in a crisis situation. Tight targeting, as well as demanding claim procedures, may also have denied support to those with more recent or temporary support needs.[15] This includes workers on moderate earnings, whose primary income source suddenly fell away. During the lockdowns, this was a risk for many of the self-employed, who owned illiquid assets, such as firm capital or equipment, which would typically make them ineligible for safety-net benefits.

Nevertheless, there were some notable examples of successful scale-up, with changes in entitlement rules and other policy adjustments – both during the crisis and already prior to it – playing a role:

- In **Italy**, the total number of households claiming the minimum-income payment (*Reddito di Cittadinanza*) rose by 12% between January and April 2020.

[14] See e.g. (Edwards, 2020[96]).

[15] In several countries, low-income workers, including many part-time employees, receive earnings top-ups through in-work benefits, e.g., in the United States, Finland, France, the United Kingdom amongst others. When they lost their jobs during the pandemic, they lost these benefits as well, since payments are tied to wages and working hours.

- **Spain's** new permanent, minimum-income scheme (*Ingreso Mínimo Vital*) was planned already before the COVID-pandemic and adopted in May 2020 (OECD, 2024[47]). It saw over 750,000 applications in a matter of weeks, on top of beneficiaries already receiving support (255,000 people in 75,000 households).
- In the **United Kingdom**, daily new claims for Universal Credit surged to 7 times pre-crisis levels in the first weeks of the epidemic. Building on several years of implementing the Universal Credit (data) infrastructure, millions of benefit claims were processed. By December 2020, 5.9 million people were in receipt compared with 1.9 million in March 2020 (Department of Work & Pensions, 2021[64]).
- And in the **United States**, payments from the large SNAP (Supplemental Nutrition Assistance Program, previously 'Food Stamp' programme) rose by 17%, from ca. 19 million recipients in the first quarter of 2020 to ca. 22 million one year later (see Annex Figure 13).

Changes in benefit entitlement rules for MIB claimants are summarised in Table 1 (for MIB cash transfers, including assistance with housing costs).

Increased benefit levels

Model calculations show that, in most countries, overall MIB packages remained significantly higher in 2021 than in 2019 (Figure 10). Initially, however, MIB rate increases where often brought in on a temporary basis. For instance, **Australia** introduced a coronavirus supplement of AUD 550 per fortnight (2 weeks), for a duration of six months and for all recipients of the main out-of-work benefits, student benefits and means-tested family benefits.[16] **Belgium** provided an additional monthly payment for MIB beneficiaries from July 2020 through to September 2021 (and gradually reduced it after that). A benefit increase in **Lithuania** remained in place beyond the pandemic lockdowns. **Luxembourg** temporarily raised its cost-of-living benefit (*Allocation de vie chère*) in March 2020. The **United Kingdom** temporarily increased Universal Credit entitlements by 28% for a typical new claimant living alone.[17] In the **United States**, SNAP / 'Food Stamp' benefits were increased in several steps in 2020 and 2021.[18] In addition, several countries expanded housing-related income support to alleviate affordability problems and eviction risks (e.g., Denmark, Greece, Japan, Norway, Slovenia, Spain, United Kingdom).

Relaxed eligibility rules to widen coverage

Some countries adapted entitlement rules to make them more accessible for self-employed workers, by easing or suspending asset tests or income tests on partner income (Denk and Königs, 2022[6]), for instance for self-employed claimants of Universal Credit in the **United Kingdom**. **Australia**[19] and the **Netherlands**[20] temporarily waived asset tests and relaxed income tests on partner income. **Lithuania** also relaxed income conditions to broaden eligibility. Australia shortened or removed benefit waiting periods, including for newly arrived residents. **Germany** temporarily suspended asset tests for the main MIB

[16] The provisions almost doubled maximum monthly payments for jobseekers living alone, see https://treasury.gov.au/sites/default/files/2020-04/Fact_sheet-Income_Support_for_Individuals.pdf, https://www.servicesaustralia.gov.au/individuals/services/centrelink/jobseeker-payment/how-much-you-can-get.

[17] Percentage for UC claimant aged 25 and older, https://www.understandinguniversalcredit.gov.uk/coronavirus/.

[18] See e.g. (Jackson, Chiang and Hamad, 2024[91]) and the references cited therein.

[19] https://treasury.gov.au/sites/default/files/2020-04/Fact_sheet-Income_Support_for_Individuals.pdf.

[20] https://meijburg.com/news/additional-corona-crisis-measures-government-emergency-package-covering-jobs-and-economy.

(Unemployment Benefit II) and reimbursed all housing costs (effectively suspending the definition of "reasonable" costs that is normally used).[21]

Behavioural requirements, such as active job search, tend to be less comprehensively defined or applied for MIB (though not necessarily less strict in a formal sense) than for recipients of unemployment benefits (Immervoll and Knotz, 2018[46]).[22] Nevertheless, and in line with strict social distancing measures, a number of countries suspended job search and other activation requirements, also to avoid delays in eligibility assessments and benefit payouts. For example, **France** implemented automatic renewals of the main MIB programme (*Revenu Solidarité Activite*) and related social transfers. **Greece** extended the right to MIB unconditionally by three months for claims expiring between November 2020 and May 2021. Several others, including the **United Kingdom**, paused in-person appointments with the public employment service, and any normally required medical assessments.[23] In the context of quarantine provisions, **Italy** suspended all requirements to look for work for MIB recipients for two months.[24] **Denmark** also suspended mandatory activities for MIB recipients.

Ad-hoc measures complementing MIB provisions

Many of the 'parametric' measures listed above effectively made existing MIBs less tightly targeted, expanding their scope to additional population groups, typically on a temporary basis. Apart from headline entitlement conditions there are, however, multiple other potential bottlenecks, that can render MIB inaccessible or unresponsive to changing circumstances and support needs. Tackling these challenges requires careful planning and implementation, as part of sustained reform efforts. This may be unrealistic in the midst of a major crisis, however. Faced with urgent needs to get support out quickly, numerous countries therefore sought to ease MIB gaps through ad-hoc support measures for specific groups, including (but not limited to) families with children. For instance:

- **Austria** adopted the 'Covid-19-Act against Poverty', including an 'energy supplement' for all recipients of social assistance[25], along with an additional one-time payment for parents.
- **Germany** introduced additional flat-rate payments for families receiving child benefits (the measure was subsequently kept in place also during the cost-of-living crisis).
- In **Iceland**, parents on social assistance receive additional support to cover actual cost of full-time childcare and school meals since April 2021.
- **Japan** introduced two separate temporary benefits targeted to parents, a one-time payment to low-income households, and rolled out a special one-off payment for tax-exempt households in 2022.
- **Latvia** implemented a new 'benefit in crisis situation' (*Pašvaldības pabalsts krīzes situācijā*) to address basic needs for households with very limited resources during the declared emergency periods due to COVID-19.
- **Lithuania** granted lump-sum payments for families with children, along with an additional means-tested payment during lockdowns.
- **Sweden** provided additional support to parents in receipt of housing benefit allowance.

[21] https://www.bmas.de/DE/Schwerpunkte/Informationen-Corona/sozialschutz-paket.html.

[22] See also http://www.oecd.org/social/strictness-benefit-eligibility.htm.

[23] https://www.gov.uk/guidance/coronavirus-COVID-19-what-to-do-if-youre-already-getting-benefits.

[24] https://www.anci.piemonte.it/wp-content/uploads/2020/03/Nota-2191-del-19-03-2020-Sospensioni-Rdc-DL-18-2020.pdf.

[25] Austria also established a temporary COVID-19 Hardship Fund for families with children.

- A newly introduced allowance in **Switzerland** partly offset parents' additional care responsibility during school closures.
- The **United States** enacted several measures to provide immediate relief for families through direct financial support. They included 'stimulus checks' with additional funds for families with children, a temporary expansion of the Child Tax Credit (almost doubling its value for some children), making it available to those without any tax liability ('fully refundable') and paying it out in advance in monthly instalments (rather than as an annual lump sum in the following year).

While ad-hoc measures can be implemented quickly, they were sometimes only weakly targeted, or not at all, and therefore more expensive than support provided through needs-based MIB (see Box 2).

Broader reform efforts during or before the pandemic

To improve the responsiveness of MIB in future crises, the COVID-19 pandemic provides ample rationale for systematic and broader reforms of the administration and implementation of MIB programmes. Relevant objectives include improving outreach and communication about available support programmes, streamlining administrative processes, digitalising the application process for claimants, and ensuring that benefit administrations have ready access to registries and administrative data from relevant government agencies (Adams, 2024[65]; Adams, 2024[66]; Frey, Hyee and Minondo Canto, 2024[67]). During the pandemic emergency, no government has embarked on a comprehensive reform to address access bottlenecks or benefit adequacy issues systematically. However, a few countries did enact structural reforms, or reconsidered the content or timing of reforms that had already been scheduled before:

- In 2022, **Italy** replaced existing family benefits with a unified, and means-tested, child allowance.
- **Portugal** created a means-tested Child Guarantee in 2022 to supplement the existing family allowance specifically for children facing high poverty risks.
- **Latvia** (in 2021) and **Spain** (in 2020, as noted above) launched new MIB programmes with nationally unified benefit levels. In 2022, Spain also replaced the means-tested family allowance (*prestaciones familiars*) with a more generous (but still means-tested) child benefit (*ayuda para la infancia*).
- **Türkiye** launched the means-tested Family Support Programme in June 2022, to extend the scope of existing social assistance programmes, e.g., to the working poor.[26]
- In the **United States**, access to the SNAP programme was due to be tightened in April 2020. Instead, in March, states were allowed to reduce interview requirements, extend certification periods, increased SNAP benefits to the maximum allowed for each household size, and provided additional support to households with children affected by school closures.

Box 2. Supporting people in an economic and social emergency: Targeted or universal?

In some OECD countries, the policy responses to the COVID-19 crisis – in particular, the use of universal cash transfers – have revived discussions on the desirability of a universal basic income (UBI, sometimes also referred to basic income, BI), a recurring payment to every individual, irrespective of employment status, income or means.

A genuine UBI is entirely unconditional and not time limited. It is thus different from targeted income transfers based on income or need (social assistance or minimum-income benefits). Two of the key

[26] Introduced in June 2022, the programme was initially funded for 12 months but then extended.

concerns (fiscal cost and financial work incentives) often presented in opposition to providing a basic income as a principal pillar of social protection have seemed less urgent during the initial phase of the unprecedented epidemic (Browne and Immervoll, 2017[68]). But, in retrospect, these drawbacks quickly came into sharp focus, as budgetary concerns mounted, and as labour shortages held back a recovery.

No OECD country has introduced or maintained a UBI as a key pillar of social protection systems. Some have, however, announced universal or unconditional cash transfers as one-off support or on a temporary basis, covering either the entire population or a large part as a response to the crisis, e.g., Japan, South Korea and the United States.

Categorically targeted benefits can represent a middle ground between universal benefits and tight poverty-targeting. They avoid the costly and time-intensive means testing by targeting categories of vulnerable populations that are easily identified, e.g. certain age groups or families (e.g. single parents), or certain sectors or categories of worker (e.g., the self-employed).

"Ex-post targeting": transfer now, target later?

To simplify the procedures for income transfers and ensure a quick roll-out to all households who need help, some economists have proposed to use ex-post targeting: transfer money to everyone now, and recover funds from those whose incomes were not affected later via a surtax (Mankiw, 2020[69]).

Practically, this would mean that all households would receive payments immediately. For some of them, it would be a genuine transfer, while for others, it could be a loan, to be repaid at a later date. Repayments could be conditional on the subsequent evolution of household income. For instance, households maintaining their income in 2020 (as compared to 2019 income) would repay the transfer in full, while partial repayment would be required from households who lost part of their income. Ultimately, these provisions would make universal transfers less simple and administrative costs would be incurred during the repayment phase. The approach also implies a high marginal tax rate on income received during the COVID-19 crisis and beyond. In normal times, this is undesirable because it can compromise incentives to work. But during the initial phase of a major crisis, these problems are of a second order (for instance, incentivising labour supply may not be a primary concern given quarantine rules and while the unprecedented rise in unemployment is due to the collapse of demand for workers***).***

Some countries used related "pay now, assess later" approaches to ensure that those in need received payments quickly (partly leaving enforcement details of a subsequent assessment to be decided later). For instance, requiring self-certification of current need, as in the German "Corona supplement" scheme can speed up payments. In Austria, the "immediate hardship fund" for self-employed workers required claimants to self-certify their need for assistance and preserve documentation, with random verification to be carried out at a later date.

Sources: (ILO and OECD, 2020[23]; OECD, 2020[57]).

Table 1. Notable parametric policy changes: Social assistance and rent assistance

	2021		2022		2023		2024	
	Broadened access	Increased benefits	Broadened access	Increased benefits	Broadened access	Increased benefits	Broadened access	Increased benefits
Australia	○t	●t					●	
Austria				●○t		●○t		
Belgium		●t						
Canada								
Czechia						●		
Denmark	●t		●t					
Estonia				●		●		

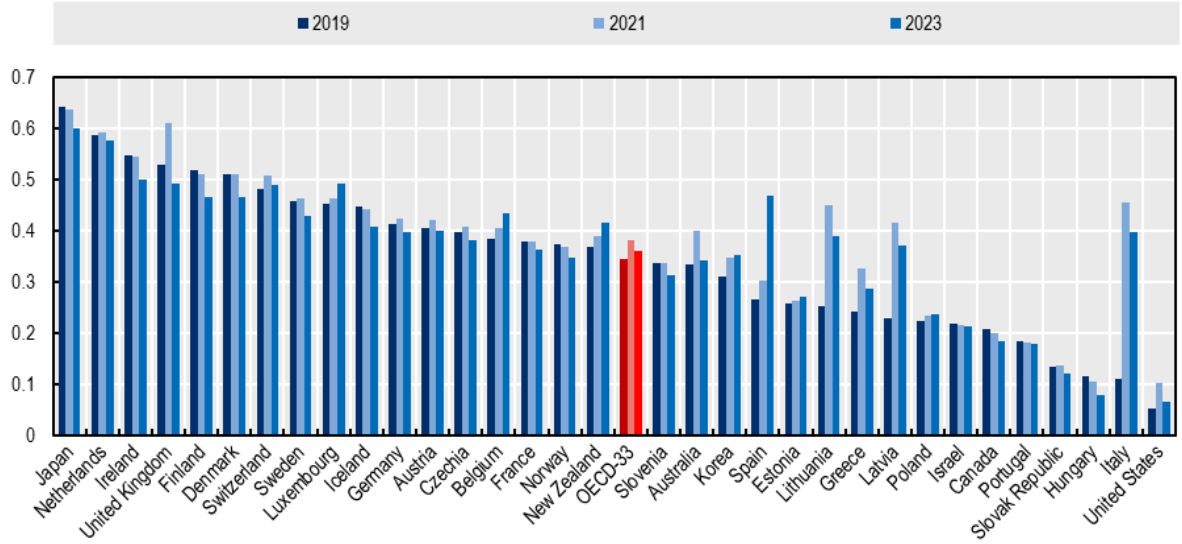
Finland		●				electricity		
France	●t	●t		●t				
Germany	●t		●t					
Greece	●t	●t	●t	●t				
Hungary				●		●		
Iceland				●				●
Ireland	●t	●t	●t	●t				
Israel		●		●				
Italy	●t							
Japan		●○t		○t		●t		●
Korea								
Latvia	●	●			Measures to reduce extraordinary increase energy prices	Measures to reduce extraordinary increase energy prices		
Lithuania	●t	●						
Luxembourg		●t	●new energy allowance	●t		●t		
Netherlands	○t	○t	○t	○t				
New Zealand		● &Winter energy						
Norway	●	●	●					
Poland								
Portugal								
Slovak Republic	●		●					
Slovenia		●						
Spain	●	●			●	●		
Sweden								
Switzerland								
Turkey					●		●	
United Kingdom	○t	●t						
United States	●t	●t		●				

Note: ● refer to changes concerning all MIB claimants, ○ refer to changes concerning specific groups. 't' refers to a temporary measure. The reference date is January 1, except in New Zealand and United Kingdom (April).
Source: OECD How do countries calculate tax liabilities and social benefit entitlements.

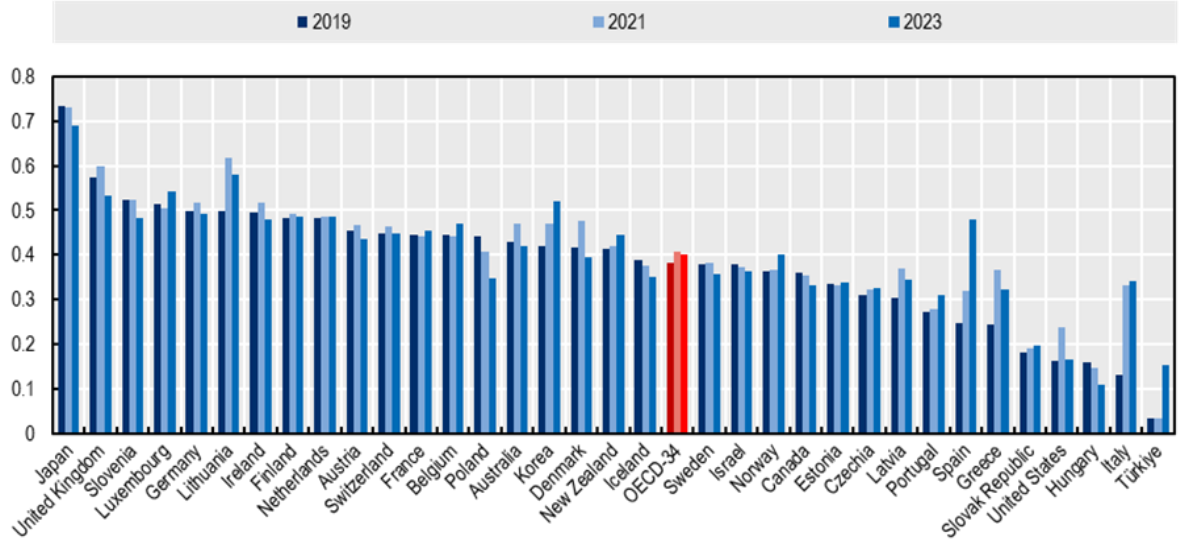
Figure 10. Support levels mostly edged up during the pandemic, then declined during the cost-of-living crisis

Statutory entitlements, in % of median household income (constant prices)

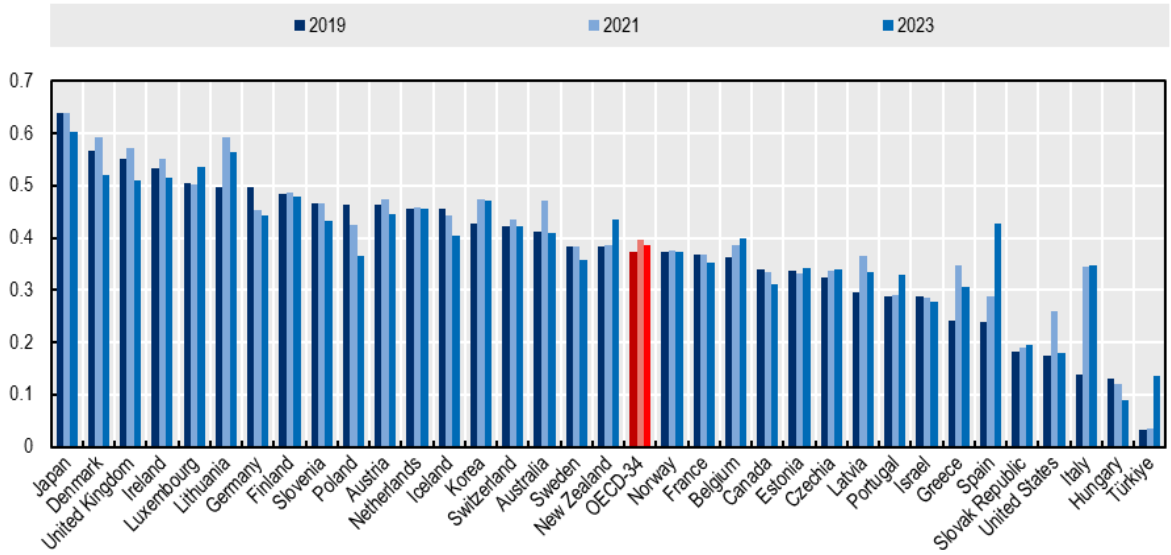
Panel A. Single-person households



Panel B. Lone parent with two children



Panel C. Couple with two children



Note: See notes to Figure 5.
Source: OECD Tax-benefit models, http://oe.cd/TaxBEN

5. Keeping up or losing ground? Minimum-income support when prices surge

In most OECD countries, the COVID-19 pandemic was quickly followed by large and sustained price increases. In several countries inflation rates reached levels not seen in 40 years or longer. As steep increases in the prices of energy and food caused hardship for low-income groups in particular, social policies had a crucial role in protecting living standards, and in sharing the burdens from high inflation between households, employers and governments (OECD, 2022[7]).

The initial surge in food and energy prices in early 2022 disproportionately affected low-income households, whose spending shares on these items exceed those of higher-income households by 50% or more (OECD, 2022[70]). Low-income groups spend bigger parts of their incomes overall and price increases therefore hit their budgets harder, and more directly, than those of the better-off. Poorer households also have less savings to tap into, and they spend little to nothing on luxuries. Their scope for adapting to fast-rising prices, and doing so without compromising livelihoods, is therefore very limited.

The speed and extent of government support varied across countries. Where public finances were sound, there was more fiscal space to counter the effects of price increases on living standards. Pre-existing inequities, driven by longer-term inequality trends and the impact of the COVID-19 pandemic, differed across countries and shaped inclusiveness challenges already before inflation started to accelerate: The Gallup data summarised in Figure 2 show that, in 2021, just over 10% of low-income respondents in Austria, France, Israel, Netherlands, and Switzerland reported not having enough money to buy needed food, whereas the shares were close to 40% or higher in Greece, Korea, Türkiye, United States and in several Latin American OECD members.

Initial discretionary support, mostly on the price side to offset increasing costs directly, was poorly targeted and potentially regressive, with greater benefits for high-income groups, who consume more (OECD,

2022[7]).[27] Price subsidies also distort price signals and can further exacerbate supply bottlenecks that triggered inflationary pressures in the first place. In part, using expensive price support might have been due to cost-of-living shocks being felt more widely than other economic crises, leading to prominent calls for broad-based assistance. Relatedly, the swift and exceptionally large support packages adopted in the context of the COVID-19 crisis may also have raised expectations that households and employers could, once again, be shielded from the negative consequences of a cost-of-living crisis. There can also be trade-offs between targeting and timeliness. Untargeted price subsidies were introduced quickly and featured among countries' earliest support measures (e.g. for electricity or gas in **Belgium, Germany, Greece, Ireland, Norway** and for fuel in **France, Germany, Hungary, Luxembourg, Portugal, Spain**), as were reductions of energy tax burdens (e.g. lower VAT in Belgium and the **Netherlands**, reduced tax on electricity and/or gas in **Denmark** and **Ireland**).

Compared to price measures, income transfers are more readily channelled to groups with urgent support needs. But most social benefits are not immediately responsive to price shocks. Exceptions are those that cover certain proportions of actual expenditures, including in-kind transfers and "social tariffs" for housing or other forms of committed expenditures, such as utilities or public transport. Other income transfers may respond by linking relevant entitlements to prices.

Maintaining the value of existing income transfers

Where benefits mainly support lower-income groups, channelling cost-of-living support through existing transfers will provide support to many of those who need it most. When transfers are well-targeted, regularly adjusting them for inflation can then go a long way towards helping households make ends meet when prices go up. Links between prices, household living standards and government support were the defining challenge during the recent cost-of-living crisis, and the period of extraordinarily high inflation has heightened attention to the importance of maintaining social support at adequate levels.[28] But the question of how to maintain cash benefits at adequate levels is also relevant outside of major crises, including in the context of policies that affect he affordability of essential goods, e.g., carbon pricing (OECD, 2024[71])).

Over time, countries have followed different approaches to cushion cost of living increases through the tax-transfer system. Practices, and the extent and timeliness of any adjustments, vary considerably. Even during periods of low-to-moderate inflation, those adjustment provisions have a significant impact on government budgets, and on inequality and poverty trends (Immervoll, 2005[72]; Sutherland et al., 2008[73]; Paulus, Sutherland and Tasseva, 2019[74]). Where some form of indexation does exist, the resulting support for rising living costs is typically subject to significant delays, even if it happens automatically and does not require the passing of new laws. This is because benefit amounts are typically uprated annually or less frequently. Relatedly, adjustments are "backward looking", often relating to price levels in the more distant past, and therefore lag behind more recent changes. Delays between 12 and 24 months are typical in this respect. The result is that transfer recipients experience declining purchasing power during periods when inflation accelerates, and the opposite when inflation declines.

[27] In principle, some degree of targeting is possible with either price support or income transfers. For instance, price discounts can take the form of lump-sum payments, and, for utility bills, they can include ceilings to limit benefits for those consuming more. Price support can also be made taxable under the income tax (as, e.g., in Germany), to ensure that it is worth more to low-income households.

[28] For instance, at EU level, the 2023 Council Recommendation on MIB called on Member States to regularly review and, whenever relevant, adjust the level of minimum income in order to maintain the adequacy of income support, while taking into account in-kind benefits (Council of the European Union, 2023[81]).

Adjustments during the cost-of-living crisis in practice: Did social safety nets keep up?

Adjustment mechanisms vary not only across the OECD, but also between programmes in the same country, and even across different parameters of the same programme. For instance, some countries index family benefits to prices, but not MIB (e.g., **Austria**, **Italy**), while others do the opposite (e.g., **Finland**, **Korea**, **Sweden**, **Switzerland**). For recipients of government transfers, a combination of rising prices and a lack of regular benefit adjustments is felt most acutely in the case of flat-rate or means-tested assistance benefits, including MIB – and, hence, in countries relying strongly on these types of support.[29] Partly reflecting actuarial principles, regular adjustments of benefit amounts and thresholds also tend to be more widespread or systematic for insurance benefits than for categorical transfers (such as child benefits) or means-tested support.

Previous summaries of adjustment rules before the cost-of-living crisis indicate that several European countries did not use any form of regular indexation for either MIB or family benefits (the **Czechia**, **Estonia**, **Greece**, **Ireland**, **Latvia**, **Poland**).[30]Most others did have some type of indexation in place, but the specifics of these adjustments, and their frequency, varied considerably. Indexation was typically for a mix of prices and wages in **Germany, Luxembourg** (*Allocation de vie chère*) and **Switzerland**, a mix of prices and GDP growth in **Belgium** (Walloon region and German-speaking community), while it accounts for changes in the statutory minimum wage or wage developments more broadly in **Denmark**, **Netherlands, Luxembourg** (*Revenu d'Inclusion Sociale*).

Where indexation is used it typically applies, first and foremost, to headline maximum MIB entitlement. But calculating actual MIB entitlements is complex, considers many aspects of claimants' economic circumstances, and potentially involves assessing household incomes or assets in relation to numerous other monetary policy parameters. Unless all of them are adjusted systematically, actual entitlements can fluctuate in unpredictable ways, even when some indexation is in place. For instance, in the **United Kingdom**, the main Universal Credit allowance typically moves in line with inflation. But upper asset/savings limits, and applicable capital disregards, have remained unchanged in nominal terms for almost two decades (Broome, Clegg and Pybus, 2025[75]). Where indexation is partial, entitlement conditions can become significantly more difficult to meet, effectively excluding growing numbers of potential beneficiaries from support systems.

Regular adjustments for price changes commonly account for changes in the consumer price index (CPI), or for some related index that tracks the price of average consumption baskets. While linking transfer payments to the CPI therefore keeps the value of benefits constant in real terms, it does not account for the circumstances of households whose budgets and well-being are especially sensitive to price swings affecting necessities such as food, energy, housing and health.

As noted above, defining benefit levels with respect to reference budgets provides an alternative that can be attractive in the context of sizeable movements in relative prices. They can be determined using spending data, essentially define targets for adequate consumption, and make it possible to account for the specific needs and spending patterns of low-income households (Menyhert et al., 2024[76]; Goedemé

[29] Entitlements to earnings-related insurance benefits respond to changes in the earnings base. When employment incomes grow in line with prices or faster, an earnings link therefore provides protection from inflation-induced losses for new recipients. Yet, even in the case of earnings-related benefits, inflation can erode the real value of any benefit floors or ceilings, and this can produce losses for people with entitlements close to those thresholds. In addition, for recipients whose entitlements started *prior* to a specific inflationary episode, benefits in payment require adjustments if they are to keep pace with prices. This is most apparent in the case of pensions (OECD, 2022[92]), but it is also relevant for working-age benefits, especially when receipt durations are long, e.g. in the case of benefits available to the long-term unemployed.

[30] https://www.missoc.org/missoc-database/comparative-tables/

et al., 2015[77]; Padley and Davis, 2025[78]). Reference budgets can facilitate benefit adjustments that respond to price-level changes as experienced by low-income groups. Prior to the cost-of-living crisis, a number of OECD countries in the European Union made use of such tailored consumption baskets as a basis for setting minimum-income levels in one way or another: e.g., **Estonia**, **Germany**, **Lithuania**, **Luxembourg**, **Poland**, **Slovenia**, **Sweden** (European Commission, 2022[79]). While not using reference budgets, the **Slovak Republic** and **Japan** link benefits to a low-income version of the consumer price index, which seeks to reflect the specific consumption needs of this group.

When prices change quickly, as they did during the recent cost-of-living crisis, frequent revaluations can be crucial for keeping essentials affordable and daily household expenditures manageable. Detailed policy information provided by country officials (OECD, 2025[53]) shows that most countries with automatic indexation in place update benefit values annually (**Finland, France, Israel, Lithuania, the Slovak Republic, Slovenia**, the **United Kingdom** and the **United States**).

- But some have considerable experience with adjusting key parameters more often than once a year (e.g. **Netherlands, New Zealand** and, on an exceptional basis during the cost-of-living crisis, **Norway**). MIB adjustments in **Belgium** (Wallonia) are triggered whenever a monthly price index increased by at least 2% relative to the previous adjustment. **Czechia** uses a similar arrangement, but with a higher trigger (a CPI increase of 5%).
- In **Australia**, the frequency of automatic indexation varies by scheme (annually for the Youth Allowance, biannually for JobSeeker Payment). Similarly, in **Luxembourg**, the social inclusion income (*Revenue d'Inclusion Sociale*) is subject to regular adjustments (linked to wages) every other year, while the cost-of-living benefit (*Allocation de vie chère*) is adjusted on an ad-hoc basis.
- The main MIB programmes in **Denmark**, the **Netherlands** (Goderis, 2025[80]) and **Korea** are also indexed to wages or statutory minimum wages, while **Germany** (annually) and **Switzerland** (biannually) use a mix of prices and wages. Every five years, Germany also undertakes comprehensive revaluations of MIB levels based on the cost of consumption baskets of low-income households (see also above).
- A number of countries review benefit levels on a regular basis, but without a formal link to a specific index or target value. In **Estonia**, the subsistence level for the MIB is established by the Parliament every year. **Japan** verifies benefit amounts against consumption patterns of low-income households. **Poland** reassesses MIB values once every 3 years.
- **Portugal** reports that benefit amounts are adjusted on an irregular basis, with adjustments considering a mix of economic growth and inflation. The adjustment of **Spain's** national minimum income scheme depends on government decision. In **Hungary**, MIB amounts are indexed to a percentage of the minimum old-age pension, which has, however, remained unchanged for more than a decade.

Among countries that did not index benefit amounts automatically, some have raised benefit values on a discretionary basis after the pandemic and during the cost-of-living crisis, often multiple times. This includes **Estonia**, **Greece**, **Iceland**, **Ireland**, **Latvia**, and **Spain**. Ad-hoc benefit increases were also sometimes used when automatic adjustments were in place but were seen as insufficient (e.g. because they are not comprehensive or too slow). Using the benefit system as a vehicle for additional support has key advantages. It is typically significantly less costly than price subsidies or unfocussed payments to everyone. It can be done quickly, as it builds on existing targeting mechanisms and established assessment and payment processes. Several countries have leveraged existing targeting mechanisms for discretionary benefit boosts:

- **Finland** raised child-related entitlements for a range of social benefits and proposed an across-the-board increase (+3.5%) of a number of transfers, including pensions, unemployment payments and student allowances.

- **France** increased MIB and family benefits twice and housing benefit once in 2022. In addition to regular indexation, Belgium decided to raise benefit amounts for a period of four years (2020-2024).
- **Austria**, **Czechia**, **Denmark**, **Finland**, **Germany**, **Greece**, **Ireland**, **Italy** and **Japan** provided one-off payments or temporary benefit increases for recipients of MIB, unemployment, or child benefits.
- **Luxembourg**, **Netherlands** and **Slovenia** tied specific energy-cost relief measures to eligibility for various social benefits.
- **Canada** increased benefits for low-income working families, while **Ireland** added a one-off payment for recipients of in-work benefits.
- **Canada**, **Finland** and **Norway** supplemented cash housing support on a temporary basis. Germany raised the ceiling of the rental payments that are eligible for housing benefits, and Norway also made means-testing provisions for social assistance more generous, accounting for electricity bills, and disregarding child benefits, when assessing entitlements.

When prices change quickly, adjusting MIB provisions is not only time sensitive but also complex, involving multiple considerations, including poverty alleviation, fiscal affordability and possible knock-on or feedback effects on labour markets and prices. Moreover, MIB programmes are intended to supplement wage earnings and other household incomes, and they work in conjunction with other government support programmes. Any adjustments should therefore take account of wage developments, as well as related transfers. For instance, the EU's 2023 Council Recommendation on minimum income recommends that determining and adjusting MIB levels "should consider the level of inflation (especially that of food and energy), rises in the costs of living, and wage developments" and "taking into account in-kind benefits" (Council of the European Union, 2023[81]).

In other areas of social and labour market policy, numerous countries operate expert commissions that provide input and guidance for setting and adapting key parameters, notably for statutory minimum wages. They often have a degree of independence and provide evidence and multi-stakeholder guidance. They also facilitate a degree of continuity and can partly depoliticise adjustment processes. In a few OECD countries, related bodies exist also for social benefits, including MIB, to advise governments on adjustments of benefit amounts, and on related policy decisions. For instance,

- In **Australia**, the Productivity Commission informs policy decisions by conducting research and providing advice on a broad range of economic and social issues, including on social benefits. In addition, the Department of Social Services commissions periodic independent reviews and expert panels to advise on the adequacy and structure of means-tested payments such as JobSeeker and Youth Allowance.
- In **France**, the *Direction de la recherche, des études, de l'évaluation et des statistiques* (DREES) provides decision-making and evaluation support to the government. Its mandate includes the analysis of MIB and other support measures for the most disadvantaged households. It also examines the living conditions and trajectories of these households.
- In **Germany**, the IAB-Institute for Employment Research regularly advises the government on MIB policy, including issues of access and adequacy.
- The **United Kingdom** Social Security Advisory Committee (SSAC) is an independent statutory body that advises the UK government on social security matters, providing advice to ensure policies meet ministerial intent while addressing equality impacts, and offering proactive recommendations on emerging issues, based on independent studies. During the cost-of-living crisis, the SSAC recommended raising Universal Credit and legacy benefits to match inflation, addressing gaps in support for low-income households.
- In **Canada**, provinces and territories have their own advisory bodies for social services. For instance, Ontario and British Columbia have advisory councils or panels (e.g., Ontario's Income

Security Advocacy Centre) that provide recommendations on welfare reform and minimum-income programs. Prior to 2012, the National Council of Welfare advised on social welfare policies.

- In the **Netherlands**, responsibilities for social assistance are also decentralised. Dutch municipalities often have local advisory councils or expert panels that report to municipal governments.

The cost-of-living crisis, and the challenges it produced for the timely provision of cost-effective household support, underlined the crucial importance of continuous and systematic monitoring of MIB programmes, and of the timely identification of adjustment needs and broader reform priorities. Multi-stakeholder expert commissions can help to ensure that MIB provisions respond to evolving social and economic circumstances. Where such bodies do not exist, they could be considered to ensure that MIB are effective as a pillar of governments' responses to future crises.

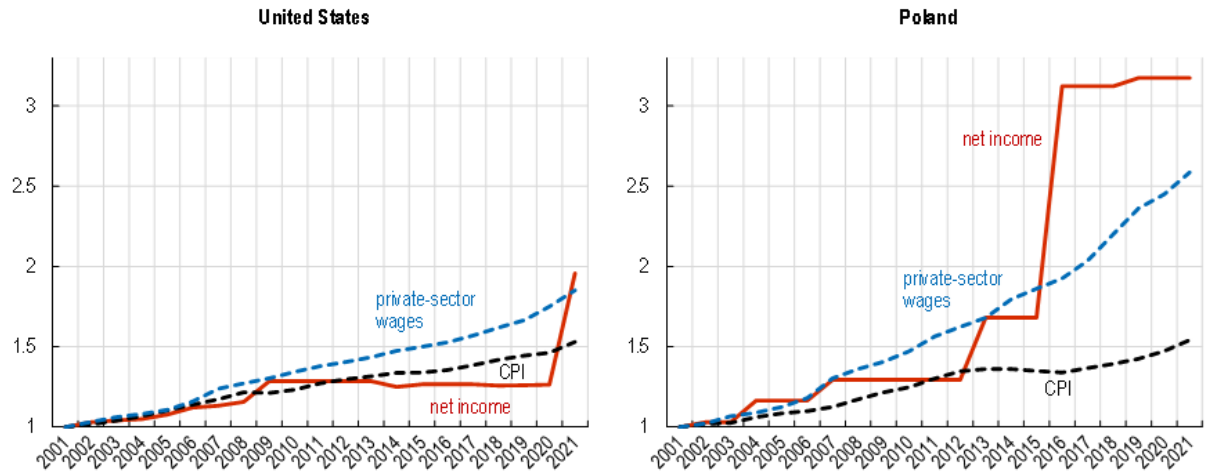
How did minimum-income entitlements evolve in practice?

Tracking the changes of policy parameters over longer time periods can indicate how the various adjustment practices and support strategies combine to shape household purchasing power over time. The OECD tax-benefit models go back to 2001 and allow gauging the extent to which de-facto adjustments across a range of tax and benefit programmes have kept pace with price levels, and what this meant for household incomes. Figure 11 below illustrates the consequences of infrequent or ad-hoc adjustments for **Poland** and the **United States**, comparing the evolution of benefit entitlements with those of prices and wages. Over longer periods of time, benefit levels that approximately track *prices* are consistent with concepts of absolute poverty, and a notion that MIB should maintain households' capacity to meet basic needs, e.g. to afford a certain basket of food, shelter, and other essentials. By contrast, a close match between the evolution of benefits and *wages* may indicate that MIB policy seeks to maintain a certain income standard relative to other population groups. Such a pattern is consistent with the notion of relative poverty and, hence, of basic needs growing as societies become richer (Sen, 1983[82]; Sen, 1985[83]).

At around 50%, overall inflation over the 2001-21 period was at comparable levels in the two countries, with the pace of price increases much slower than during the recent cost-of-living crisis. Wages increased faster, and much more so in Poland than in the United States. In both countries, benefit entitlements for people without any other resources were left largely unchanged in nominal terms over extended periods. Their real value therefore declined during several multi-year episodes. For instance, real-term loss was about 17% in Poland during 2007-12, and about 19% in the United States during 2009-20. Interestingly, in both countries, infrequent but sizeable discretionary benefit changes meant that levels broadly kept pace with *wages* at specific points in time, despite falling behind *prices* in the intervening years. In Poland, the introduction of a new family benefit in 2016 stands out and resulted in large real-term gains. Over the period as a whole, however, a lack of regular adjustments meant that the income floor provided by safety net benefits fluctuated markedly across years, and so did recipient families' ability to meet essential expenditures.

Figure 11. Evolution of transfer entitlements prior to the cost-of-living crisis: An illustration

Two selected countries, nominal values, relative to 2001



Note: Lone parent (two children) with no entitlement to contribution-based unemployment benefits. Net income accounts for cash and near-cash benefits (such as the Supplemental Nutrition Assistance Programme, SNAP, in the United States), as well as any income taxes, tax credits and social contributions. Private sector wages are the OECD's Average Wage measure (OECD, 2025[53]). The reference date in each year is January 1, except in New Zealand and United Kingdom (April). Temporary policy measures that were not yet, or no longer, in place in January are therefore not included.
Source: (OECD, 2022[7]), using OECD tax-benefit models, http://oe.cd/TaxBEN.

Figure 12 presents similar results for recent years, from 2019 to 2024, and for different country groups. A quick look at the figures may suggest that benefit values develop relatively smoothly. However, these values are country averages, and for a specific time of the year, usually for a reference date of January 1 (see figure notes). The purchasing power of support packages in individual countries sometimes fluctuated markedly, with large ups and downs between years (this can be seen in Annex: Figure 14 and Figure 15). Moreover, when inflation adjustments are irregular or infrequent, and when prices rise quickly, the value of benefit payments also fluctuates during the year. When it does, the economic situation of benefit recipients becomes precarious and unpredictable. MIB levels are typically either close to the money needed for covering basic needs, or well below it (see Figure 4 above). For households relying entirely on social safety nets, large fluctuations and infrequent adjustments can therefore translate into extended periods of hardship and destitution.

With that in mind, Figure 12 shows that, in real terms, the value of support packages was often somewhat higher in 2024 than in 2019, i.e. prior to the pandemic and cost-of-living crisis. Except for countries with comparatively "low" inflation, benefit levels on average broadly tracked private-sector wage increases.

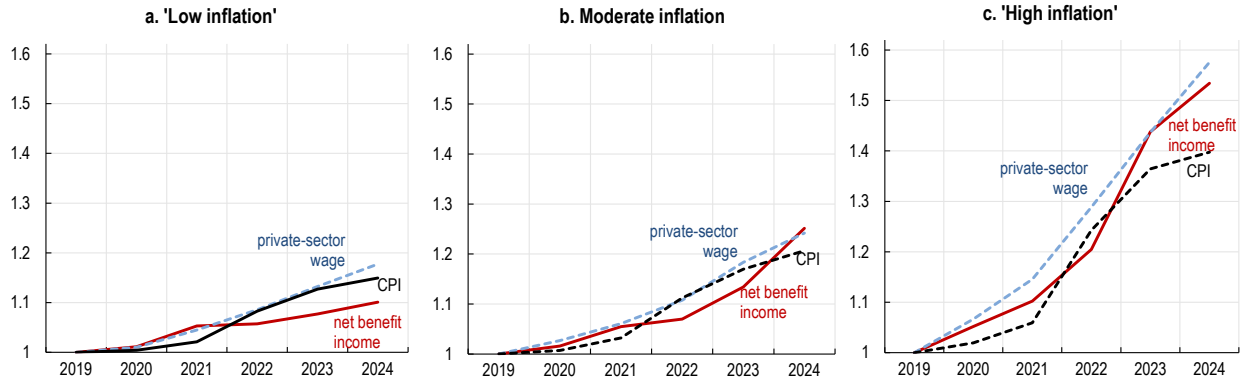
- During the pandemic, ad-hoc support measures meant that MIB maximum entitlements increased by more than prices, but mostly by somewhat less than wages.
- Between 2021 and 2022, benefit levels clearly lagged behind prices and the real value of MIB entitlements declined. This was partly the result of temporary COVID support measures being phased out (see Section 4), partly due to a lack of inflation adjustments (and ad-hoc cost-of-living measures that did not fully compensate for rising prices), and partly because of the delays that are inherent in commonly used price indexation arrangements (see examples of country policies earlier in this section).
- As the cost-of-living crisis took hold and worsened, automatic adjustments kicked in in countries that already had indexation systems in place. In most others, a combination of newly introduced

indexation systems and discretionary cost-of-living support narrowed the gap between benefit levels and prices that had opened since 2021.

- By 2024, benefit levels more than caught up with prices in most countries. Yet, in countries with comparatively "low" inflation rates, these measures were less common or generous, and benefit claimants relying on MIB as their only income source mostly saw an erosion of their purchasing power.

Figure 12. Evolution of transfer entitlements during the cost-of-living crisis across the OECD area

Single person living alone, nominal values, relative to 2019. Median values across countries in each group



Note: The reference date in each year is January 1, except in New Zealand and United Kingdom (April). Temporary policy measures that were not yet, or no longer, in place in January are therefore not included. Country comparisons of benefit levels in 2019 are in Figure 4 and Figure 5. 'Low' and 'high' inflation groups correspond approximately to the 20% of countries with the smallest and biggest CPI increases between 2019 and 2024. 'Low inflation': Denmark, France, Greece, Japan, Korea, Luxembourg, Switzerland; 'Moderate inflation': Australia, Austria, Belgium, Canada, Finland, Germany, Iceland, Israel, Ireland, Italy, Netherlands, Norway, New Zealand, Portugal, Slovenia, Spain, Sweden, United Kingdom, United States; 'High inflation': Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic. Net benefit income accounts for cash and near-cash benefits (such as the Supplemental Nutrition Assistance Programme, SNAP, in the United States), including cash housing support, as well as any income taxes, tax credits and social contributions. Private sector wages are the OECD's Average Wage measure (OECD, 2025[53]).

Source: OECD tax-benefit models, http://oe.cd/TaxBEN; OECD Main Economic Indicators: Consumer Price Indices.

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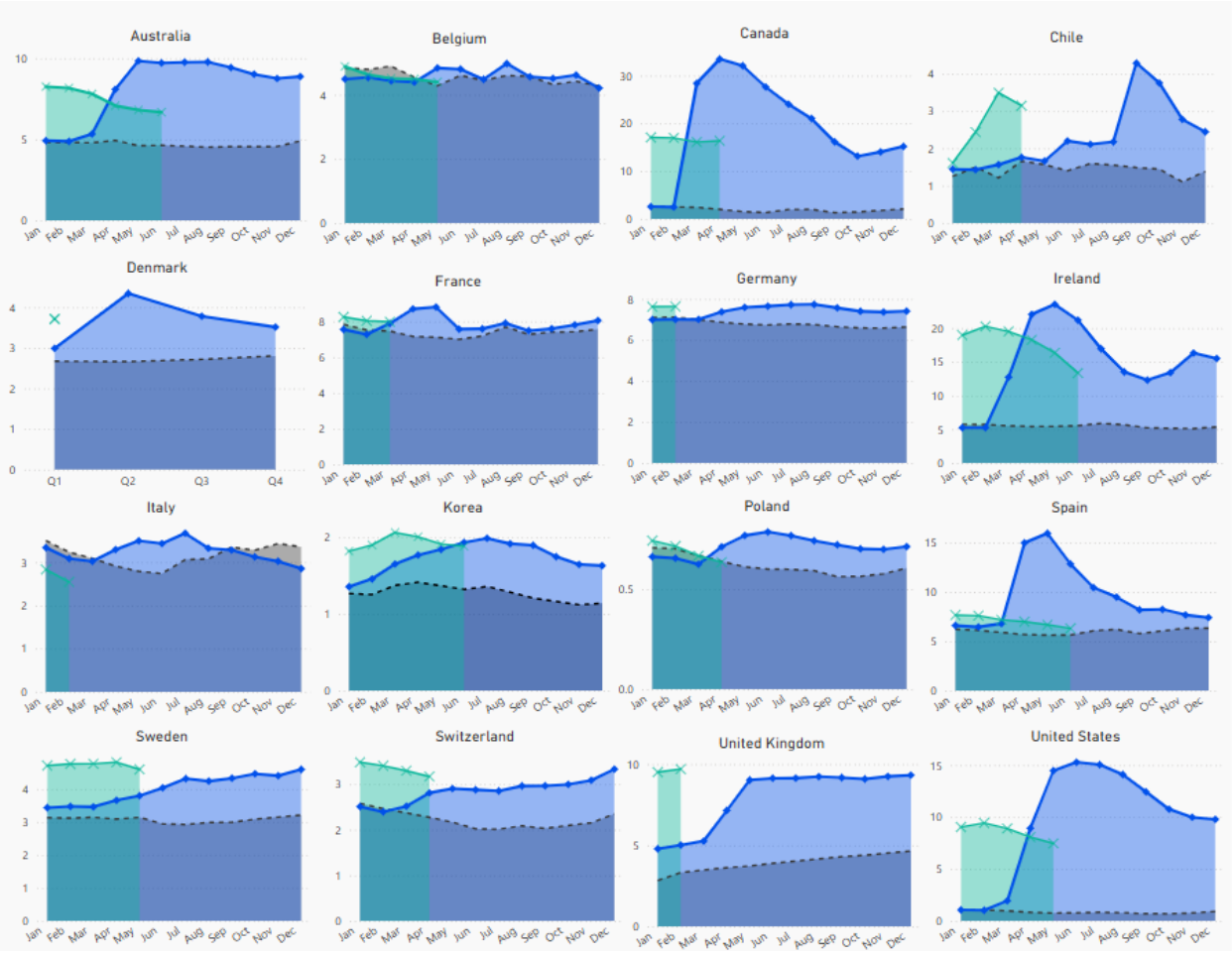
Annex A. Additional material

Figure 13. Benefit recipient trends during the initial phase of the COVID-19 pandemic

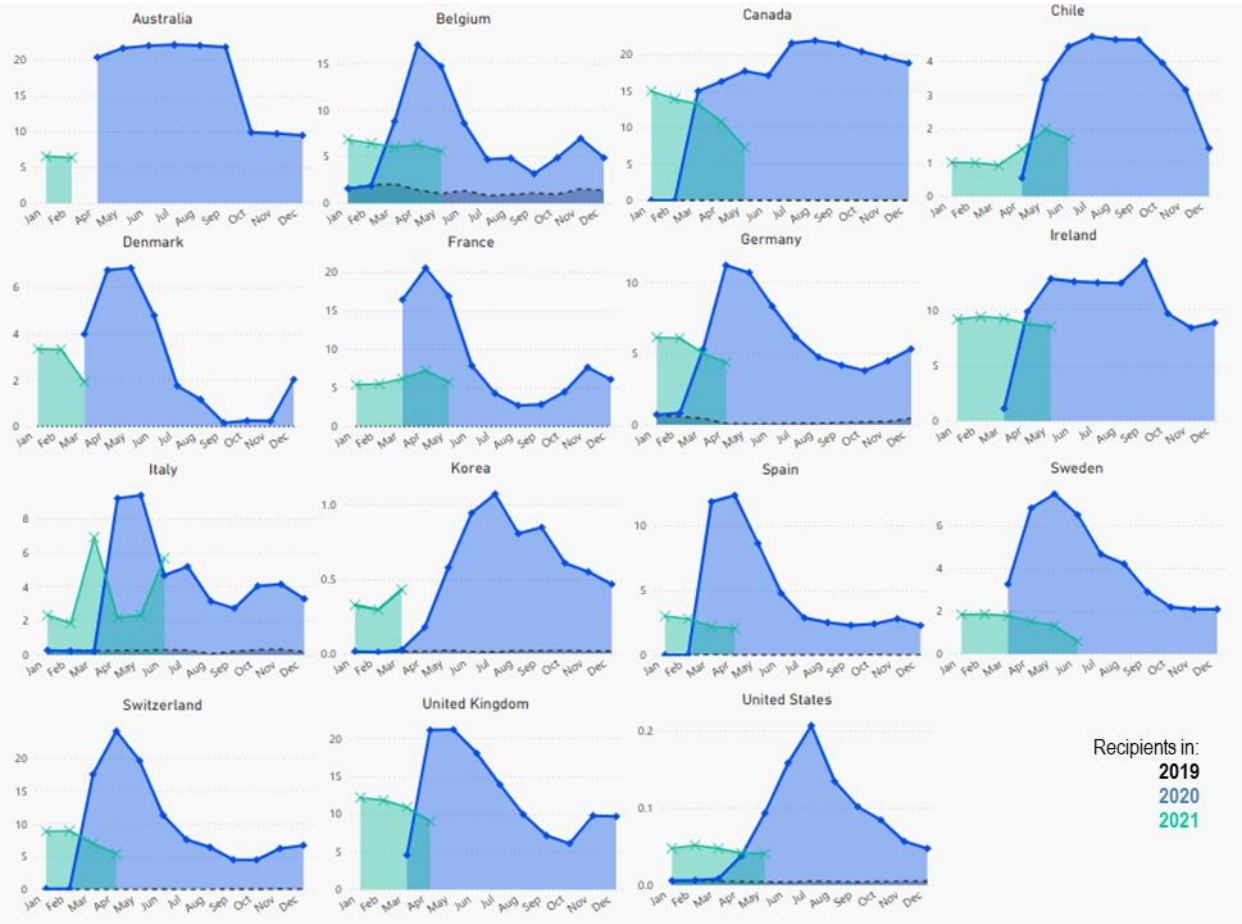
In % of working-age population

Panel A. Minimum-income benefits

Panel B. Unemployment benefits



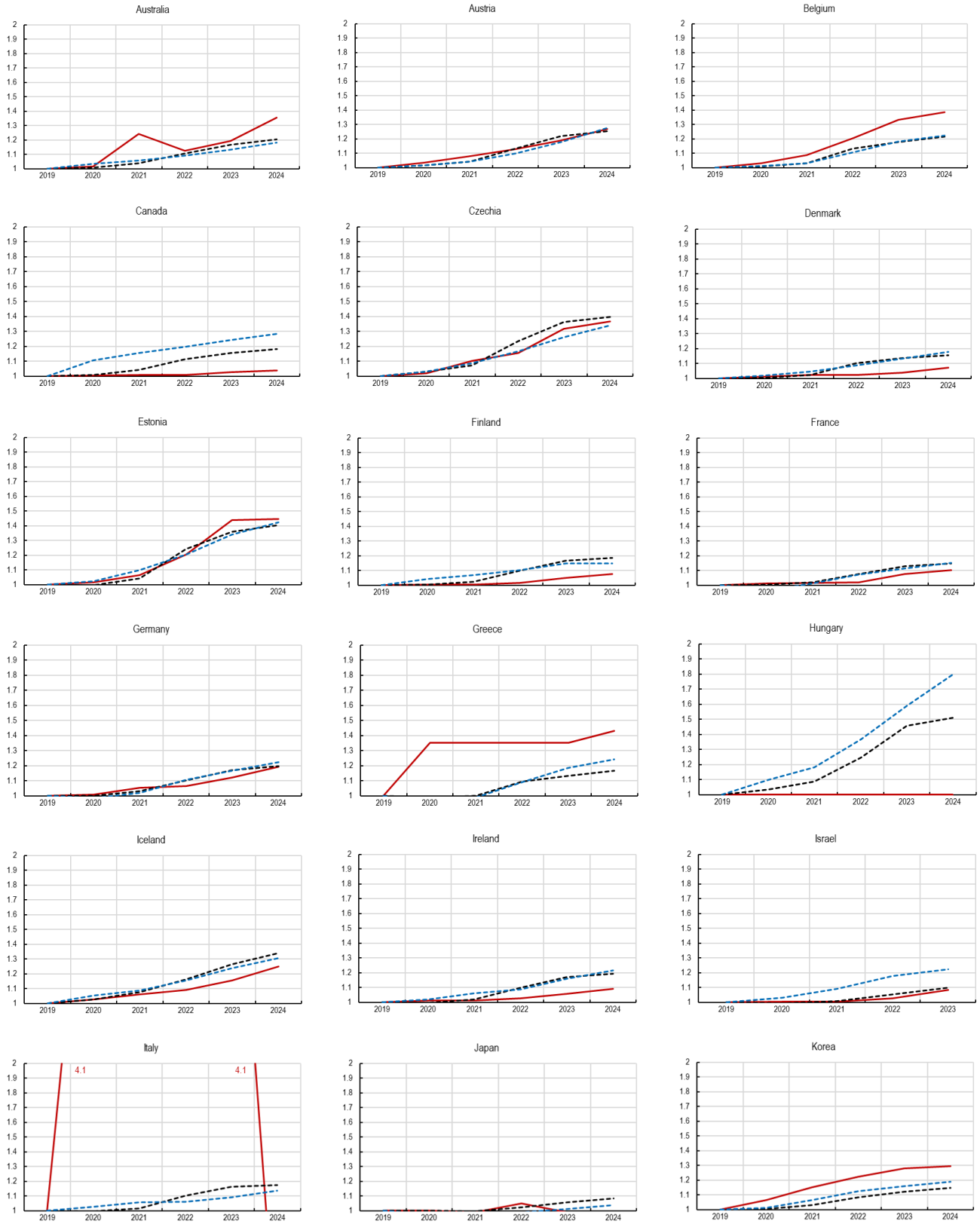
Panel C. Job retention / short-time working schemes

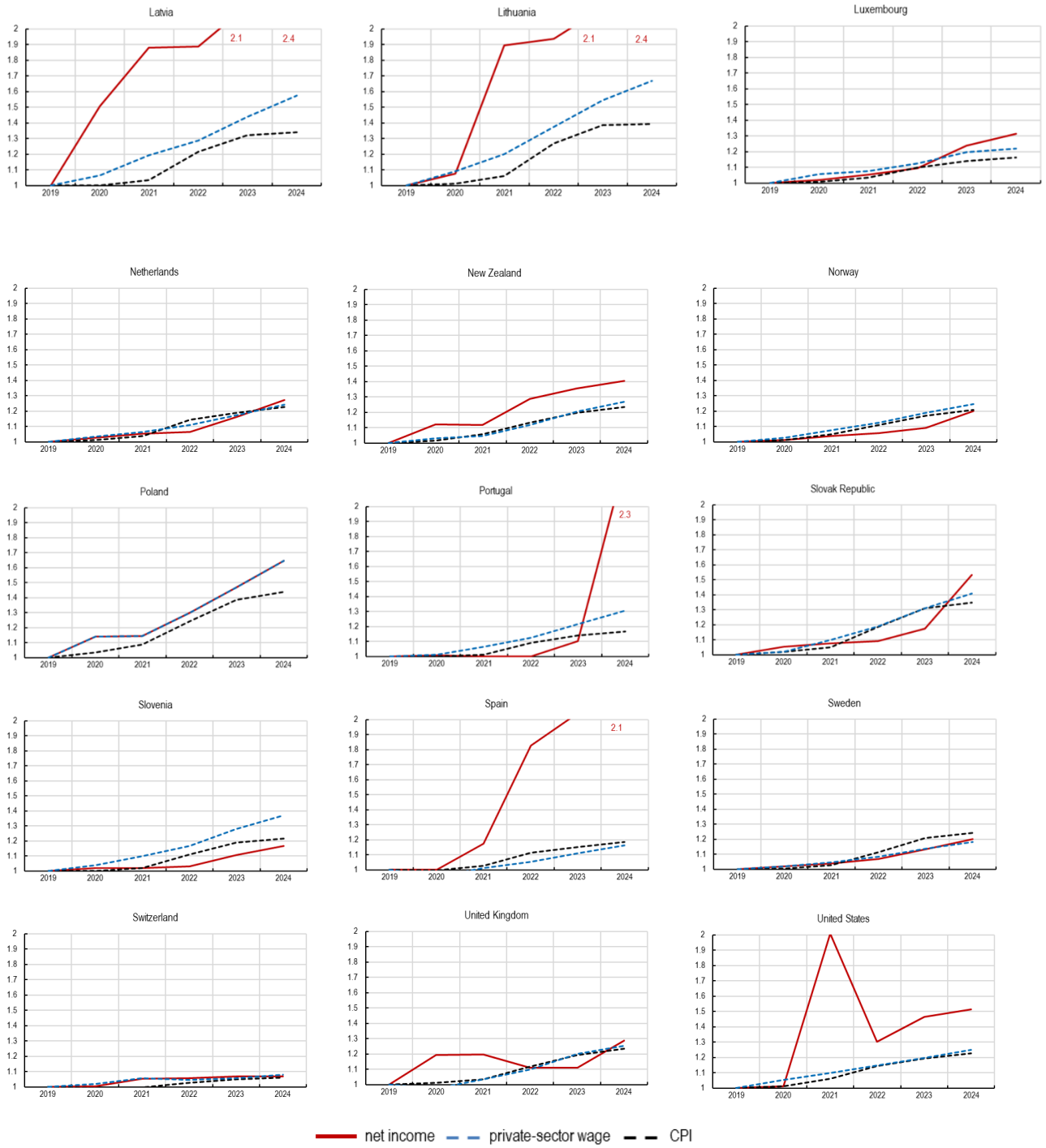


Note: Average across 10 countries with available data on monthly benefit receipt: Australia, Belgium, Canada, Denmark, France, Ireland, Italy, Korea, Sweden, United States. Data for these and several additional countries are in the annex. For calculation details and programmes included, see SOCR-HF data file. Figures for minimum-income benefits refer to the number of recipients households, except for Korea referring to the number of individuals living in the recipient households. For USA, due to the partial federal government shutdown, most of the February 2019 benefits were issued early in the month of January 2019. For Italy, the figure of October 2020 reflects the expiration of the 18-month use of Citizen's income's first recipient cohort. For Ireland, Carer's benefit and Farm assist were not included as high-frequency data were not available. In some cases, missing monthly figures were interpolated using available quarterly data.
Source: OECD Social Benefit Recipient Database (SOCR), high frequency supplement, using published data from national administrative sources (https://web-archive.oecd.org/temp/2021-10-08/583984-recipients-socr-hf.htm, now discontinued).

Figure 14. Evolution of transfer entitlements during the cost-of-living crisis: Country-specific results

Single person living alone, nominal values, relative to 2019



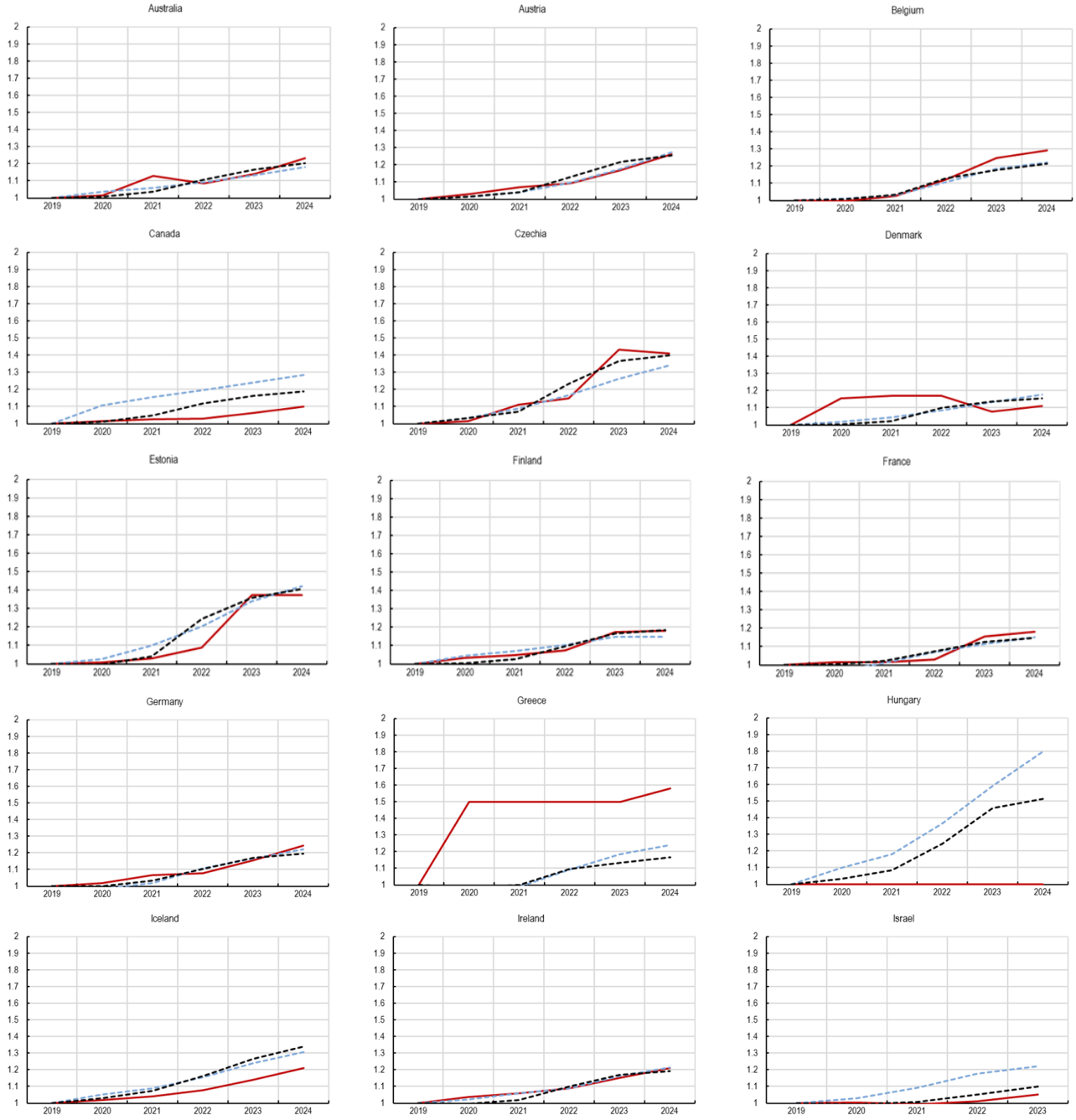


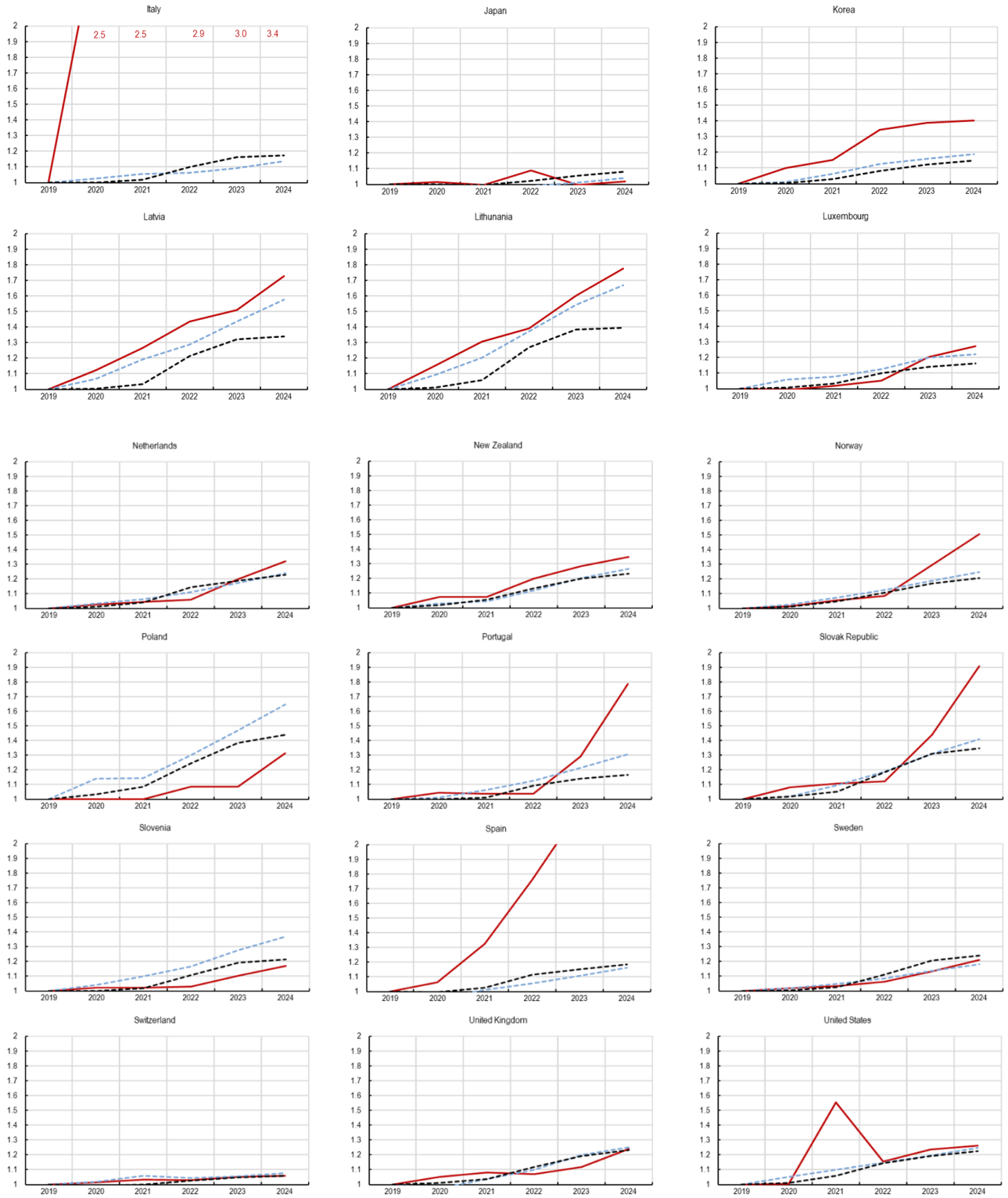
Note: See Figure 12 for definitions. The reference date in each year is January 1, except in New Zealand and United Kingdom (April). Temporary policy measures that were not yet, or no longer, in place in January are therefore not included. Italy increased benefit amounts of its MIB programme (*Reddito di Inclusione*) in 2019, which was replaced in 2024 with a more narrowly targeted means-tested programme (*Assegno di Inclusione*), which did not provide support for able-bodied working-age people living alone. Latvia launched a new MIB programme with nationally unified benefit levels. Lithuania permanently increased MIB benefits due to COVID-19. Portugal's irregular adjustment mechanism led to an increase of MIB benefit amounts from 2022 onwards. Spain introduced a new MIB (*Ingreso Mínimo Vital*) in 2020 and expanded housing-related benefits. Results for Türkiye are not shown, as the country did not provide social assistance for able-bodied working-age people living alone. However, In June 2022, Türkiye introduced a new poverty-alleviation programme on a temporary basis, which extended also to single-person households. The United States put in place substantially increased SNAP benefits between 2020 and 2021 and maintained some of the increases after that.

Source: OECD tax-benefit models, http://oe.cd/TaxBEN; OECD Main Economic Indicators: Consumer Price Indices.

Figure 15. Evolution of transfer entitlements during the cost-of-living crisis: Country-specific results

Lone parent, two children, relative to 2019





Note: See notes to Figure 14. The reference date in each year is January 1, except in New Zealand and United Kingdom (April). Temporary policy measures that were not yet, or no longer, in place in January are therefore not included. One notable example is the significant temporary expansion of the US Child Tax Credit, as part of the American Rescue Plan Act of 2021 (ARPA).
Source: OECD tax-benefit models, http://oe.cd/TaxBEN; OECD Main Economic Indicators: Consumer Price Indices.