

Executive summary

With an income poverty rate of 14.7%, higher than the OECD average, Spain grapples with serious issues of economic hardship and social exclusion. It has the fifth-highest child poverty rate among OECD countries. Moreover, nearly 27% of working-age Spaniards also face poverty or social exclusion, one of the highest rates in the European Union. They encounter numerous challenges: 28% are long-term unemployed, close to 40% have low education, 30% struggle to properly heat their homes, and over 70% suffer severe material deprivation without income support.

The introduction of the national minimum income scheme Ingreso Mínimo Vital (IMV) in 2020 aimed to ensure a common accessible income floor to promote social inclusion across the country. Previously, different regions or autonomous communities (AACC) operated minimum income schemes with different durations, amounts and eligibility conditions, making transferring such rights across the country challenging. Regions are still operating their own schemes, mostly as supplemental income or as a complement for groups not covered by the IMV.

However, coverage rates of both the national IMV and regional minimum income programmes remain low in many regions. With respect to the IMV, only 40% of the eligible population is estimated to receive the benefit, with rates varying across the country from 25% in Cataluña to 59% in La Rioja. Rates of takeup of regional minimum schemes were also below 100% except in Navarra and the Basque country and were generally not higher than 50% in many regions.

The application process for minimum income schemes is frequently complex, not tailored to the digital abilities and resources of the potentially eligible population and lacks accessible administrative support to complete the process. The IMV initially had long wait times (which have improved over time), and it is estimated that 70% of applications received a negative response because applicants did not meet the criteria or did not provide adequate documentation.

Regional and local authorities remain responsible for other social inclusion policies, such as social services, with wide variations in the concepts and implementation of inclusion policies across regions. Only 11 of the 17 regions develop inclusion itineraries for regional minimum-income beneficiaries. While for IMV recipients, such itineraries are foreseen in the legislation, they are not implemented in practice unless individuals are also receiving regional benefits. Also missing is a multi-dimensional approach to social inclusion that covers the most relevant interventions and policy areas: 13 out of the 17 regions do not cover services in all dimensions of exclusion.

In recent years, there has been an aim to enhance co-ordination between social and employment services, evidenced by the development of multiple pilot projects in this area throughout Spain. While this is a positive move forward resulting in a more integrated approach of inclusion, analysis shows that other key areas, such as housing, health, or care policies, are much less integrated with the actions and programmes developed by social services.

Vertical and horizontal co-ordination mechanisms remain limited in Spain. In most AACC, regional government departments in charge of social services remain the main actors in charge of inclusion policies, but they lack support from other public actors. Only five regions have both multi-disciplinary teams and the

structured involvement of the third sector, i.e. non-governmental organisations. Data sharing, as well as the interoperability of systems, both between government departments and between regional and local governments, is still underdeveloped.

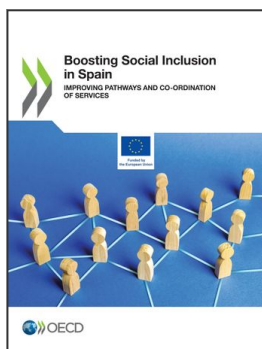
Policy options to strengthen social inclusion and minimum income support

To strengthen social protection for those at risk of poverty, Spain should consider reforms to improve its minimum income framework's outreach and accessibility. Potential options include simplifying eligibility criteria and application processes, launching informational campaigns and exploring automatic notifications to potential beneficiaries identified through tax data.

Spain should also consider widening access to minimum income benefits for currently excluded groups and modifying the income criteria to a more timely measure. Automating parts of the application process, improving user-friendliness, and providing more applicant support could also be considered.

To enable more personalised support, Spain should consider improving needs assessment and service co-ordination. Testing profiling methods to assess minimum income recipients' employability and automating assessment using application information may be options. Spain could explore establishing structured referral mechanisms like service access protocols or joint regional/local interventions. A framework for co-operation among public service providers, particularly employment and social services, could provide tailored, comprehensive support across different care services. More co-ordination with health, education, housing, and other areas may help address beneficiaries' circumstances. Other possibilities include developing information technology infrastructure for data sharing between national, regional, and local levels and exploring interoperability solutions.

To facilitate and reward labour market integration of minimum income beneficiaries, Spain could improve the work incentive measure introduced for national minimum income (IMV) recipients. The work incentive introduced by the Spanish Government in 2023, allowing IMV recipients to cumulate the benefit with work income, has a significant effect for very low earners (i.e. those who work few hours) and those with children. The incentive is smaller for full-time workers, reflecting the assumption that IMV recipients will choose a full-time job (even paid at the minimum wage) rather than receive the IMV, which may not always be the case. Regions could tailor conditionality levels and employment/social support services to individual circumstances. Supporting intra-regional geographical mobility should also be part of a strategy to help beneficiaries exit income protection schemes.



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