This article is part of a set of statistical articles that forms Eurostat’s flagship publication, Living conditions in Europe - 2018 edition. Each article helps provide a comprehensive and up-to-date summary of living conditions in Europe, presenting some key results from the European Union’s (EU’s) statistics on income and living conditions (EU-SILC), which is conducted across EU Member States, EFTA and candidate countries. This is the second edition of the publication: it was initially released as a paper only publication in 2015 (cat. no. KS-DZ-14-001).

Policy context
The EU promotes smart, sustainable and inclusive growth to improve its competitiveness and productivity, underpinning its social market economy. However, the Europe 2020 strategy cannot be monitored solely through traditional macroeconomic measures: rather, a range of socio-economic aspects are also taken into account.

In recent years, Eurostat has invested considerable resources in developing a set of indicators that are designed to reach ’Beyond GDP’, thereby providing a more inclusive analysis of economic, social and environmental aspects of progress. Indeed, economic indicators such as gross domestic product (GDP) were never designed to be comprehensive measures of prosperity and well-being. With this in mind a range of indicators have been developed which help to provide information to address global challenges for the 21st century — poverty, the quality of life, health, climate change or resource depletion. This article addresses poverty and its impact on living conditions.

The risk of poverty and social exclusion is not dependent strictly on a household’s level of income, but may also reflect joblessness, low work intensity, working status, or a range of socio-economic issues.

Key findings
In 2016, an estimated 23.5 % of the EU-28 population — or some 118 million people — was at risk of poverty or social exclusion. This indicator is based on the number of persons who are (i) either at risk of poverty (as indicated by their disposable income); and/or (ii) face severe material deprivation (as gauged by their ability to purchase a set of predefined material items); and/or (iii) live in a household with very low work intensity.

The results presented in this article confirm that the risk of poverty or social exclusion was greater across the EU-28 among women (than men); young adults (rather than middle-aged persons or pensioners), and people with a low level of educational attainment (rather than those with a tertiary level of educational attainment).
Almost half of the EU-28 population living in single person households with dependent children were at risk of poverty or social exclusion in 2016, while the risk of poverty or social exclusion also increased among those households inhabited by nuclear families with more than two children.

Working status is unsurprisingly one of the main socio-economic characteristics that impacts upon the risk of poverty or social exclusion. In 2016, while the risk of poverty or social exclusion in the EU-28 was 12.4 % for employed persons, this rose to just over two thirds (67.0 %) for those persons who were unemployed and stood at 42.9 % for other inactive persons (those who chose, for whatever reason, not to work).

The risk of poverty or social exclusion varies considerably between the EU Member States, but also within individual Member States. For example, in some Member States — predominantly in eastern or southern Europe — the risk of poverty or social exclusion was higher in rural areas than it was in urban areas (cities, or towns and suburbs), whereas in many western and northern Member States it was more common to find poverty or social exclusion concentrated in urban areas.

As already noted in an article on income distribution and income inequality, social protection measures, such as social transfers, provide an important means for tackling monetary poverty: in 2016, social transfers reduced the EU-28 at-risk-of-poverty rate from 25.9 % (before social transfers, pensions excluded) to 17.3 %, bringing the rate down by 8.6 percentage points.

The persistent risk of poverty is considered an even greater problem — in much the same way as long-term unemployment — as it is inherently linked to a disproportionately higher risk of social exclusion. The persistent at-risk-of-poverty rate shows the proportion of people who were below the poverty threshold and had also been below the threshold for at least two of the three preceding years. This is of interest insofar as it allows a longitudinal analysis of whether the risk of poverty is transitory in nature (shared among various members of society) or whether it is a more structural phenomenon (whereby an unlucky few are found to be persistently poor). The persistent at-risk-of-poverty rate was more prevalent among the population living in single person households, particularly those with dependent children (many of these households are characterised by income levels that are persistently below the poverty threshold). On average, more than one fifth (21.9 %) of single-parent households in the EU-28 was at persistent risk of poverty in 2016.

**Poverty and social exclusion**

Inclusive growth is one of three priorities of the Europe 2020 strategy (the other two concern smart and sustainable growth). In 2010, when this strategy was officially adopted, the European Council decided to set a headline target for social inclusion in the EU, namely, to lift at least 20 million people out of poverty or social exclusion by 2020. Progress towards this target is monitored through Eurostat’s headline indicator for those ‘at risk of poverty or social exclusion’.

The number or share of people who are at risk of poverty or social exclusion combines three separate measures and covers those persons who are in at least one of these three situations:

- persons who are at risk of poverty, in other words, with an equivalised disposable income that is below the at-risk-of-poverty threshold;
- persons who suffer from severe material deprivation, in other words, those who cannot afford at least four out of nine predefined material items that are considered by most people to be desirable or even necessary to lead an adequate quality of life;
- persons (aged 0 to 59) living in a household with very low work intensity, in other words, those living in households where adults worked no more than 20 % of their full work potential during the past year.

Almost one in four Europeans was at risk of poverty or social exclusion

In 2016, there were 118 million people in the EU-28 at risk of poverty or social exclusion, which was equivalent to 23.5 % of the total population. Having peaked at 123.6 million in 2012, the number of persons who were at risk of poverty or social exclusion in the EU-28 fell during four consecutive years. There was an overall reduction of 5.6 million in relation to the number of people who were at risk of poverty or social exclusion during this period (see Figure 1).
Despite the progress made in recent years towards the Europe 2020 target, an analysis over a longer period of time reveals that the recent decline in the number of persons at risk of poverty or social exclusion (2012-2016) failed to offset the increases that were recorded during and in the immediate aftermath of the global financial and economic crisis between 2010 and 2012.

Figure 1: People at risk of poverty or social exclusion, EU-28, 2006-2016 (million persons)

Source: Eurostat (ilcpeps01)

The profile of Europeans at risk of poverty or social exclusion

Women, young adults, unemployed persons and those with a low level of educational attainment experienced — on average — a greater risk of poverty or social exclusion than other members of the EU-28 population in 2016 (see Figure 2).

The risk of poverty or social exclusion in the EU-28 was higher for women (aged 18 and over) than it was for men (24.3 % compared with 22.4 % in 2016).

There were larger differences when analysing the risk of poverty or social exclusion by age: in 2016, the highest risk (30.7 %) was recorded for young adults (aged 18-24 years) in the EU-28, while the lowest risk (17.7 %) was recorded for people aged 65 and over. The risk of poverty or social exclusion was 22.7 % for people aged 25-49 years and rose to 24.0 % among the population aged 50-64 years (perhaps reflecting, among others, the increased risk of health issues or difficulties that some older members of the labour force have to find work if they are made unemployed).

Besides age and sex, educational attainment also has a considerable impact on the risk of poverty or social exclusion within the EU-28. In 2016, more than 3 out of every 10 (30.7 %) persons aged 18 and over with a low level of educational attainment (ISCED levels 0-2) was at risk of poverty or social exclusion, compared with 11.5 % of people in the same age group with a high level of educational attainment (ISCED levels 5-8).

Finally, an analysis by activity status reveals that those persons who were unemployed faced a particularly high risk of poverty or social exclusion. At an EU-28 level, more than two thirds (67.0 %) of the unemployed aged 18 and over were at risk of poverty or social exclusion; for comparison, the share among those in employment was 12.4 %.
Almost half of the population living in single person households with dependent children was at risk of poverty or social exclusion

In 2016, almost one quarter (24.6 %) of the EU-28 population living in households with dependent children was at risk of poverty or social exclusion. This rate varied considerably across the EU Member States, from highs of 42.5 % in Romania and 40.9 % in Bulgaria down to 12.8 % in Finland and 12.0 % in Denmark (see Table 1).

On average, the population living in households without children faced less risk of poverty or social exclusion — 22.1 % across the EU-28 in 2016 — when compared with the population living in households with dependent children. However, a closer analysis reveals that this pattern was repeated in just 16 of the EU Member States; with the risk of poverty or social exclusion particularly concentrated among people living in households with children in Romania and Spain. By contrast, the risk of poverty or social exclusion was higher for people living in households without children in the remaining 12 Member States, including each of the Baltic and Nordic Member States. In Estonia and Latvia the risk of poverty or social exclusion among those persons living in households without children was 11.0-12.0 percentage points higher than the risk faced by people living in households with children.

People living in single-parent households constitute a particularly vulnerable group within the EU-28. In 2016, almost half (48.2 %) of this subpopulation faced the risk of poverty or social exclusion. Among the EU Member States, this rate ranged between 71.4 % in Bulgaria and 33.4 % in Slovenia.

The risk of poverty or social exclusion was also generally higher for the population living in larger family units. For example, the risk for people living in a household composed of two adults with three or more dependent children averaged 31.2 % across the EU-28 in 2016, which was 6.6 percentage points higher than the average for all households with children. This pattern was repeated for all but two of the EU Member States, the exceptions being Slovenia and Finland where people living in households composed of two adults and three or more dependent children had a marginally lower risk of poverty or social exclusion; this was also the case in Iceland (2015 data) and Norway.

In 2016, almost one third (32.6 %) of the EU-28 population living alone (single person households) faced the risk of poverty or social exclusion. In the three Baltic Member States this rate exceeded 50.0 % in 2016, while a peak of 62.0 % was recorded in Bulgaria. In four Member States — namely, Croatia, Slovenia, Latvia and Estonia, the risk of poverty or social exclusion was higher for the population living in single person households than it was for people living in single-parent households.

Among the different types of household covered in Table 1, the lowest risk of poverty or social exclusion was recorded for people living in households composed of two adults where at least one person was aged 65 years.
or older — a rate of 15.3% across the EU-28 in 2016. Among the EU Member States, the range was between 37.9% in Bulgaria and 5.1% in Denmark; even lower rates were recorded in Iceland (5.0%; 2015 data) and particularly Norway (2.2%).

Table 1: People at risk of poverty or social exclusion by household type, 2016(%)

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Source: Eurostat (ilcpeps03)

More than a quarter of the EU-28 population living in rural areas was at risk of poverty or social exclusion

Aside from socio-demographic factors, the risk of poverty or social exclusion is also affected by the degree of urbanisation.

Figure 3 reveals that slightly more than one quarter (25.5%) of the EU-28 population living in rural areas was exposed to the risk of poverty or social exclusion in 2016. For comparison, the risk was somewhat lower for people living in cities (23.6%), while the lowest risk was recorded for the population living in towns and suburbs (21.6%).

A more detailed analysis reveals there were contrasting patterns among the EU Member States concerning the impact that urbanisation had on the risk of poverty or social exclusion. In much of western Europe the risk of poverty or social exclusion was most pronounced in cities; this was particularly true in Belgium, Austria, Denmark, Germany and the Netherlands. By contrast, the risk of poverty or social exclusion was particularly concentrated among rural populations in Bulgaria and Romania, as well as in Lithuania, Latvia and Poland.

In 2016, the highest risks of poverty or social exclusion in cities were recorded in Greece (33.6%), Bulgaria (31.1%), Belgium (29.3%), Italy (28.7%; 2015 data) and Spain (25.9%); none of the remaining EU Member States reported that in excess of one quarter of city-dwellers were faced by such risk.

By contrast, the risk of poverty or social exclusion for rural populations was highest in Bulgaria and Romania, as both reported that more than half of their rural population faced such risks. As well as Bulgaria (53.8%) and Romania (51.7%), more than one third of the rural populations of Greece (38.9%), Lithuania (37.6%), Latvia (35.0%), Spain (33.5%) and Croatia (also 33.5%) faced the risk of poverty or social exclusion in 2016.

The risk of poverty or social exclusion for those people living in towns and suburbs was often situated between the extremities recorded for rural areas and cities. However, in Italy (29.5%; 2015 data), Ireland (28.4%; 2015 data), Luxembourg (22.5%; 2015 data), France (20.2%; 2016 data) and the Czech Republic (15.5%; 2015 data) people living in towns and suburbs faced a higher risk of poverty or social exclusion than the remainder of the population.
Figure 3: People at risk of poverty or social exclusion by degree of urbanisation, 2016(%) Source: Eurostat (ilcpeps01) and (ilcpeps13)

Component indicators which contribute to an analysis of the risk of poverty or social exclusion

Figure 4 provides an analysis for the EU-28 population of the various risks of poverty or social exclusion in 2016. Among the 118.0 million inhabitants within the EU-28 that faced the risk of poverty or social exclusion in 2016, some 8.4 million lived in households experiencing simultaneously all three poverty and social exclusion criteria. There were 15.1 million people in the EU-28 living both at risk of poverty and in a household with very low work intensity; 11.5 million were at risk of poverty and at the same time severely materially deprived; 2.9 million lived in households with very low work intensity while experiencing severe material deprivation.

However, the majority of the EU-28 population living at risk of poverty or social exclusion experienced only one of the three individual criteria: there were 51.9 million persons who were exclusively at risk of poverty, 15.5 million who faced severe material deprivation and 13.2 million that lived in households with very low work intensity.
The information shown in Figure 5 confirms that monetary poverty — in other words, those people at risk of poverty — was the most widespread form of poverty or social exclusion, some 17.3 % of the EU-28 population was at risk of poverty in 2016 (possibly combined with one or both of the other two risks). A further 3.6 % of the EU-28 population faced severe material deprivation in 2016 (either as a single risk or combined with living in a household with very low work intensity), while 2.6 % of the EU-28 population lived in households with very low work intensity (without experiencing either of the other two risk factors).

Figure 5: People at risk of poverty or social exclusion by type of risk, 2016(%)Source: Eurostat (ilcli02) and (ilcpees01)

Living conditions in Europe - poverty and social exclusion
Monetary poverty

The at-risk-of-poverty rate provides information for the monetary dimension of poverty and social exclusion; it shows the proportion of the population that has an income level below the national at-risk-of-poverty threshold.

In 2016, more than one fifth of the total population was at risk of poverty in Romania (25.3 %), Bulgaria (22.9 %), Spain (22.3 %), Lithuania (21.9 %), Latvia (21.8 %), Estonia (21.7 %) and Greece (21.2 %). At the other end of the scale, less than 13.0 % of the population was at risk of poverty in the Netherlands and Slovakia (both 12.7 %), Denmark (11.9 %) and Finland (11.6 %), while the lowest share among the EU Member States was recorded in the Czech Republic (9.7 %). The at-risk-of-poverty rate was also below 13.0 % in Norway and fell to a rate that was below that reported in any of the EU Member States in Iceland (9.6 %; 2015 data).

At-risk-of-poverty thresholds may, in theory, be set at any arbitrary level. However, in the EU widespread use is generally made of a threshold set at 60 % of the national median equivalised income. Note these thresholds do not measure wealth or poverty, per se, rather they provide information on levels of income below which the population is considered to have relatively low income, which does not necessarily imply a very low standard of living or quality of life. Poverty thresholds are usually expressed in terms of purchasing power parities (PPPs) — to allow cross-country comparisons to be made — as these adjust for price level differences between EU Member States.

In 2016, national poverty thresholds for a single person ranged from a high of PPS 16 862 in Luxembourg down to PPS 4 046 in Bulgaria and PPS 2 877 in Romania. The poverty threshold in Norway was higher than in any of the EU Member States, at PPS 17 170.

![Figure 6: At-risk-of-poverty rate and at-risk-of-poverty threshold, 2016](Source: Eurostat (ilcli02) and (ilcpees01))

Among the adult population, elderly people — defined here as aged 65 and over — were found to be among the least affected members of society in relation to their exposure to the risk of poverty. The at-risk-of-poverty rate among elderly people in the EU-28 was 14.5 % in 2016, while the highest risk of poverty was recorded for young adults — defined here as those aged 18-24 years — almost a quarter (23.4 %) of which were at risk of poverty.

It was commonplace to find that young adults had the highest at-risk-of poverty rate and this pattern was repeated for the vast majority of EU Member States: the only exceptions were the Baltic Member States, Croatia, Cyprus, Slovenia and Malta — in each of these cases, the highest at-risk-of-poverty rate (among adults) was recorded for elderly persons aged 65 and over (see Figure 7).
The at-risk-of-poverty rate before and after deducting housing costs

Housing costs include those costs associated with living somewhere (for example, rental payments, mortgage interest payments, or the cost of repairs), utility costs that result from the use of a dwelling (such as water or electricity charges), and other local taxes/charges.

Housing costs often account for a considerable proportion of a household’s disposable income and rising housing costs are often cited as one of the key factors that impact on the share of the population that is affected by monetary poverty.

A comparison of the at-risk- of-poverty rate before and after deducting housing costs is shown in Figure 8: it reveals that the share of the EU-28 population that was at risk of poverty in 2016 rose from 17.3 % (before deducting housing costs) to reach 32.3 % (after deducting housing costs); as such, the share of the EU-28 population that was at risk of poverty almost doubled when taking account of housing costs.

The impact of housing costs varies considerably both between and within EU Member States (for example, somebody who chooses to live in central Paris may expect to spend a considerably larger proportion of their income on housing costs than someone who chooses to live in Perpignan, Rennes or Strasbourg).

Across the EU Member States, the relative impact of housing on poverty was particularly pronounced in the Czech Republic, Denmark, the Netherlands, Germany, Greece, Slovakia, the United Kingdom and Hungary, where the at-risk-of-poverty rate more than doubled in 2016 after deducting housing costs.

By contrast, many of the eastern and southern EU Member States were characterised by housing costs having a relatively low impact on the risk of poverty. This may be attributed, at least in part, to lower house prices, utility prices and residential taxes and to a higher percentage of home ownership (without a mortgage).
Social protection measures, such as social benefits, are an important means for tackling monetary poverty. By comparing at-risk-of-poverty rates before and after social transfers it is possible to make an assessment of the effectiveness of welfare systems (see Figure 9).

In 2016, social transfers reduced the at-risk-of poverty rate for the EU-28 population from 25.9 % (before social transfers, pensions excluded) to 17.3 %, bringing the rate down by 8.6 percentage points.

Social transfers had a particularly large impact on poverty reduction in 2016 in Ireland (2015 data), the Nordic Member States, Austria and the United Kingdom, where the at-risk-of-poverty rate fell by more than 12.0 percentage points after social transfers; this pattern was repeated in Norway.

The impact of social transfers was much less significant in Bulgaria, Romania and Greece, as at-risk-of-poverty rates were reduced by no more than 5.0 percentage points; this pattern was repeated in both the former Yugoslav Republic of Macedonia and Turkey (both 2015 data).
At-risk-of-poverty rate anchored at a specific point in time

Given the at-risk-of-poverty rate is calculated on the basis of poverty thresholds that change from one year to the next (reflecting changes to the overall level of income and its distribution between different socio-economic groups), it is necessary to remain cautious when interpreting poverty developments over time, especially during periods of rapid economic change (booms or recessions).

A more reliable measure for monitoring developments over time can be achieved by monitoring the at-risk-of-poverty rate anchored at a specific point in time and adjusted for inflation.

On this basis, the at-risk-of-poverty rate anchored in 2008 rose, on average, by 0.9 percentage points across the EU-28 between 2008 and 2016. There was a varied pattern to developments in the individual EU Member States, with the impact of the global financial and economic crisis apparent in several southern EU Member States — Greece, Cyprus, Spain and Italy — as well as Ireland; a similar pattern was also observed in Iceland (see Map 1).
The persistent at-risk-of-poverty rate

The persistent at-risk-of-poverty rate shows the proportion of people with a level of income below the poverty threshold in both the reference year as well as at least two out of the three preceding years. Thus, this indicator captures those members of society who are particularly vulnerable to the persistent risk of poverty over relatively lengthy periods of time. The rationale behind this indicator is based on the fact that the chances for a household to recover or be lifted out of poverty falls the longer it remains below the at risk of poverty threshold.

In 2016, there was a higher persistent risk of poverty among the population living in single person households. On average, more than one fifth (21.9 %) of the EU-28 population living in single-parent households was at persistent risk of poverty, while 17.4 % of the population living in single person households faced similar risks of persistent poverty (see Table 2); both of these figures were considerably higher than the risk of persistent poverty recorded for people living in households with two or more adults (irrespective of whether or not they had children). The lowest persistent at-risk-of-poverty rate — 6.6 % in the EU-28 — was recorded for households composed of two or more adults without dependent children.

Among the EU Member States, around one third of all people living in single-parent households in Belgium, Greece (2015 data) and Ireland (2015 data) faced a persistent risk of poverty in 2016. This share rose to 42.3 % in Malta and peaked at over half (51.5 %; 2015 data) of all single-parent households in Luxembourg. Among those people who were living on their own in single person households, persistent at-risk-of-poverty rates were particularly high in Bulgaria (34.3 %) and Estonia (42.9 %).

Persistent at-risk-of-poverty rates were generally lower for people living in households composed of two or
more adults without dependent children than they were for people living in households composed of two or more adults with dependent children. This pattern was repeated in 2016 across a majority of the EU Member States, as Denmark, Cyprus, Sweden, Germany and particularly Croatia were the only exceptions.

In households composed of two or more adults with dependent children, the persistent at-risk-of-poverty rate peaked in 2016 at 27.8% in Romania (2015 data), while the next highest rates (within the range of 16.5%-19.0%) were recorded in Greece (2015 data), Italy (2015 data) and Bulgaria.

Table 2: Persistent at-risk-of-poverty rate by household type, 2016(%) Source: Eurostat (ilcli23)

Source data for tables and graphs

- Poverty and social exclusion: maps, tables and figures

Data sources

The data used in this section are primarily derived from data from EU statistics on income and living conditions (EU-SILC). EU-SILC is carried out annually and is the main survey that measures income and living conditions in Europe, and is the main source of information used to link different aspects relating to the quality of life at the household and individual level.

The reference population is all private households and their current members residing in the territory of an EU Member State at the time of data collection; persons living in collective households and in institutions are generally excluded from the target population. The EU-28 aggregate is a population-weighted average of individual national figures.

See also

- All articles from Living conditions in Europe
- Being young in Europe today
- Income poverty statistics
- People at risk of poverty or social exclusion
Main tables
- Income and living conditions (tilc)

Database
- Income and living conditions (ilc)

Dedicated section
- Income, social inclusion and living conditions

Publications
- Analytic report on subjective well-being
- Living conditions in Europe — 2014 edition
- Quality of life — facts and views

Methodology
- Income and living conditions (ESMS metadata file — ilcesms)
- Main concepts and definitions

Legislation
- Regulation (EC) No 1177/2003 — framework regulation — this is the central piece of legislation which sets up the whole EU-SILC instrument
- Detailed list of legislative information on EU-SILC provisions for survey design, survey characteristics, data transmission and ad-hoc modules

External links
- European Commission - Directorate-General for Employment, Social Affairs & Inclusion - Employment and Social Developments in Europe 2017

View this article online at https://ec.europa.eu/eurostat/statistics-explained/index.php/Living_conditions_in_Europe_-_poverty_and_social_exclusion