



Social Protection Committee Indicators Sub-group

EU social indicators - Europe 2020 poverty and social exclusion target

Europe 2020					
	Indicator	Definition	Breakdowns	Comments	data source
Europe 2020 headline indicator	<u>At risk of poverty or social exclusion rate</u>	The sum of persons who are: at-risk-of-poverty or severely materially deprived or living in households with very low work intensity as a share of the total population.	gender (for people above 18); age - 0-17 (0-5; 6-11; 12-17), 18-64, 65+		Eurostat - EU SILC
component	<u>At-risk-of poverty rate + illustrative threshold values</u>	Share of persons aged 0+ with an equivalised disposable income below 60% of the national equivalised median income. Equivalised median income is defined as the household's total disposable income divided by its "equivalent size", to take account of the size and composition of the household, and is attributed to each household member. Equivalentization is made on the basis of the OECD modified scale.	gender (for people above 18); age - 0-17 (0-5; 6-11; 12-17), 18-64, 65+	For each country, the poverty risk indicator must be assessed by looking at both the number of people whose income is below the threshold and the comparative level (in PPS) of this threshold.	Eurostat - EU SILC
component	<u>Population living in very low intensity (quasi-jobless) households</u>	People aged 0-59, living in households, where working-age adults (18-59) work less than 20% of their total work potential during the past year.	gender; age - 0-17 (0-5; 6-11; 12-17), 18-59		Eurostat - EU SILC
component	<u>Severe material deprivation rate</u>	Share of population living in households lacking at least 4 items out of the following 9 items: i) to pay rent or utility bills, ii) keep home adequately warm, iii) face unexpected expenses, iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home, or could not afford (even if wanted to) vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone.	gender ; age - 0-17(0-5; 6-11; 12-17), 18-64, 65+		Eurostat - EU SILC

AT RISK OF POVERTY OR SOCIAL EXCLUSION

Agreed definition

The sum of persons who are: at risk of poverty or severely materially deprived or living in households with very low work intensity as a share of the total population, expressed in numbers or shares of the population

For link to the data, click [here](#)

Calculation

At-risk-of-poverty or social exclusion rate (AROPE) broken down by age and gender' (AROPE_{at_age/gender}) is calculated as the percentage of people (or thousands of people) in each age group and gender who are at-risk-of-poverty (EQ_INC20<ARPT60) or severely deprived (SEV_DEP) or living in a household with low work intensity (WI<0.2) over the total population in that breakdown (i.e. age group and gender). The weight variable used is the Adjusted Cross Sectional Weight (RB050a).

$$AROPE_{at_age/gender} = \frac{\sum_{\forall i_{at_age/gender}} RB050a_i \cdot \mathbb{1}_{\{EQ_INC20 < ARPT60 \text{ or } SEV_DEP \text{ or } WI < 0.2\}}}{\sum_{\forall i_{at_age/gender}} RB050a_i} \cdot 100$$

$$AROPE_{at_age/gender} = \frac{\sum_{\forall i_{at_age/gender}} RB050a_i \cdot \mathbb{1}_{\{EQ_INC20 < ARPT60 \text{ or } SEV_DEP \text{ or } WI < 0.2\}}}{1000}$$

Major breakdowns

gender

age - 0-17 (0-5; 6-11; 12-17), 18-64, 65+

Data source : [Eurostat-EU SILC](#)

Policy relevance

This is one of the five headline indicators of the [Europe 2020 Strategy](#).

Data availability

Data for this indicator are available from 2004 onwards. The availability for individual Member States differs according to the timing of their adoption of EU-SILC.

AT-RISK-OF-POVERTY RATE

Agreed definition

Share of population aged 0+ with an equivalised disposable income below 60% of the national equivalised median income (after social transfers). The poverty risk rate must always be analysed in conjunction with the at-risk-of-poverty threshold.

The *equivalised median income* is defined as the household's total disposable income divided by its "equivalent size", to take account of the size and composition of the household, and is attributed to each household member (including children). Equivalisation is made on the basis of the OECD modified scale.

For link to the data, click [here](#)

Calculation

At-risk-of-poverty rate (ARPT) broken down by age and gender ($ARPT_{at_age/sex}$) is calculated as the percentage of people (or thousands of people) in each age and gender group who are at-risk-of-poverty (calculated for different cut-off points) over the total population in that breakdown (i.e. age group and gender). The weight variable used is the Adjusted Cross Sectional Weight (RB050a).

$$ARPT_{at_age/sex} = \frac{\sum RB050a_i}{\sum_{\forall i_{at_age/sex}} RB050a_i} \cdot 100$$
$$ARPT_{at_age/sex} = \frac{\sum_{\forall i_{EQ_INC\ 20 < ARPTXX_at_age/sex}} RB050a_i}{1000}$$

where the poverty threshold is set at 60% (ARPT60).

Major breakdowns

Gender (population aged 18+)

Age : total, 0/17, 18-64, 65+); (0-17, 18-24, 25-54, 55-64, 65+)

Data source : [Eurostat-EU SILC](#)

Policy relevance

In the European Council of Ministers of 1975, the poor are defined as ‘individuals whose resources are so small as to exclude them from the minimal acceptable way of life of the Member State in which they live’. While this notion is multidimensional, a lack of financial resources is an important dimension of poverty. The at-risk-of-poverty rate indicates the share of the population with a relative low income. This low income will most likely hamper their capacity to fully participate in social life of the Member State where they reside.

Status in the portfolio

commonly agreed indicator included in the Overarching portfolio and the Social inclusion portfolio as a primary and secondary indicator

component of the Europe 2020 poverty and social exclusion target

Methodological and interpretation issues

-Unless specified, at-risk-of-poverty rates are assumed to be ‘after social transfers’ (i.e. they include social benefits such as pensions and unemployment benefits).

-Income poverty risk at a given point in time may not necessarily imply low living standards in the short term, for example if the persons at risk have access to savings, to credit, to private insurance, tax credits, to financial assistance from friends and relatives etc. In particular, the cumulative impact of extended periods at risk is to be further assessed.

-Measuring incomes at the level of private households may have certain implications. The exclusion of collective households might lead to an underrepresentation of certain groups (the elderly, persons with disabilities, migrants).

Data availability

Data for this indicator are available from 1995 onwards. Until 2001 data for the at-risk-of-poverty rate were provided by the European Community Household Panel (ECHP). Up to 2005 there was a transitional period, during which data were provided by national sources which were harmonised ex-post. From 2005, all EU-25 countries plus Norway and Iceland provide data from the EU-SILC survey. Bulgaria, Romania, Turkey and Switzerland have launched EU-SILC in 2007. The ECHP and EU-SILC apply different methodologies. This break in series should be taken into account.

POPULATION LIVING IN VERY LOW WORK INTENSITY (QUASI-JOBLESS) HOUSEHOLDS

Agreed definition

People aged 0-59, living in households, where working-age adults (18-59) work less than 20% of their total work potential during the past year.

For link to the data, click [here](#)

Calculation

The distribution of population living in household with very low work intensity broken down by age and gender (LOW_WI_{at_age/sex}) is calculated as the percentage of people (or thousands of people) living in households with low work intensity (WI<0.2) in each age and gender group. The weight variable used is the Adjusted Cross Sectional Weight (RB050a)

$$\text{LOW_WI}_{\text{at_age/sex}} = \frac{\sum_{\forall i \text{ where } WI < 0.2 \text{ at_age/sex}} \text{RB050a}_i}{\sum_{\forall i \text{ where } WI < 0.2} \text{RB050a}_i} \cdot 100$$

$$\text{LOW_WI}_{\text{at_age/sex}} = \frac{\sum_{\forall i \text{ where } WI < 0.2 \text{ at_age/sex}} \text{RB050a}_i}{1000}$$

Major breakdowns

gender

age (0-17 (0-5; 6-11; 12-17), 18-59)

Data source : [Eurostat-EU SILC](#)

Policy relevance

Work intensity is taken into account in a broad range of indicators since it is one of the three dimensions that included in the EU2020 indicators. This indicator refers to people living in households with work intensity less than 0.2. The promotion of employment growth has been high on the agenda of the EU for several decades, to that extent, the overall distribution of population living in households with very low work intensity provides valuable information.

Status in the portfolio

Commonly agreed indicator included in the Overarching portfolio and the Social inclusion Component of the Europe 2020 headline target

Methodological and interpretation issues

For each working age person (aged 18 to 64) in the household that is not classified as a dependent child, two figures are computed, using the calendar of activities of the previous year:

i) the number of months in the previous year which the person has given information about his/her activity status (the 'workable' months)

j) the number of months in the previous year for which the person has been classified as 'at work'

• 'At work' comprises:

q) In paid employment, whether full-time or part-time

r) Including paid apprenticeship or training under special schemes related to employment

s) In self-employment (with or without employees)

t) Including unpaid work in family enterprise

• This indicator measures work intensity at the household level.

Data availability

Data for this indicator are available from 2004 onwards. The availability for individual Member States

differs according to the timing of their adoption of EU-SILC.

SEVERE MATERIAL DEPRIVATION RATE

Agreed definition

The share of the population lacking at least 4 items among the 9 following:

The household could not afford:

i) to face unexpected expenses; ii) one week annual holiday away from home; iii) to pay for arrears (mortgage or rent, utility bills or hire purchase installments); iv) a meal with meat, chicken or fish every second day; v) to keep home adequately warm, or could not afford (even if wanted to): vi) a washing machine; vii) a colour TV; viii) a telephone; ix) a personal car.

For link to the data, click [here](#)

Calculation

Let N_ITEM be the total number of items that a person cannot afford to pay, with N_ITEM ranging from 0 to 9. Material deprivation rate broken down by age and gender (DEPR_TOTL_{at_age/gender}) is calculated as the percentage of people (or thousands of people) in each age group and gender who cannot afford to pay N_ITEM of 'material deprivation items' (see Material deprivation (MD)). The weight variable used is the Adjusted Cross Sectional Weight (RB050a).

$$DEPR_TOTL_{at_age/gender} = \frac{\sum_{Vi_at_age/gender_where\ N_ITEM = j} RB050a_i}{\sum_{Vi_at_age/gender} RB050a_i} \cdot 100$$

$$DEPR_TOTL_{at_age/gender} = \frac{\sum_{Vi_at_age/gender_where\ N_ITEM = j} RB050a_i}{1000}$$

where j takes the values: 0, 1, 2, 3, 4, 5, 6, 7, 8, 9, Less than 3 (i.e. 0-2), Less than 4 (i.e. 0-3), Less than 5 (i.e. 0-4), more than 3 (i.e. 3-9), More than 4 (i.e. 4-9) and More than 5 (i.e. 5-9).

Major breakdowns

By sex (population aged 18+)

By age (0-17(0-5; 6-11; 12-17), 18-64, 65+)

By income group (at-risk-of-poverty/not at-risk-of-poverty)

Data source : [Eurostat-EU SILC](#)

Policy relevance

Whereas the at-risk-of-poverty rate measures income to identify a lack of resources, the material deprivation rate focuses on the ability of households or individuals to afford certain items. The effect of low income might be offset by high savings, access to credit or other sources. By focusing on expenses, the material deprivation rate could take these factors into account. Moreover, by measuring deprivation using a threshold (4 items) of and a list of items that are common to all Member States, the material deprivation is more sensitive to differences in living standards across countries than the poverty risk rate with its nationally defined poverty threshold.

Status in the portfolio

Commonly agreed EU indicator, included in the social inclusion portfolio as a primary indicator. Component of the Europe 2020 poverty and social exclusion headline target

Methodological and interpretation issues

The items have been selected according to following criteria

- (1) An item reflects the lack of an ordinary living pattern common to a majority or large part of the population in the European Union and most of its Member States; The results of a special EU wide Eurobarometer survey in 2007 were used to validate this dimension.
- (2) An item allows international comparisons (i.e., it should have the same information value in the various countries, and not relate specifically to a 'national' context);
- (3) An item allows comparisons over time.
- (4) An item is responsive to changes in the standard of living of people. Items can be considered good indicators of low living standard if the poorest had a higher probability of not being able to obtain the item because of its cost than the richest group.

Data availability

Data for this indicator are available from 2004 onwards. The availability for individual Member States differs according to the timing of their adoption of EU-SILC.