At-risk-of-poverty or social exclusion (AROPE) rate indicator - Revised definition

Technical documentation sheet

Indicator	At-risk-of-poverty-or-social-exclusion (AROPE) rate - Revised definition
JAF dimension	PA11 (as main indicator)
Policy relevance	The at-risk-of-poverty-or-social-exclusion (AROPE) rate is a multidimensional indicator which reflects the importance of looking at different aspects of poverty and social exclusion. It combines three major dimensions: relative income poverty (using the EU at-risk-of-poverty indicator), enforced lack of socially perceived necessities (severe material and social deprivation) and weak labour market attachment (people living in (quasi-)jobless households).
	AROPE (in its former version) was the underlying indicator for the social inclusion headline target in the Europe 2020 strategy. It has been adopted (in its revised version) as the underlying indicator for the EU2030 headline social target, as outlined in the European Pillar of Social Rights Action Plan.
	In 2021, EU Member States and the European Commission decided to revise the definition of AROPE, with the severe material and social deprivation sub-indicator replacing[1] the severe material deprivation sub-indicator and with the (quasi-)jobless households sub-indicator being slightly revised[2]. They also agreed that AROPE should always be analysed jointly with the three sub-indicators.
Agreed definition	The revised definition of this indicator is: Percentage[3], in total population, of the persons who are at risk of poverty (after social transfers) and/or severely materially and socially deprived and/or living in a (quasi-)jobless household[4]. Persons are only counted once even if they are present in two or all the three dimensions.
	As regards the sub-indicators composing the AROPE indicator:
	-A person is **at-risk-of-poverty** if he/she has an equivalised[5] disposable income (after social transfers) below the at-risk-of-poverty threshold, which is set at 60% of the national median equivalised disposable income (after social transfers).

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[1] This resulted from the decision in 2017 to replace the "material deprivation" indicator with the "material and social deprivation" (MSD) indicator in order to increase the reliability and validity of the EU measurement of deprivation. MSD takes into account social items (besides material items) and includes some items at the person level (besides household items). MSD (which corresponds to an enforced lack of 5+ items) is the key EU indicator for measuring deprivation. Severe MSD (which corresponds to an enforced lack of 7+ items) is the new reference MSD indicator included in AROPE.

[2] The main change to this indicator is the increase of its upper age limit from 59 to 64 years old. A few small additional changes were also agreed.

[3] The indicator is expressed here as a percentage. It can also be expressed in number of persons (considering only its numerator).

[4] Based on the (slightly) revised version of the (quasi-)jobless household indicator.

[5] Equivalised income is a measure of household income that takes account of the differences in households' size and composition, and thus is equivalised or made equivalent for all household sizes and compositions. It is used for the calculation of various income-based poverty and social exclusion indicators. The equivalised

(Note: this sub-indicator is unchanged compared to the former version of AROPE.)

- A person is **severely materially and socially deprived** if he/she cannot afford (enforced lack) at least 7 items[6] [7] out of the following 13 MSD items[8]:

Households items:
1. Ability to face unexpected expenses;
2. Afford one week annual holiday away from home;
3. Avoid arrears (in mortgage rent, utility bills and/or hire purchase instalments);
4. Afford a meal with meat, chicken, fish or vegetarian equivalent every second day;
5. Afford keeping their home adequately warm;
6. Have access to a car/van for personal use;
7. Afford replacing worn-out furniture
Personal items:
8. Have access to an internet connection;
9. Afford replacing worn-out clothes by some new ones
10. Afford having two pairs of properly fitting shoes (including a pair of all-weather shoes)
11. Afford spending a small amount of money each week on him/herself
12. Afford having regular leisure activities
13. Afford getting together with friends/family for a drink/meal at least once a month

- A person (only for persons aged 0-64) is living in a **(quasi-)jobless household**[9] if the working-age persons (aged 18-64[10]) in his/her household worked in total 20% or less of their total work potential during the previous 12 months (i.e.

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income is calculated by dividing the household's total income (including all social transfers) from all sources by its equivalent size, which is calculated using the OECD-modified equivalence scale. This scale attributes a weight to all members of the household: 1.0 to the first adult; 0.5 to the second and each subsequent person aged 14 and over; 0.3 to each child aged under 14. The equivalent size is the sum of the weights of all the members of a given household.

[6] For children aged less than 16years, among the 7+ lacked items required to be considered as severely and materially deprived, there needs to be at least three household items (same condition as the one used in the MSD indicator for children aged less than 16 years).

[7] The number of items lacked by a person is an unweighted sum on the 13 material and social deprivation items.

[8] As regards the 13 MSD items for (Severe) Material and Social Deprivation Indicator: "Seven out of the 13 deprivation items included in the new indicator are collected at the household level and are thus assumed to apply equally to all household members. The remaining six items are collected at the individual level: they are collected only for people aged 16 or over and have therefore to be "distributed" to children below 16. The rule applied for this distribution is the following: "if at least half the number of adults for which the information is available in the household lack an item, then the children living in that household are considered as deprived from that item"." (source: Annex 1 to SPC/ISG/2017/5/4 on the Material and Social Deprivation indicator)

[9] Based on the (slightly) revised version of the (quasi-)jobless household indicator.

[10] Excluding students aged 18-24, as not taken into consideration for computing the work intensity of the household.

	household with a very low work intensity[11]: work intensity less than or equal to 0.2). Are excluded from this (quasi-)jobless households sub-indicator: i) households composed only of children, of students aged less than 25 and/or persons aged 65[12] or more. (Note: same exclusion as in the former version of this indicator but adapted to account for the increase in indicator's upper age limit.) ii) as well as persons aged 0-64 who are retired according to their self-defined current economic status or who receive any pension (other than a survivors pension). (Note: new exclusion due to the revision of this indicator.) iii) as well as persons aged 60-64 who are inactive and living in a household where the main income is from pension(s) other than a survivor pension (note: persons aged 60-64 that are inactive and living in a household where the main income is from a survivor pension are not excluded from the reference population for this indicator). (Note: new exclusion due to the revision of this indicator.)
Calculation method (incl. practical implementation, e.g. question in surveys)	This indicator is calculated on the basis of the microdata collected in EU-SILC.
Major breakdowns	-By age and gender (breakdown covers all ages) -By age, gender and most frequent activity status (for people aged 18 or above) -By income quintile and household type -By age, gender and educational attainment level (for people aged 18 or above) -By age, gender and broad group of citizenship (for people aged 18 or above) -By age, gender and broad group of country of birth (for people aged 18 or above) -By age, gender and level of activity limitation (for people aged 18 or above) -By housing tenure status -By NUTS regions -By degree of urbanisation -For children by age and educational attainment level of their parents
Data source(s)	EU-SILC
Data periodicity	Yearly
Data availability (countries * time, incl. EU aggregates)	EU aggregate available since SILC2015[13].
Time changes	
Sustainability of the data collection	EU-SILC is a recurrent survey governed by regulation and implemented by the NSIs of the EU Member States

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[11] "The work intensity of a household is the ratio of the total number of months that all working-age household members have worked during the income reference year and the total number of months the same household members theoretically could have worked in the same period. A working-age person is a person aged 18-64 years, with the exclusion of students in the age group between 18 and 24 years." (source: Eurostat glossary, with upper age limit adapted here from 59 to 64).

[12] As mentioned in Eurostat glossary (note: in the former version of this sub-indicator, this was 60. It was adapted here to 65 to be consistent to the revised version of this sub-indicator.)

[13] Due to non-availability of data for the revised severe MSD sub-indicator before 2015.

Methodological issues (including comparability across countries and over time)	A "Statistics explained" section will be made available on Eurostat website[14] when publishing the data on this revised indicator. It will highlight that the former and revised versions of this indicator are not comparable, due to differences in their definitions. The data on the revised version of this indicator have been recently published on Eurostat website[15] in separate tables from those for the former version of the indicator. The data tables related to the former version will be published until at least SILC2020 data are published and possibly even after. A clear and distinctive naming of these tables is necessary to avoid confusion between the former and the revised versions of the indicator. The new version of the indicator now takes the (unchanged) name of "AROPE[16]" indicator, while the name of the former version will be modified to include the suffix "Europe 2020".

Conformity with the SPC-ISG guiding principles for the selection of indicators and statistics[17]

SCP-ISG Methodological criteria	Indicator: at-risk-of-poverty and social exclusion (revised version)
The indicator captures the essence of the problem (policy relevance) and has a clear and accepted normative interpretation	Yes
The indicator is robust and statistically validated.	Yes[18]
The indicator provides sufficient level of cross countries comparability.	Yes
The indicator is built on available underlying data. It is timely and susceptible to revision.	Yes
The indicator is responsive to policy interventions but not subject to manipulation.	Yes
EU/NAT classification	EU
Comments	

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[14] Link to be inserted when available.

[15] https://ec.europa.eu/eurostat/databrowser/view/ilc_peps01n/default/table?lang=en

[16] At first, the revised version will be published though with the suffix "new definition" for clarity purposes, e.g. "People at risk of poverty or social exclusion by age and sex - new definition (ilc_peps01n)".

[17] www.ec.europa.eu/social/BlobServlet?docId=10422&langId=en

[18] Guio, A.-C., Gordon, D. and Marlier, E. (2012), "Measuring material deprivation in the EU: Indicators for the whole population and child-specific indicators", Eurostat Methodologies and Working Papers, Publications office of the European Union, Luxembourg.
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