Multiple dimensions of poverty and social exclusion
The example of the Europe 2020 strategy

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Abstract. The preliminary data and analyses presented in this paper intend to describe better the population defined by one new headline target indicator decided in the Europe 2020 strategy: the reduction of the risk of poverty and exclusion. The presentation is done according to the Stiglitz commission and the Commission communication on GDP and beyond recommendations and focuses on distributions, inequalities and dimensions of quality of life. Further work will certainly be necessary to better describe the target population and monitor its evolution over time

At the European Council held on 17 June 2010, the Member states' Heads of State and Government endorsed the new EU strategy for jobs and smart, sustainable and inclusive growth, known as Europe 2020 strategy. The strategy will help Europe recover from the crisis and come out stronger, both internally and at the international level, by boosting competitiveness, productivity, growth potential, social cohesion and economic convergence. The European Council confirmed the five EU headline targets which will constitute shared objectives guiding the action of Member States and the Union as regards promoting employment; improving the conditions for innovation, research and development, meeting the EU climate change and energy objectives; improving education levels and promoting social inclusion in particular through the reduction of poverty.

The fifth headline target aims to lift at least 20 million people out of the risk of poverty and exclusion. More precisely, this target will be monitored with an indicator describing the *number of persons who are at risk-of-poverty or exclusion* according to three dimensions: at-risk-of-poverty; severe material deprivation; living in a low work intensity household (see annex I for precise definitions). This indicator is fully based on EU-SILC (survey on income and living conditions) Member States are free to set their national targets on the basis of the most appropriate dimension, taking into account their national circumstances and priorities.

Graph 1: EU27 population at risk of poverty or social exclusion, 2008
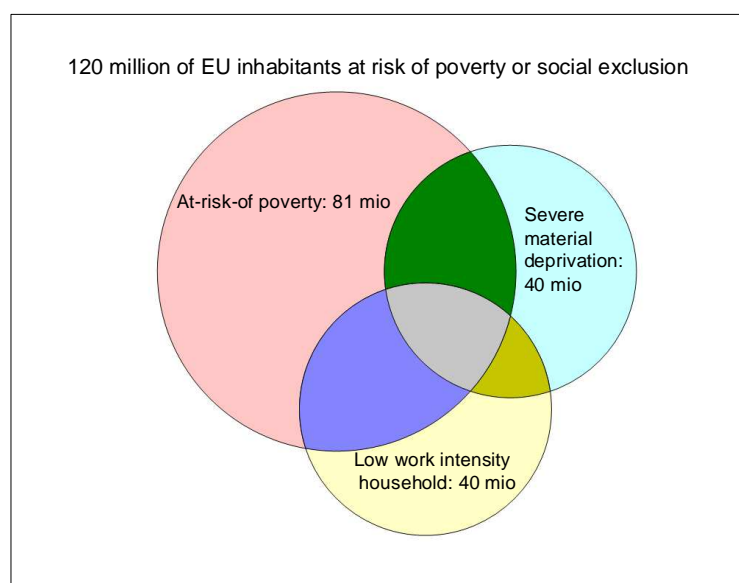
Source: EU-SILC

At the EU level 120 million inhabitants (i.e. about 25% of the population living in private households) are targeted by the at-risk-of-poverty or social exclusion indicator. It reveals wide discrepancies across countries (from 15% of the population in NL, SE, LU, and SK to 44% in RO) as well as in each of the three underlying dimensions. The share of the materially deprived population is more substantial in some of the new Member States (RO, BG, LV, HU, PL, and LT). Living in low work intensity households dimension is affecting more people in UK, HU, IE, PL, BE, and DE. The at-risk-of-poverty dimension is to a considerable extent higher in LV, RO, BG, EL, and LT.

The at-risk-of-poverty or social exclusion indicator can be analysed in line with the Commission Communication on "GDP & beyond" as well as the recommendations from the Stiglitz-Sen-Fitoussi commission on measurement of economic performance and social progress that underlined in particular the interest of:

- Going towards better information on distributions and inequalities

- Improving the multidimensional measurement of quality of life and well-being.

Therefore, the objectives of the paper are as follows:

- To present the indicator and its sub-indicators.

- To describe better the population identified by the indicator, as being the major indicator on poverty and social exclusion for the EU in the next decade.

- Finally, to introduce some elements comparing certain aspects of the quality of life of the general population and of the population at risk of poverty or exclusion.

The authors would like to draw the attention of the reader to the very preliminary nature of this work. The indicator has been endorsed less than a month before drafting the paper. Some data are even currently being scrutinised. The topic, however, is fundamental enough to initiate analyses that will have to be expanded in the near future.

By convention, in this paper, target population or group refers to the population at risk of poverty or exclusion, as endorsed by the European Council. The rest of the population refers to the population who is not part of the target group. At-risk-of-poverty (AROP) population refers to the population identified by the dimension concerning at-risk-of-poverty. Materially deprived (SMD) population refers to the population identified by the dimension describing severe material deprivation. Low work intensity (LWI) population refers to the population identified by the dimension indentifying persons living in a household with low work intensity.

Finally, all the data used in this paper are extracted from EU-SILC.

1. Who are those at risk of poverty or exclusion?

The target population has declined slightly over the period 2005-2008. This evolution is not due to a reduction of the at-risk of poverty rate, which has been stable, but rather to the decrease of the population concerned with material deprivation – notably in the new Member States - or low work intensity. The downward trend is observed in all EU countries, except DE and AT (+2%) and SE (+1%).

Graph 2: Evolution of the indicators over time in the European Union (%)

Dashed lines (--------) present EU27 values
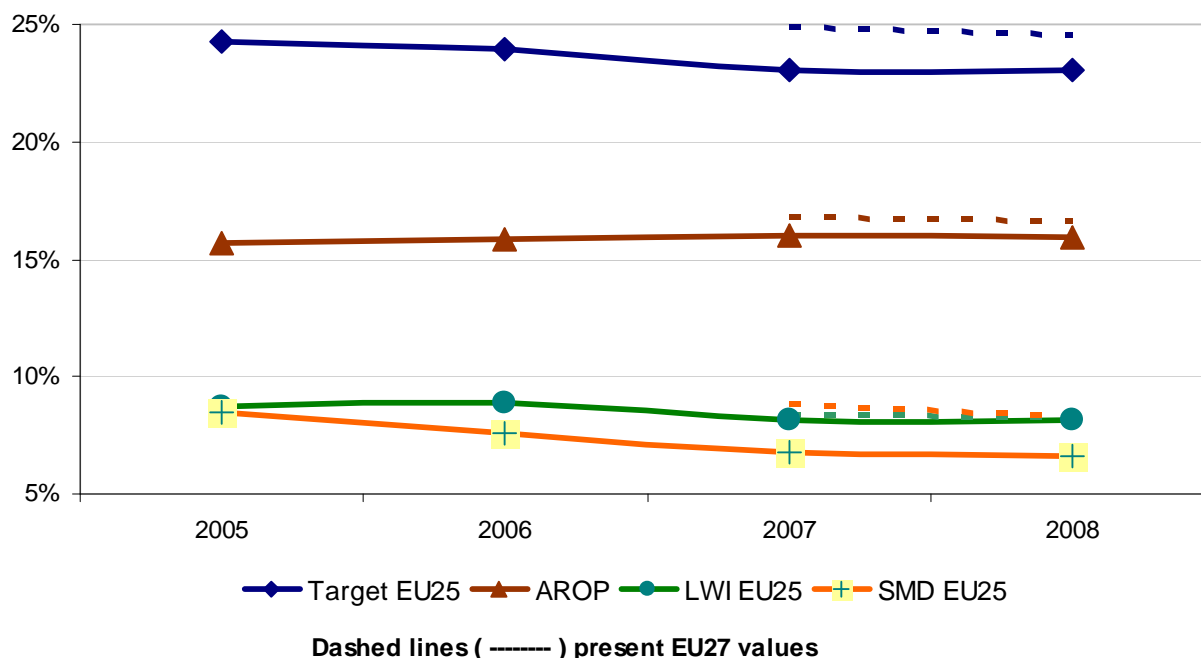
Source: EU-SILC

The target population varies from around 15 % (NL, CZ, LU, SE) to more than 30 % in PL, LV, BG, RO. At the lowest end, one finds also DK, FI, SI, AT, FR, and MT (below 20%). Considering the sub-indicators, Graph 3 subdivides the global indicator into three parts:

- The at-risk-of-poverty population (AROP);

- Those *added* when material deprivation is taken into consideration;

- Those *added* to the two first categories when low work intensity indicator is added.

This presentation follows the sequence that took place when the indicator was developed.

The countries are ranked according to their AROP component, which remains the most important component of the indicator, in terms of share of the population. The graph shows however that in some countries, the other sub-indicators play an important role: SMD for RO, BG, HU, PL, LV, LT, SK, and LWI for NL, DK, HU, IE, PL, and UK.

Adding the material deprivation and low work intensity components to the AROP increases considerably the rates for HU (odds ratio[1]: 3), RO (2.6), PL (2.4), BG (2.2), and SK (2.1) due to the SMD sub-component. EE, LU, ES, SE, FI are at the opposite end: the main contributing sub-indicator remains the AROP.

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[1] The **odds ratio** is a measure of effect size, describing the strength of association or non-independence between two binary data values. They are usually calculated in this paper as odds for the target population divided by odds of the rest of the population. Odds are p/(1-p). An odds ratio value of 1 implies no link between the variables. A ratio superior to one implies that, in our case, the target population contains more persons with that characteristic than the rest of the population. A ratio inferior to one implies that the target population contains less people with that characteristic.

Graph 3: Share of the target population across countries, 2008 (%)
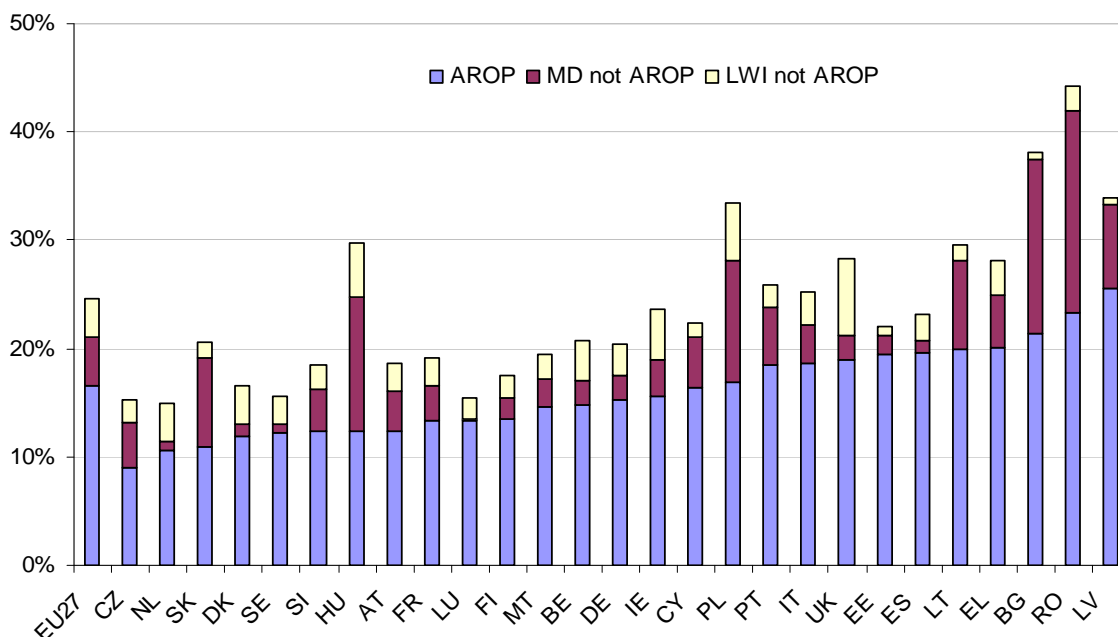
Source: EU-SILC

Overall, the target population represents 25 % of the EU population, but only 12 % of the total EU households' income. A country comparison of these two ratios (odds ratio) shows a relative stability across countries. Nonetheless, in PL, CZ, SK and HU the gap between the two ratios is smaller, indicating a higher share of income available to target households.

**Graph 4: Share of the population and share of the income, 2008 (%)**
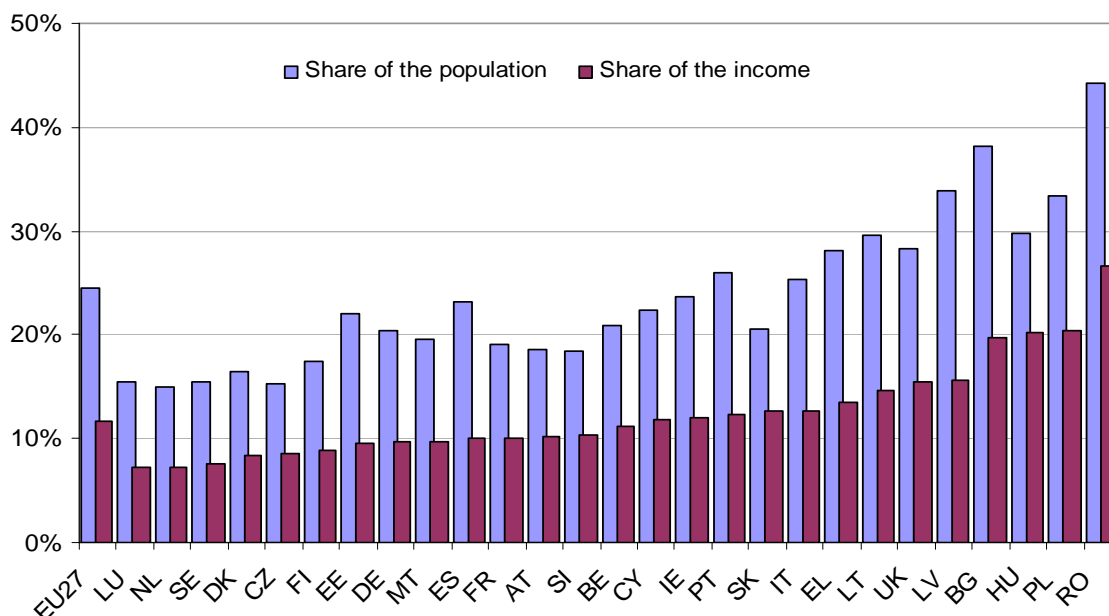
Source: EU-SILC

A comparison at EU level of the sources of income for the target population and for the rest of the population leads to the following conclusions:

- The share of income from employed work is much lower for the target population (35% vs. 63 %).

- Conversely, the share of income from social benefits (15 % vs. 3%), from disability benefits (6 % vs. 2 %) and from unemployment benefits (6 % vs. 1 %) is higher for the target population.

- The share of income from pension benefits is also slightly more important for the target population (25% vs. 19%).

Graph 5: Income of the target population and the rest of the population, EU27, 2008 (%)
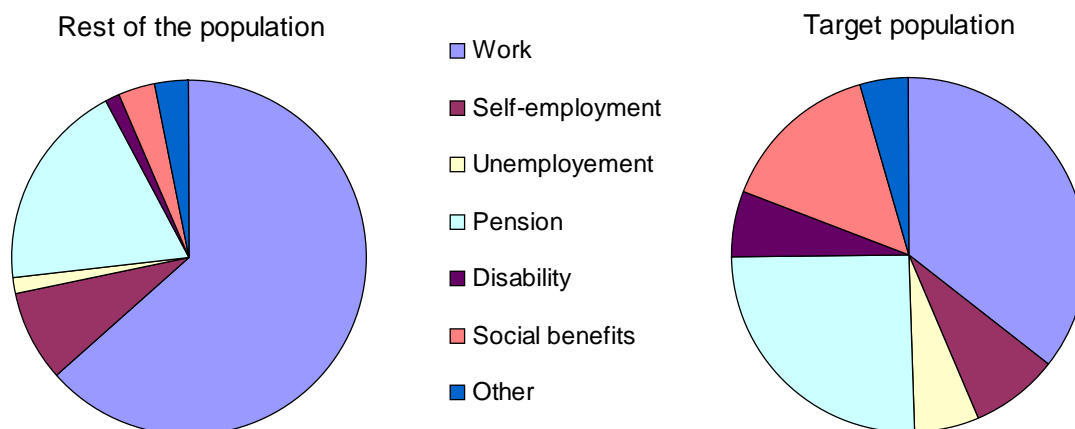
Source: EU-SILC

2. Some characteristics of the population at risk of poverty or exclusion

This part of the paper concentrates on better describing the target population, compared to the rest of the population. The comparison is often based on odds ratios, usually considered to be the appropriate method allowing for the assessment of differences across countries and across indicators. The characteristics are presented according to the core social variables available in EU-SILC.

2.1 Gender

In general, females are over represented in the target population, both at EU level and in Member State countries.

**Table 1: Share of the target population and the rest of the population, by gender, EU27, 2008**

	Rest of the population	Target population
Female	50%	54%
Male	50%	46%

Source: EU-SILC

This over representation of 3.5 percentage point at EU level varies from les than 1 % in PL to more than 7 % in CZ and EE. Females are more at risk of poverty or social exclusion than males.

Graph 6: Difference between female share in target population and in the rest of the population, 2008 (%)
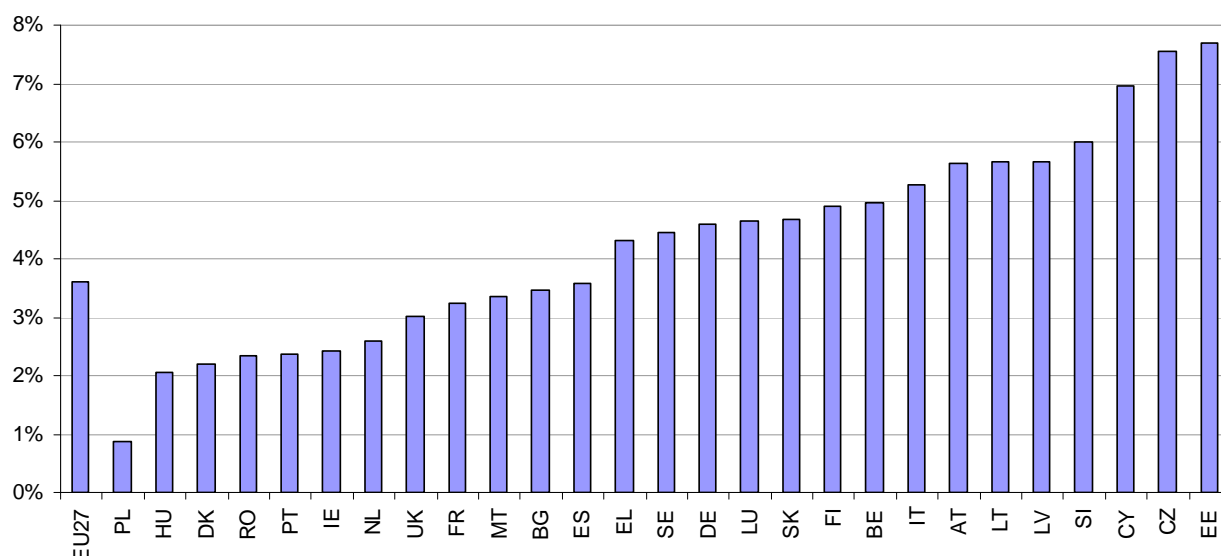
Source: EU-SILC

2.2 Age

On the whole, the young, in particular the 18-24 year old population, are more at risk of poverty or social exclusion. The risk for the working age population is lower. The situation is quite mixed for those more than 50 years old.

Graph 7: Share of age groups in the target population compared to the rest of the population, EU27, 2008, (%)
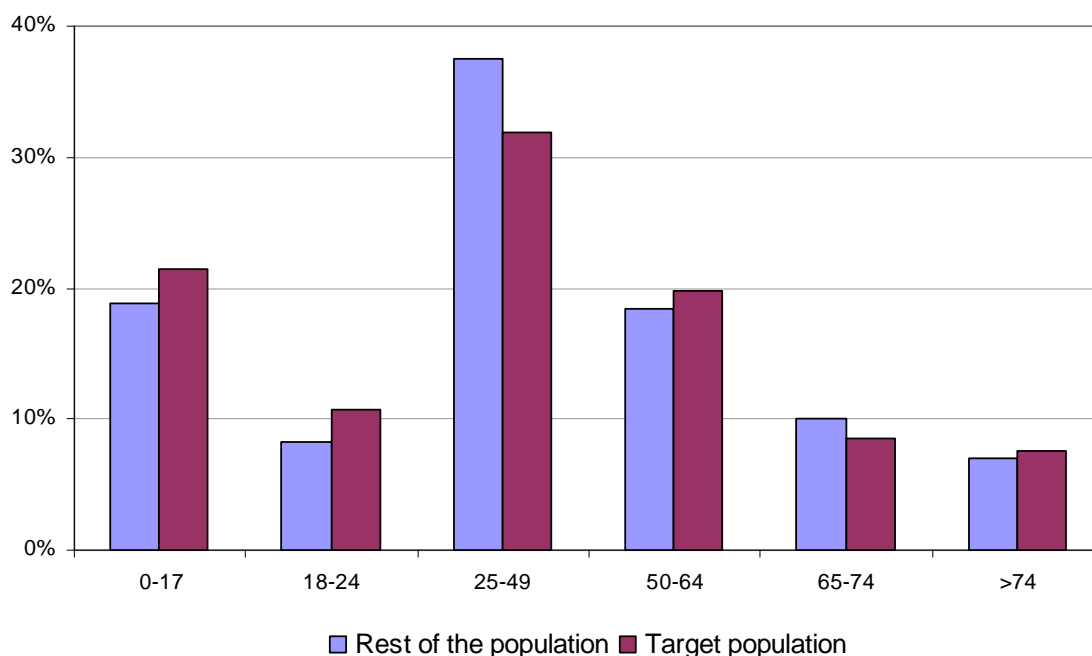
Source: EU-SILC

These EU values conceal important national differences. In particular:

- For the 0-17 age range, no extreme values (odds ratio) are observed, except in DK where this age group is particularly less at risk (odds ratio of .7) and in LU where this population is particularly at risk (odds ratio of 1.6).

- The 18-24 age range is always more at risk (except in BG, EE, CY and LV), with extreme values in FI, SE, NL and DK (odds ratio>2)

- The 25-49 is always less at risk, with extreme values (odds ratio< 0.6) in BE, EE, CY, LV, MT.

- For the 65 and more, the situation is quite diverse: they are less at risk in LU, HU, NL, SI, FI, DE, FR and PL, but they are more at risks in other countries: BG, EE, CY, LV, MT.

Generally, the picture reveals the role the employment situation plays for people aged 25-49, the strengths and/or weaknesses of the national pension systems and the major transitions faced by the young (age 18-24).

2.3 Country of birth and citizenship

As for the country of birth and nationality dimensions, one should specially pay attention to the odds ratios, due to the small variations in percentage points at the extremities of the distribution. Furthermore, in some countries, the number of non nationals vs. inhabitants born abroad) is so reduced that the sample size of SILC does not allow for valid comparison.

Overall, inhabitants born in the survey country are much less at risk. This is true in all the Member States, with the following extreme values: FI, SE, BE (odds ratio at .3), NL, AT (.4) and PL (0.5). The inhabitants born abroad in another EU country are generally less at risk as well, except in BE, CZ, DK, EL, and SE (odds ration > 1.5)

The inhabitants born outside the European Union are always significantly at a higher risk of being poor or excluded (odds ratio of 2). The countries with the higher odds ratio are BE (5.1), FI (4.9), SE (3.9), LU (3.6), AT (3.5). In comparison, the situation for those born outside EU is better in IE and PT (1.2).

Table 1: Country of birth and citizenship, for the target population and the rest of the population, EU27, 2008

		Rest of the population	Target population	Odds
Country of birth	Nationals	95%	92%	0.6
	EU 27	2%	2%	0.8
	Other	3%	6%	2.1
Citizenship	Nationals	97%	94%	0.5
	EU 27	1%	1%	1.0
	Other	2%	5%	2.5

Source: EU-SILC

As regards the citizenship of the inhabitants, the picture is reinforced. As for those born in the country, the nationals are always less at risk. To the previous list of extreme values (FI, SE, BE, NL, AT and PL), FR, ES, DE and DK should be added as having odds ratio lower than 0.5.

Inhabitants having an EU 27 citizenship are generally at the same level of risk, except in BE, DK, DE, EL and SE, where they are more likely to be in the target population.

Citizens from non EU countries have a substantially increased risk (2.5). It is, in particular, the case of SE (7.1), FR (6.9), FI (5.8), NL (4.8), LU (4.6), BE (4.3).The situation for non-EU citizens in IE and UK is better than the one in the rest of Europe. (odds ratio of 1.3).

LT presents a special case of its own where the nationals are more at risk (3.4) than the non EU citizens (0.3).

Generally speaking, 44% of the non EU citizens are at risk of poverty or exclusion in the European Union.

2.4 Marital status

Single people are more at risk of poverty or social exclusion in comparison to married ones. For the single who have never married, the situation is the most extreme in DK, DE, NL, FI, and SE. Their situation is better however in MT, LV, CY, ES, and EE. The pattern is quite similar to the one observed for age range 17-24 years old.

Married people are less at risks in all countries, especially in DK, DE, EE, FI and SE. Those who are single after being married (separated, divorced, and widowed) are always significantly more at risk. This increased risk is less important in FR, IT and LU.

Overall, the marital status variable delivers a message similar to the one conveyed by variables related to age ranges (in particular transitions ages and working age), life cycle, and pension systems.

Graph 8: Share of different marital status in the target population and in the rest of the population, EU27, 2008 (%)
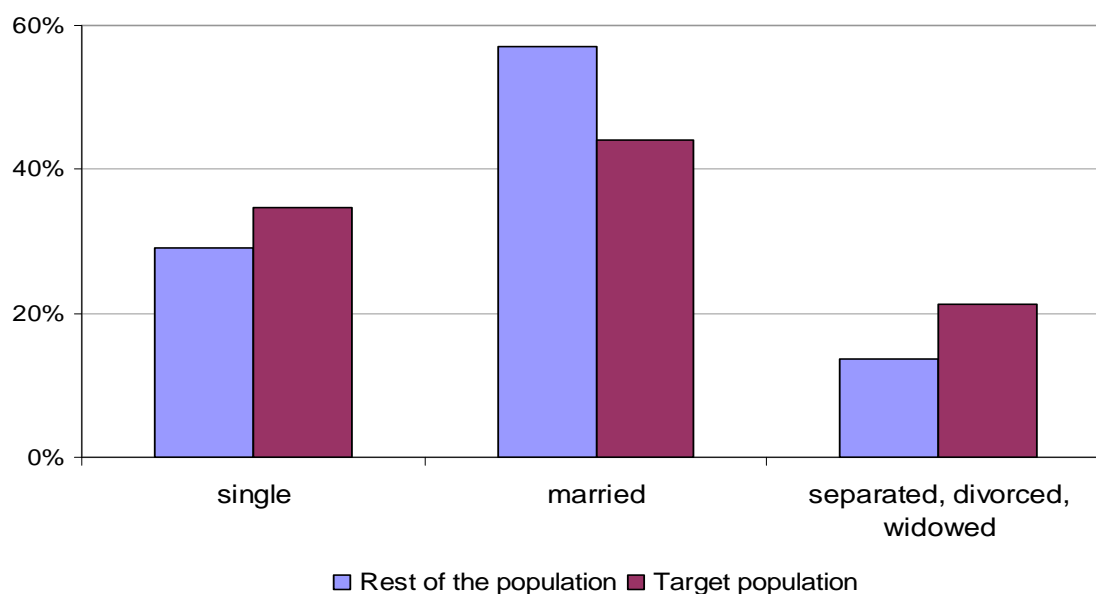
Source: EU-SILC

2.5 Household composition

The fact of having or not a dependent child (children) does not influence significantly the risk of poverty or social exclusion. What matters more is the number of adults in the household: two adults' households show a significant decrease in the risk (odd ratio of .6). One person households are significantly more at risk (odds ratio of 2.2). The combination of one adult household and a lone parent considerably magnifies the risk (odds ratio at 3.3). The lone parents are proportionally more at risk (odds ratio > 5) in IE, LU, MT and NL. It would be interesting to take into consideration the number of children in the analysis.

Graph 9: Share of type of households in the rest of the population and in the target population, EU27, 2008 (%)
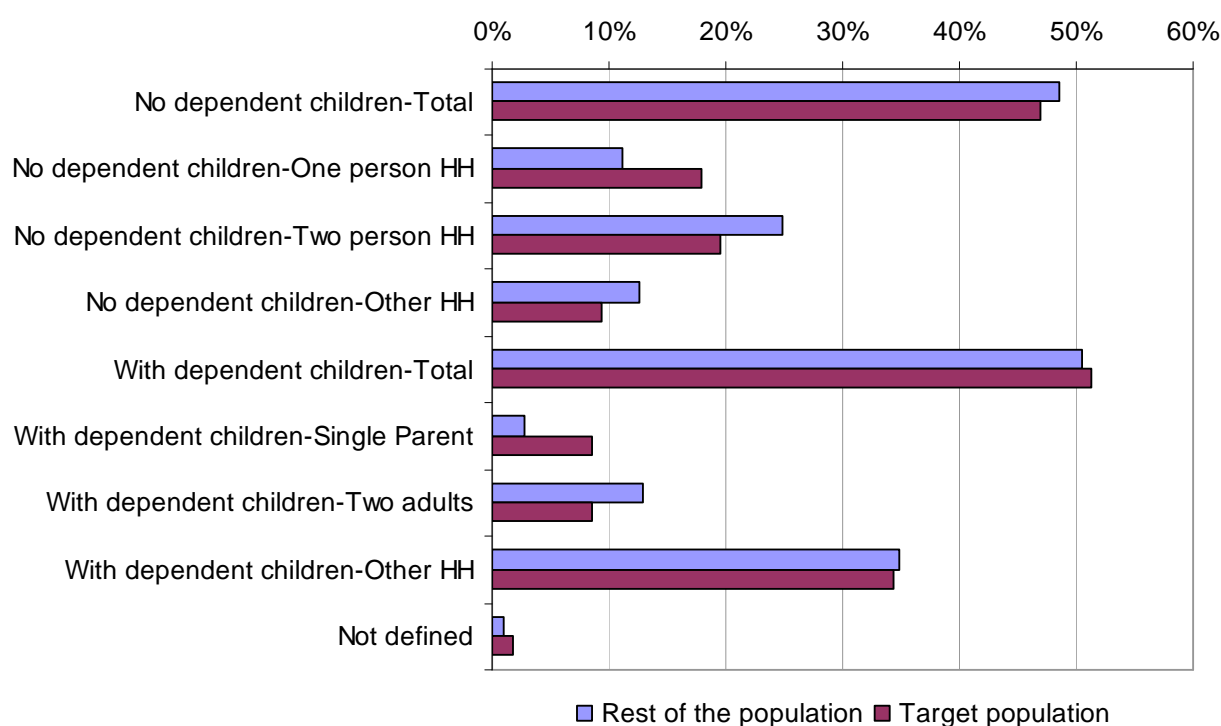
Source: EU-SILC

2.6 Degree of urbanisation

At EU level, those living in sparsely populated areas show a higher risk of poverty or material deprivation. Nevertheless, the situation varies significantly from a country to another, as illustrated in Graph 10.

Table 2: Share of the population by degree of urbanisation in the two populations, EU27, 2008 (%)

	Rest of the population	Target population	Odds ratio
Densely populated area	49%	47%	0.9
Intermediate urbanized area	28%	23%	0.8
Sparsely populated area	23%	31%	1.5

Source: EU-SILC

Graph 10 shows in the X axis the increase (in %) in the rate of target population in the densely populated areas compared to the rate of the rest of the population: on the right side, countries that have a significant increase of population at risk in densely populated areas (LU, AT, DK, BE, FR); on the left side, those countries where the risk is reduced in the densely populated areas (RO, BG, LT, PL). The Y axis describes the at-risk-of-poverty or exclusion rate. The graph suggests a concentration of the target population in urban areas in countries with lower rates (on the bottom right quarter) and rural poverty in countries where the rates are higher (on the top left quarter). The horizontal and vertical lines are the EU values.

Graph 10: Population density and severe material deprivation, 2008 (%)
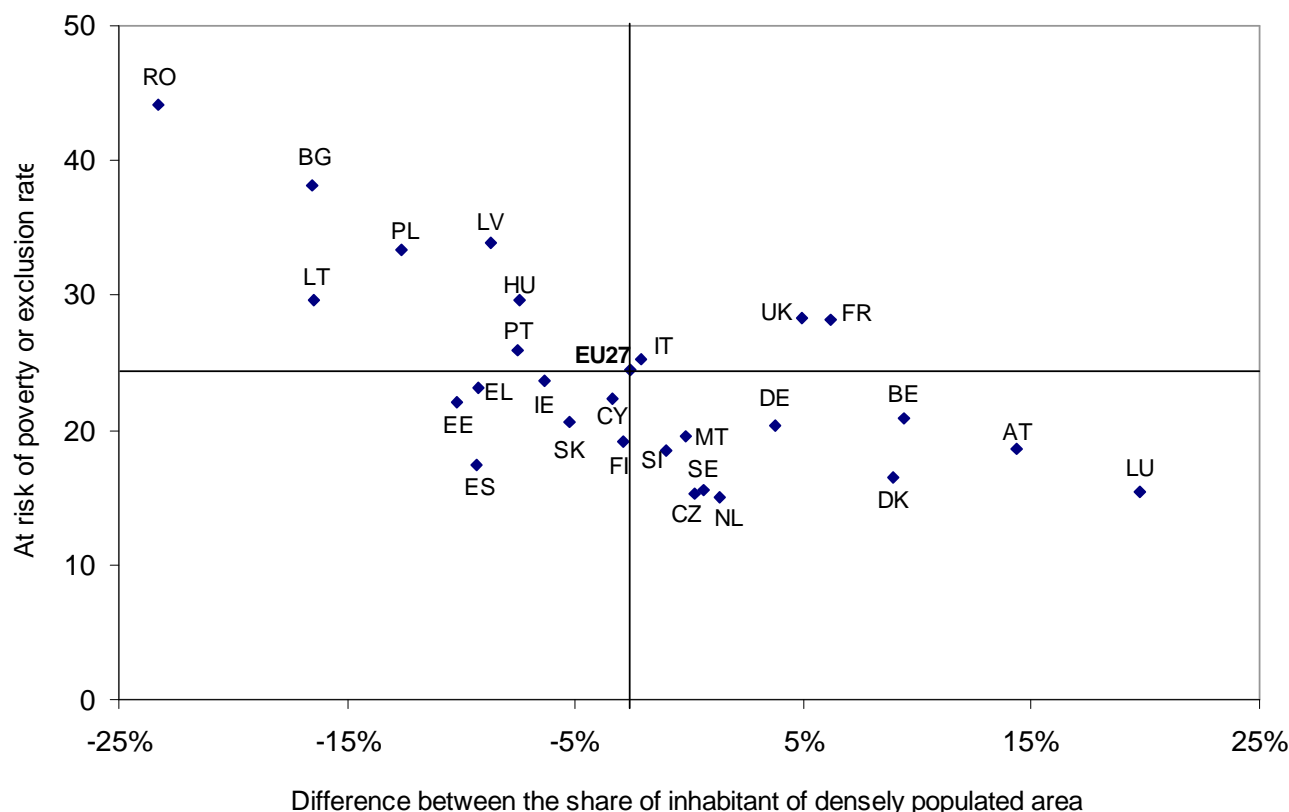
Source: EU-SILC

2.7 Status in employment

Naturally, full time employment reduces considerably the risk of poverty or social exclusion (odds ratio of 0.3). This is true for every country, with extreme effect in IE, FI and UK (odds ratio of 0.1). At the EU level, part time employment does not influence the risk significantly. However, this is not true in many countries where part time worker are more at risk: RO (odds ratio of 4.5), HU (2), PT, EL (1.5), BG (1.3), LU, PL, and FI (1.2). Part time work has no effect in general in FR, LV, LT and SI. In the rest of countries, part-time employment has a protective effect: BE, MT (0.5), DK, EE, IE, NL, SE, and UK (.6)

Unemployment increases considerably (odds ratio at 5) the risk of being at risk of poverty or exclusion. The situation is extreme in DE (14), CZ (9.2) and UK (8.6). Reversely, the impact of unemployment is still negative but less important in CY (1.9), ES (2.3), LV (2.4) and EL (2.8).

Students are more at risk than the students in the rest of the population, except in BG, CY, LV, RO, and SI. Odds ratios are the highest in DK (4.5), SE (3.2), NL (2.5), DE, FI, and UK (2.3). This pattern is linked to age and marital status variable. It reflects the earlier economic independence of students in those countries.

The situation of the retired persons is contrasted. They are less at risk in LU (0.4), NL (0.5), HU (0.6), FR (.7) IT and DE (0.8). However, in several countries their risk is higher, in particular in CY (5), LV (4.5), EE (4.1), BG (2.7), LT (2), SI and UK (1.9).

Disabled people are by far more at risk of poverty or social exclusion in all countries (odds of 4.7) as are to a lesser extent the rest of the inactive population (2.5).

As regards the employment status, the protective effect of full time work and in some countries only of part time work becomes apparent. On the other hand, unemployment increases dramatically the risk, as the student status does. The fact of being or not at risk for the retired population seems to be related to the national pension benefit system.

Graph 11: Share of status in employment in the target population and in the rest of the population, EU 27, 2008, (%)
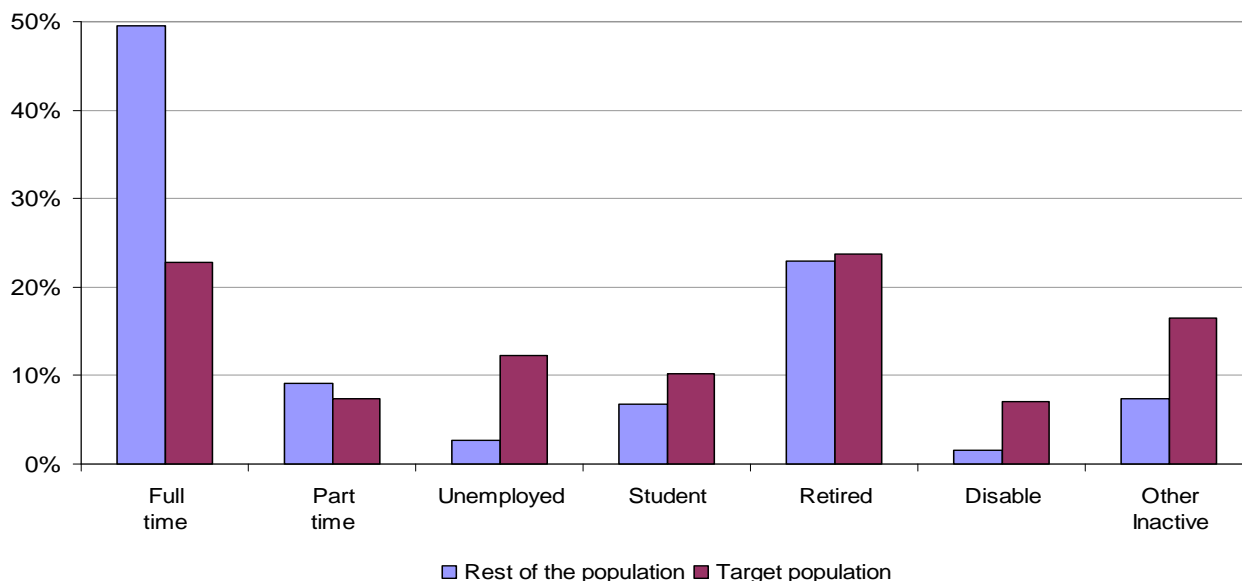
Source: EU-SILC

2.8 Level of education attained

The level of education has a consistent and strong impact on the risk of poverty or social exclusion. In all countries, a low level of education attained (ISCED 0, 1 or 2) is linked to a significantly increased risk (odds ratio at 2.2). A high level of education (ISCED 5 or 6) reduces the risk (0.3). The trend is true for all countries, with less impact of education attainment in NL and DK. In general, a medium level of education (ISCED 3 or 4) reduces the risk or has a neutral impact, except in DE, FI and NL, where the population with medium level of education is more at risk.

Graph 12: Share of levels of education in the rest of the population and the target population, EU 27, 2008 (%)
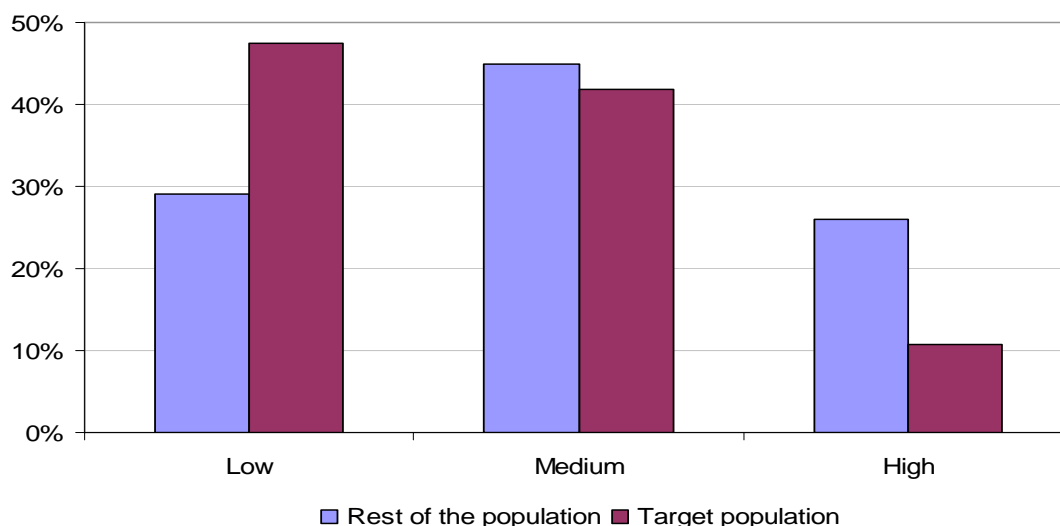
Source: EU-SILC

2.9 Income level

By definition the low income population is included in the population at risk, via its AROP sub-indicator. It is therefore very relevant to analyse why some groups with higher income are also included in the indicator: such populations are targeted due to their status in material deprivation or low work intensity.

Graph 13: Share of income quintiles in the rest of the population and the target population, EU 27, 2008 (%)
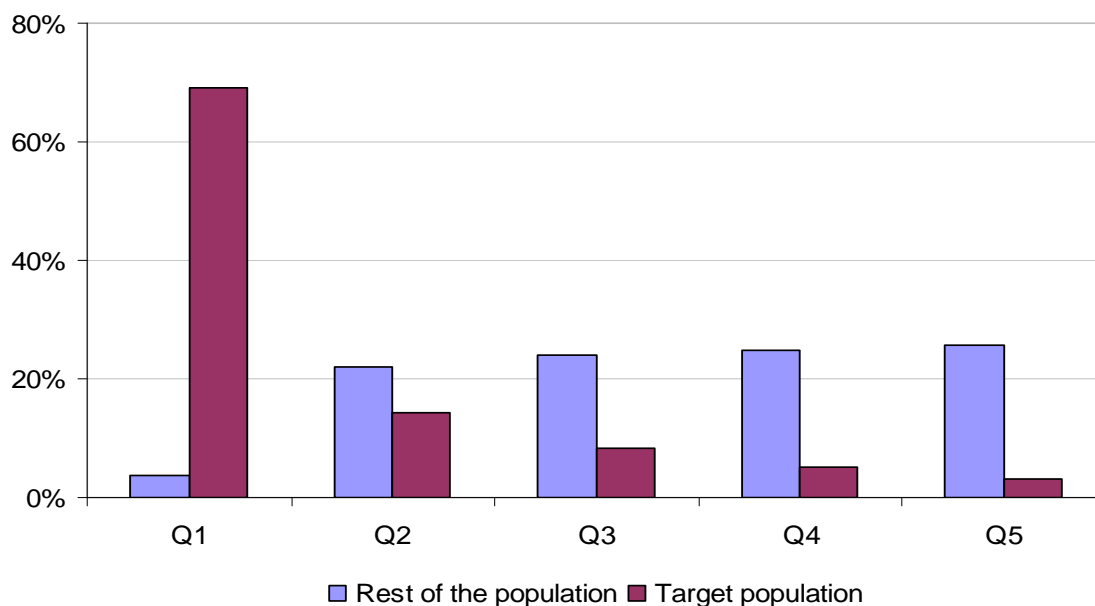
Source: EU-SILC

The role of the SMD component is quite straightforward: on the right side of Graph 14, the high share of Q4+Q5 are explained in RO, PL, HU by the material deprivation affecting individuals despite their relative comfortable income. On the left side of the graph, considering the low occurrence of the situation, it could be explained by outliers and particular situations (in particular, in relation to low work intensity). In several countries, it seems that this population targeted by the LWI sub-component is quite important and identifies individuals having a weak link with the labour market, but having sometimes a comfortable income. Further investigations are on-going with national statistical authorities in order to carefully assess the validity of the underlying data.

Graph 14: Share of quintile 4 and 5 in the target population, 2008 (%)
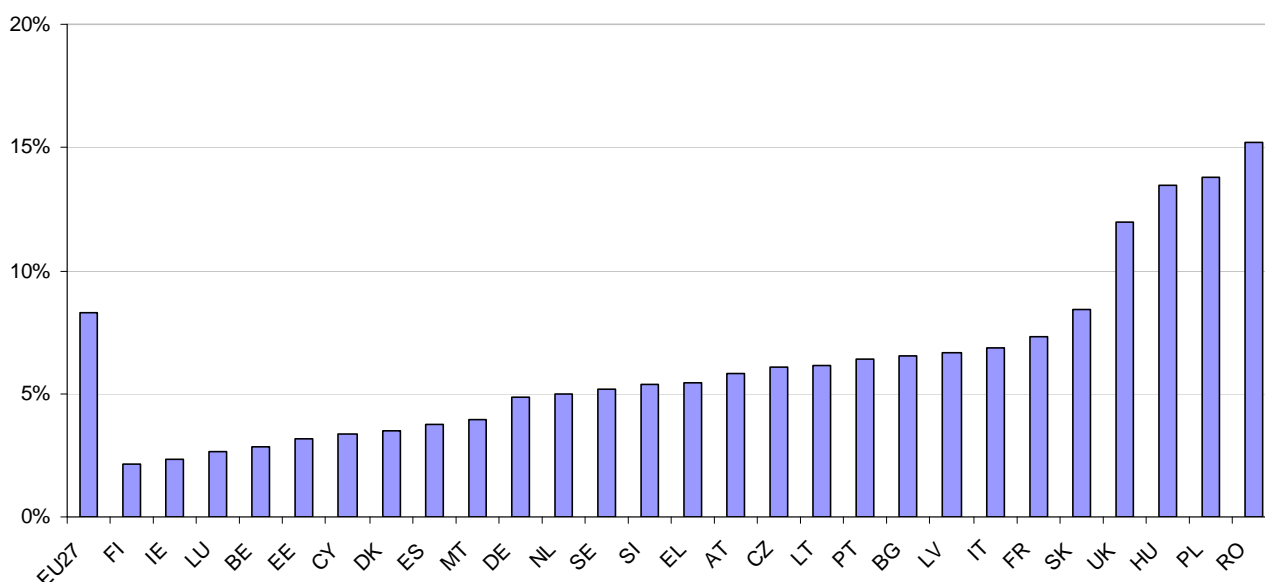
Source: EU-SILC

2.10 Conclusion

This section has identified variables that are contrasted when comparing the target population and the rest of the population, at EU and national level.

The most important factors at EU level, ranked according to the odds ratio (absolute value of the logarithm), are presented in Table 3.

Table 3: Modalities showing higher discrepancy between the target population and the rest of the population, EU27, 2008, (%)

Modality	Odds
Status in employment: unemployed	5.0
Status in employment: disables	4.7
Status in employment: full time	0.3
Lone parent with child (children)	3.3
Level of education: high	0.3
Non EU27 citizens	2.5
Status in employment: other Inactive	2.5
Level of education: low	2.2
Not born in EU27	2.1
National citizenship	0.5
One person household without child	1.7
Separated, divorced, widowed	1.7
Married	0.6
Two adults with dependent children	0.6
Born in the country	0.6
Status in employment: student	1.6

Source: EU-SILC
Reading note: modalities are ranked according the absolute value of the natural logarithm of the odd ratio, which is a way to assess the intensity of the link between each modality and the target population.

The table shows some redundancy due to the complementarities between some modalities. The main factors associated with the risk of poverty and social exclusion are actual unemployment, disability, and living in a lone parent household. On the opposite full time employment and a high level of education are the factors that prevent the most from this risk.

For some variables, EU figures conceal national diversity. In particular the 18-24 age group is at risk or not in certain countries, the situation of the retired people depends on the strength of the pension benefit systems and the degree of urbanisation effect differs from a country to another. Part time work can reduce or increase the risk depending on the country.

Overall, the preliminary analysis of the population identified by the headline indicator on the risk of poverty or exclusion shows the definition is quite robust. This population has the characteristics usually described in the relevant literature and seems to be an adequate core target.

3. Aspects of quality of life

In the following section, various dimensions describing the quality of life will be compared for the target population and the rest of the population.

The relevant variables have been selected across 8 dimensions: health, deprivation of durable equipments, economic strain, housing conditions, environment, comfort of the dwelling and accessibility of private and public services. Variables have been aggregated to reduce the number of modalities. All the relevant variables for a dimension have then been taken into consideration to count the proportion of people having 1 or 2 or n negative elements (health problems, housing inadequacy, etc.). An average of the negative element has also been calculated.

3.1 Health

All variables reveal a less favourable situation for the target population. The highest differences (odds) are for the variables describing the unmet need for dentist and general practitioner. These variables can also be seen as a financial strain. On average, the target population faces a number of problems multiplied by 1.6 compared to the rest of the population.

Table 4: Health related variable and aggregated indicator, EU 27, 2008

		Rest of the population	**Target population**
Health Status	Good	71%	57%
	Fair	21%	27%
	Bad	8%	16%
Long standing illness	Yes	29%	37%
	No	71%	63%
Limit in activities	Yes	22%	33%
	No	77%	66%
Unmet need general practitioner	Yes	5%	11%
	No	95%	88%
Unmet need dentist	Yes	6%	13%
	No	94%	87%
Health aggregation	No problem	62%	50%
	1 problem	17%	16%
	2 problems	13%	16%
	3 problems	7%	13%
	4 problems	1%	4%
	5 problems	0%	2%
	Average	0.7	1.1

Source: EU-SILC

The aggregation of health data demonstrates a situation where there are more negative elements in the target group than in the rest of the population. The differences between the two groups are the highest (more than twice) in IE, BE, BG, LV, EE and CY. The gap between the two groups is narrower in PL.

3.2 Durable equipments

As the severe material deprivation dimension of the indicator contains 4 of the 5 elements (marked by (*)), surprisingly, the differences between the two groups are not very prominent.

Table 5: Durable equipment related variables and aggregated value, EU27, 2008

		Rest of the population	Target population
Car (*)	Yes	96%	76%
	No	4%	24%
Colour TV (*)	Yes	100%	98%
	No	0%	2%
Computer	Yes	96%	80%
	No	4%	20%
Telephone (*)	Yes	100%	96%
	No	0%	4%
Washing machine (*)	Yes	100%	94%
	No	0%	6%
Durable equipments aggregation	No problem	93%	65%
	1 problem	6%	20%
	2 problems	1%	10%
	3 problems	0%	3%
	4 problems	0%	1%
	5 problems	0%	0%
	Average	0.1	0.6

Source: EU-SILC

3.3 Economic strain

For each of the economic strain variables as well as in the aggregated values, the target population is substantially more stressed.

The greatest differences (odds) between the groups can be found in the item "Having a meal with meat, fish or protein at least every second day" and "Capacity to keep the house warm". As for the aggregated indicator the most frequent modality differs for the two groups (1-2 problems for the rest of the population and 5-6 problems for the target group). The same difference exists in every country. The ratio between the two average numbers is the highest in DK, BE, AT and FR and the lowest in ES.

(*) The item is included in the definition of the severe material deprivation.

Table 6: Economic strain related variables and aggregated value, EU27 2008

		Rest of the population	Target population
Keep home warm (*)	Yes	96%	75%
	No	4%	25%
Arrears mortgage (*)	Yes	3%	16%
	No	97%	84%
Arrears bills (*)	Yes	4%	20%
	No	96%	80%
Arrears loans (*)	Yes	3%	14%
	No	97%	86%
One week holiday (*)	Yes	73%	32%
	No	27%	68%
Face unexpected expenses (*)	Yes	76%	35%
	No	24%	65%
Make ends meet	Yes	53%	22%
	No	47%	78%
Financial burden of housing	Yes	28%	51%
	No	72%	49%
Financial burden of debts	Yes	24%	48%
	No	76%	52%
Eat meat, fish or protein every 2 day (*)	Yes	96%	73%
	No	4%	27%
Economic strain aggregation	No problem	16%	5%
	1-2 problems	47%	20%
	3-4 problems	28%	31%
	5-6 problems	9%	32%
	7-8 problems	0%	11%
	9-10 problems	0%	1%
	Average	2.2	4.1

Source: EU-SILC

3.4 Housing conditions

All the housing conditions related variables to show worse conditions for the target population. The greatest gaps between the people at risk and the rest of the population (odds) are found for the variables "Indoor toilet" and "Bath or shower inside the dwelling". The average number of problems encountered by persons at risk is 2.3 times more important than by the rest of the population.

Table 7: Housing-related variables and aggregated values, EU27, 2008

		Rest of the population	Target population
Dwelling too dark	Yes	6%	12%
	No	94%	88%
Overcrowding	Yes	14%	30%
	No	86%	70%
Leaking roof or damp floor	Yes	14%	27%
	No	86%	73%
Indoor toilet	Yes	98%	91%
	No	2%	9%
Bath or shower inside	Yes	99%	91%
	No	1%	9%
Housing aggregation	No problem	71%	49%
	1 problem	23%	30%
	2 problems	5%	12%
	3 problems	1%	6%
	4 problems	0%	2%
	5 problems	0%	1%
	Average	0.4	0.9

Source: EU-SILC

In all EU countries, the situation of the target population is in a less favourable situation compared to the one of the rest of the population. The discrepancy between these two groups is higher in FR, LU, AT, DE, DK. In ES, SK, SI, UK, the two groups are closer.

3.5 Environment

In this dimension, for both detailed variables and aggregated values, the target population also suffers from less favourable conditions, although to a much lesser extent compared to other dimensions. The largest (odds ratio) difference concerns the surrounding criminality.

Table 8: Environment-related variables, EU27, 2008

		Rest of the population	Target population
Crime	Yes	14%	19%
	No	86%	81%
Noise	Yes	21%	25%
	No	79%	75%
Pollution	Yes	16%	18%
	No	84%	82%
Environment aggregation	No problem	67%	62%
	1 problem	19%	21%
	2 problems	10%	12%
	3 problems	3%	5%
	Average	0.5	0.6

Source: EU-SILC

Overall, the situation of the target population is disadvantageous in nearly all the countries, except EE, EL, CY and MT. The most extreme differences (odds) are detected in IE, SE, FI, DE and BE. As the underlying phenomena (crime, noise and pollution) are often seen as urban problems, further analysis integrating the degree of urbanisation should be performed.

Concerning this dimension of quality of life, interestingly some countries with higher living standard levels are in the left part of the graph.

3.6 Comfort of the dwelling

Table 9: Comfort of the dwelling related variables, EU27, ad hoc module 2007

		Rest of the population	**Target population**
Air conditioning	Yes	12%	8%
	No	88%	92%
Comfortably cool	Yes	76%	67%
	No	24%	33%
Heating facilities	Yes	95%	91%
	No	5%	9%
Comfortably warm	Yes	89%	74%
	No	11%	26%
Electricity OK	Yes	94%	89%
	No	6%	11%
Plumbing OK	Yes	93%	88%
	No	7%	12%
Space shortage	Yes	14%	22%
	No	86%	78%
Overall satisfaction	Yes	87%	72%
	No	13%	28%
Comfort aggregation	No problem	10%	6%
	1 problem	47%	32%
	2 problems	25%	26%
	3 problems	11%	18%
	4 problems	5%	10%
	5 problems	1%	5%
	6 problems	0%	2%
	7 problems	0%	1%
	8 problems	0%	0%
	Average	1.6	2.2

Source: EU-SILC

Both detailed variables and the aggregated value show less favourable conditions for the target population. On a global scale, the situation is similar to the housing condition dimension. The largest differences for the two groups are to be found in the variable "Capacity to keep the dwelling adequately warm" and "overall satisfaction".

In all countries, the aggregated value for housing comfort shows a worse situation for the target population. The largest differences are demonstrated in CY, EL, IT and BE and the smallest in LT, FI, EE, UK.

3.7 Accessibility of private and public services

Table 10: Accessibility related variables, EU27, ad hoc module 2007

		Rest of the population	Target population
Bank	Yes	83%	73%
	No	17%	27%
School	Yes	86%	81%
	No	14%	19%
Grocery	Yes	91%	87%
	No	9%	13%
Health care	Yes	85%	76%
	No	15%	24%
Post	Yes	80%	75%
	No	20%	25%
Public services	Yes	80%	77%
	No	20%	23%
Accessibility aggregation	No problem	63%	55%
	1 problem	18%	17%
	2 problems	7%	9%
	3 problems	4%	6%
	4 problems	3%	5%
	5 problems	3%	5%
	6 problems	1%	3%
	Average	0.8	1.1

Source: EU-SILC

Access to public and private services and the aggregated value again reveal less favourable conditions for the target population, but to a lesser extent than the other dimensions. Bank and health services are those services where the difference of accessibility is the highest.

In all countries (except Luxembourg), the access to services is more difficult for the target population. The discrepancies between the two groups are the largest in EE, UK, LT and CY. In FR, DE, SK, CZ, the differences between the two groups are negligible. Here again, a further analysis would benefit from taking into consideration the population density and the localization of the target population.

3.8 Conclusions

In all the dimensions considered, the population at risk of poverty or social exclusion enjoy less favourable conditions, in almost all the EU countries.

For some dimensions, this situation is created by the definition used for the indicator that includes material deprivation. In these cases the target population has definitely worse conditions. For other, like accessibility of services or quality of the environment, the differences are less strong but do exist systematically. If one accepts that these dimensions partly measure the quality of life, then the population at risk of poverty or social exclusion has a lower quality of life.

Currently, the quality of life measure through SILC is still limited. For the fields covered (health for instance) the number of variables is limited. Some dimensions are not addressed at all.

Table 11: Availability in EU-SILC of the dimensions of quality of life

Dimensions of quality of life	EU-SILC
Material living standards (income, consumption and wealth)	Income and deprivation
Health	Some annual variable
Education	Education attainment
Personal activities (paid work, unpaid domestic work, commuting, leisure, housing)	Paid work, housing
Political voice and governance, social connections	Module on social participation - some information collected on an irregular basis
Environmental conditions	Limited information collected on an irregular basis
Personal insecurity	Limited information collected on an irregular basis
Economic insecurity	Some information

Finally, no information is available at all about subjective well being.

Overall, implementing the idea of multidimensional aspects of quality of life is quite robust, at the level of individual variables and also when computing an aggregate across variables. Even with the SILC's scope limitations, one can see that this approach reveals significant differences across countries and subpopulations.

4. Conclusions and recommendations

This preliminary statistical exercise is intended to be at the crossroad of various initiatives, as well as being relevant to their context:

- It describes a new policy target that aims to lift at least 20 million people out of the risk of poverty and exclusion. This target will be monitored with a new statistical indicator, in the context of the Europe 2020 strategy

- It goes "beyond GDP" in the sense that it looks at the inclusiveness of our societies

- It proposes to encompass some elements of the quality of life and well being, with a particular attention on inequalities.

Overall, EU-SILC delivers essential data. The instrument proved to be indispensable in the political debates allowing for the formulation of the indicator and its quantification. In September-October 2010, Member States and the Commission will elaborate the national targets in the context of the Europe 2020 strategy and there again it is highly expected that SILC will be used as the common reference source of statistical data and indicators.

The future challenges for the ESS are linked to:

- Timeliness of SILC data. Currently, data are available for the reference year 2008 (often referring to 2007 income). These data were the basis for the elaboration of 2020 targets. They do not take into account the crisis that started in 2008 and has probably had a significant impact on risks of poverty or exclusion. Furthermore, the relevance of SILC data suffers from their late delivery, in particular in the context of the monitoring mechanism that is being put in place for the Europe 2020 strategy. Timeliness is an issue to address for the future of SILC.

- Quality and comparability. SILC data acquired high political visibility, in particular in the context of the new governance and surveillance mechanism proposed by the Commission[2]. As quality and comparability concerns increase, in depth scrutiny of these dimensions in each Member-State will be required, as well as progress towards improved comparability.

- Coverage. On one hand, an important element of the relevance of SILC relates to its broad scope, collecting various elements on living conditions and allowing the linkage of these elements at the micro data level. The elaboration of the complex indicator on the population at risk of poverty or exclusion would have been impossible without a common data source accessible at the micro data level. On the other hand, when it comes to address the various dimensions of quality of life and well being, EU-SILC is at this stage limited in scope. Further reflections on the scope of SILC are required.

These elements will have to be taken into consideration at the occasion of the revision of the legal basis of SILC that has been announced for the years 2012-2013. Other elements should also be kept in mind at this occasion, in particular the strategy for modernisation of social statistics, the mainstreaming of migration statistics, the possible links with wealth and consumption surveys, the costs and burden of the survey, etc.

The immediate future perspectives are

- For Eurostat, to rapidly put in routine production and dissemination the new indicator and its breakdowns,

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[2] Communication "*Enhancing economic policy coordination for stability, growth and jobs – Tools for stronger EU economic governance*" [COM(2010) 367]. This Communication developed the approach to *reinforcing economic policy coordination* set out in the Commission Communication of 12 May [COM(2010)250].

- For Eurostat and the Member-States, to control and ensure the quality of this indicator and of its underlying variables,

- For the sponsorship task force on the measurement of quality of life, to take stock of the current possibilities EU-SILC offers and to decide to recommend or not some evolution in the SILC scope, whilst keeping the burden under control.

Annex I

Statistical definition of the population at risk of poverty or social exclusion

The Europe 2020 strategy promotes social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people out of the risk of poverty or exclusion.

The "At-risk-of-poverty or exclusion" indicator indicates the number of people who are at risk-of-poverty <u>or</u> severely materially deprived <u>or</u> living in households with very low work intensity.

People at risk-of-poverty have an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers).

People who suffer from severe material deprivation have living conditions severely constrained by a lack of resources, they experience at least 4 out of 9 following deprivations items: cannot afford 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, vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone.

People living in households with very low work intensity are people aged 0-59 living in households where the adults worked less than 20% of their total work potential during the past year.

Data are calculated on the basis of EU-SILC.