Europe 2020 indicators - poverty and social exclusion

Data from March 2016. Most recent data: Further Eurostat information, Main tables. Planned article update: May 2017.

This article is part of a set of statistical articles on the Europe 2020 strategy. It provides recent statistics on poverty and social inclusion in the European Union (EU).

The Europe 2020 strategy is the EU’s agenda for growth and jobs for the current decade. It emphasises smart, sustainable and inclusive growth as a way to overcome the structural weakness in Europe’s economy, to improve its competitiveness and productivity, and to underpin a sustainable social market economy.

Poverty reduction is a key policy component of the Europe 2020 strategy. By setting a poverty target, the EU put social concerns on equal footing with economic objectives. Achieving the target to reduce the number of people at risk of poverty and social exclusion will depend on the successful implementation of other priorities of the Europe 2020 strategy, such as providing better opportunities for employment and education.

Europe 2020 strategy target on the risk of poverty and social exclusion

The Europe 2020 strategy has set the target of 'lifting at least 20 million people out of the risk of poverty and social exclusion' by 2020 compared to the year 2008a.

aDue to the structure of the survey on which most of the key social data is based (EU Statistics on Income and Living Conditions), a large part of the main social indicators available in 2010, when the Europe 2020 strategy was adopted, referred to 2008 as the most recent year of data available. This is why 2008 data for the EU-27 are used the baseline year for monitoring progress towards the Europe 2020 strategy's poverty target. With 116.2 million people having been at risk of poverty or social exclusion in the EU-27 in 2008, this translates into a target value of 96.2 million people in the EU-27 to be achieved by the year 2020.

The analysis in this article focuses on the headline indicator 'people at risk of poverty or social exclusion', consisting of the three sub-indicators: monetary poverty, severe material deprivation, and very low work intensity. Additional contextual indicators present a broader picture and show the drivers behind changes, providing a breakdown by sex, age, labour status, household type, educational level and parents’ educational level, country of birth, and degree of urbanisation of residential municipality. This allows the most-at-risk groups to be identified. Factors reducing or increasing the risk of poverty such as social transfers are also discussed.
Key messages

- Almost every fourth person in the EU was still at risk of poverty or social exclusion in 2014.

- More than 30% of young people aged 18 to 24 and 27.8% of children aged less than 18 were at risk in 2014. At 17.8%, this rate was considerably lower among the elderly aged 65 or over.

- Of all groups examined, the unemployed faced the greatest risk of poverty or social exclusion, at 66.7% in 2014.

- Almost 50% of all single parents were at risk in 2014. This was double the average and higher than for any other household type analysed.

- 35% of adults with at most lower secondary educational attainment were at risk of poverty or social exclusion in 2014. 63.8% of children of parents with pre-primary and lower secondary education were at risk as well.

- In 2014, 40.1% of adults born in a country outside the EU-28 and 24.8% of those born in a different EU-28 country than the reporting one were at risk of poverty or social exclusion. For native citizens, however, only 22.5% of the population was at this risk.

- EU-28 citizens in rural areas were on average more likely to live in poverty or social exclusion than those living in urban areas (27.2% compared with 24.3%) in 2014.

- Monetary poverty was the most widespread form of poverty with 17.2% of EU citizens affected in 2014. Next were severe material deprivation and very low work intensity, affecting 9% and 11.2% of EU citizens respectively.

- Overall, 9.5% of the working EU population was at risk of poverty in 2014.
Main statistical findings
How do poverty and social exclusion affect Europe?

The headline indicator ‘people at risk of poverty or social exclusion’ shows the number of people affected by at least one of three forms of poverty: monetary poverty, material deprivation and low work intensity. People can suffer from more than one dimension of poverty at a time. To calculate the headline indicator, people are counted only once, even if their current living conditions can be described by more than one sub-indicator.

As shown in Figure 2, the number of people at risk of poverty or social exclusion in the EU had been decreasing steadily before the start of the economic crisis. The indicator reached its lowest level in 2009, with about 114.5 million people at risk in the EU-27. However, this figure grew again in the following years. It reached its peak in 2012, with about 122.5 million people at risk in the EU-27 (123.9 million people in the EU-28) before declining again to 121.1 million people in 2014. The indicator is expected to continue to decline, reaching 114.4 million people in 2020.

Figure 2: People at risk of poverty or social exclusion, EU-27 and EU-28, 2005-14 (million people)
Source: Eurostat (t202050)
Between 2012 and 2014 this number decreased again slightly to 121.0 million people in the EU-27 and 122.3 million people in the EU-28, respectively.

The negative impact of the economic crisis on Member States’ financial and labour markets was the most likely cause of the rise in the amount of people at risk of poverty or social exclusion from 2009 to 2012 (see the economic analysis from the European Commission’s Directorate General for Economic and Financial Affairs and the article on Employment). Automatic stabilisers and other discretionary measures were used to cushion the recession’s negative social effects. While discretionary measures constitute policy responses to crises, automatic stabilisers are elements of fiscal policy that reduce tax burdens and increase public spending without immediate government actions.

Despite the slight reduction in poverty figures between 2012 and 2014, a little over 122 million people — 24.1 % of the EU population — were still at risk of poverty or social exclusion in 2014. This means almost one in four people in the EU experienced at least one of the three forms of poverty or social exclusion.

Although the EU has entered its fourth year of economic recovery (European Commission 2016), the current economic situation remains a major challenge to policy makers trying to fight poverty and ensure social inclusion. According to the Annual Report of the Social Protection Committee, the emphasis needs to shift from short-term measures to structural reforms to further spur economic growth, raise employment and tackle in-work poverty, and guarantee adequate levels of social protection and access to quality services. Reaching the objective of the Europe 2020 strategy of reducing the amount of people at risk of poverty or social exclusion by 20 million would thus need to be supported by appropriate economic, employment, tax, and education policies.

The number of people at risk of poverty or social exclusion has increased in most Member States

![Figure 3: People at risk of poverty or social exclusion, by country, 2008 and 2014 (% of population)](Source: Eurostat (t202050))

To meet the overall EU target on risk of poverty and social exclusion, Member States have set their own national targets in their National Reform Programmes. As noted in the European Council conclusions from 17 June 2010, Member States are free to set their own targets based on the most appropriate indicators for their circumstances and priorities. In most countries the target is expressed as an absolute number of people to be lifted out of the risk of poverty or social exclusion compared with 2008 (Social Protection Committee, 2015, p.162–461). This corresponds to the base year also used for the overall EU target.

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In 17 of the EU Member States the number of people at risk of poverty or social exclusion has risen since 2008, increasing the distance to their national targets. 19 Member States use a target based on the indicator 'people at risk of poverty or social exclusion', and four (Bulgaria, Denmark, Estonia and Latvia) based their targets on one or more of its sub-indicators. The remaining countries (Germany, Ireland, the Netherlands, Sweden, and the United Kingdom) defined their targets based on nationally developed indicators not available on the Eurostat database.

Two countries using the 'at risk of poverty or social exclusion' indicator or one of its sub-indicators (Poland and Romania) had already reached their national poverty targets in 2014. The other Member States using this concept to define their national targets have yet to meet their goals. These range from reducing the amount of people at risk of poverty or social exclusion by 4.4 million people in Italy to about 25 000 people in Malta.

As seen in Figure 3, 24.1 % of the entire EU population were at risk of poverty or social exclusion in 2014. However, Member State-specific mechanisms underlying this figure vary strongly both in the level and dynamics of this indicator. In Romania and Bulgaria, just over 40 % of the population fell into this category in 2014. In the Czech Republic (14.8 %), the Netherlands (16.5 %), and Sweden (16.9 %) this rate was less than half that.

In addition, significant differences in the development between 2008 and 2014 can be seen between Member States. Some countries made clear progress in integrating their most vulnerable members into society. Reductions in the number of people at risk of poverty or social exclusion ranged from 0.1 percentage points to 5.8 percentage points. Member States with the most progress in this area are Poland (reduced by 5.8 percentage points), Romania (reduced by 4.0 percentage points), and Slovakia (reduced by 2.2 percentage points). A number of countries experienced substantial increases in the number of people at risk of poverty or social exclusion. The countries with the highest increase were Greece, Spain and Estonia, where the number of people at risk increased by between four and eight percentage points.

One reason for the disparity in poverty rates across the EU is the uneven impact of the economic crisis on Member States. Although many factors have influenced overall economic performance, much of the current divergence results from the way labour markets and social systems reacted to the severe global downturn as well as the fiscal consolidation packages implemented in the majority of Member States (see the annual report of the Social Protection Committee and the article on 'Employment').

Which groups are at greater risk of poverty or social exclusion?

Compared with the EU average, some groups of the population are at a higher risk of poverty and social exclusion. The most affected are women, children, young people, the unemployed, single-parent households and those living alone, people with lower educational attainment, people born in a different country than the one they reside in, people out of work, and in a majority of Member States those living in rural areas. EU policies aimed at reducing the number of people at risk therefore tend to focus on these groups. A recommendation of the European Commission calls on Member States to define and implement measures to address their specific circumstances.

Women are more likely to live in poverty and social exclusion than men

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3Germany and Sweden use targets based on different forms of unemployment, Ireland defined a combined poverty target, the Netherlands aims at reducing the amount of jobless households, Sweden’s target refers to different situations of long-term unemployment, and the UK based its numerical targets on a nationally launched Child Poverty Act.

4Bulgaria also experienced a strong reduction by 4.7 percentage points in the number of people at risk of poverty or social exclusion. In 2014, however, there was a break in the time series, which limits the value of a direct comparison.
Up to 2012, the share of both men and women at risk of poverty or social exclusion followed a similar path as the overall trend depicted in Figure 2. This means an increase of about one percentage point between 2008 and 2012 for both sexes. Since then, the overall rate for women has fallen, while the rate of men has remained more or less stable. Nevertheless, in 2014 women remained at a higher risk of poverty or social exclusion than men (25.3 % compared with 23.6 %). This put the EU-wide gender gap at 1.7 percentage points.

Women were worse off in all EU countries except Spain, where men were at higher risk of poverty or social exclusion, and Poland, where the risk was the same for women and men. In 2014, the gender gaps were highest in the Baltic States, the Czech Republic, and Austria (3.8 percentage points in Latvia, 3.3 percentage points in Lithuania, 3.0 percentage points in the Czech Republic and 2.8 percentage points in Estonia, Cyprus, and Austria). Poland was the most egalitarian country in terms of poverty rates, with no gender gap, followed by Denmark with a gender gap of 0.5 percentage points. The gender gap narrowed in most EU countries between 2008 and 2014, except for the Netherlands and Sweden, where it increased by 0.2 percentage points each.

As the structure of the survey assumes that households with more than one member share their resources equally, the main drivers behind the gender gap are higher poverty rates among single female households, mainly those with dependent children. In a workshop on the main causes of female poverty the Directorate General for Internal Policies pointed out that one of the reasons for this persisting gender gap is that single parents are much more likely to have very low work intensity compared with other households with children. These single-parent households are far more often headed by women (almost 10 % of all European households in 2011) than by men (1.8 %). A comparison of Member State’s performances in the European Semester Thematic Fiche shows two policy measures that could ease this problem: child and family-support benefits as well as access to quality and affordable childcare.

Young people aged 18 to 24 are more at risk

For both men and women, young people aged 18 to 24 are the most likely to be at risk of poverty or social exclusion. Almost a third was at risk in 2014 (30.8 % of men and 33.0 % of women). People younger than 18 years were the group with the second highest risk, at 27.8 %. Moreover, the situation of young people aged 18 to 24 has not improved compared with 2010. Although their risk of poverty or social exclusion had been falling until 2009, it climbed back up in the following years (for more information on this group’s employment situation see the article on Employment). In contrast, older people aged 65 or over showed the lowest rate of 17.8 % (14.6 % for men and 20.3 % for women) in 2014. Rates for this group showed a steady decline over the period 2010 to 2014. As a result, the age gap has widened. This widening of the gap between young people aged 18 to 24 and older people aged 65 or over can also be seen in most Member States. In almost all countries,

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5 Given that the data does not reveal systematic differences in the risk of poverty or social exclusion between single female and single male households without dependent children, the gender gap is expected to be caused by single households with dependent children.

6 Reasons for this could include that many elderly people receive regular pensions, have accrued some wealth, and have often paid off their housing situation.
except Germany, the gap increased — in some cases substantially — between 2008 and 2014. Finally, the disparities between women and men become more distinct when looking at age groups. Among men, those aged 18 to 24 were most at risk (30.8 %) in 2014, while those aged 65 or over were the least likely to be at risk (14.6 %). Women were more likely to be at risk of poverty or social exclusion than men in all age groups except for those younger than 18 (see Figure 4). The largest difference between men and women could be seen for the last age group (65 or over), which displayed a gender gap of 5.7 percentage points in 2014. One explanation for the poverty gap between men and women among elderly EU citizens is that on average women receive a lower pension income than men. This is mainly due to childcare related gaps in their employment history and patterns of employment with low pension coverage ( European Centre, 2010 , European Commission, 2015 ).

Lack of work increases the risk of poverty or social exclusion

Figure 5: People at risk of poverty or social exclusion, by activity status, EU-28, 2010 and 2014 (% of population aged 18 and over) Source: Eurostat (ilcpeps02)

At 66.7 %, exactly two thirds of unemployed people in the EU were at risk of poverty or social exclusion in 2014. Also, 43.4 % of the other economically inactive people were at risk in 2014. In comparison, the share of employed people at risk was 13.1 % in the same year. This shows that the unemployed as a group are strongly threatened by poverty or social exclusion. The extent to which members of a household have the opportunity to work is thus a relevant factor determining poverty or social exclusion and is further analysed in the sub-indicator very low work intensity later in this article. This risk increased for all groups between 2010 and 2014 except for retired people, where it decreased by 2.3 percentage points between 2010 and 2014. Of the Member States in 2014, France had the lowest risk of poverty or social exclusion among the unemployed (52.9 %), while Germany had the highest (84.4 %).

It is interesting that the poverty rate was higher for men than for women in all groups (between 0.7 percentage points among the employed to 9.1 percentage points among the unemployed), except for retired people. Among those, the share of women at risk of poverty or social exclusion was just over 4.1 percentage points higher than that of men. This highlights the fact that one of the drivers behind the feminisation of poverty and social exclusion discussed earlier is due to the amount of women at risk of poverty or social exclusion at retirement age.

Single parents face the highest risk of poverty or social exclusion

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7Bulgaria, Estonia, Lithuania, Latvia, and Malta were in the opposite situation where poverty was higher among the older than the younger age groups.

8The main economically inactive groups are students, people looking after family and home, long-term sick and disabled, temporarily sick and disabled, retired people and discouraged workers ( UK Office for National Statistics (2012), A guide to labour market statistics ).
Of single people with one or more dependent children, 48.3% were at risk of poverty or social exclusion in 2014. This was almost twice the average and higher than for any other household type. This group experienced the largest fall in the number of people at risk of poverty or social exclusion between 2010 and 2014. This rate was at 52.1% in 2010 and well over twice the average.

Figure 6 shows that in general households with only one adult – both with children and without – and households with many children are at a higher risk of poverty or social exclusion. In households with only one adult, temporary shocks such as unemployment or sickness cannot be cushioned by a partner. Also, many households with only one adult are made up of young unemployed people or pensioners, often women, which are groups already identified as having a higher-than-average risk of poverty or social exclusion (European Centre 2008, p.6). In addition, single parents are faced with the challenges of being both the primary breadwinner and caregiver for the family. The group with the lowest poverty rate in 2014 was households with two adults where at least one person was aged 65 years or over.

At the Member State level, changes in the risk of poverty or social exclusion rate varied widely for single parent households between 2010 and 2014. Changes ranged from a rise of 12.7 percentage points in Cyprus to a fall of 13.7 percentage points in Germany. Other countries that also experienced large increases were Finland (7.3 percentage points) and Hungary (8.1 percentage points). The biggest falls, besides Germany, were in Malta (–10.7 percentage points) and Lithuania (–9.3 percentage points).

In contrast, for households with two adults with at least one aged 65 or over, the at-risk-of-poverty or social-exclusion rate decreased in most countries. Hence, the absence of children seems to lower the risk of poverty or social exclusion.

People with low educational attainment are three times more likely to be at risk compared with those with the highest degrees.
In 2014, 35.0% of people with at most lower secondary educational attainment were at risk of poverty or social exclusion (see Figure 7). In comparison, only 12.0% with tertiary education were in the same situation. This shows that the least educated people were almost three times more likely to be at risk than those with the highest education levels (also see the article on ‘Education’). This is also reflected in the data on employment: With increasing educational level the share of the employed also rises (see the article on ‘Employment’ for more information).

This situation is even more distinct in Member States such as the Czech Republic, Malta, Hungary, Poland, Romania and Slovenia. In these countries, people with the lowest educational attainment were over four (4.3 times in Slovenia) to over six times (6.4 times in the Czech Republic) more likely to be at risk of poverty or social exclusion than those with the highest educational attainment. In twelve Member States, this ratio has increased between 2010 and 2014. However, a better education did not necessarily offer protection from the crisis. Between 2010 and 2014, 15 Member States also experienced a rise in the rate among those with the highest educational degrees.

**The risk of poverty or social exclusion due to low education is being passed on to the next generation**

An important aspect to consider when analysing the overall number of people living in poverty or social exclusion is how factors leading to these situations are transmitted from one generation to the next.

In 2014, 63.8% of children of parents with at most pre-primary and lower secondary education were at risk of poverty or social exclusion. This was almost six times higher than for children of parents with first or second
stage tertiary education. Although there was an increase in the risk of poverty or social exclusion for all children between 2010 and 2014, the highest increase was observed for children of parents with the lowest educational attainment. Thus, education, which is a strong determinant of poverty or social exclusion for adults, also influences whether children live in poverty or social exclusion. In 2014, children were at the highest risk of poverty or social exclusion if their parents had the lowest educational attainment in Slovakia (93.5 %), Hungary (89.9 %) and Bulgaria (89.2 %). Conversely, in the Netherlands, Slovenia and Portugal the risk of poverty or social exclusion for children whose parents had the lowest educational attainment was the lowest in the EU with 42.8 %, 45.7 % and 48.1 %, respectively. Moreover, the risk of poverty or social exclusion for children whose parents had the lowest educational attainment increased between 2010 and 2014 in about two thirds of Member States. The increase ranged from 18.2 percentage points in Malta to 0.7 percentage points in Romania. A third of the Member States made progress on this issue. For instance, in the UK and Poland this rate decreased by around 10 percentage points each. Not only does the socio-economic environment in which children grow up and develop significantly affect a child’s standard of living, there is also a close link between the socio-economic statuses of adults and the status of their parents during their childhood. For instance, the ad hoc module on Intergenerational transmission of disadvantage statistics carried out in the EU Statistics on Income and Living Conditions (EU SILC) in 2011 showed that 34.2 % of low-educated adults also had low-educated parents in their childhood. This can be explained by the parents’ inability to financially support their children’s studies and/or to pass on a perception of the importance of education to their children.

Education is not the only factor transmitted from generation to generation. In 2011, 68.9 % of adults with a low ability to make ends meet grew up in a household in the same situation. Moreover, among the adults ‘not at work’, 28.6 % grew up in a household with at least one parent ‘not at work’ as well9.

In a Commission Recommendation, the European Commission called its Member States to take action to prevent the transmission of disadvantages across generations. Specifically it advised them to guarantee that children grow up with sufficient resources, as well as to assure their access to quality educational including childcare services and health services, and to enforce children’s rights to access different pastime activities.

People from outside the EU-28 are generally worse off than people living in their home country

![Figure 9: People at risk of poverty or social exclusion by broad group of country of birth, by country, 2014 (% of population aged 18 and over) Source: Eurostat (ilcpeps06)](image)

In 2014, people living in the EU but born in a non EU-28 country had a 40.1 % risk of living in poverty or social exclusion. The risk was lower for people born in an EU-country other than the one they were living in, at 24.8 %. Among the people whose residence of country corresponded to their country of birth, 22.5 % were at risk of poverty or social exclusion. Thus people born outside the EU-28 Member States were almost twice as likely to be at risk of poverty or social exclusion compared with native citizens. On average, migration within the EU-28 does not bear much higher risk than remaining in one’s country of birth.

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9Parents ‘not at work’ include unemployed, in retirement or in early retirement or had given up business, fulfilling domestic tasks and care responsibilities, other inactive person, and those answering “don’t know.”
A cross-country comparison shows that this 'origin gap' differs strongly across the EU Member States. The countries with the greatest difference in at-risk-of-poverty rate between people from non-EU-28 countries and those living in their home country are Belgium (37.9 percentage point gap), Greece (34.7 percentage point gap) and Spain (30.4 percentage point gap). Conversely, the Czech Republic, Malta and Germany showed the smallest differences between these two groups. In these countries, foreign citizens from a non-EU-28 country were between 5 and 6 percentage points more likely to be at risk of poverty or social exclusion compared with citizens living in their country of birth. In Poland the opposite pattern could be seen, where people from non-EU-28 countries had a 7.4 percentage point lower risk of poverty or social exclusion compared with native citizens in 2014. Finally, there are some Member States where foreign citizens from other EU-28 countries fare better in terms of poverty or social exclusion than native citizens. This is the case in Germany, the UK, Malta, Poland, Portugal and Croatia. Country differences could be explained by a number of factors, such as the level of education and employment status of foreign citizens residing in a given Member State. Furthermore, the reasons for migrating to a specific country may differ between countries, a fact which is reflected in the differing origin gap.

Between 2010 and 2014 there was a rise in the risk of poverty or social exclusion for all three described groups. However, the increase was the largest for people born in non-EU-28 countries (3.2 percentage points), followed by those born in a different EU-28 country than the one they reside in (2.3 percentage points) and was the smallest among native citizens (0.5 percentage points). The overall trend could be explained by the fact that people born in countries other than the one they reside in have suffered the most from rising unemployment in the EU, as shown in the Migrant integration statistics.

In the majority of Member States, people in rural areas are more at risk of poverty or social exclusion.

Figure 10: People at risk of poverty or social exclusion by degree of urbanisation, by country, 2014 (% of population) Source: Eurostat (ilcpeps13)

On average, EU-28 citizens in rural areas were more likely to live at risk of poverty or social exclusion than those in urban areas (27.2 % in rural areas compared with 24.3 % in urban areas) in 2014. Those living in towns or suburbs were the least likely to be at risk (22.3 %). However, the figures vary greatly between Member States. In 17 Member States, people living in rural areas were at the highest risk of being poor or socially excluded.

10 This was also the case for Lithuania; however, the data is of low reliability.

11 This could also be seen in Bulgaria and Hungary, but the data is considered unreliable.

12 Foreign citizens also have a lower risk of poverty or social exclusion in Lithuania and Hungary, however, this is based on data with low reliability.
The countries with the highest poverty rates in rural areas compared with urban areas are Romania (27.1 percentage points higher), Bulgaria (21.4 percentage points higher) and Malta (20.6 percentage points higher). In other countries, such as Austria and Belgium, the opposite is true: a clearly larger share of urban residents live in poverty or social exclusion compared with residents in rural areas or towns. There are also countries, such as the Czech Republic, Finland and Slovenia, where the poverty rates in urban, rural or suburban areas differ only slightly. In a study report, the European Commission identified four main categories of problems that characterise rural areas in the EU and determine the risk of poverty or social exclusion: demography (for example, the exodus of residents and the ageing population in rural areas), remoteness (such as lack of infrastructure and basic services), education (for example, lack of preschools and difficulty in accessing primary and secondary schools), and labour markets (lower employment rates, persistent long-term unemployment and a greater number of seasonal workers).

The three dimensions of poverty

Measuring poverty and social exclusion requires a multidimensional approach. Household income has a big impact on living standards, but other aspects preventing full participation in society such as access to labour markets and material deprivation also need to be considered. Therefore, the European Commission adopted a broad 'at-risk-of-poverty or social exclusion rate' indicator to serve the purposes of the Europe 2020 strategy. This indicator is an aggregate of three sub-indicators: (1) monetary poverty, (2) material deprivation, and (3) low work intensity.

1. Monetary poverty is measured by the indicator ‘people at risk of poverty after social transfers’. The indicator measures the share of people with an equivalised disposable income below the risk-of-poverty threshold. This is set at 60 % of the national median equivalised disposable income after monetary social transfers. Social transfers are benefits provided by national or local governments, including benefits relating to education, housing, pensions or unemployment. The 60 % benchmark is conventionally used. However, as shown in the subsection on monetary poverty, the amount of people at risk of poverty depends on where this threshold is set.

2. Material deprivation covers issues relating to economic strain, durables and housing and dwelling environment. Severely materially deprived people are living in conditions greatly constrained by a lack of resources and cannot afford at least four of the following: to pay their rent or utility bills or hire purchase instalments or other loan payments; to keep their home warm; to pay unexpected expenses; to eat meat, fish or other protein-rich nutrition every second day; a week-long holiday away from home; to own a car, a washing machine, a colour TV or a telephone. Again, the threshold at which people are considered severely materially deprived is a result of convention. By changing the amount of items a person is not able to afford in order to be viewed as severely materially deprived or materially deprived changes the amount of people considered facing this problem.

3. Very low work intensity describes the number of people aged 0 to 59 living in households where the adults worked not more than 20 % of their potential during the past year.
Because there are intersections between these three dimensions, they cannot simply be added together to give the total number of people at risk of poverty or social exclusion. Some people are affected by two or even all three types of poverty. Taking the sum of each would lead to cases being double-counted. This becomes clear when looking at the current number of people at risk of poverty or social exclusion (see Figure 11).

Overall 122.3 million people were at risk of poverty or social exclusion in the 28 EU Member States in 2014. Often they were affected by one or more dimensions of poverty (see the subsection ‘Data sources and availability’). As shown in Figure 11, monetary poverty was the most widespread form of poverty in 2014, with 86.2 million people living at risk of poverty after social transfers. This was followed by severe material deprivation, affecting 44.8 million people, and very low work intensity, affecting 41.8 million people.

More than a third affected by more than one dimension of poverty

About 40 million people, or almost one third (33.2 %) of all people at risk of poverty or social exclusion were affected by more than one dimension of poverty in 2014. Of these, 12.9 million people suffered from monetary poverty and material deprivation, 3.4 million were both materially deprived and living in households with very low work intensity, and 14.5 million were affected by low work intensity and monetary poverty. Another 9.8 million people were affected by all three forms (see Figure 11).

Divergent trends in the three forms of poverty

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13 The dimension ‘very low work intensity’ is only measured among working age respondents. Therefore, people over the age of 59 are considered at risk of poverty or social exclusion only if the criteria of one of the two dimensions “monetary poverty” or “severe material deprivation” are met.
As shown in Figure 12, the three forms of poverty developed quite distinctly between 2005 and 2014. Monetary poverty has been the most prevalent form and has shown a slightly increasing trend since 2005. In contrast, the number of people affected by severe material deprivation or very low work intensity fell considerably over the period 2005 to 2009. While the number of people with very low work intensity increased steadily between 2009 and 2014, the number of severely materially deprived first increased sharply before declining again slightly. This shows that improvements in the headline indicator between 2005 and 2009 (see Figure 2) can mainly be attributed to the reduction in material deprivation and low work intensity.

One possible reason for the divergence in monetary poverty, on the one hand, and material deprivation and low work intensity, on the other, is the different structure of the indicators. While monetary poverty is measured in relative terms, material deprivation and low work intensity are absolute measures (see the section 'Data sources and availability'). The relativity of monetary poverty means the at-risk rate may remain stable or even increase even if a country’s average or median equivalised disposable income\(^\text{14}\) increases. This is due to the fact that the monetary poverty threshold is set at a specific percentage of the median disposable income. That means that if the median income increases, but the inequality of the income distribution remains unchanged or even increases, the number of people below the poverty line does not decrease. Absolute poverty measures reflecting the ability to afford basic goods, however, are likely to decrease during economic revivals as people are generally financially better off during an economic recovery.

The groups identified in the discussion of the headline indicator as being the most at risk of poverty or social exclusion largely correspond to the groups most exposed to the risks of the three sub-indicators. As in the headline indicator, in 2014 women, young people, the unemployed and inactive, single-parent households and households consisting of only one person, people with the lowest educational attainment, foreign citizens born outside the EU-28, and those living in rural areas were the groups most often affected by monetary poverty. For example, while on average 17.2 % of the EU-28 population was affected by monetary poverty, this rate was at 47.3 % among the unemployed, at 32.5 % among single parent households, and at 30.5 % among foreign citizens born in a country outside the EU-28.

Material deprivation was also more common among women, the young, the unemployed, households with single-parents, people with lower educational attainment, foreign citizens born outside the EU-28 and people living in rural areas compared with cities and suburbs. For example, while the overall share of people suffering from

\(^{14}\)The equivalised disposable income refers to the financial means a household has left for saving and spending. It is calculated by taking the entire income of a household and dividing it by the weighted household size, where each household member receives a weight depending on their age.
severe material deprivation was at 9 % among the EU-28 population in 2014, among the unemployed this was at 26.2 %, among single-parent households this was at 19.1 % and among foreign citizens born outside the EU-28 this was at 14.7 %.

Finally, while on average 11.2 % of the working age population in the EU-28 was living in households with very low work intensity in 2014, among foreign citizens born outside the EU-28, this rate was at 17.0 %. Naturally, unemployed people were more often living in households with very low work intensity (49.5 % of the time). Also, single parents — faced with the double burden of being the sole caregiver and breadwinner — were, at 28.8 %, far more likely to live in households with very low work intensity compared with the average. For two breakdowns, however, the groups identified as most vulnerable in the headline indicators were not affected the most by very low work intensity. Unlike in the headline indicator, elderly people aged 55-59 were more likely to live in households with very low work intensity than the young and people living in urban areas were more likely to live in such a household than those living in rural areas.

Figure 13: People at risk of poverty after social transfers, by country, 2008 and 2014 (% of population) Source: Eurostat (t202052)

Monetary poverty increased in more than two thirds of the Member States  In 2014, 17.2 % of the EU population earned less than 60 % of their respective national median equivalised disposable income, the so-called ’poverty threshold’. This represents a slight increase compared with 2008, when 16.5 % fell under the poverty threshold. The increase did not take place in all countries (see Figure 13). Between 2008 and 2014 the share of people at risk of monetary poverty rose in 20 Member States and fell in the rest. The countries reporting the highest rates in 2014 were Romania (25.4 %), Spain (22.2 %) and Greece (22.1 %). The best performing Member States in terms of monetary poverty were the Czech Republic (9.7 %), the Netherlands (11.6 %) and Denmark (12.1 %).

The duration of monetary poverty and thus the extent of the situation can be measured with the indicator persistent poverty, defined as the share of people who are currently poor and had also been poor for two out of three years prior to the survey. Persistent poverty steadily increased in the EU-27 between 2008 and 2012 before decreasing again slightly in 201315. In 2013 the persistent risk of poverty rate was at 10.1 % in the EU-28 (see the report on Poverty Dynamics in Europe: From What to Why by the European Commission and the data on persistent poverty).

Impact of the poverty threshold

15Aggregated data is only available for the EU-27 between 2008 and 2013 including estimates for the years 2008 and 2009. Aggregated data for the EU-28 is only available for the years 2011-2013 including estimates for 2011 and 2012.
Table 1: People at risk of poverty after social transfers, by poverty threshold, EU-28, 2010 and 2014 Source: Eurostat online data code (ilcli02)

<table>
<thead>
<tr>
<th>Poverty threshold</th>
<th>2010 % of population</th>
<th>1 000 persons</th>
<th>2014 % of population</th>
<th>1 000 persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>5.6</td>
<td>27 670</td>
<td>6.3</td>
<td>31 525</td>
</tr>
<tr>
<td>50%</td>
<td>16.0</td>
<td>49 700</td>
<td>10.8</td>
<td>53 944</td>
</tr>
<tr>
<td>60%</td>
<td>16.5</td>
<td>82 003</td>
<td>17.2</td>
<td>86 199</td>
</tr>
<tr>
<td>70%</td>
<td>24.2</td>
<td>120 436</td>
<td>24.9</td>
<td>124 541</td>
</tr>
</tbody>
</table>

Monetary poverty is related to disposable income after monetary social transfers. It is the case when disposable income falls below a certain threshold. Hence, the number of people considered monetarily poor depends on the level at which the poverty threshold is set (see Table 1). If the poverty threshold were set at 70% of the national median disposable income, nearly one out of four people in the EU would have been at risk of monetary poverty in 2010 and 2014. If the threshold were set at 50% or 40%, then about 10% or 5% of the population would have been at risk, respectively. For all poverty thresholds, the number of people at risk of monetary poverty increased from 2010 to 2014. To gain insights into how poor people below the poverty threshold are, the 'relative median at-risk-of-poverty gap' can be computed. This refers to the difference between the at-risk-of-poverty threshold (set at 60% of the national median equivalised disposable income after social transfers) and the median equivalised disposable income of people below the same at-risk-of-poverty threshold, expressed as a percentage of the at-risk-of-poverty threshold. In 2014, the relative at-risk-of-poverty gap was 24.6%. This means that the median person among all people who were below the at-risk-of-poverty threshold had about three quarters of the means of a person just at the poverty threshold. Between 2010 and 2014, the at-risk-of-poverty gap increased by 1.8 percentage points, showing that the general situation for those below the poverty threshold has worsened.

Inequality of income distribution remained stable

Figure 14: Inequality of income distribution, EU-28, 2010 and 2014 (% of national equivalised income) Source: Eurostat online data code (ilcdi01)

One way to measure income inequality is by looking at the income quintile share ratio. The income quintile share ration is defined as the ratio between the income of the richest 20% of a population divided by the income of the poorest 20%. Over the period from 2010 to 2014, the distribution of income by quintiles in the EU remained more or less stable, with the poorest 20% earning slightly less than in 2010 and the richest 20% earning marginally more. During this period, the richest 20% of the population earned about five times more than the poorest 20% (see Figure 14).

There are considerable differences among Member States in the income quintile share ratio. In 2014 Romania, Bulgaria, Spain, Estonia and Latvia recorded the highest inequality in income distribution. In all of these Member States, the combined income of the richest 20% was almost seven times higher than the combined income of the poorest 20%. Conversely, the Czech Republic, Finland, Slovenia, the Netherlands and Belgium
Social expenditure helped prevent more monetary poverty

![Graph showing at-risk-of-poverty rate before and after social transfers by country, 2014 (% of population)](image)

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**Figure 15: At-risk-of-poverty rate before and after social transfers, by country, 2014 (% of population)**

Source: Eurostat online data code (t202052), (tesov250)

To support people at risk of poverty, governments provide social security in the form of social transfers. The effectiveness of monetary social provision can be evaluated by comparing the at-risk-of-poverty rate before and after social transfers (see Figure 15). On average, social transfers reduced the share of people at risk in the EU-28 by 8.9 percentage points in 2014, from 26.1% to 17.2%. However, the extent to which Member States were able to reduce this rate through social transfers varied. Reductions were largest in Ireland (–21.6 percentage points), Denmark (–14.8 percentage points) and Finland (–14.8 percentage points) in 2014. Conversely, the smallest decreases were recorded by Romania (–3.1 percentage points), Greece (–3.9 percentage points) and Italy (–5.3 percentage points). Over time, the at-risk-of-poverty rates before and after social transfers have moved in different directions. The rate before social transfers was relatively stable in the EU between 2010 and 2014, while the rate after social transfers increased slightly over the same time. According to the European Semester Thematic Fiche, differences in the effectiveness and the efficiency of social protection expenditures depend on different factors, such as the level of poverty and inequality before social transfers and differences in the size and design of these expenditures^{16}.

^{16}Earnings-related social benefits, for instance in old age, are often not aimed at reducing poverty as maintaining the living standards of those facing the risk.
Material deprivation is the second most common form of poverty

Material deprivation covers issues relating to economic strain, durables and housing, and environment of the dwellings. Severely materially deprived people have living conditions greatly constrained by a lack of resources. This means they live in households unable to afford four or more items out of a list of nine considered by most people to be desirable or even necessary to lead an adequate life. In 2014, 44.8 million people in the EU were living in conditions severely constrained by a lack of resources. This equalled 9.0% of the total EU population or almost every tenth person, making severe material deprivation the second most common form of poverty. The levels of severe material deprivation differed widely across the EU in 2014, from 33.1% in Bulgaria to as low as 1.4% in Luxembourg and 0.7% in Sweden (see Figure 16).

These persistent disparities between Member States are likely due to a combination of factors. Especially, differences in living standards and the effectiveness of social policies all play a part (see Annual report of the Social Protection Committee on the social situation in the European Union ).

In a few Member States, the share of people living in poor conditions is much higher than the share of people at risk of monetary poverty. This is because monetary poverty is a relative measure (i.e. standard of living and income are much worse than the general standard in the country or region they live in) while material deprivation is absolute (i.e. refers to the deprivation of basic necessities for survival based on a given basket of goods. For example, in Hungary and Bulgaria the proportion of people living in severely deprived conditions was about 1.5 times as high as the share living in monetary poverty. Contrarily, in a few countries with higher standards of living such as Sweden and Luxembourg, the monetary poverty rate clearly exceeded the rate of people suffering from severe material deprivation.

Since 2008 the number of people living in severe material deprivation increased in a little over half of the EU-28 Member States. The rate decreased in nine countries and remained more or less stable in three. In general, these were countries with initially low rates, below or around 6%, such as Sweden, Finland, Austria, France and Germany. However, in Romania the rate decreased by 6.6 percentage points, from 32.9% in 2008. The most distinct improvements took place in Poland, where severe material deprivation decreased by 7.3 percentage points from 17.7% in 2008.

Inability to face unexpected financial expenses or to make ends meet

Material deprivation can threaten a person’s existence or make them fear their existence is threatened. They may feel unable to face unexpected financial expenses or to ‘make ends meet’ (the ability to pay for their usual expenses). In 2014, 38.9

These items are the following: to pay their rent, mortgage or utility bills; to keep their home adequately warm; to face unexpected expenses; to eat meat or proteins regularly; to go on holiday; a television set; a washing machine; a car; a telephone.

A strong decrease can also be seen in Bulgaria, however, there was a break in the time series in 2014.
% of the EU population reported that their household was not able to face unexpected expenses and 11.5 % declared they had great difficulties making ends meet. There is a strong relationship between these concerns and material deprivation. In countries with fewer severely materially deprived people, more could afford unexpected or usual expenses. Countries with more materially deprived people were more likely to exhibit higher numbers of people unable to face unexpected expenses or make ends meet.

The number of households with low work intensity is increasing

Figure 17: People living in households with very low work intensity, by country, 2008 and 2014 (% of population aged 0 to 59) Source: Eurostat online data code (t202051)

In 2014, 11.2 % (or 41.8 million) of the EU population aged 0 to 59 were living in households with very low work intensity. This means the working-age members of the household worked no more than 20 % of their potential during the previous year. Across Europe, this figure ranged from 6.1 % in Luxembourg and 6.4 % in Romania to 21.1 % in Ireland (see Figure 17). Low work intensity increased between 2005 and 2006 before declining between 2006 and 2008. It then remained stable for one year but started to increase again gradually in parallel with the rising unemployment levels as a result of the crisis. Between 2008 and 2014, Spain, Greece and Ireland reported the highest increases in the amount of households with very low work intensity by 10.5, 9.7 and 7.4 percentage points, respectively. Improvements were observed in Romania (− 1.9 percentage points), Germany (− 1.7 percentage points) and Poland (− 0.7 percentage points).

In some countries, the rate of lack of access to labour does not seem to correspond to the extent of the other forms of poverty or social exclusion: material deprivation and monetary poverty. Belgium, for example, had a higher than average proportion of households with very low work intensity (14.6 %) despite its risk of monetary poverty and severe material deprivation being below the EU average. In contrast, Romania had one of the highest proportions of its population living at risk of monetary poverty in 2014 and at the same time one of the lowest shares of households with very low work intensity (6.4 %).

19 This can be the case for a number of reasons, such as a high amount of social transfers in one country or a generally low income level in another.
Figure 18: In-work at-risk-of-poverty rate, by sex, work intensity of the household, type of contract, full-time and part-time work, EU-28, 2010 and 2014 (% of population aged 18 or over)
Source: Eurostat online data code (ilciw01), (ilciw03), (ilciw05) and (ilciw07)

People in work can also be affected by poverty. Poverty and social exclusion do not only affect those who are economically inactive or unemployed (for more information on employment statistics indicators see the 'Employment' article, where the sub-indicator 'long-term unemployment' is also discussed in detail). Working conditions and terms of work contracts can influence the risk of being affected by poverty despite being in work. Figure 18 shows that overall 9.5% of the working EU population was at risk of poverty in 2014.

The work intensity of a household refers to 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. It appears that the lower the work intensity, the higher the risk of poverty, despite partial employment. A reason for this could be that low work-intensity is associated with less stable working conditions. Also, people working part-time were more than twice as susceptible to being at risk of poverty as full-time workers in the EU (15.8% compared to 7.7%). Furthermore, those workers with only a temporary contract had a clearly higher risk of poverty than those with a permanent contract (15.7% compared to 5.9%) in 2014. Thus, any situation reducing income such as low work intensity, working part-time, or having a temporary contract increases the risk of poverty despite working.

In contrast to all other poverty indicators, men were more affected by in-work poverty than women (10.0% compared with 9.0% in 2014), although women more frequently hold part-time positions and often earn a lower salary. However, women are more often secondary earners, meaning the household income does not depend only on them (see the post on in-work poverty in the EU by the European Parliamentary Research Service). The situation was the opposite for young workers aged 18 to 24 years. In this case, women were more affected by in-work poverty than men in 2014 (14.0% compared with 11.6%). For other groups of the population, the in-work at-risk-of-poverty situation matches that of the headline indicator. Of all age groups, young workers show the highest in-work at-risk-of-poverty rates. Also, multi-person adult households without dependent children are much less at risk of in-work poverty than households with dependent children and single-person households. Those most at risk are single parents; one out of five was affected in 2014.

Outlook towards 2020

As the most widespread form of poverty, monetary poverty is one of the major challenges to achieving the Europe 2020 target. The proportion of people at risk of monetary poverty is closely linked to income inequality. As stated in the Synthesis Report of the 2011 Peer Review in Social Protection and Social Inclusion, this is not reduced by simply raising the average income. Therefore, action needs to be taken in the areas of social
protection and improving the efficiency and effectiveness of income support.

To make progress towards the Europe 2020 poverty goal it will be particularly important to focus on groups that are at high risk of poverty and social exclusion. Actions to be taken for this purpose have been outlined in the EU flagship initiatives 'Youth on the move', 'Agenda for new skills and jobs' and 'European Platform against poverty'. These include EU funded study programmes, learning projects and training aimed at facilitating the employment of young people, as well as reforms to improve the flexibility and security in the labour market ('flexicurity'), to improve the quality of jobs, and to ensure better conditions for workers and for job creation (see the Agenda for new skills and jobs). Measures directly addressing poverty and social exclusion include the monitoring of Member States' economic and structural reforms through the European Semester and actions designed to help meet the poverty target at the European level.

In its stocktaking of the Europe 2020 strategy, the European Commission acknowledges there is no sign of a rapid improvement in the situation and expects that the number of people at risk of poverty might remain at about 100 million by 2020. The European Commission expresses a concern that 'the situation is particularly aggravated in certain Member States, driven by increases in severe material deprivation and in the share of jobless households', reckoning that 'the crisis has demonstrated the need for effective social protection systems'.

**Data sources and availability**

Due to the structure of the survey on which most of the key social data is based (EU Statistics on Income and Living Conditions (EU-SILC)), a large part of the main social indicators available in 2010 (when the Europe 2020 strategy was adopted) referred to 2008 as the most recent year of data available. For this reason, 2008 is used as the baseline year for monitoring progress. For the headline indicator, 'People at risk of poverty or social exclusion', the target value for 2020 continues to be based on EU-27 data from 2008 because EU-28 aggregated data are only available starting from 2010. This is also why the analysis of the headline indicator and the three sub-indicators refers to both EU-27 data (from 2005) and EU-28 data (from 2010).

**Indicators presented in the article:**

- People at risk of poverty or social exclusion (AROPSE) (t202050)
  - Breakdown by age and sex (ilcpeps01)
  - Breakdown by activity status (ilcpeps02)
  - Breakdown by household type (ilcpeps03)
  - Breakdown by educational attainment level (ilcpeps04)
  - Breakdown by educational attainment of one's parents (ilcpeps60)
  - Breakdown by broad country of birth (ilcpeps06)
  - Breakdown by degree of urbanisation (ilcpeps13)

- People at risk of poverty after social transfers (AROP) (t202052)
  - Breakdown by poverty threshold (ilcli02)

- Inequality of income distribution: (ilcdi01)
- At-risk-of-poverty rate before social transfers (tesov250)
- Severely materially deprived people (t202053)
- People living in households with very low work intensity (t202051)
- In-work-at-risk-of-poverty rate (ilciw01)
Context

Poverty and social exclusion harm individual lives and limit the opportunities for people to achieve their full potential by affecting their health and well-being and lowering educational outcomes. This, in turn, reduces opportunities to lead a successful life and further increases the risk of poverty. Without effective educational, health, social, tax benefit and employment systems, the risk of poverty is passed from one generation to the next. This causes poverty to persist and hence creates more inequality, which can lead to long-term loss of economic productivity from whole groups of society and hamper inclusive and sustainable economic growth.

To prevent this downward spiral, the European Commission has made ‘inclusive growth’ one of the three priorities of the Europe 2020 strategy. It has set a target to lift at least 20 million people out of the risk of poverty and social exclusion by 2020. To underpin this objective, the European Commission has launched two flagship initiatives under the ‘inclusive growth’ priority: the ‘Agenda for new skills and jobs’ and the ‘European platform against poverty and social exclusion’. Furthermore, between 2010 and 2014 a package of policy initiatives ‘Youth on the move’ was instated to enhance the performance of education systems and help young people find work.

See also

- Europe 2020 headline indicators

Further Eurostat information

Publications

- Smarter, greener, more inclusive? - Indicators to support the Europe 2020 strategy

Main tables

- Europe 2020 indicators

Dedicated section

- Europe 2020 indicators

Methodology / Metadata

- Towards robust quality management for European Statistics - Communication from the Commission COM(2011) 211 final

Other information


External links

- European Commission website Europe 2020

Notes