



# Social Europe

## Many ways, one objective

Annual Report of the Social Protection Committee  
on the social situation in the European Union (2013)



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Abbreviation	Full name
EU28	European Union (28 countries)
EU27	European Union (27 countries)
BE	Belgium
BG	Bulgaria
CZ	Czech Republic
DK	Denmark
DE	Germany
EE	Estonia
IE	Ireland
EL	Greece
ES	Spain
FR	France
HR	Croatia
IT	Italy
CY	Cyprus
LV	Latvia
LT	Lithuania
LU	Luxembourg
HU	Hungary
MT	Malta
NL	Netherlands
AT	Austria
PL	Poland
PT	Portugal
RO	Romania
SI	Slovenia
SK	Slovakia
FI	Finland
SE	Sweden
UK	United Kingdom

# Acknowledgments

The present report has been prepared as part of the mandate given to the Social Protection Committee (SPC) by the Treaty on the Functioning of the European Union to monitor the social situation in the European Union and the development of social protection policies (art. 160 of TFEU).

The report is prepared by the Secretariat of the Committee and its Indicators' Sub-group. The Directorate-General for Employment, Social Affairs and Inclusion provided the necessary analysis and calculations used in the report with the extensive assistance and data provision of Eurostat. Directorate D - Europe 2020: Social Policies, led by Dr. Lieve Fransen, hosts the Secretariat of the SPC. The principal authors are Kornelia Kozovska, Dijana Ror Boone, Ionut Sasu, and Dimo Iliev with specific contributions from Maya Carr-Hill, Elodie Fazi, Regina Sauto, Istvan Vanyolos, Celine Thevenot, Magdalena Grzegorzewska, Susanne Conze, Kasia Jurszak, Ettore Marchetti and Emanuela Tassa. The members of the SPC and its Indicators Subgroup contributed extensively to the drafting of the report and its key messages. The views of the European social partners are annexed to the report. The report was approved by the Social Protection Committee on 19 February 2014. The Council of the European Union endorsed the conclusions of the report on 10 March 2014.

The list of SPC Members appears on the following link:

<http://ec.europa.eu/social/main.jsp?catId=758&langId=en>

The list of members of the SPC Indicators' Subgroup appears on the following link:

<http://ec.europa.eu/social/main.jsp?catId=830&langId=en>



# Introduction

This edition of the annual review of the social situation in the European Union (EU) delivers on the core Treaty task of the Social Protection Committee (SPC) to monitor the social situation in the Member States and the European Union (art. 160 of the Treaty on the Functioning of the European Union). The SPC is an advisory policy Committee which provides representative forum for multilateral social policy coordination, dialogue and cooperation at EU level. It brings together policy makers from all EU Member States and the Commission in an effort to identify, discuss and implement the policy mix that is most fitted to respond to the various challenges faced by social policies. It uses the social open method of coordination as the main policy framework combining all major social policy strands: social inclusion, pensions, health and long-term care.

This year's report on the social situation shows worsening developments, especially in some Member States. The latest figures on living and income conditions in the EU show that the EU is not making any progress towards achieving its Europe 2020 poverty and social exclusion target of lifting at least 20 million people from poverty and social exclusion by 2020. There are 6,7 million more people living in poverty or social exclusion since 2008, a total of 124.2 million people for the EU28 or close to 1 in 4 Europeans in 2012. Poverty and social exclusion has increased in more than 1/3 of the Member States in both 2011 and 2012.

The fragile emerging recovery evidenced in the economic data at the end of 2013 will not produce immediate impact on the employment and social situation of Europeans. Furthermore, there is a strong divergence in the evolution of the social situation across different Member States and this is likely to persist in the near future. This edition of the annual review of the social situation in the EU of the SPC focuses on the results from the latest edition of the Social Protection Performance Monitor and has three main objectives: i) analysing the most recent trends in the social situation in Europe – increase of the number of working poor in Europe, in child poverty and social exclusion and the poverty risk for jobless households; ii) providing an in-depth review of the key challenges for the EU identified by the 2012 social trends to watch as endorsed by the SPC, and iii) identifying what are the 2013 social trends to watch.

Chapter 1 analyses the latest available figures for the set of key social indicators as identified by the Social Protection Performance Monitor, which present a summary picture of the social situation in the EU. It draws upon some additional context information and specific administrative data on benefit recipients, over-indebtedness and housing access collected through SPC delegates in order to provide a comprehensive view on the main developments in social policy outcomes across Member States.

Chapter 2 focuses on the key quantitative information underlying the three social trends to watch identified in the previous SPC report (Social Protection Committee, 2012) (in-work poverty, child poverty and social exclusion, and the poverty risk of (quasi-) jobless households), their social and economic impact and most importantly the policy measures with proven effect against these

trends. It is the product of a series of in-depth thematic reviews on these policy challenges held in 2013 which saw Member States engage in analysing their positive and negative performance and the potential for transferability of policy measures across different Member States and institutional contexts. A first group of countries presented the policy nexus in place enabling these countries to be unperturbed by these trends. The countries concerned by the social trends formed the second group of countries discussed the key elements of the successful policy approaches and assessed their potential transferability.

Chapter 3 presents the 2013 results of the Social Protection Performance Monitor and the social trends to watch based on the latest available data as well as the topics for thematic in-depth reviews in 2014 based on these trends.

The report ends with country profiles for all Member States which provide a snapshot on the main social indicators for each country, the progress towards the national 2020 poverty and social exclusion target, and the evolution in benefit recipients for a selected number of benefit schemes.<sup>1</sup>

The full application of the SPPM offers a new way of bringing policy knowledge forward. This is an important building bloc of the policy learning and exchange of good practices embedded in the social open method of coordination.

But the 2013 social situation attracted further attention. The Council, upon a proposal from the Commission, approved a scoreboard on employment and social indicators to be used in the context of the European semester for policy coordination. The scoreboard will strengthen the social dimension of the Economic and Monetary Union. It consists of 6 indicators presented in a single table allowing monitoring the employment and social developments in the EU. It is part of the annual so called 'Joint Employment Report' which is prepared by the Commission and adopted by the Council of the European Union.

In addition to the scoreboard, the Commission also decided to use a set of social indicators as auxiliary indicators in the scoreboard of the macroeconomic imbalance procedure<sup>2</sup>. This accumulation of monitoring instruments is expected to enhance the capacity of the EU to better anticipate the social impact of its economic policies.

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<sup>1</sup> The report is to be read in conjunction with the SPC report on "[Social policy reforms for growth and cohesion: Review of recent structural reforms 2013](#)", adopted in October 2013, which outlines the most important policy measures taken in 2013 in the fields of social protection and social inclusion.

<sup>2</sup>[http://ec.europa.eu/economy\\_finance/economic\\_governance/macroeconomic\\_imbalance\\_procedure/mip\\_scoreboard/index\\_en.htm](http://ec.europa.eu/economy_finance/economic_governance/macroeconomic_imbalance_procedure/mip_scoreboard/index_en.htm)

# I. The social situation in the European Union

## Macro-economic, labour market and demographic context

The short-term outlook for the EU economy remains fragile, but a gradual return to GDP growth is projected for 2014. The EU economy has returned to positive GDP growth. GDP rose by 0.1% in the euro area (EA17) and by 0.2% in the EU28 during the third quarter of 2013, compared with the previous quarter. In the second quarter of 2013, growth rates were +0.3% and +0.4% respectively. Compared with the same quarter of the previous year, seasonally adjusted GDP fell by 0.4% in the euro area and rose by 0.1% in the EU28 in the third quarter of 2013, after -0.6% and -0.1% respectively in the previous quarter.

However, labour market and social conditions remain extremely challenging. The euro area (EA17) seasonally-adjusted unemployment rate was 12% in December 2013, slightly upwards from 11.9% recorded in the same month of the previous year. The EU28 unemployment rate was 10.7% in December 2013, compared with 10.8% at the end of the previous year. The number of unemployed in the EU28 in December 2013 reached an all-time high of 26.9 million, which represents a total increase of almost 8.4 million since 2008. In the euro area the number of unemployed reached 19.29 million, compared to 18.2 million the year before.

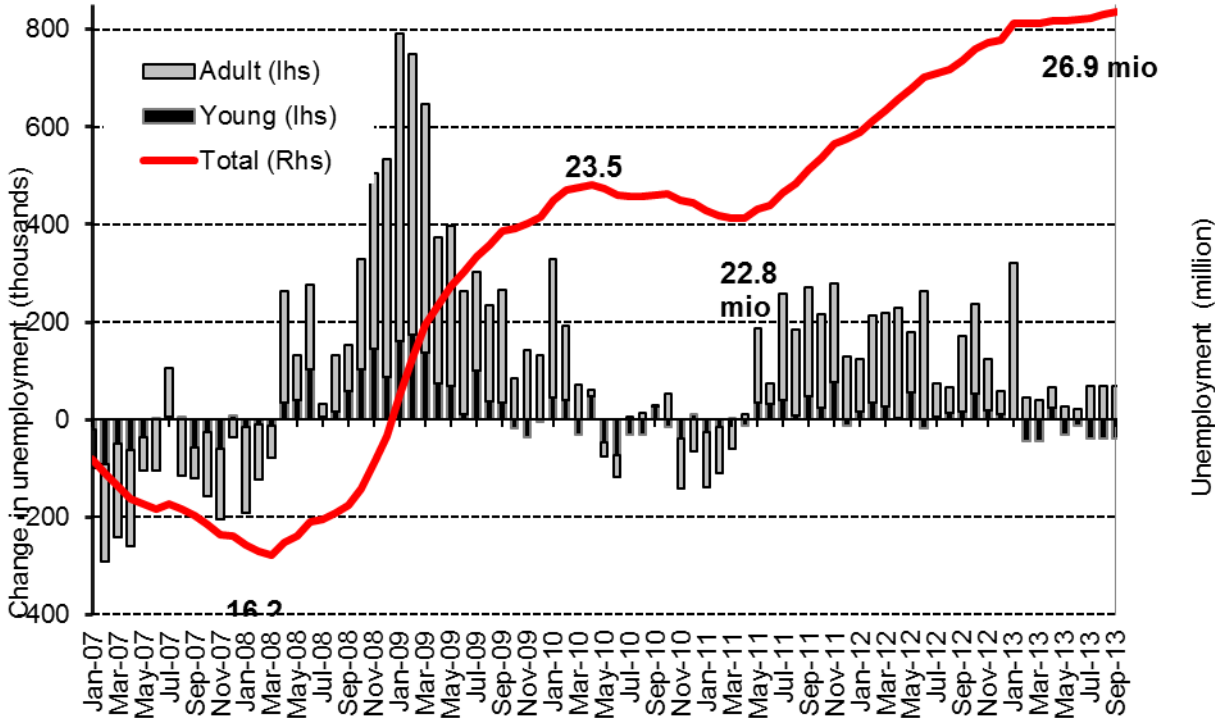
The situation of many households remains serious, as poverty and social exclusion are on the rise in most Member States, affecting particularly the working age population and, by extension, children. Young people suffer increasingly from the labour market exclusion: nearly a quarter of economically active young people in the EU are unemployed and their prospects remain bleak for 2014 at least. These challenges have been increasing until recently as the situation has worsened in many Member States and divergences between countries have been growing, especially within the Euro Area.

Across the EU, but particularly within the euro area, Member States have experienced widening gaps in terms of employment, income, poverty, inequalities, youth employment and many other vital aspects of social situation. Although many factors have influenced the overall economic performance of different Member States in the past years, much of the current divergence results from how 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. The shockwaves from the crisis appear to have been asymmetric but the different institutional setups saw very different resilience to the generally experienced major shock from the initial financial crisis: countries with relatively un-segmented labour markets, solid industrial relations institutions and strong welfare systems have tended to fare better than those with highly segmented labour markets, strained labour relations and weak welfare provisions.

Among the Member States, the lowest unemployment rates were recorded in AT (4.9%), DE (5.1%) and LU (6.2%), and the highest in EL (27.8% in October 2013) and ES (25,8%) at the end of 2013.

Compared with a year ago, the unemployment rate increased in half of the Member States and fell in half. The highest increases were registered in CY (13.9% to 17.5% between December 2012 and December 2013)), EL (26,1% to 27.8% between October 2012 and October 2013) and the NL (5.8% to 7.0%). The largest decreases were observed in Latvia (14.0% in December 2012 to 12,1% in December 2013) PT (from 17,3% to 15,4%) and LT (13.0% to 11.4%).

**Figure 1. Monthly change in youth, adult and total unemployment rate in EU, 2007-2013**



Source: Eurostat, data seasonally adjusted

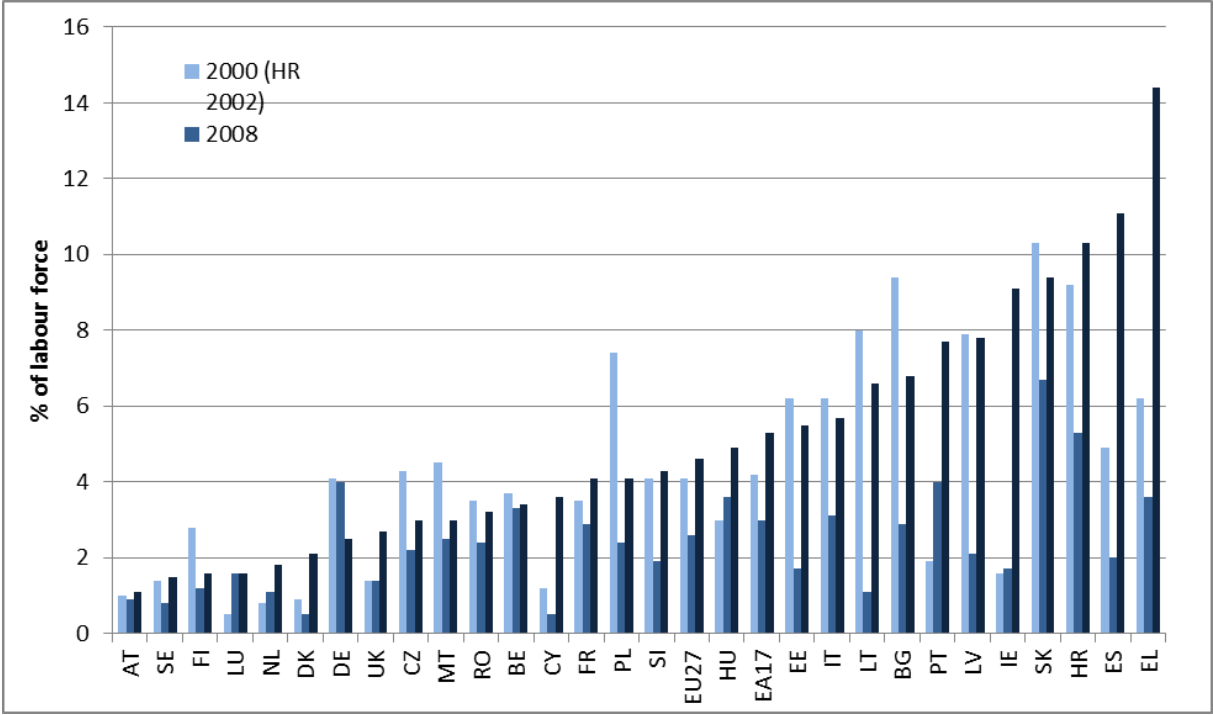
**More than one in five young people in the labour market are unemployed.** The situation of youth in the labour market represents both an economic and a social emergency, with 5.63 million young persons (15-24 years) unemployed in the EU28 at the end of 2013, of whom 3.57 million were in the euro area. Compared with December 2012, youth unemployment decreased by 184,000 in the EU28 and by 77,000 in the euro area. In December 2013, the youth unemployment rate was 23.2% in the EU28 and 23.8% in the euro area, compared with 23.6% and 23.9% respectively in December 2012. In December 2013, the lowest rates were observed in Germany (7.4%) and Austria (8.9%), and the highest in Greece (59.2% in October 2013), Spain (54.3%) and Croatia (49.2% in the fourth quarter of 2013).

The proportion of **young people (15-29 years) who are neither in employment, education, nor in training (NEET) continues to increase** and these increases were higher in those Member States

which already had higher levels. By the end of 2013, the average rate of NEETs reached 22 % in the south and periphery of the euro area, whereas in the northern euro area Member States it reached just half of that level, around 11. Moreover, the gap between the two areas continues to increase, following a similar pattern to that of unemployment trends.

**Long-term unemployment has reached alarming highs.** At the end of 2012, 11.3 million Europeans had been unemployed for more than 12 months, accounting for 4.6% of the active population across the EU and 5.3% in the euro area. Since 2008 the number of long-term unemployed has almost doubled in the EU-27 and in the euro area (an increase of 5.1 million and of 3.7 million respectively). The largest increases in the long-term unemployment rate were recorded in Greece (from 3.6% at the end of 2008 to 14.4% in 2012), Spain (from 2% in 2008 to 11.1% in 2012) and Ireland (from 1.7% to 9.1%).

**Figure 2. Long-term unemployment rates in EU28, 2000, 2008 and 2012**



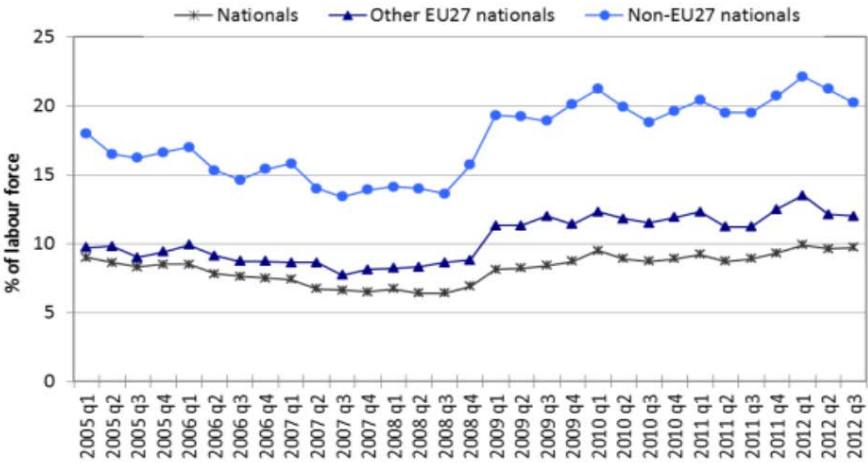
Source: Eurostat (LFS)

**Migrants** are also more affected by unemployment than the general population, as 19.6% of third-country nationals living in the EU are without a job. In 2013, the rate of third-country nationals in long-term unemployment was twice as high among third-country nationals than for EU nationals. The gap between the employment rates of migrant and native workers had already existed before the economic downturn but it was further enhanced since then.

As for intra-EU mobile citizens, they are more likely to be in employment than nationals living in the same country (despite the fact that unemployment rates tend to be relatively higher amongst intra-EU mobile citizens). This gap can be partly explained by differences in the age composition between EU mobile citizens and nationals, with more intra-EU mobile citizens than nationals falling

in the 15-64 age bracket. The overall rate of inactivity among intra-EU mobile citizens has declined between 2005 and 2012 – from 47% to 33%. This happened despite an increase in the rate of unemployment among intra-EU mobile citizens during the economic crisis. The number of non-active intra-EU mobile citizens has only slightly risen during this period (from 0.7% in 2003 to 1.0% in 2012). The majority of currently non-active intra-EU mobile citizens have worked before in the current country of residence (64%). A third of mobile jobseekers (32%) were employed one year before<sup>3</sup>.

**Figure 3. Unemployment rate breakdown for native workers, EU27 nationals and third-country workers**



Source: Eurostat (LFS)

Unemployment difficulties faced by both third-country migrants and intra-EU mobile citizens in comparison to the nationals are particularly worrisome for employment and growth prospects in the current demographic scenario. In order to attain the objective of 75% employment rate by 2020, any future employment growth would heavily depend on the annual balance between the declining domestic workforce and the net migratory inflows. Calculations based on Eurostat baseline demographic scenario indicate an average annual shrinking of employment by 0.4%. In the Europop2010 demographic convergence scenario, the EU working age population (aged 20-64 years) reached its highest potential at 304 million people in 2012 but since then it has been steadily declining, which means that by 2030 the working-age population in the EU will already have decreased by 13 million (a loss of more than 4% of the total working-age population as compared to the year 2012). In turn, this would lead on a medium-term to a higher demographic

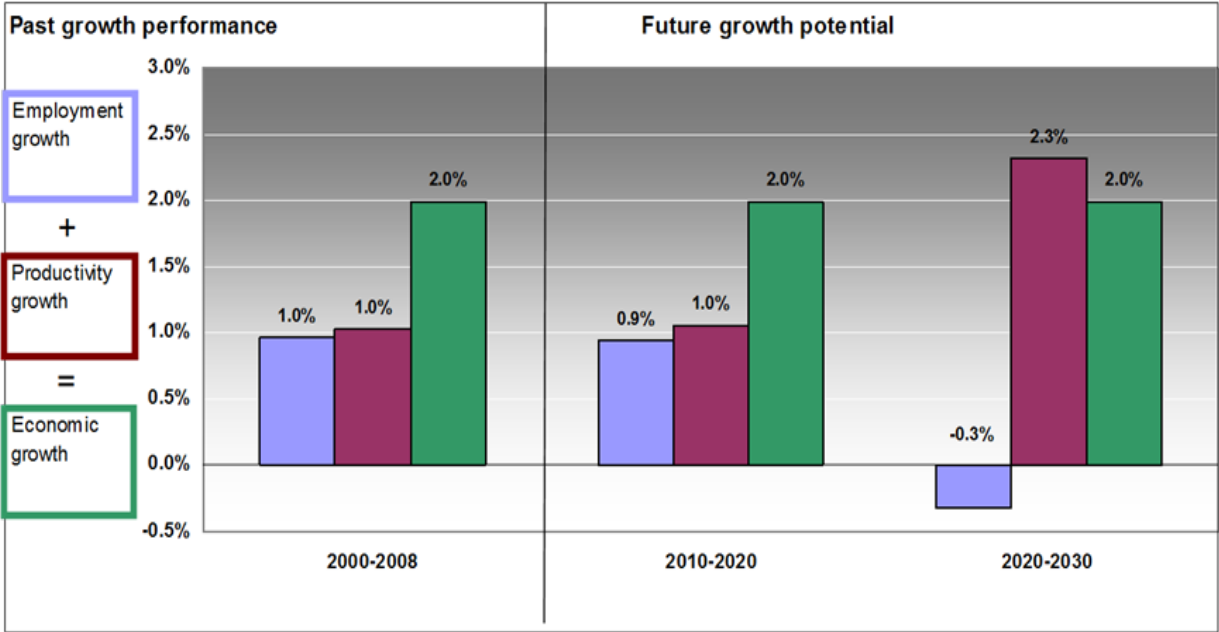
<sup>3</sup> European Commission, A fact finding analysis on the impact on the Member States' social security systems of the entitlements of non-active intra-EU migrants to special non-contributory cash benefits and healthcare granted on the basis of residence, 14 October 2013, pp. 26-30, available at : <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1980&furtherNews=yes>

dependency rate, from 1.6 dependent people for each working-age person in 2012 to almost 2 in 2060.<sup>4</sup>

In the absence of employment growth, the only source of economic growth could come from productivity gains – which then will have to double, compared to the levels obtained during the decade before the economic downturn, in order to compensate for the foreseen decline in employment growth.

The graph below depicts the future potential for GDP growth in the context of a declining workforce<sup>5</sup>.

**Figure 4. GDP growth with declining labour force in EU 27, 2010-2030**



Source: DG EMPL calculations based on Eurostat (LFS) and Europop2010 population projections

The first part on the left illustrates the pre-crisis situation in terms of employment (blue tab) and productivity (red tab) growth rates. Thus, between 2000 and 2008, the EU achieved an average annual employment growth of 1%, which, together with an average annual productivity gain of approximately 1%, led to an annual average GDP growth (green tab) of 2%. The economic downturn has interrupted this relatively stable pattern of growth.

For the period 2010-2020, a 2% GDP growth, which represents the level deemed necessary to maintain current welfare standards, would require an annual productivity growth of 1% in a context

<sup>4</sup> Peschner, J., Fotakis, C. (2013), 'Growth potential of EU human resources and policy implications for future economic growth', European Commission Working Paper 3/2013, Luxembourg, pp. 7-8, available at <http://ec.europa.eu/social/main.jsp?langId=en&catId=113&newsId=1970&furtherNews=yes>

<sup>5</sup> For more details on Europop2010: [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Population\\_projections](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Population_projections)

where the employment rate will grow on average by 0.9% per year. For the following period, 2020-2030, an average annual employment growth rate of -0.3% would require a dramatic increase in the average productivity rate up to 2.3% per year.

In order to sustain this economic growth rate, the EU must stimulate the labour market participation of untapped human resources, which would nonetheless require ever higher rates of productivity growth. The strong global growth and a sufficient labour supply fuelled the relatively high employment growth rates observed until 2008. However, in the future decades, labour shortages may further limit the employment growth because of a combination of demographic factors, such as an ageing and declining workforce.

This would require the implementation of efficient, effective and adequate labour market and social inclusion policies, which would stimulate participation across all age groups, genders, skills and educational attainment levels. In addition, increased net migratory inflows (beyond 40 million at 75% employment rate by the year 2060) or a substantial increase in productivity levels from the past average level of 1.2% to 2.3% may be needed for sustainable economic growth in the context of the current European social model.<sup>6</sup>

An additional pressure on the demographic scenarios has come as a consequence of the influence of the crisis on fertility. In this sense, in addition to economic and social distress, the **crisis** has also made it more difficult for young adults to find suitable housing and start independent lives. This may have contributed to the setback in fertility gains<sup>7</sup>; family-forming and fertility are hindered in places where housing is harder to secure, where there is a narrow market for rented accommodation, and few opportunities for mortgages. This has led to a halt in the trend towards higher fertility that almost all member States had followed since the early 2000's. A recent paper (Goldstein et al., 2013) provides cross-national evidence of the impact of the Great Recession on fertility in Europe during the last ten years. In particular, countries that were hit hard by the recession show reduced fertility rates in comparison with trends taking place before the recession—especially for the younger cohorts. The results indicate a strong relationship between economic conditions and living conditions (including housing) and fertility. The impact<sup>8</sup> was most felt among childless potential parents (fewer first births), among foreign and foreign-born women, and not-employed women.

The demographic challenges that Europe is facing are particularly relevant in the context of today's highly competitive global economic environment in which human resources play a strategic role. A fundamental requirement for economic growth is to keep employment growing in the short to medium term by making an optimal use of the available human resources. The ability to encourage new knowledge and skills, promote innovation and geographical mobility while

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<sup>6</sup> Ibid, p. 30

<sup>7</sup> See <http://onlinelibrary.wiley.com/doi/10.1111/j.1728-4457.2011.00411.x/pdf>

<sup>8</sup> See [http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-SF-13-013/EN/KS-SF-13-013-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-13-013/EN/KS-SF-13-013-EN.PDF)



successfully manage migratory flows will greatly influence the overall capacity of the European countries to sustain economic growth and social progress in the years to come.

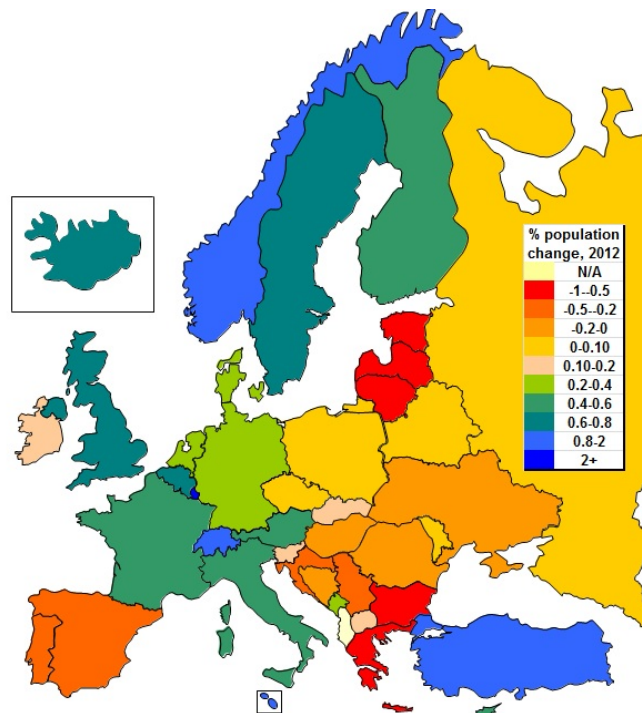
Social and labour market reforms to tackle structural unemployment, encourage flexibility in the organisation of work and promote employability across all age groups, gender, skills and educational attainment levels are essential if Europe is to reach the target of a 75% employment rate by 2020 and avoid the damaging consequences of a rapidly, shrinking working age population. Productivity gains can be achieved by setting up effective mechanisms to monitor labour market needs, to recognise skills and competences and to fight discrimination. Moreover, geographical mobility could make a very significant contribution to overall employment and GDP growth, helping to address mismatches between skills needs and labour supply across the EU countries and regions, where labour shortages and bottlenecks in high growth areas often coexist with areas of persistent high unemployment.

Disparities in the socio-economic situation between and within Member States are largely mirrored in their demographic situation and projections. Higher fertility Member States are now also poles of attraction for migrants; this leaves the other Member States with populations that shrink and grow old fast under the double impact of low fertility and out-migration. Some rural regions in these Member States are particularly affected and face a future dominated by shortages of working-age adults.

**Intra-EU mobility** has increased since 2006, especially in terms of nationals of the EU-12 Member States who reside elsewhere in the EU-27, whose number has increased almost ten-fold from 2000 to 2010, to 4.5 million. In the same period, while EU-15 nationals residing abroad have increased little, there are signs that short-term and circular mobility among EU-27 nationals has increased considerably.

It is as if populations had turned a corner. In the past, young adults used to migrate from high-fertility countries to countries with shortages of manpower; this “filling gaps” restored some balance in growth. Today, as young adults leave low-fertility countries, they create a vacuum today that will usher rapid ageing and a dearth of manpower for their economic and social systems in the medium term. This **exodus** exacerbates current imbalances.

Figure 5. Population change



Source: Eurostat

The most affected countries, **BG, LV, LT and RO** face population losses that are projected to be over 10% in the next 20 years; what's more, adults in prime working age (aged 20-39) will decrease by over 30%, while elderly people (aged 60 and above) will increase by over 20%. This will call for careful managing the economy and the social services to ensure continuity and prevent a collapse. According to the most recent EU-LFS estimates, the total number of intra-EU mobile citizens aged 15 and above has increased from 1.3% to 2.6% of the total EU-27 population between 2003 and 2012.<sup>9</sup>

As the EU grew to include ten new Member States in 2004 and two more in 2007, its citizens found more **opportunities for moving**. Evidence shows that the vast majority of intra-EU mobile citizens move to find (or take up) employment. Income differentials are also an important driver for mobility, with individuals seeking to improve their financial position and standard of living. The importance of available employment opportunities motivating intra-EU mobility is demonstrated by recent shifts in mobility patterns resulting from the impact of the crisis. Data show a trend shift away from East-West to more South-North intra-EU mobility, albeit East-West mobility remains most significant in volume terms.<sup>10</sup>

<sup>9</sup> European Commission (2013), pp.38-39.

<sup>10</sup> Ibid., pp. 38-43

In particular, young people from the EU-12 brought additional manpower to the EU-15, relieved their congested labour markets, and made new experiences. By estimates, mobility from the EU-2 (Bulgaria and Romania) during 2004-2009 may have boosted the aggregate EU-27 GDP by about 0.2% in the short term and 0.3 % in the long term. For the receiving EU-15 countries, the long-term impact is even stronger (0.4%) and overcompensates for the loss in the sending countries.

The reverse of this medal is the cost for the sending countries. Four Member States, BG, LV, LT and RO saw their population decline by about 5% in the past decade and are projected to see massive population losses (about -8%) in the next 20 years. Moreover, the losses will be heaviest among the young adults (a one-third loss) and the highly-skilled workers. Although these populations are currently among the youngest in the EU, especially Romania, by 2050-2060 they will all rank among the oldest.

**Rural regions** in many of the EU12 and a few EU-15 regions are to suffer the most from population decline and ageing. Many regions risk being caught in a downward spiral where population loss and ageing can aggravate the infrastructure gap with more developed regions; this in turn motivates more young adults to leave. Young adults, one or both parents, often leave behind children or/with elderly relatives; these face difficulties in meeting their education and care need.

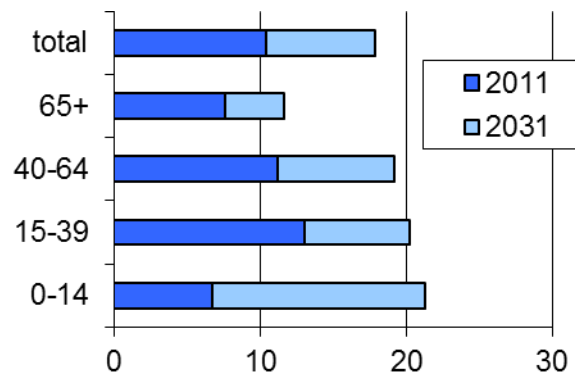
Some **cities** are also at risk. In Northern and Western Europe, employment rates in urban areas are below their respective national averages. This leads to an "urban paradox" whereby migrants are attracted to job-rich city centres but where the resident population suffers from a lack of jobs. High unemployment among residents puts further pressure on social cohesion in cities, especially as economic integration represents the most promising strategy for tackling social cohesion deficits (e.g. housing, delinquency, slums).

Immigrants and mobile people, and their descendants are more often inactive or unemployed than nationals or EU-born people. In addition, immigrants are on average less-well educated than EU-27 born and more often under-employed. Their steep increase among the working-age population will pose challenges that governments and enterprises have to tackle jointly. There are also country-specific issues; the Roma, for instance, are projected to increase from 5 to 16% of the Hungarian active-age population by 2050<sup>11</sup>; as the Roma are currently characterised by low education and employment rates, fostering their integration becomes a priority, gradually but surely.

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<sup>11</sup> [http://takayama-online.net/pie/stage3/Japanese/d\\_p/dp2003/dp207/text.pdf](http://takayama-online.net/pie/stage3/Japanese/d_p/dp2003/dp207/text.pdf)

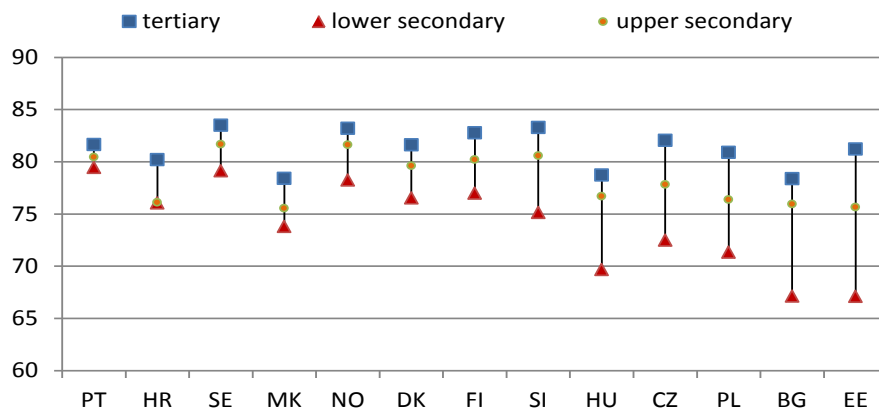
**Figure 6. Share of population with a foreign background, EU-27, %**



Source: Eurostat

At the same time major **differences in life expectancy** persist. Large differences in life expectancy between Member States are made more acute by differences within populations, where the less-well educated (used as a proxy of socio-economic status), also live shorter lives and this occurs especially in countries with low life expectancy.

**Figure 7. Life expectancy at birth by education level, selected countries, in years, 2010**



Source: Eurostat

## Drifting away from the EU 2020 poverty and social exclusion target

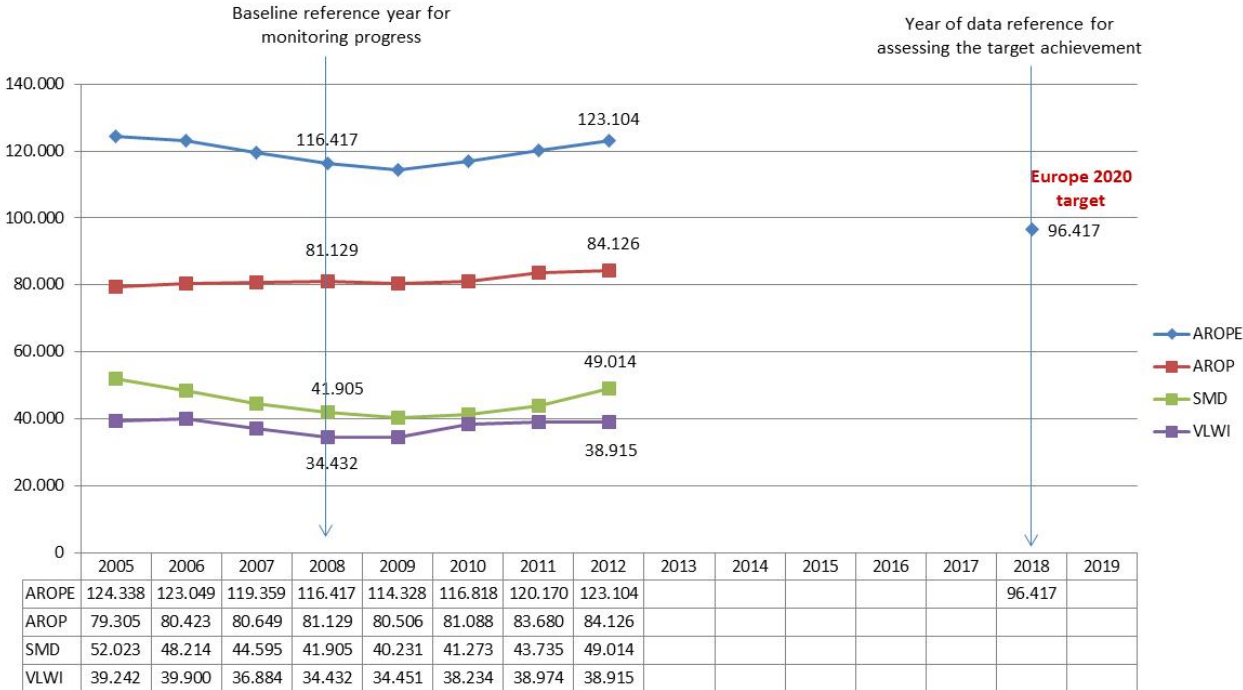
The commitment made in 2010 by the EU Heads of States and Government, to lift at least 20 million people out of being at risk of poverty or social exclusion in the context of the Europe 2020 strategy, was a significant step forward. It stressed the equal importance of inclusive growth

alongside economic objectives for the future of Europe, and it introduced a new monitoring and accountability scheme<sup>12</sup>.

The definition of the EU poverty and social exclusion headline target is based on a combination of three indicators – the at-risk-of-poverty rate, the severe material deprivation rate, and the share of people living in very low work intensity (quasi-jobless) households. It considers people who find themselves in any of these three categories and, while very broad, it reflects the multiple facets of poverty and social exclusion across Europe. This definition extends the customary concept of relative income poverty to cover the non-monetary dimension of poverty and labour market exclusion.

The most recent EU SILC figures available for 2012 show that **the EU is not making any progress towards achieving the target but is drifting away from the target trajectory**. Since 2008 (the reference year, due to data availability, for when the target was adopted in 2010) there are 6,7 million more people living in poverty or social exclusion, a total of 123 million people in EU27 or close to 1 in 4 Europeans in 2012 (Figure 8). Poverty and social exclusion have increased in more than 1/3 of the Member States in both 2011 and 2012.

**Figure 8. Evolution of the EU 2020 poverty and social exclusion target<sup>13</sup>**



Source: Eurostat (EU-SILC) (extraction date:29.01.2014)

<sup>12</sup> COM (2010) 758 final.

<sup>13</sup> Based on data for EU27

Note: AROPE – at risk of poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in very low work intensity households ((quasi)-jobless households); SMD - severe material deprivation rate. For the at-risk-of poverty rate, the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the very low work intensity rate refers to the previous calendar year (i.e. 2011) while for the severe material deprivation rate, the reference is the current year (i.e. 2012).

This overall trend masks growing divergence between Member States. Increases between 2008-2012 have been observed in the countries mostly affected by the economic crisis (EL, IE, ES, IT, CY, LV, LT, EE), have persisted in a number of Eastern European countries which have some of biggest challenges related to poverty and social exclusion (BG, HU) but have started becoming a trend also in countries with some of the lowest shares of AROPE and solid welfare systems like DK and LU. AROPE has remained more or less stable in CZ, DE, FR, NL, PT, SK and FI, while it has decreased in only two countries in the whole EU - PL and RO (Figure 9). In the most recent year for which data is available (2011-2012), these trends are confirmed with further increases (e.g. EL, ES, IT, CY, LU, HU, MT) while the Baltic States (LV, LT) have registered some improvements.

**Figure 9. At risk of poverty or social exclusion rate (in %), evolution (in pp) 2011-2012 and 2008-12**

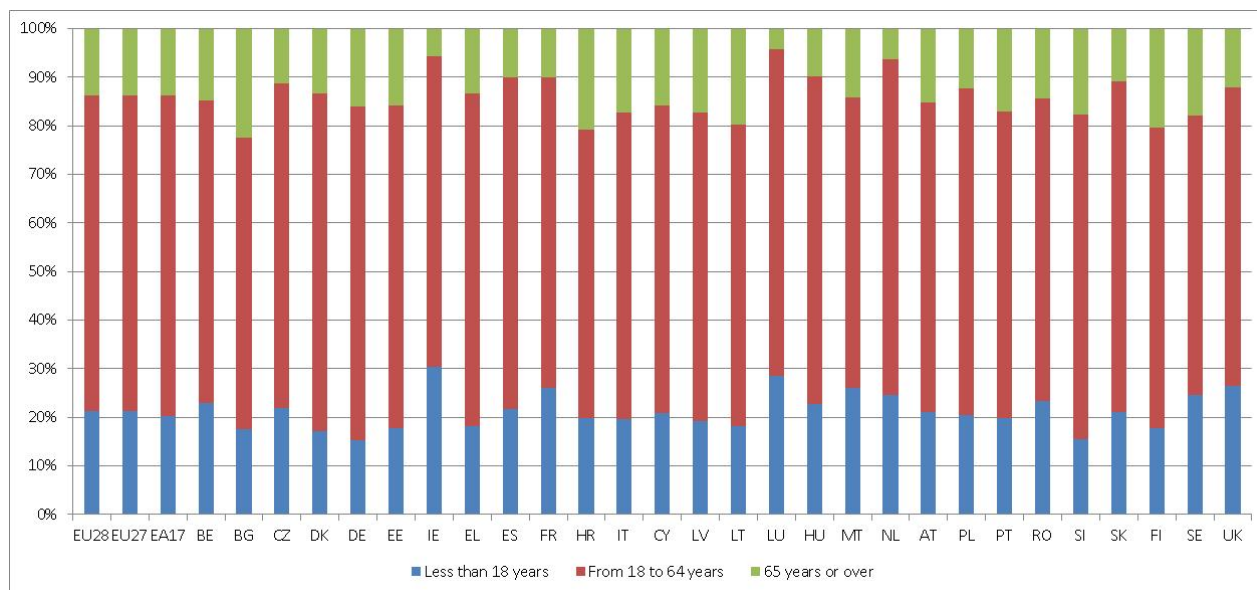
	EU28	EU27	EA17	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	
<b>2012</b>	24,8	24,8	23,2	21,6	49,3	15,4	19,0	19,6	23,4	29,4	34,6	28,2	19,1	32,3	29,9	
<b>2011-2012 change in pp</b>	~	~	~	0,6	~	~	~	~	~	n.a	3,6	0,5	~	~	1,7	
<b>2008-2012 change in pp</b>	n.a.	1,1	1,6	0,8	4,5	~	2,7	~	~	5,7	6,5	3,7	~	n.a.	4,6	
	CY	LV	LT	LU	HU	MT	NL	AT (ii)	PL	PT	RO	SI	SK	FI	SE	UK
<b>2012</b>	27,1	36,2	32,5	18,4	32,4	22,2	15,0	18,5	26,7	25,3	41,7	19,6	20,5	17,2	15,6	24,1
<b>2011-2012 change in pp</b>	2,5	-3,9	-0,6	1,6	1,4	0,8	-0,7	~	~	0,9	1,4	~	~	-0,7	~	1,4
<b>2008-2012 change in pp</b>	3,8	2,0	4,9	2,9	4,2	2,6	~	-3,8	~	~	-2,5	~	~	~	~	~

Source: Eurostat (EU-SILC)

Notes: i) Latest data available for IE refers to 2011 and changes are presented for the period 2008-2011 only. ii) AT has changed the source for income from survey to administrative data. As a result, income/related indicators and by definition the target indicator suffer a break in series for 2012 and are therefore not comparable to 2011 and 2008. AT will be able to provide a comprehensive back-calculation of the timeline until the base year 2008 at the end of 2014; iii) For UK, changes in the survey vehicle and institution might have affected the results and interpretation of data must therefore be particularly cautious; iv) Provisional data for BE does not allow for reliable assessment of evolutions; v) The estimations of net significance for PT are provisional and are to be confirmed by INE; vi) Only statistically significant changes have been marked in green/red (positive/negative changes), using Eurostat computations of significance of net change "~" refers to stable performance (i.e. statistically insignificant change). vii) For the at-risk-of poverty rate, the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the very low work intensity rate refers to the previous calendar year (i.e. 2011) while for the severe material deprivation rate, the reference is the current year (i.e. 2012).

The major part of the population at risk of poverty or social exclusion (between 57% in SE and 69% in DE, DE, EL and NL) is composed of working age individuals (18-64). Children (0-17) comprise close to one third in IE and between 25-28% in LU, FR, MT, UK, SE and NL while the elderly (65+) go from as low as 4-6% in LU, IE and NL to as high as 20% in FI and LT, 21% in HR, and 23% in BG.

**Figure 10. Distribution of the population at risk of poverty or social exclusion across age groups, 2012**



Source: Eurostat (EU-SILC)

Note: Latest data available for Ireland refers to 2011

Substantial work and focused policy effort need to become a political priority so that the EU poverty target remains a credible political commitment. Since current (2012) levels of poverty and social exclusion are 6.7 million people more than in 2008, and assuming no further negative developments, almost 27 million people now need to be lifted out of poverty or social exclusion by 2020 in order to still achieve the target. This translates into an average decrease of 0.9 % at the EU level each year in a context of an average decrease of 0.5% since 2005, including the years of economic growth, and an average increase since 2008 of 1.2% each year.

## What are the drivers behind the increasing poverty and social exclusion rate at the EU level?

Table 1 looks at the change in the risk of poverty or social exclusion for the period 2008-2012 for different population characteristics and specific risk groups across Member States. The main stylized facts that emerge are:

- i) the countries with the largest increase in the population at risk of poverty or social exclusion are EL, IE, LT, IT, BG and HU;
- ii) when taking into account the population size, the countries contributing substantially to the increase in the AROPE rate at the EU level are IT, ES and to a lesser extent EL, BG HU;
- iii) relative poverty rates have remained relatively stable or with changes up to 2pp in the period 2008-2012 (with the exception of EL – 3pp and HR – 3.2pp);

- iv) severe material deprivation has seen some more substantial increases above 5pp in several countries – LV (12.4pp), HU (5.2pp), LT(6.7pp);
- v) labour market exclusion (unemployment, inactivity) and increase in (quasi-) jobless households have increased substantially in the countries mostly hit by the crisis – LV, LT, ES, EL, IE but also in BG;
- vi) children and youth have seen the most important deterioration in their income and living conditions while the elderly have fared better across the board, highlighting the important role of pension systems;
- vii) countries have managed to protect households with dependent children at risk (single parents, large families) in a very different manner regardless of the extent to which they were affected by the economic crisis - e.g. behind the biggest AROPE increase for the period 2008-2012 which is observed in EL stands an increase of AROPE for single parents of over 20pp and for large families of over 10pp while in LT which has the 3<sup>rd</sup> highest increase, the AROPE rate for both of these groups has actually decreased (-2,7pp and -19.3pp respectively). IE has seen a substantial increase for large families (13,2pp) but not for single parents (2,5pp). IT, which is another country with a very high AROPE increase, also sees the position of large family household stable while for other types of households (single persons, single parents, households without dependent children) it has increased.

**Table 1. Evolution of the at risk of poverty or social exclusion rate (2008-2012) across relevant population characteristics and risk groups, in percentage points and % for the at-risk-of-poverty threshold**

	AROPE	AROP	AROP threshold	SMD	VLWI	male	female	0-17	18-24	25-54	55-64	65+	employed	unemployed	inactive	single person	HH w/out dependent children	single parents	large families	% share in the EU28 AROPE
PL	-3,8	~	26,7	-4,2	-1,1	-3,8	-3,9	-3,6	-3,2	-3,4	-6,4	-3,5	-3,6	-0,6	-4,3	-4,4	-3,6	-6,2	-2	8,2
RO	-2,5	~	14,6	-3	~	-2,3	-2,7	1	1,4	~	-6,8	-13,5	~	3,7	2,2	-9,4	-8,2	-11,2	-3	7,2
SI	1,1	1,2	~	~	~	1,7	~	1,1	1,4	1,7	0,6	-1,6	~	11,6	-7,4	-2,4	0,9	-11,3	4,2	0,3
EE	1,6	-2	~	4,5	3,7	3,4	~	3	10	5,9	5,7	-19,1	3,7	-1,2	6,7	-16,3	-1,7	~	~	0,3
MT	2,6	~	9,8	4	~	3	2,2	6,2	7,4	4	-2,8	-4,5	3,8	17,5	1,7	-5,3	-1,3	-7,1	7,7	0,1
DK	2,7	1,3	5,3	~	2,6	3,4	1,9	2,6	8,7	4,3	~	-4	1,2	-3,1	3,7	3,7	2,9	5,9	-6	0,9
LV	2,8	-6,2	-17,1	7	6,4	4,9	1,1	7,3	11,6	8,7	2,8	-24,1	4	9,5	8,6	-18,1	-4,1	8,4	5,4	0,6
LU	2,9	1,7	~	~	1,4	3,1	2,7	3,7	4,5	2,2	5,4	~	1,3	9,5	6,5	2,8	1,8	5,1	-1,1	0,1
ES	3,7	1,4	-9,4	2,2	7,6	5	2,4	3,2	9,4	8,7	2,1	-11,1	1,7	11	-1,5	-6,5	2	1,3	-6,9	10,6
CY	3,8	-1,2	~	5,9	1,9	4,6	3,1	6	8,8	8,2	~	-15,9	5,6	20,7	4,4	-3,5	-1	-4,7	5,5	0,2
HU	4,2	1,6	12,0	7,8	~	4,5	4	7,5	2,8	5	1	3,1	3,6	7	6,5	2,5	1,8	2,8	5,6	2,6
BG	4,5	~	21,6	2,9	4,3	4,6	4,5	8,1	11,1	7,1	~	-6,4	6	1,2	11,4	-9,9	-1,1	1,2	~	2,9
IT	4,6	0,7	~	7	~	4,8	4,5	4,7	6,7	6,8	2,4	~	5,7	9,9	2,6	4,1	4,4	8,6	~	14,8
LT	4,9	-1,4	-5,1	7,5	6,2	6,1	3,7	2,5	7,4	7,8	3,9	-2,4	3,5	11,2	0,2	-5,7	4,9	-2,7	-19,3	0,8
IE	5,7	~	-7,4	2,3	10,5	6,3	5,1	7,5	18,1	8	~	-8,7	1,3	5,7	3,8	-9	4,7	2,5	13,2	1,1
EL	6,5	3	-17,3	8,3	6,7	7,6	5,4	6,7	14,3	10,5	5,5	-4,6	3,8	10,4	11,1	-1,4	4,4	22,9	12,4	3,1
BE	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~
CZ	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~
DE	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~
FR	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~
NL	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~
AT (iii)	~	~	~	-2,4	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~
PT	~	~	~	-1,1	3,8	~	~	-1,7	3,8	1	~	-5,6	-3,2	7,6	3	-8,2	-1	-12	5,1	2,2
SK	~	2,3	41,5	-1,3	2	~	~	~	2,3	0,2	1,5	-2	-5,6	-1,4	~	4,7	-4,7	-0,6	1,3	~
FI	~	~	9,9	~	1,8	1,1	-1,5	~	~	~	~	~	~	~	~	~	~	~	~	~
SE	~	~	2	9,5	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~
UK	~	-2,5	~	3,3	2,6	1,7	~	~	1,6	7,9	3,5	2,5	-11,6	1,6	-4	2	-2,5	-1,6	-1,2	-3,7
HR	n.a.	3,2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Eurostat (EU-SILC); Sorted by the size of the AROPE change between 2008 and 2012.

Notes: i) "" refers to stable performance (i.e. statistically insignificant change) with a 1pp threshold level used; ii) no 2012 data for IE, so reference is made to the period 2008-2011; iii) AT has changed the source for income from survey to



*administrative data. As a result, income related indicators and by definition the target indicator suffer a break in series for 2012 and are therefore not comparable 2008; iv) breaks in series for 2012 in UK so evolutions need to be interpreted with caution; v) 2012 provisional data for BE does not allow for reliable assessment of evolutions; vi) the AROP threshold refers to a single person household and is calculated as the percentage change of the threshold expressed in pps.*

Looking at the country-specific situation, we can note that in EL, which has registered the largest (6.5pp) deterioration in AROPE rate for the period 2008-2012, a main driver is the increase in the severe material deprivation rate and the share of (quasi-) jobless households. Youth (18-24) and workers in prime age (25-54) have seen their income and living conditions worsen much more than children and older workers, while the income situation of the elderly has improved relative to the rest of the population. While the share of working poor has increased somewhat, the AROPE rate for people outside of the labour market (unemployed or inactive) has increased above 10pp. Single parents and large families have also seen their situation deteriorate substantially with the number of single parents at risk of poverty or social exclusion increasing by more than 20 percentage points.

In IT which has been another country with a very strong increase in AROPE between 2008 and 2012 (4.6pp), the main driver has been severe material deprivation (an increase of 3.7pp). The working age population has fared worse than the elderly. The AROPE rate for the unemployed has risen by close to 10pp while for the inactive it has changed only by 2,6pp. While large families have not seen a change in their AROPE rate, single parents have been strongly affected.

Similarly to EL, LT also sees worsening levels of severe material deprivation and the share of (quasi-) jobless households behind its AROPE increase of 4.9pp. Youth and workers in primes age see strong increases in their AROPE rates while children and families in general seem to have been protected from further increases in their AROPE rates. While LT has one of the highest AROPE rates for large families in 2008, it has decreased by close to 1/5 in 2012.

BG is the country with the highest AROPE rate in the EU and it has increased by close to 5pp since 2008, mainly driven by an increase in the share of (quasi-) jobless households. Prime age working population as well as children have been mostly affected. Single parents have seen a very sharp increase in their AROPE rates. While the situation of the unemployed has remained rather stable, the AROPE for inactive has increased by over 11pp.

On the other end of the spectrum, the only two countries which have registered a decrease in their AROPE rates for the period 2008-2012 are PL and RO. A main driver behind this change has been the improvement in the severe material deprivation rate. The AROPE for all age groups has decreased in PL while in RO this has been the case only for the elderly. Similarly, improvements' across all households types are observed with large families experiencing smaller decreases in AROPE rates.

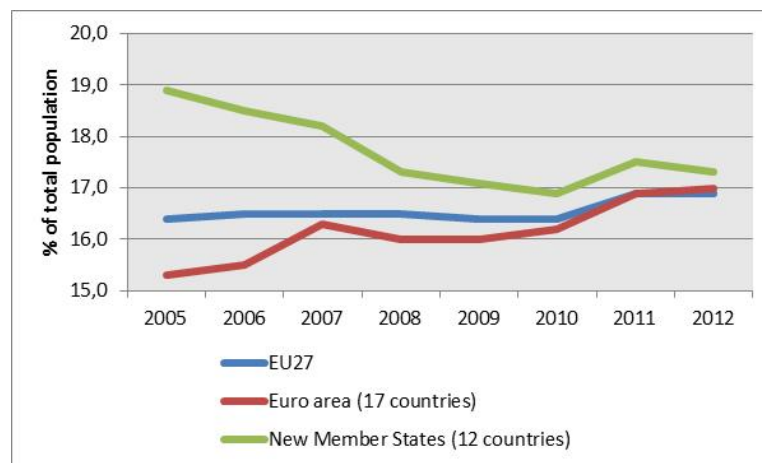
As can be noted from this analysis, **behind changes in the AROPE rates lay very different dynamics in terms of where the changes come from. Some countries show quite similar patterns in terms of the type of individuals mostly affected but a number of Member States have very heterogeneous**

profiles. This is due not only to the way the economic crisis has affected countries and their population but also to the structural challenges they face and the policy mix they implement.

## Short-term development of the relative poverty risk are rather stable but increases are registered in close to half of all Member States in the longer period

Looking at the relative poverty rate in the past 8 years, we can see that the EU27 rate has been very stable and has only started to increase after 2010. Behind this average, there are two interesting facts worth highlighting –while the overall trend for the average poverty rate of new Member States was downward until 2010 with a slight increase in 2011 and back to a decrease in 2012, the Euro area poverty rate has been registering a rather consistent increase (Figure 11).

**Figure 11. At-risk-of-poverty rate (EU27, EA17, NMS12), 2005-2012**



Source: Eurostat (EU-SILC)

As highlighted by the recently published Draft Joint Employment Report<sup>14</sup>, poverty rates have increased significantly since 2008 in the South and periphery of the EU, both in EA and non-EA countries. This increase came on top of already high poverty risk levels. Since 2009 at-risk-of-poverty rates have also increased in Member States in the North and core of the euro area, albeit from a much lower level. The extended period of negative or close to zero GDP growth, rising long-term unemployment and the weakening over time of automatic stabilisers have now impacted on poverty risks in these countries as well.

Member States experiencing trends of increasing at-risk-of-poverty rates between 2011 and 2012 include LU, RO and EL. In the vast majority of countries, the poverty rate has remained stable in the most recent period with some minor improvements for few Member States – NL, PT, PL, BG and LT. In the longer term, since the start of the crisis in 2008, however, the number of countries

<sup>14</sup> [http://ec.europa.eu/europe2020/pdf/2014/jer2014\\_en.pdf](http://ec.europa.eu/europe2020/pdf/2014/jer2014_en.pdf)

with worsening relative poverty rates increases substantially to 11 with highest increases in HR (3.2pp), EL (3pp), SK (2.3pp) and SE (2pp) (see Figure 12).

**Figure 12. Evolution of the at-risk-of-poverty rate, 2011-2012 and 2008-2012**



Source: Eurostat (EU-SILC)

Notes: i) \* breaks in series for AT and UK in 2012 so evolutions need to be interpreted with caution ;ii) 2012 provisional data for BE does not allow for reliable assessment of evolutions; iii) no 2012 data for IE, so evolutions in second graph refer to the period 2008-2011; iv)\*\* the median income levels and the poverty threshold in LV and LT dropped substantially between 2008 and 2012 leading to some categories with stable incomes or income decreasing less than the threshold being above the threshold without significant improvements in their income situation; v) the classification in decreasing, stable and increasing is based on Eurostat computations of significance of net change. For the change 2008-2012, a 1pp threshold has been used. vi) For the at-risk-of poverty rate, the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey); v) currently no 2012 data for IE.

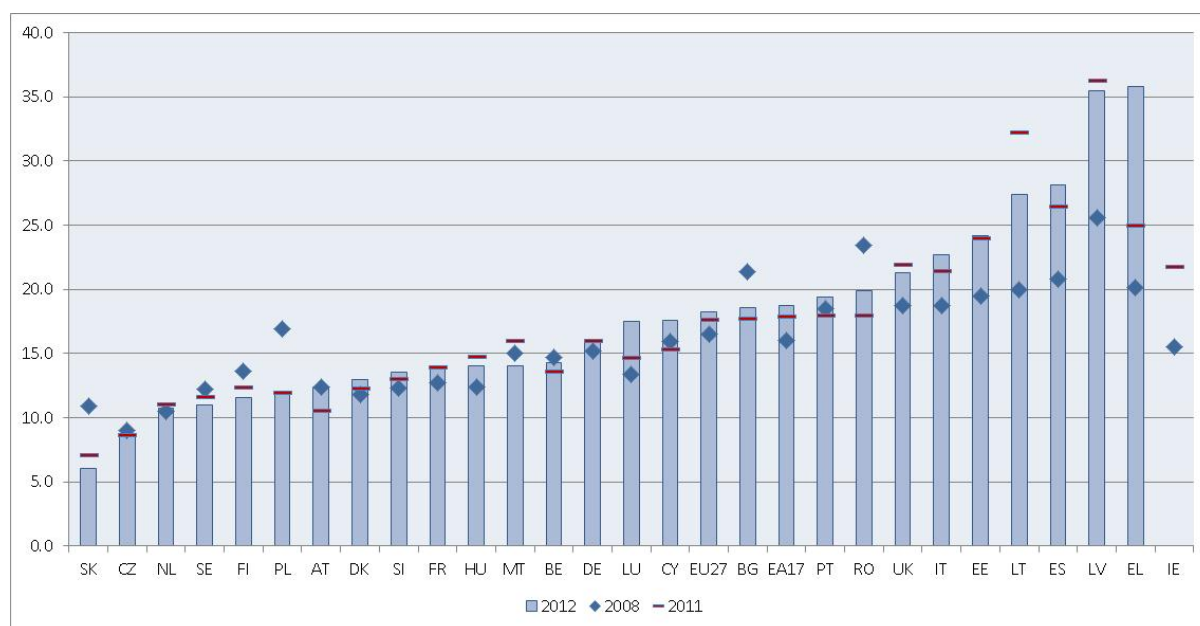
In periods of sudden changes in the median income of the population, as has been the case in a number of Member States during the economic crisis, the poverty threshold can move quite substantially and impact on the real implication of evolutions of the poverty rate. A useful way to account for this is to keep the poverty threshold fixed in real terms over a longer period of time,

therefore controlling for the effects of a moving poverty threshold, and reflect the evolution of the real income of the poor and the effectiveness of social inclusion policies. In the current context this method reflects better the deterioration of the real income of the poor and the lack of effectiveness of social inclusion policies.

Figure 13 shows the evolution of the at-risk-of-poverty rates anchored in 2008 poverty threshold levels. Results suggest that between 2011 and 2012 the largest increases were observed in EL (10.9 pp), LU (2.9 pp), CY (2.3 pp) and RO (2.0 pp), while LT (-4.8 pp) and MT (-1.9 pp) reported the largest decreases. When we look at the longer time period (2008-2012), we can see that with reference to the beginning of the crisis and keeping the poverty threshold at 2008 value, EL has seen the largest increase in its relative poverty rate (15.7pp), followed by LV (9.9pp), LT (7.4pp), ES (7.3), IE (6.2pp), EE (4.7pp), LU(4.1pp) and IT (4pp). The biggest improvements are observed in PL and SK – a decrease of 5.1pp and 4.9pp, respectively.

In absolute terms, 18.2 % of the population in the EU-28 in 2012 were at-risk-of-poverty anchored in 2008 poverty threshold levels, which is by 1.2 pp higher than the ordinary rate of 17 %. Similarly for the Euro Area the rate is slightly higher at 18.7% versus 16.9% of the normal at-risk-of-poverty rate.

**Figure 13. At-risk-of-poverty rate anchored in 2008 for 2008, 2011 and 2012**



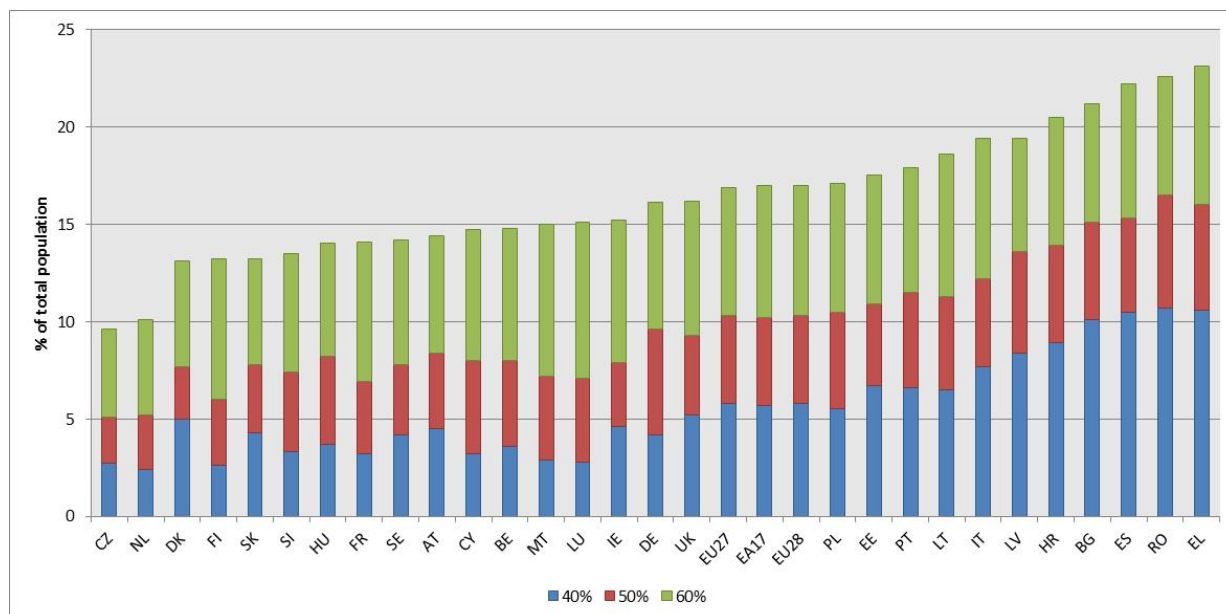
Source: Eurostat (EU-SILC)

Note: i) sorted on the anchored-AROP for 2012; ii) breaks in series in 2012 for AT and UK; iii) 2012 provisional data for BE; iv) no 2012 data available for IE; v) For the at-risk-of poverty rate, the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey).

## Deterioration in living standards and increasing depth of poverty are becoming a very tangible consequence of the economic crisis in some countries

Looking at the relative poverty rate set with other thresholds (40%, 50% of equivalised median income) can give further information on the shape of the distribution around the 60% threshold and to see what share of the population living below the 60% poverty threshold actually finds itself in the very bottom of the income distribution. When many incomes are concentrated around the threshold, the exact level of the threshold can have a considerable impact on the at-risk-of-poverty rate. Looking at 2012 data (Figure 14), we can see that overall for countries with equal level of poverty risk at the 60% threshold, the share of people at the very bottom, i.e. below the 40% threshold is quite similar. The only notable exception is DK whose share of people at the bottom (below 40%) is twice as high than that of FI while they share very similar poverty risk rates. The overall ranking of countries does not change substantially with the exception of FR, MT and LU which see their positions improve as they have a stronger concentration of the people around the 60% threshold.

**Figure 14. At-risk-of-poverty rate at different threshold levels (40%, 50% and 60% of median equivalised income), 2012**



Source: Eurostat (EU-SILC)

Note: i) sorted on the AROP rate with a 60% threshold ii) Latest data available for Ireland refers to 2011. iii) provisional data for BE iv) For the at-risk-of poverty rate, the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey).

It is interesting to look at the evolution of the poverty rate at the different threshold-levels as this gives an indication as to where the major changes have occurred – more people slipping into more severe forms of poverty or rather more people concentrating at the 60% poverty threshold level.

Table 2 below shows the evolution in the short-term (2011-2012) and long-term (2008-2012) highlighting only changes above 1pp. The main observation that we can make is that for the countries which have seen the major increases in the relative poverty risk since 2008, the changes observed have been more or less of similar magnitude regardless of the threshold level used.

**Table 2. Evolution (in pp) of the at-risk-of-poverty rate at different poverty threshold levels (40%, 50%, 60%), 2011-2012 and 2008-2012**

	pp change 2008-2012			pp change 2011-2012		
	40%	50%	60%	40%	50%	60%
EU28	n.a.	n.a.	n.a.	~	~	~
EU27	~	~	~	~	~	~
EA17	~	~	1,0	~	~	~
BE*	0,4	0,5	0,1	0,0	-0,3	-0,5
BG	1,7	~	~	~	-1,1	-1,0
CZ	~	~	~	~	~	~
DK	1,4	1,5	1,3	~	~	~
DE	~	~	~	~	~	~
EE	1,2	~	-2,0	~	~	~
IE	2,0	~	~	n.a.	n.a.	n.a.
EL	3,9	3,3	3,0	2,4	1,8	1,7
ES	3,1	1,9	1,4	~	~	~
FR	~	1,2	1,6	~	~	~
HR	n.a.	n.a.	3,2	~	~	~
IT	1,0	~	~	~	~	~
CY	~	~	-1,2	~	~	~
LV**	-2,5	-5,2	-6,7	~	~	~
LT**	~	-2,4	-1,4	-1,8	-1,7	~
LU	~	~	1,7	~	~	1,5
HU	~	1,8	1,6	~	~	~
MT	-1,3	-1,3	~	~	-1,0	~
NL	~	~	~	~	~	~
AT*						
PL	~	~	~	~	~	~
PT	~	~	~	1,1	~	~
RO	~	~	~	~	~	~
SI	~	~	1,2	~	~	~
SK	1,2	2,1	2,3	~	~	~
FI	~	~	~	~	~	~
SE	~	1,3	2,0	~	~	~
UK*	~	-2,0	-2,5	~	~	~

Source: Eurostat (EU-SILC)

Note: i) \* AT has changed the source for income from survey to administrative data. As a result, income related indicators suffer a break in series for 2012 and are therefore not comparable to 2011 and 2008. For UK, changes in the survey vehicle and institution might have affected the results and interpretation of data must therefore be particularly cautious. Provisional data for BE does not allow for reliable assessment of evolutions; ii) \*\*LV and LT shows positive developments but the value of the poverty threshold for the period 2008-2012 has decreased substantially so these need to be taken with caution.

The poverty gap is another way of looking at the depth of poverty, indicating the extent to which the incomes of those at risk of poverty fall below the poverty threshold on average. In policy terms, it indicates the scale of transfers which would be necessary to bring the incomes of those concerned up to the poverty threshold. The poverty gap in the EU27 in 2012 was 23.4% lower than the at-risk-of-poverty threshold. This is up by 1.6 pp since 2008 and stable since 2011. The poverty gap in the EU27 countries varies between 15% (in FI) to around 30% (RO, LV, HR, EL). It is highly

concerning that the poverty gap has increased in more than half of all Member States since 2008, and in some countries quite substantially (DK, EL, BG, EE, HR, CY, HU) (Figure 15).

**Figure 15. Relative median at-risk-of-poverty gap, evolution in pp, 2011-2012 and 2008-12**

	EU28	EU27	EA17	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	
<b>2012</b>	23,5	23,4	23,4	18,1	31,4	19,1	22,8	21,1	23,8	17,5	29,9	31,4	16,2	28,8	25,4	
<b>2011-2012 change in pp</b>	~	~	~	-0,5	2,0	1,9	1,4	~	-2,2	n.a	3,8	~	~	~	~	
<b>2008-2012 change in pp</b>	n.a.	1,6	2,4	0,9	4,4	~	4,8	-1,1	3,5	~	5,2	7,0	1,4	3,8	2,4	
	CY	LV	LT	LU	HU	MT	NL	AT (ii)	PL	PT	RO	SI	SK	FI	SE	UK
<b>2012</b>	19,0	28,4	22,6	15,0	21,0	16,0	17,3	20,1	22,2	24,7	30,9	19,1	20,5	15,0	18,6	21,0
<b>2011-2012 change in pp</b>	~	-3,4	-6,4	~	2,7	-1,7	1,8	~	~	1,5	~	~	-2,3	1,5	~	~
<b>2008-2012 change in pp</b>	3,7	~	-3,1	-1,6	3,7	-4,4	2,4	~	1,6	1,5	-1,4	~	2,4	~	~	~

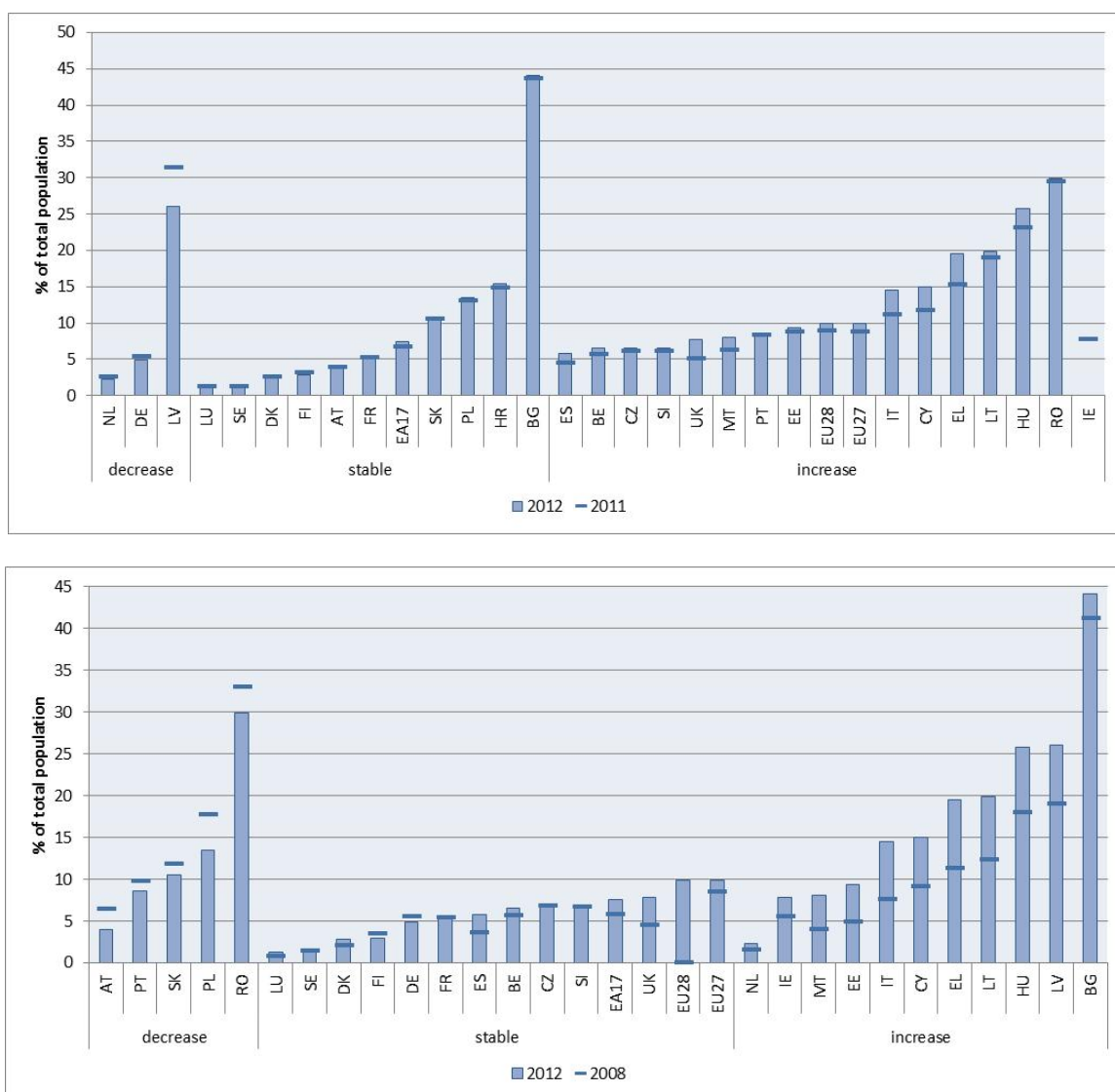
Source: Eurostat (EU-SILC)

Notes: i) Latest data available for Ireland refers to 2011 and changes are presented for the period 2008-2011 only. ii) AT has changed the source for income from survey to administrative data. As a result, income related indicators suffer a break in series for 2012 and are therefore not comparable to 2011 and 2008. AT will be able to provide a comprehensive back-calculation of the timeline until the base year 2008 at the end of 2014; iii) For UK, changes in the survey vehicle and institution might have affected the results and interpretation of data must therefore be particularly cautious; iv) Provisional data for BE does not allow for reliable assessment of evolutions; v) Only statistically significant changes have been marked in green/red (positive/negative changes). For the change 2011-2012, Eurostat computations of significance of net change. For the change 2008-2012, a 1pp threshold has been used. "~" refers to stable performance (i.e. statistically insignificant change). iii) For the at-risk-of poverty rate, the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey).

After the evidence presented in the previous sections, it comes to no surprise that we observe substantial increases in the severe material deprivation rates in some Member States and clear signs of worsening living standards not only in countries with historically high rates.



**Figure 16. Severe material deprivation rate, 2011-2012 and 2008-2012**



Source: Eurostat (EU-SILC)

Notes: i) breaks in series for AT and UK in 2012 so evolutions need to be interpreted with caution; ii) 2012 provisional data for BE does not allow for reliable assessment of evolutions; iii) no 2012 data for IE, so evolutions in second graph refer to the period 2008-2011; iv) the classification in decreasing, stable and increasing is based on Eurostat computations of significance of net change. For the change 2008-2012, a 1pp threshold has been used. v) For the at-risk-of poverty rate, the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey); vi) currently no 2012 data for IE.

Figure 16 shows the evolution of the severe material deprivation rate both with respect to 2008 and 2011. In the period 2011-2012 13 Member States saw statistically significant increases in the share of their population living in poverty or social exclusion (highest increases – EL (4.3pp), IT and CY (3.3pp). In reference to 2008 they are 12 (highest increases – LV (12.4pp), LT (6.7pp) HU (5.2pp) and EL (4p)).The countries most affected by the economic crisis are the ones seeing the worst

trends – EL, LT, EE, CY, IT, HU but also MT. LV is a specific example as it is the country with the highest increase since 2008 but most recent data from 2012 shows a very sharp improvement in the situation - a decrease of 5.4pp. PL and RO are the countries with the most important improvements since 2008.

Eurostat<sup>15</sup> points out that the among the material deprivation items<sup>16</sup>, facing unexpected expenses showed the greatest variation in 2012 at EU-28 level compared with 2011. This item measures the ability of a household to cover from their own resources an unexpected expense amounting to a fraction (1/12) of the poverty threshold. The amount varies between countries from about EUR 105.8 in RO to about EUR 1639 in LU. In 2012, 40.2 % of the EU-28 population reported difficulties in facing such unexpected expenses. This represents an increase of 2.1 pp compared with 2011. There is considerable variation among Member States. The percentage of people reporting such difficulties ranges from 25 % or less in BE, LU, MT, NL and SE to more than 60 % in BG, HR, LV, LT and HU. Compared with 2011, the percentage of people reporting difficulties in facing unexpected expenses increased by more than 5 pp in PT (6.8 pp), UK (6.2 pp) and EL (6.1 pp). At the same time it decreased by more than 2 pp in LV (-6.9 pp), CY (-2.4 pp) and MT (-2.1 pp).

## Reporting from Member States shows mixed trends in the levels of household over-indebtedness

Reporting from Member States through their SPC delegates shows mixed evidence on trends of household indebtedness across countries. In HU, the average number of loans per household has declined from 0.37 in 2010 to 0.33 in 2012. In EE, the number of consumer loan contracts decreased by almost 5% between 2012 and 2013. In PT the number of total borrowers (private individuals) decreased by 4% between Q2 2011 and Q2 2013 and the nominal amount of loans granted to private individuals reduced by 9.5% between Q1 2011 and Q2 2013 after a period of increases between 2009 and 2011. In HR, although weakened, the long-term process of deleveraging in households continued at the beginning of 2013, when the total debt of the population stagnated at slightly below 40%, decreasing by almost 1.2% in the last year and the ratio of debt to available household income remained at the mid-2012 level. In PL, the percentage of surveyed households declaring to have loans or credits to repay decreased from 39% in 2011 to 35% in 2013<sup>17</sup>. However, the debt of the households was most often above the amount equivalent to their yearly income (debt in this amount was declared by almost 24% of households being in

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<sup>15</sup> [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/People\\_at\\_risk\\_of\\_poverty\\_or\\_social\\_exclusion](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/People_at_risk_of_poverty_or_social_exclusion)

<sup>16</sup> Material deprivation refers to a state of economic strain and durables, defined as the enforced inability (rather than the choice not to do so) to pay unexpected expenses, afford a one-week annual holiday away from home, a meal involving meat, chicken or fish every second day, the adequate heating of a dwelling, durable goods like a washing machine, colour television, telephone or car, being confronted with payment arrears (mortgage or rent, utility bills, hire purchase instalments or other loan payments).

<sup>17</sup> Social Diagnosis 2013

debt<sup>18</sup>) and the percentage of households with debts equivalent to their yearly income increased from 17% in 2009 to 24% in 2013, while there was a significant drop in the number of households with debts equivalent to their 1-month income.

Household indebtedness seemed to intensify in CY where household debt reached 137.3% of GDP in Q1 2013 compared to 107.1% of GDP in Q1 2008, continuing its upward trend of the last decade. In parallel, the value of households' net financial assets deteriorated from a 151.8% of GDP in Q1 2008 to 114.4% of GDP in Q1 2013<sup>19</sup>. In FI, half of household-dwelling units had debts in 2012 and debts represented an average 111% of household dwelling-units disposable income in 2011<sup>20</sup>.

Regarding the characteristics of the indebted population, in PL households of married couples with 2 children and households of married couples with many children represented over 49% and almost 47% respectively of the total number of households in debt in 2013<sup>21</sup>. In FI, households in the 25-44 age group were the most indebted<sup>22</sup>. In HU, households with two adults and 3 children or more had the highest average number of loans per household in 2012. In the NL, problematic debts tend to affect particularly households consisting of women and single persons with a low educational level and living in a rented house.

Over-indebtedness might lead to difficulties in the repayment of loans by households. In this sense, some negative trends are observed in several countries such as AT, FR, CY, PT, FI and SE. In AT, there has been a continuous rise in the number of persons with severe repayment problems as well as in the total number of repayment problems in the period between Q3 2009 and Q3 2012. A slight decrease in both categories is however observed in the period 2012-2013, although levels by Q3 2013 are still a 12.8% higher (for people with severe repayment problems) and a 14.6% higher (for number of repayment problems) compared to Q3 2009 levels<sup>23</sup>. In FR, the number of over-indebtedness cases declared acceptable by the over-indebtedness committees (Banque de France) has increased from the 156,859 cases in 2007 to the 202,971 cases in 2011, with a 11.5% increase in the last year (2010-2011)<sup>24</sup>. In CY, the percentage of non-performing loans on the total of outstanding loans to private individuals has almost doubled since 2011, representing a 22% of all loans to individuals in Q3 2013 (it was 11.4% in Q4 2011)<sup>25</sup>. The number of new registered bankruptcies of natural persons has however declined since 2009. In particular, its amount in 2012 was 561, a 42.2% of those registered in 2009, when they peaked. In PT, the percentage of overdue loans over total loans of private individuals (families) increased from 2.5% in Q1 2009 to 4.3% in Q2 2013. The percentage of borrowers with overdue loans also increased in the same period, from

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<sup>18</sup> Social Diagnosis 2013

<sup>19</sup> Central Bank of Cyprus

<sup>20</sup> Statistics Finland

<sup>21</sup> Social Diagnosis 2013 ( <http://www.diagnoza.com/index-en.html>)

<sup>22</sup> Statistics Finland

<sup>23</sup> Kreditschutzverband 1870

<sup>24</sup> Banque de France

<sup>25</sup> Central Bank of Cyprus

14.2% to 15.5%<sup>26</sup>. Also the number of insolvency proceedings completed in court has been increasing at high rates since 2007, so that in 2012 their number was 5.8 times that of 2007. In addition, insolvency proceedings of single natural persons witnessed the highest increase, with a share of 60.9% of all insolvency proceedings in 2012, while they represented a 18.7% in 2007<sup>27</sup>. In FI, the number of people with payment defaults has increased by between 3-6 pp per year between 2008-2012, while the number of new payment defaults has considerably increased in the period between 2010-2012, with new defaults in 2012 being 47.6% higher than in 2010<sup>28</sup>. In addition, the number of debt restructuring petitions increased by 28.4% between 2008 and 2012<sup>29</sup>. In SE, the annual number of received applications for debt restructuring increased every year in the 2008-2012 period (their number in 2012 was a 38.8% higher than in 2008). Approvals of debt restructuring have also raised in the 2008-2012 period, and their number in 2012 was a 26% higher than in year 2008, having more than doubled since 2005<sup>30</sup>.

Decreasing trends are found in the last years in EE and CZ. In EE the number of hopeless consumer loan contracts reduced by 14% between 2012 and 2013, when they represented a 1.4% of all consumer loan contracts<sup>31</sup>. In CZ, the percentage of credits to households by the banking sector rated as "risk credits" by Q3 2013 (5.1%) was a 0.1 pp lower than in Q3 2012 and 0.2pp lower than in Q3 2011. An important share of household "risk credits" was linked to consumer lending.

A recent research by Eurofound on "Household over-indebtedness in the EU: The role of informal debts<sup>32</sup>" shows that low-income groups, single parents and people living in social housing are most likely to report having informal arrears. Such payment problems may lead to delayed detection of debt problems by service providers who could help, loss of social support when most needed, and the domino effects of default. Most people with arrears in utility bills have informal arrears as well, so even when arrears observed in the formal sphere may look small, more financial problems may be unseen in the background. Conversely, most people with informal arrears have arrears in other areas as well. While it is not clear from the data which come first, it suggests early detection may be easier than one might expect. In general, feelings of absolute housing security have declined in the EU28. They are especially low for people with informal arrears, 13% of whom believe it likely that they will need to leave their accommodation because they cannot afford it; relatively few find it very unlikely. People with informal arrears experience difficulties accessing healthcare services relatively often because of cost, which is of particular concern because they have worse self-reported health. People with informal arrears are often confident that they can

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<sup>26</sup> Portuguese Central Bank (Banco de Portugal)

<sup>27</sup> Directorate General for Justice Policy, Portuguese Ministry of Justice

<sup>28</sup> Suomen Asiakastieto Oy

<sup>29</sup> Statistics Finland

<sup>30</sup> Swedish Enforcement Authority

<sup>31</sup> Bank of Estonia

<sup>32</sup> <http://www.eurofound.europa.eu/pubdocs/2013/73/en/2/EF1373EN.pdf>

continue relying on relatives or friends when they need to borrow money. Nevertheless, they are also particularly likely to have nobody to turn to when they urgently need money.

## Long-term exclusion from the labour market continues to be a main driver of increasing trends in poverty and social exclusion

Unemployment and long-term unemployment have been some of the more immediate and tangible impacts of the economic crisis. While the share of (quasi-) jobless households has stabilised in some countries in 2012 (CZ, DK, HR, IT, LU, HU, MT, NL, AT, PL, SI, SK) and has improved in some others (DE, EE, FR, LV, LT, FI), it remains a major issue in the countries mostly affected by the crisis (EL, ES, CY, RO, PT) but also in BG and UK with EL registering the biggest increases between 2011 and 2012 at 3.2pp (Figure 17.. With reference to 2008, 16 Member States have statistically significant increases in their share and for 1/3 of them the increase is above 5pp – IE (10.5pp), ES (7.6pp), EL (6.7pp), LV (6.4pp), LT (6.2pp) but the Baltic countries are experiencing an improvement in the most recent period. The evolution in the long-term unemployment rate largely supports this picture.

**Figure 17. Evolution of the share of people living in (quasi-) jobless households, 2011-2012 and 2008-2012**

	EU28	EU27	EA17	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	
<b>2012</b>	10,0	9,9	10,4	14,0	12,4	6,8	10,9	9,8	9,0	24,1	14,1	14,2	8,4	16,1	10,3	
<b>2011-2012 change in pp</b>	~	~	~	0,3	1,4	~	~	-1,3	-0,9	n.a	2,3	0,9	-0,9	~	~	
<b>2008-2012 change in pp</b>	n.a.	~	1,2	2,3	4,3	~	2,6	-1,8	3,7	10,5	6,7	7,6	~	n.a.	~	
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
<b>2012</b>	6,4	11,5	11,3	6,1	12,7	7,9	8,7	7,6	6,8	10,1	7,4	7,5	7,2	9,1	5,7	13,0
<b>2011-2012 change in pp</b>	1,5	-1,1	-1,3	~	~	~	~	~	~	1,9	0,7	~	~	-0,7	-1,2	1,5
<b>2008-2012 change in pp</b>	1,9	6,4	6,2	1,4	~	~	~	~	-1,1	3,8	~	~	2,0	1,8	~	2,6

Source: Eurostat (EU-SILC)

Notes: i) Latest data available for Ireland refer to 2011 and changes are presented for the period 2008-2011 only. ii) There is breaks in series for UK for 2012 so evolutions need to be interpreted with caution. iii) Provisional data for BE does not allow for reliable assessment of evolutions; iv) Only statistically significant changes have been marked in green/red (positive/negative changes). For the change 2011-2012, Eurostat computations of significance of net change have been used. For the change 2008-2012, a 1pp threshold has been used. "~" refers to stable performance (i.e. statistically insignificant change). v) The (quasi-) jobless households rate refers to the previous calendar year (i.e. 2011).

Unemployment has worrisome social costs – higher probabilities of lower life-satisfaction, poorer health, a greater sense of disillusionment with economic and social trends and a far more pessimistic assessment of labour market prospects. The important point about all these identified social effects is that, once established, they become increasingly difficult to eradicate (Saunders, 2002). In fact, past experiences of recessions in the EU and other parts of the world show that long-term unemployment continues to rise after total unemployment has peaked, and takes a long time before starting to decline. For instance, during the 1990's in the EU, while overall

unemployment had already started to decline in 1995 (following the increases during the period 1991-94) the number of long-term unemployed decreased only from 1998. There is also evidence from previous recessions that sharp increases in unemployment are not only long lasting, but are also not completely reversed in subsequent recoveries (OECD, 2009).

One of the most significant challenges for social policy over the next years will involve far more than lowering total unemployment back to its former levels, because this in itself will not unwind the cumulative long-term social effects that accompany the rise in unemployment. In some countries, increasing numbers of people are moving onto long-term sickness and disability benefits or early retirement schemes. Of these people, many are likely never to enter or return to the labour market. Moreover, workers in some sectors/occupations (such as in the construction sector, where the incidence of long-term unemployment was previously limited), experienced double disadvantage: higher probability of becoming unemployed, and if unemployed, higher chance of becoming long-term unemployed. This underlines the role of job creation policies, especially in growing sectors, to ensure new places for both the short-term and long-term unemployed as well as of activation measures focusing on re-training in order to adapt workers' skills to the new needs of the labour market. Furthermore, there is need for early identification of short-term unemployed with an increased risk of slipping into long-term unemployment and subsequent provision of additional interventions, such as personal counselling and tailored activation programmes including re-training and up-skilling. Even though such targeted interventions tend to be more costly in the short run, their longer-term individual and societal benefits prevail, and their importance becomes pivotal at the moment when long-term unemployment threatens leaving permanent scars on significant proportions of human capital stock in many EU countries (European Commission, 2013b).

## Steady share of working poor with strong divergence across Member States

Having a job is not always a guarantee against the risk of poverty as the working poor represent one third of working-age adults at-risk-of-poverty. In 2012, 9.1% of the people in employment were living under the poverty threshold in the EU and the situation has worsened in the period 2011-2012 in 8 Member States. Most substantial increases are noted in EL (3.2pp) while consistent improvement are observed in PL and PT and to some extent in LV and LT where, however, the median income levels and the poverty threshold between 2008 and 2012. Highest rates are observed in RO (18.9%), mostly driven by the high poverty risk for the self-employed, EL (15.1%) and ES (12.3%). In-work poverty was identified as a social trend to watch in 2012 by the SPC (SPC, 2012) and Chapter 2 presents detailed analysis of the situation in Member States and the policy measures implemented across Member States.

**Figure 18. Evolution of the share of working poor, 2011-2012 and 2008-2012**

	EU28	EU27	EA17	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	
<b>2012</b>	9,1	9,1	8,9	4,5	7,4	4,6	5,7	7,7	8,5	5,3	15,1	12,3	8,0	6,2	11,1	
<b>2011-2012 change in pp</b>	~	~	~	0,4	-0,8	0,5	-0,6	~	~	n.a	3,2	0,2	0,4	-0,7	~	
<b>2008-2012 change in pp</b>	n.a.	~	~	-0,2	~	1,0	~	~	1,1	-1,0	~	1,2	1,4	n.a.	2,1	
	CY	LV	LT	LU	HU	MT	NL	AT (ii)	PL	PT	RO	SI	SK	FI	SE	UK
<b>2012</b>	8,0	9,1	7,7	10,3	5,3	5,7	4,6	8,2	10,4	9,9	18,9	6,5	6,2	3,8	6,7	8,8
<b>2011-2012 change in pp</b>	0,7	-0,5	-1,9	~	-0,8	~	-0,8	~	-0,8	-0,3	0,3	0,5	~	~	~	1,0
<b>2008-2012 change in pp</b>	1,7	-2,1	-1,8	~	~	~	~	~	-1,1	-1,4	2,1	1,4	~	-1,3	~	~

Source: Eurostat (EU-SILC)

Notes: i) Latest data available for Ireland refers to 2011 and changes are presented for the period 2008-2011 only. ii) AT has changed the source for income from survey to administrative data. As a result, income related indicators suffer a break in series for 2012 and are therefore not comparable to 2011 and 2008; iii) For UK, changes in the survey vehicle and institution might have affected the results and interpretation of data must therefore be particularly cautious; iv) Provisional data for BE does not allow for reliable assessment of evolutions; v) Only statistically significant changes have been marked in green/red (positive/negative changes). For the change 2011-2012, Eurostat computations of significance of net change have been used. For the change 2008-2012, a 1pp threshold has been used. "~" refers to stable performance (i.e. statistically insignificant change). vi) For the at-risk-of poverty rate, the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey).

## What are the most recent trends in child poverty and youth exclusion?

As we saw in the previous sections, long-term exclusion from the labour market continues to be one of the main drivers in the deterioration of income and living standards, alongside the phasing out the automatic stabilization tools of social protection systems in the face of the prolonged economic downturns and persistent levels of in-work poverty. This is particularly important when we discuss the situation of children as unemployment, low work intensity of parents and low earnings, in some countries coupled with low access to services and weak impact of income support measures, are among the main factors leading to child poverty and social exclusion.

There are 26.5 million children in Europe who lived in poverty or social exclusion in 2012 or 1/5 of all people living in poverty or social exclusion. **The situation is continuously worsening, with 8 Member States which have registered statistically significant increases in the most recent period 2011-2012, for some countries with very sharp deterioration above 3pp – EL (5pp), CY (4.1pp), MT (3.9pp) and RO (3.1pp).** The situation with respect to the longer term is even more alarming with 19 Member States or 2/3 of all Member States seeing statistically significant increases in the rate of child poverty and social exclusion between 2008 and 2012. **In a number of countries, these increases in the longer term (2008-2012) are in the range of 6-8pp (BG-8.1pp, IE<sup>33</sup> and HU-7.5pp, LV-7.3pp, EL-6.7pp, MT-6.2pp, CY-6pp).**

<sup>33</sup> Latest data for IE refers to 2011.

Only three Member States (DE, PT and PL) recorded a decrease in their child poverty and social exclusion for the period 2008-2012.

In 2012 the situation has stabilised in 8 Member States. Some countries have seen slight improvement, notably the Baltic States. (Figure 19)

**Figure 19. Evolution of the share of children (0-17) at risk of poverty or social exclusion between 2008, 2011 and 2012**

	EU28	EU27	EA17	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	
<b>2012</b>	28,1	28,0	25,5	23,4	52,3	18,8	15,3	18,4	22,4	34,1	35,4	33,8	23,2	33,8	33,8	
<b>2011-2012 change in pp</b>	~	~	~	0,1	~	-1,2	~	-1,5	-2,4	n.a.	5,0	0,6	~	~	1,6	
<b>2008-2012 change in pp</b>	n.a.	1,4	1,7	2,1	8,1	~	2,6	-1,7	3,0	7,5	6,7	3,2	1,8	n.a.	4,7	
	CY	LV	LT	LU	HU	MT	NL	AT (ii)	PL	PT	RO	SI	SK	FI	SE	UK
<b>2012</b>	27,5	40,5	31,9	24,6	40,9	29,7	16,9	20,9	29,3	27,8	52,2	16,4	26,6	14,9	15,4	31,2
<b>2011-2012 change in pp</b>	4,1	-4,1	-2,7	2,9	~	3,9	-1,1	~	-0,8	3,1	-0,9	~	~	~	~	4,3
<b>2008-2012 change in pp</b>	6,0	7,3	2,5	3,7	7,5	6,2	1,4	~	-3,6	-1,7	1,0	1,1	2,3	~	~	1,6

Source: Eurostat (EU-SILC);

Notes: i) Latest data available for IE refers to 2011 and changes are presented for the period 2008-2011 only. ii) AT has changed the source for income from survey to administrative data. As a result, income-related indicators and, by definition, the target indicator suffer a break in series for 2012 and are therefore not comparable to 2011 and 2008. AT will be able to provide a comprehensive back-calculation of the timeline until the base year 2008 at the end of 2014; iii) For UK, changes in the survey vehicle and institution might have affected the results and interpretation of data must therefore be particularly cautious; ;iv) Provisional data for BE does not allow for reliable assessment of evolutions; v) Only statistically significant changes have been marked in green/red (positive/negative changes). For the change 2011-2012, Eurostat computations of significance of net change have been used. For the change 2008-2012, a 1pp threshold has been used. "~" refers to stable performance (i.e. statistically insignificant change). vi) For the at-risk-of poverty rate, the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the very low work intensity rate refers to the previous calendar year (i.e. 2011) while for the severe material deprivation rate, the reference is the current year (i.e. 2012).

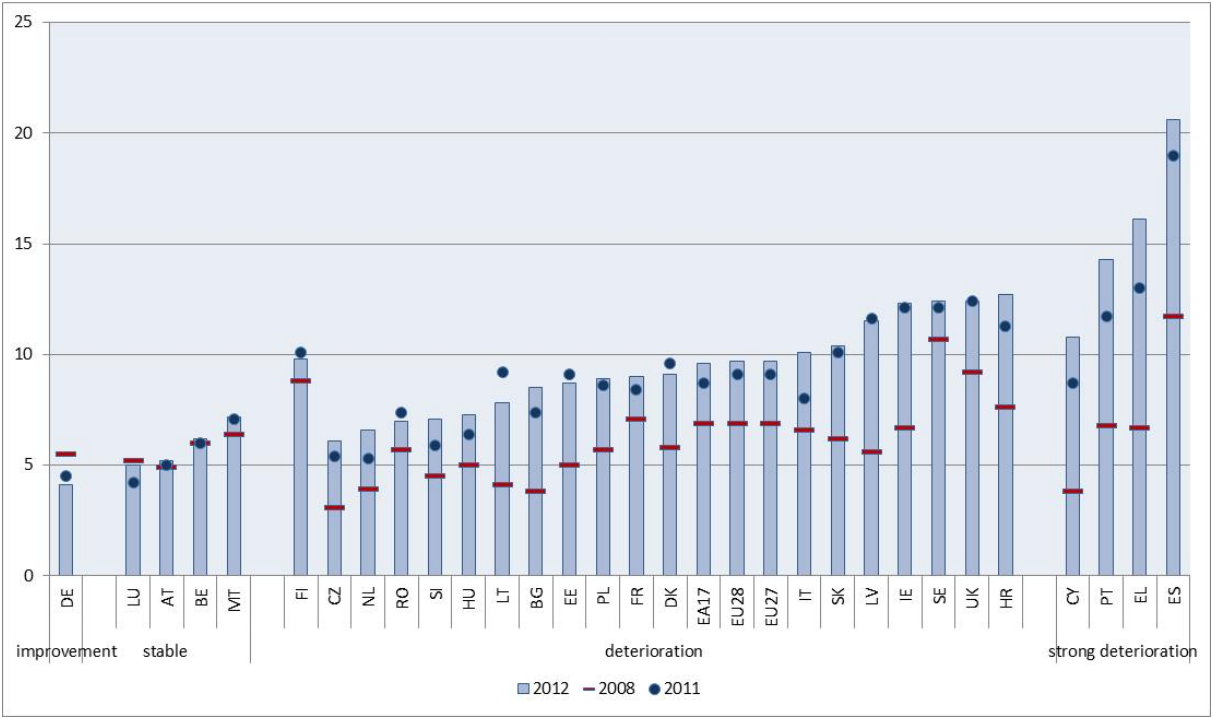
Child poverty was identified as one of the social trends to watch by the Social Protection Committee in its previous Annual Report (SPC, 2013) and continues to be a trend to watch based on the most recent new figures. It prompted an in-depth thematic review by the SPC. Chapter 2 of this report presents the results of this review and gives detailed analysis of the situation of children in the EU as well as the ways Member States are addressing it.

While the worrisome levels of child poverty and what they imply in terms of human capital development pose an important question on the longer-term future of European countries, the disproportionate ways in which the recent economic crisis has affected youth is an important alarm bell for the very short-term. The gloomy outlook for the young implies growing risks of long-term unemployment and lasting inactivity. The labour market situation of young people and their exclusion from social security rights is becoming an increasingly urgent social matter.



While between 2010 and 2011 the youth unemployment ratio<sup>34</sup> had remained rather stable, in 2012 it has increased in 9 Member States with highest increase in EL (3.1pp) Since the beginning of the crisis a significant increase has been witnessed in all but 5 Member States with the highest changes observed in EL, ES, PT and CY. Improvement has been registered only in DE (Figure 20).

**Figure 20. Youth unemployment ratio (15-24), 2008, 2011 and 2012**



Source: Eurostat (LFS)

Albeit from relatively low levels, long-term unemployment increased even for the highly educated young between 2008 and 2011.

Analysis by the European Commission (2012d) shows that the difficult labour market situation is reflected in a rise in inactivity among young people of roughly 1.5 pp, most of which took the form of labour market withdrawal rather than continued enrolment in education.

The developments that have taken place since spring 2008 may have serious consequences as the delayed transition to the labour market and frequent periods of unemployment during a person's

<sup>34</sup> The reason for looking at both youth unemployment rates and ratios is that a use of only the unemployment rate can produce a distorted picture when comparing the youth labour markets of different countries. More precisely, one difficulty with using the unemployment rate as an indicator for the labour market performance, especially of young people, is that it shows the number of unemployed youth as a percentage of the youth labour force, i.e. those who are either employed or unemployed but actively looking for work. Using the youth labour force as a denominator can lead to distortions when comparing countries with great differences in youth activity rates or when activity rates change significantly over time. For instance, youth unemployment rates for two countries with identical numbers of youth and unemployed youth will differ if one country has a higher share of youth not available for the labour market because of, for example, a higher number of youth in education. More concretely, the country with a higher share of youth in education (or otherwise inactive) will display a higher youth unemployment rate.

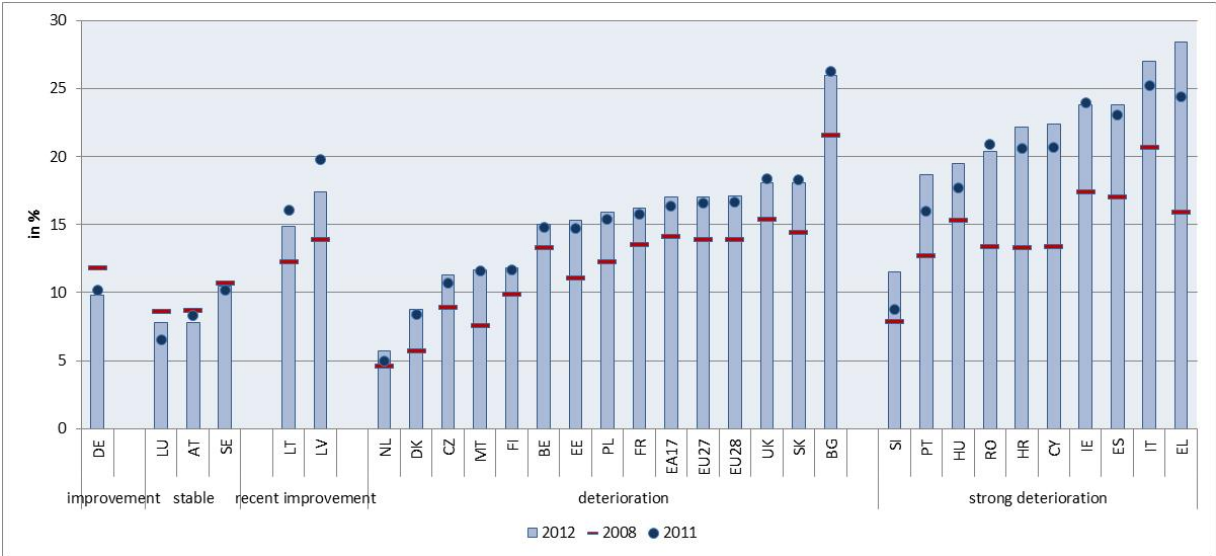
early working life may have lasting adverse effects on future employment and wage prospects. Long-term unemployment, detachment from the labour market and education or training may also intensify, leading to poverty and social exclusion, and other social challenges.

Young people are particularly vulnerable to social exclusion and poverty as they move towards an independent life away from the parental household, a key step which involves looking for work and establishing their own household. For many, however, this is far from easy. Even if they find employment, they often start with low-paid jobs, which can make sustaining a household difficult. As Ward et al (2009) highlight, the process of achieving autonomy is influenced by public policies in a number of areas, including employment, education, housing and social protection, and the outcomes have important implications for society as revealed in fertility and demographic trends.

Low activity of youth as such should not be the major concern, given the high proportion of students among the young generation (close to 80% of the youngest age group 15-19) but rather the proportion of young people who are neither in employment nor in education and training (NEET). Among the roughly 7.5 million young (an increase of 600,000 in three years) who are neither in employment nor in education or training (NEET), there are more and more university graduates who cannot find a first job. The share of young NEETs in the EU had been shrinking up until 2008, but has been growing again since then. Strong deterioration in the NEET rates for the period 2008-2012 has been registered in EL, IT, ES, IE, CY, HR, RO, HU, PT and SI while the only consistent albeit not very large decrease has been observed in DE. LV and LT register some improvement in the last period 2011-2012.

The ranking of countries according to their NEET rates in 2012 is topped by EL, IT and BG, all above the 25% mark, followed by ES, IE, CY, HR and RO. At the bottom are NL, LU, AT and DK.

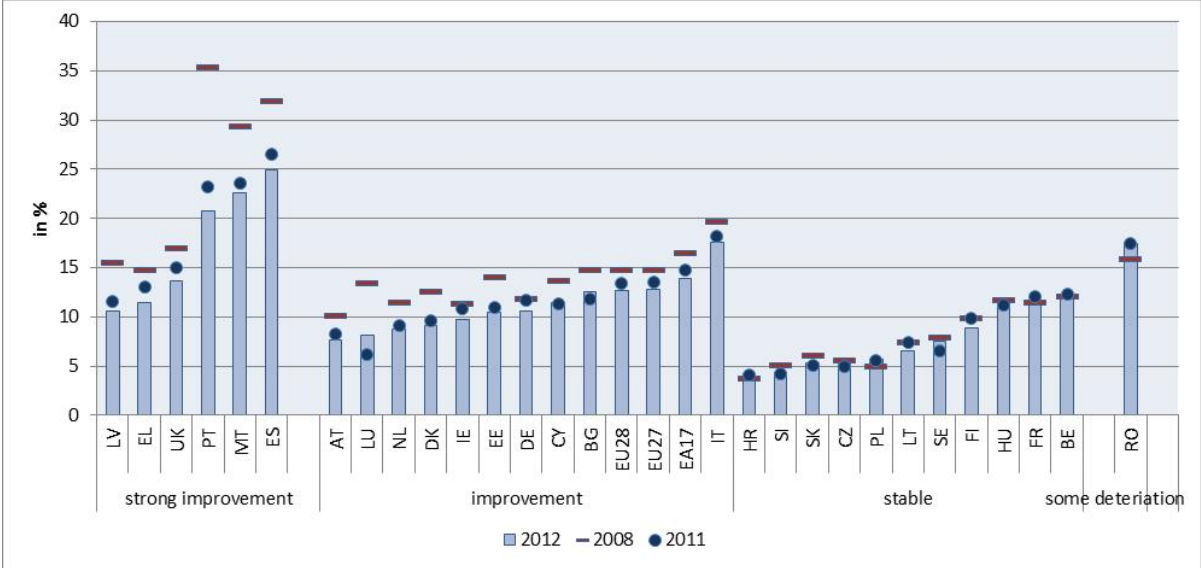
**Figure 21. NEET (not in employment, education or training) rates (18-24), 2008, 2011 and 2012**



Source: Eurostat (LFS)

Early school leaving increases the prospect of young people entering the labour market without adequate skills, who then may face unemployment or in-work poverty. Still, one out of every six early school leavers has completed only compulsory education or less. Across Europe, early school leaver rates range from as low as around 4-5% in the HR, SI, SK, CZ, PL to as much as 24.9% in ES. Changes since 2008 have been positive in many countries with 16 Member States decreasing the early school leavers rate by more than 1pp, most notably in Portugal (-14.6pp), ES (-7pp) and MT (-6.7pp). In the latest year for which data is available, 2012, further improvements have occurred and stabilised (Figure 22). School drop-out rates are much higher for children with a Roma or migrant background and also for children with special needs (Social Protection Committee, 2012). Early school leaving also shows a strong correlation with poverty-associated factors such as learning difficulties, discrimination, rejection by peers, hampered mobility, school accessibility or ghettoization.

**Figure 22. Early leavers from education and training (15-24), 2008, 2011 and 2012**



Source: Eurostat (LFS)

The 2012 SPC Advisory Report on Tackling Child Poverty and the European Commission Social Investment Package highlighted the importance of following a comprehensive approach to tackle early school-leaving. This means integrated multi-level responses linking the home, the child, the school, adult education, community and relevant services. Schools, social and employment services and parents should combine their efforts and work together to prevent early school leaving. Offering a greater variety of education and training possibilities, both formal and informal as well as after school programmes, creating permeable and flexible education pathways, forming smaller classes and preparing individualised education plans, may help reduce early school-leaving. Providing quality vocational training options, educational experimental frameworks aimed at boosting the attractiveness of schools and enhancing motivation of pupils as well as special programmes for children with specific needs are vital to combat disadvantages. Improving

availability of alternative or non-formal education, raising the compulsory schooling age or making secondary schools universally accessible will improve the flexibility of education systems.

**The ability of the EU to tackle the challenges related to child poverty and youth exclusion will be decisive in its capacity to guarantee a long-term future to its citizens.** As pointed out by European Commission (2013b), the positive link between human capital and productivity, and therefore economic growth, has been clearly established by economic literature. It is, therefore, particularly worrying that the economic recession has had an especially strong negative impact on youth and children. More young people and children face poverty and exclusion, which imperils the development of those generations' human capital. The EU is at risk of creating a "lost generation" that might not be able to make use of its full potential in the society and economy. An insufficient level of human capital would affect individuals' employability and productivity and thereby their prospects for future earnings and pension entitlements. In the context of ageing population, younger generations would be ill-equipped to bear the expected burden of growing public finance expenditures. Such developments would undermine the competitive advantage in the global markets that Europe derives from its highly skilled human capital and create significant barriers to long-term growth prospects. To avoid such a scenario, sufficient investment in human capital at an early age through provision of affordable and quality child care and education, as well as healthcare, facilitation of smooth transitions from education to labour market and support for career development of younger workers, is a policy imperative.

## Income inequality is growing across and within Member States

As recently highlighted by the Draft Joint Employment Report<sup>35</sup>, the crisis has substantially altered the dynamics of inequality and affected different sections of the population in different ways. Income inequality is growing across and within Member States, particularly in the South and periphery of the EU. These are also the Member States that witnessed the largest increases in unemployment. In many countries, the crisis has intensified the long-term trends of wage polarisation and labour market segmentation, which together with less redistributive tax and benefit systems have fuelled rising inequalities. High levels of unemployment (with the largest increases at the bottom of the labour market) and in some cases the impact of fiscal consolidation also explain the significant increases in inequalities observed in the countries most affected by the jobs crisis

A recent OECD report<sup>36</sup> highlights the development of income inequality during the initial part of the crisis, covering the period 2007-2010. It shows that market income (i.e. work and capital income) decreased considerably during 2007-2010, but that disposable income fell less strongly, due to an offsetting effect stemming from an increase in social transfers and/or lower direct taxes and social security contributions. However, the loss in income was not evenly shared among

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<sup>35</sup> [http://ec.europa.eu/europe2020/pdf/2014/jer2014\\_en.pdf](http://ec.europa.eu/europe2020/pdf/2014/jer2014_en.pdf)

<sup>36</sup> OECD (2013), 'Crisis squeezes income and puts pressure on inequality and poverty'

income groups, with the result that income inequality (as measured by the GINI coefficient) continued to edge upwards during the crisis.

While on average the S80/S20 ratio remained stable between 2008 and 2012 in the EU-27 and has increased by 6.7% in the Euro area, there is a wide dispersion and growing divergence in inequality between Member States. The inequality has grown in most of the Southern Member States (ES, EL, IT, CY) as well as in HR, EE, DK, HU, SK, SE and slightly in IE. Improvements are registered in BG, DE, LV, LT, MT NL and RO. The highest inequalities remain in ES, EL, LV, RO and BG where the median equalised income of the richest 20% of the population is more than 6 times that of the poorest 20%.

**Figure 23. Income quintile ratio (S80/S20), evolution 2011-2012 and 2008-2012**

	EU28	EU27	EA17	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	
<b>2012</b>	5,0	5,0	5,1	3,9	6,1	3,5	4,5	4,3	5,4	4,6	6,6	7,2	4,5	5,4	5,6	
<b>2011-2012 % change</b>	~	~	~	0,0	-6,2	~	~	~	~	n.a	10,0	~	~	~	~	
<b>2008-2012 % change</b>	n.a.	~	6,3	-4,9	-6,2	~	25,0	-10,4	8,0	~	11,9	26,3	~	20,0	9,8	
	CY	LV	LT	LU	HU	MT	NL	AT (ii)	PL	PT	RO	SI	SK	FI	SE	UK
<b>2012</b>	4,7	6,5	5,3	4,1	4,0	3,9	3,6	4,2	4,9	5,8	6,3	3,4	3,7	3,7	3,7	5,4
<b>2011-2012 % change</b>	9,3	~	-8,6	~	~	~	-5,3	~	~	~	~	~	~	~	~	~
<b>2008-2012 % change</b>	9,3	-11,0	-10,2	~	11,1	-7,1	-10,0	~	~	~	-10,0	~	8,8	~	5,7	~

Source: Eurostat (EU-SILC)

Notes: i) Latest data available for Ireland refers to 2011 and changes are presented for the period 2008-2011 only. ii) AT has changed the source for income from survey to administrative data. As a result, income related indicators suffer a break in series for 2012 and are therefore not comparable to 2011 and 2008. AT will be able to provide a comprehensive back-calculation of the timeline until the base year 2008 at the end of 2014; iii) For UK, changes in the survey vehicle and institution might have affected the results and interpretation of data must therefore be particularly cautious; iv) Provisional data for BE does not allow for reliable assessment of evolutions; v) Only statistically significant changes have been marked in green/red (positive/negative changes). A 5% threshold has been used. "~" refers to stable performance (i.e. statistically insignificant change). vi) income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey).

## Mixed effectiveness of income support systems for those furthest away from the labour market

(Quasi-) joblessness relates more to income poverty risk than to severe material deprivation. Exclusion from the labour market affects earnings and therefore incomes but may be only a temporary situation. Material deprivation is more likely to reflect purchasing power over the longer term (since it includes possession of consumer durables which may have been purchased in the past when the household had a higher income level) (Lelkes and Gasior, 2012). Member States differ substantially in terms of the minimum safety nets they provide to jobless or quasi-jobless households, especially relative to the at-risk-of-poverty threshold.

The poverty risk for people living in (quasi-)jobless households was identified as a social trend to watch in 2012 by the SPC as more than 1/3 of Member States had statistically significant increases in their shares. Chapter 2 of this report analyses in-depth both the characteristics of the population that is found in this situation as well as the policy instruments put in place in Member States.

In 2012 the poverty risk for the (quasi-) jobless households ranged between as much as 71,7% in SE, 71.5% in BG and 70.2% in LV to around 40% in DK. Between 2011 and 2012, 4 Member States experienced a significant worsening of the poverty risk for (quasi-)jobless households with increase of 5.3pp in HU and 3,2pp in FR and LV. The trend since the beginning of the crisis (2008) confirms this evolution with up to 9 Member States seeing an increased poverty risk for (quasi-)jobless households with increases above 10% in EL, HU, SK and PL. If looked at together with the parallel evolution of the (quasi-)jobless households rate and with the evolution of the long-term unemployment rate, these trends suggest that income support levels of last resort schemes are continuously worsening while the number of people counting on them is increasing. Furthermore, the adequacy of minimum safety nets is further affected by access limitation. In fact, significant shares of people who are entitled to social assistance do not actually receive these benefits, partly due to administrative complexities, lack of information and stigma. However, few countries (BG, CZ, SI) are registering improvement in the most recent year (2011-2012) suggesting better efficiency of safety nets in terms of income support in these countries.

**Figure 24. At-risk-of-poverty rate for the population living in (quasi-) jobless households (in %), evolutions 2011-2012 and 2008-2012**

	EU28	EU27	EA17	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	
<b>2012</b>	59,1	59,0	59,6	58,4	71,5	54,6	41,0	68,5	73,0	43,3	56,8	63,6	57,5	62,5	55,4	
<b>2011-2012 change in pp</b>	1,3	1,3	~	-4,5	-4,2	-3,7	~	~	~	n.a.	~	0,6	3,2	~	~	
<b>2008-2012 change in pp</b>	n.a.	3,1	4,3	3,7	-6,3	~	~	4,3	-9,3	-3,3	16,5	7,4	7,4	n.a.	~	
	CY	LV	LT	LU	HU	MT	NL	AT (ii)	PL	PT	RO	SI	SK	FI	SE	UK
<b>2012</b>	45,4	70,2	65,2	44,3	61,6	60,3	40,6	53,2	59,2	54,5	48,1	54,8	69,4	59,5	71,7	47,8
<b>2011-2012 change in pp</b>	~	3,2	~	~	5,3	~	~	~	~	~	~	-3,3	~	~	8,2	~
<b>2008-2012 change in pp</b>	-5,0	-12,8	-1,2	-5,1	13,1	~	~	~	10,0	1,3	-2,3	~	16,3	3,2	20,3	-15,3

Source: Eurostat (EU-SILC)

Notes: i) Latest data available for Ireland refers to 2011 and changes are presented for the period 2008-2011 only. ii) AT has changed the source for income from survey to administrative. As a result, income related indicators suffer a break in series for 2012 and are therefore not comparable to 2011 and 2008; iii) For UK, changes in the survey vehicle and institution might have affected the results and interpretation of data must therefore be particularly cautious; iv) Provisional data for BE does not allow for reliable assessment of evolutions; v) Only statistically significant changes have been marked in green/red (positive/negative changes). For the change 2011-2012, Eurostat computations of significance of net change have been used. For the change 2008-2012, a 1pp threshold has been used. "~" refers to stable performance (i.e. statistically insignificant change). vi) For the at-risk-of poverty rate, the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the very low work intensity rate refers to the previous calendar year (i.e. 2011) while for the severe material deprivation rate, the reference is the current year (i.e. 2012).

The impact of social transfers on poverty reduction varies greatly across Member States. In 2012, it ranged from only 13.8% in EL to 61.6% in IE. These large differences highlight the potential for

improvement in the size and effectiveness of social protection expenditure. Between 2011 and 2012, there were no significant changes in the capacity of social transfers to reduce poverty, an improvement from the period 2010-2011 where there were three countries with decreasing impact<sup>37</sup>.

But the trend for the 2008-2012 period sees CZ, FR, HU, PL, SK and SE, presenting decreases in the poverty reduction capacity of social transfers between 5.2%(FR) and 10.9% (HU). At the same time improvements were registered in EE, IE, ES, CY, LV, LT and the UK.

**Figure 25. Impact of social transfers (excluding pensions) on poverty reduction, 2008, 2011 and 2012<sup>38</sup>**

	EU28	EU27	EA17	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	
2012	34,4	34,7	32,0	46,2	18,1	45,5	53,7	33,7	29,4	61,6	13,8	25,0	40,8	32,6	20,5	
2011-2012 % change	~	~	~	1,2	~	~	~	~	~	n.a	~	~	~	~	~	
2008-2012 % change	n.a.	~	~	0,6	~	-9,5	~	~	8,4	7,2	~	7,5	-5,2	~	~	
	CY	LV	LT	LU	HU	MT	NL	AT (ii)	PL	PT	RO	SI	SK	FI	SE	UK
2012	37,4	25,7	34,5	47,9	48,3	36,2	51,0	67,4	25,3	29,0	19,3	46,4	34,0	50,9	48,0	49,2
2011-2012 % change	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~	~
2008-2012 % change	6,9	10,4	8,0	~	-10,9	~	~	~	-7,3	~	~	~	-6,8	~	-9,2	13,9

Source: Eurostat (EU-SILC)

Notes: i) Latest data available for Ireland refers to 2011 and changes are presented for the period 2008-2011 only. ii) AT has changed the source for income from survey to administrative data. As a result, income related indicators suffer a break in series for 2012 and are therefore not comparable to 2011 and 2008. AT will be able to provide a comprehensive back-calculation of the timeline until the base year 2008 at the end of 2014; iii) For UK, changes in the survey vehicle and institution might have affected the results and interpretation of data must therefore be particularly cautious; iv) Provisional data for BE does not allow for reliable assessment of evolutions; v) Only statistically significant changes have been marked in green/red (positive/negative changes). A 5% threshold has been used. "~" refers to stable performance (i.e. statistically insignificant change). vi) For the at-risk-of poverty rate, the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey).

Recent in-depth research<sup>39</sup> done for the Irish government examines the impact of social transfers on poverty reduction in IE in the period 2004-2011. The report contributes important insights into the poverty alleviation and income redistribution role of social transfers, using the concepts of poverty reduction effectiveness; poverty reduction efficiency; and poverty reduction potential (see Box 1). The report notes the need to assess income support in terms of these three concepts but also against other policy goals such as, for example, encouraging labour market participation. In many cases, it will be necessary to balance the goal of increasing poverty reduction efficiency

<sup>37</sup> The assessment of the impact of social transfers on poverty reduction is complex, as it depends on various factors such as the effect of pensions' indexation on the poverty threshold and the phasing out of benefits (e.g. for long-term unemployed).

<sup>38</sup> The impact of social transfers is a theoretical indicator which is calculated using a fixed poverty line and ignores the influence that social transfers have on median income. This should be taken into account when interpreting the figures.

<sup>39</sup> [http://www.socialinclusion.ie/SocialTransfersandPovertyAlleviation\\_000.html](http://www.socialinclusion.ie/SocialTransfersandPovertyAlleviation_000.html)

against other aims of policy. An accurate assessment of effectiveness and efficiency of income support should also take into account the impact across different life-cycle groups and household types.

**The Irish experience: Measuring the impact of social transfers on income poverty**

**Social transfers** include income from state means-tested payments (e.g. jobseekers allowance, non-contributory state pension), state non-means-tested payments (e.g. child benefit, jobseekers benefit, contributory state pension) as well as occupational and foreign pensions (e.g. from public or private sector employment).

**Market income** comes from employment, self-employment, interest and dividends from savings and investments, and property income.

The **market income poverty gap** is the gap between the household’s market income and the poverty threshold (i.e. the income below which the household would be deemed poor).

**Poverty reduction potential** is the aggregate spend on social transfers expressed as a ratio to the aggregate market income poverty gap.

> 1.0	amount spent would be enough to bridge the market income poverty gap
< 1.0	not sufficient to bridge the market income poverty gap

**Poverty reduction effectiveness** refers to the extent to which social transfers contribute to a reduction in poverty. It can be measured in terms of a reduction in the poverty rate or a reduction in the market income poverty gap. The second measure is better since it takes account of how far below the poverty threshold people’s incomes lie.

**Poverty reduction efficiency** refers to the proportion of social transfers that contribute to reducing the market income poverty gap.

Although efficiency and effectiveness are measured as percentages, reaching 100% should not be seen as achievable or as a ‘gold standard’. Among other things, a social transfer system which is 100% efficient with respect to poverty reduction would impose a 100% benefit withdrawal rate at the poverty threshold. This could create a very undesirable incentive structure in terms of participation in work.

The research shows that the effectiveness of Irish social transfers has improved since the onset of the economic and fiscal crisis; social transfers reduced the pre-transfer poverty rate by 53 per cent in 2004, rising to 63 per cent by 2007 and 71 per cent by 2011. The reduction in the poverty gap is higher than the reduction in the poverty rate, but the increase over time is more modest: from 84 per cent in 2004 to 88 per cent in 2011. Because this indicator of effectiveness was already high in

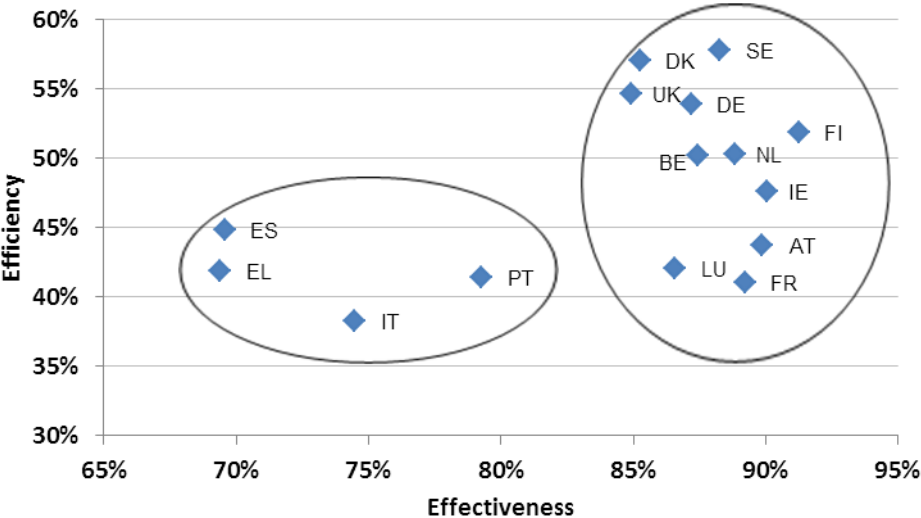


2004, there was less scope for improvement. The poverty reduction efficiency of social transfers remained at roughly the same level over time (45-50 per cent). When assessed as an average across households it declines slightly but when assessed across individuals it increased slightly between 2004 and 2011.

The Irish research demonstrates that compared to other EU15 countries, Irish social transfers increased from a relatively lower proportion of income in 2005 (second lowest of the EU15) to a relatively higher proportion by 2010 (second highest). This was partly due to the fall in market income as a result of the recession, but there was also a real increase in the levels of social transfer payment in Ireland up until 2009.

Figure 26 shows the association between poverty reduction effectiveness and efficiency, as defined by the recent Irish research, for the EU15 countries in 2010. Across the EU15 countries, the levels of poverty reduction effectiveness and efficiency tend to be positively associated: countries with a higher level of efficiency also tend to have a higher level of effectiveness. This suggests that it is possible to design a social transfer system to achieve relatively high levels of both poverty reduction effectiveness and efficiency.

**Figure 26. Effectiveness and efficiency of social transfers in alleviating poverty with respect to the poverty gap in EU15, 2010**

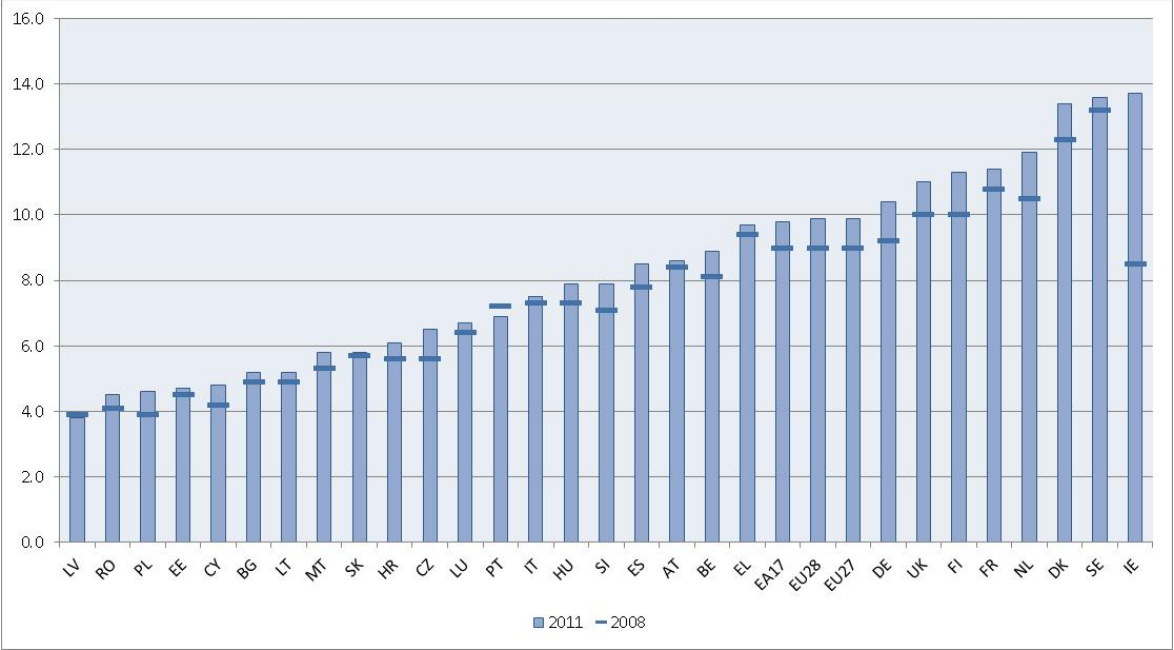


Source: EU-SILC micro-data (to 2010). Unit of analysis = individuals. From *Social Transfers and Poverty Alleviation in Ireland* (2013) [http://www.socialinclusion.ie/SocialTransfersandPovertyAlleviation\\_000.html](http://www.socialinclusion.ie/SocialTransfersandPovertyAlleviation_000.html)

In 2010, IE was towards the top of the range of EU15 countries in poverty reduction effectiveness of social transfers (90%). This was an improvement on 2005, when Ireland was only in the middle of the EU15 range. In 2010, the poverty reduction efficiency of social transfers in IE was towards the middle of the EU15 range (48%), having fallen somewhat since 2005.

In fact, looking at the impact of social transfers does not take into account non-cash benefits such as transfers in kind. A number of Member States provide public services to those furthest away from the labour market which contribute to general welfare and are not detected in purely income-based measures. However, if we look into the expenditure on such in-kind services, we can see that **the countries which generally achieve a low impact of social transfers on poverty reduction are also those that tend to spend less on in-kind services.** In most countries the spending on in-kind benefits has slightly increased since 2008 with the biggest increase in IE (5.2pp) and an average increase of 0.6pp.-

**Figure 27. Social benefits in-kind, as % of GDP, 2008 and 2011**



Source: Eurostat (Esspros)

### Consistent and widespread improvement of the employment rate of older workers

After the launch of the Lisbon strategy, in the years between 2000 and 2010, Member States made considerable efforts to improve older people’s labour market outcomes. As can be seen Figure 28, there are reasons for optimism when looking at people aged between 55 and 64 years. Employment in that age group has grown by more than 9 million in the EU-27 (over 7 million for EU-15). The EU employment rate of older workers increased to 48.8% in 2012, which is an increase by 12 pps since 2000 and by 3.3 pps since the beginning of the crisis. The increase since 2008 was the highest in DE (+7.8 pps), but also substantial (5 pps or more) and gathering momentum in PL, LU, FR, IT, NL and HU in some of which the financial incentives to continue work at older ages strongly improved in recent years (IT, NL, DE and FR). Overall, since 2008 15 Member States have improved the employment situation of older workers.

**Figure 28. Employment rate of older workers (55-64), evolution 2011-2012 and 2008-2012**

	EU28	EU27	EA17	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	
2012	48,8	48,9	48,7	39,5	45,7	49,3	60,8	61,5	60,6	49,3	36,4	43,9	44,5	36,7	40,4	
2011-2012 change in pp	1,5	1,5	1,6	~	1,1	1,6	1,3	1,6	3,4	~	-3	~	3	~	2,5	
2008-2012 change in pp	3,3	3,3	4,4	5	~	1,7	2,4	7,8	-1,8	-4,4	-6,4	-1,7	6,3	~	6	
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
2012	50,7	52,8	51,7	41	36,9	33,6	58,6	43,1	38,7	46,5	41,4	32,9	43,1	58,2	73	58,1
2011-2012 change in pp	-4,1	2,3	1,5	1,7	1,1	1,8	2,5	1,6	1,8	-1,4	1,4	1,7	1,8	1,2	1	1,4
2008-2012 change in pp	-4,1	-6,6	-1,4	6,9	5,5	4,3	5,6	2,1	7,1	-4,3	-1,7	~	3,9	1,7	2,9	~

Source: Eurostat (LFS)

Note: Only statistically significant changes have been marked in green/red (positive/negative changes) with a 1pp threshold. "~" refers to stable performance (i.e. statistically insignificant change).

However, several member States, notably those hit most by the crisis (such as EL, IE, PT, CY and ES), saw a decrease, for some such as EL, PT and CY in the range of 4-6 percentage points. The Baltic States see an overall worsening the situation with reference to 2008 but have in the latest year (2012) registered notable improvements. There is, in fact, a general trend of consistent and widespread improvement in the period 2011-2012 which sees most Member States (21) increasing the employment rate for older workers.

Reasons for this trend, which was already on-going before the crisis, include a continuing upward shift in the educational achievement levels and the female share of workers aged 55-64 along with the **higher employment protection enjoyed by older workers**, but also **the impact of tax/benefit reforms restricting access to early retirement and encouraging longer working lives** and some **changes in age management in work places and labour markets, and thus the effective retirement age** (European Commission, 2013a).

Active ageing measures are of growing importance as recent pension reforms require longer contributory periods to ensure an adequate pension. Increased employment ensures the accumulation of pension rights and contributes to the sustainability of the pension system. For this to be successful however, older workers' employment must guarantee pension rights and pension levels must be adequate in order to combat poverty and social exclusion in old age. This is of particular importance for women. The move towards gender equality in the employment rate of older workers is not mirrored in a broader move towards more equal work patterns. Women, generally, have a lower participation rate, experience a gender pay gap, and more often interrupt their working life due to child rearing. Women pensioners have a higher risk of poverty than men as a consequence of these gender inequalities; women receive lower pensions than men and often fail to qualify for benefits. **Active ageing measures, ensuring equal outcomes for men and women, are needed to complement pension reforms**, as the lack of progress in activity and employment

rates can often be explained by poor employment opportunities and working conditions for older workers which can undermine the incentives embedded in pension systems.

Social protection systems which effectively contribute to maintaining the health of the population and provide adequate long-term care also play a key role in enabling participation in society and the labour market and ensuring an independent living by older people. Beyond health services, working and living environments should also be better adapted to the needs of older people, including adapted housing and transport services, local libraries, and home support, which enable the elderly to live independently for longer.

## Pensions continue to avert poverty for many though divergence in adequacy and effectiveness remains

Pensions constitute by far the main source of income for older Europeans, who represent a large and growing share of the EU population. They also represent the largest element in social protection systems, affecting the primary incomes of more people than any other part. The total number of pensioners in EU Member States presently comes to about 120 million or a quarter of the population. Almost 2/3 of these are women. The adequacy of pensions is measured by, among others, their ability to prevent poverty, the degree to which they replace income before retirement and how they compare to the average incomes of people below pensionable age.

**As related to the ability of pensions to prevent poverty in old age,** since the beginning of the crisis the income situation of the elderly has been better than for other age groups of the population in many Member States due to the stability of pension income. 19 Member States saw the share of elderly at risk of poverty or social exclusion decrease with more than 1pp between 2008 and 2012. There are, however, two countries which since 2008 have had increasing rates of poverty or social exclusion of the elderly – HU and SE. Several countries saw increases between 2011 and 2012 (EE, LT, LU, HU, RO, SK). The share of older people living in poverty or social exclusion in 2012 was close to 60% in BG and slightly above 30% in HR, CY, LV, LT and RO while being below 10% in LU and NL.

**Figure 29. At risk of poverty or social exclusion rate for the elderly (65+), evolution 2011-2012 and 2008-2012**

	EU28	EU27	EA17	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	
<b>2012</b>	19,3	19,2	17,4	19,5	59,1	10,8	14,6	15,8	21,8	13,8	23,5	16,6	11,1	33,2	25,2	
<b>2011-2012 change in pp</b>	~	~	~	-2,1	-2,0	~	-2,0	~	4,8	n.a.	-5,8	-4,3	-0,4	-1,9	~	
<b>2008-2012 change in pp</b>	n.a.	-4,1	-2,6	-3,4	-6,4	-1,7	-4,0	~	-19,1	-8,7	-4,6	-11,1	-2,8	n.a.	~	
	CY	LV	LT	LU	HU	MT	NL	AT (ii)	PL	PT	RO	SI	SK	FI	SE	UK
<b>2012</b>	33,4	34,0	35,7	6,1	20,6	21,9	6,2	16,2	23,4	22,1	35,7	22,8	16,3	19,5	17,7	16,9
<b>2011-2012 change in pp</b>	-6,4	~	4,8	1,4	2,6	~	-0,7	~	-1,3	-2,4	0,4	-1,4	1,8	~	~	-5,8
<b>2008-2012 change in pp</b>	-15,9	-24,1	-2,4	~	3,1	-4,5	-3,5	~	~	-5,6	-13,5	-1,6	-5,6	-4,4	2,4	-11,6

Source: Eurostat (EU-SILC)

Notes: i) Latest data available for Ireland refers to 2011 and changes are presented for the period 2008-2011 only. ii) AT has changed the source for income from survey to administrative data. As a result, income related indicators and by definition the target indicator suffer a break in series for 2012 and are therefore not comparable to 2011 and 2008. AT will be able to provide a comprehensive back-calculation of the timeline until the base year 2008 at the end of 2014; iii) For UK, changes in the survey vehicle and institution might have affected the results and interpretation of data must therefore be particularly cautious; ;iv) Provisional data for BE does not allow for reliable assessment of evolutions; v) Only statistically significant changes have been marked in green/red (positive/negative changes). For the change 2011-2012, Eurostat computations of significance of net change have been used. For the change 2008-2012, a 1pp threshold has been used. "~" refers to stable performance (i.e. statistically insignificant change). vi) For the at-risk-of poverty rate, the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the very low work intensity rate refers to the previous calendar year (i.e. 2011) while for the severe material deprivation rate, the reference is the current year (i.e. 2012).

Pension systems play a key role in allowing people to maintain their living standards in old age at a level comparable to that achieved during working life. The median relative income of older people, or the ratio of the median equivalised disposable income of people aged above 65 to the median equivalised disposable income of those aged below 65, has been rather stable in most Member States in the latest period with few exceptions. The relative median income ratio reached 92% for the EU-27 (and EU28) in 2012. There are however substantial differences across countries, both in the levels and in the trends. Despite the significant increase in its relative median income ratio over the last five years, CY has currently the ratio at 70% (in 2012), followed by EE, BE, BG and DK. . At the other end of the spectrum, FR, EL, LU, and RO in 2012 recorded a relative median equivalised income for people over 65 that was equal or greater than that for younger cohorts.

**Figure 30. Median relative income ratio for the elderly, 2008, 2011 and 2012**

	EU28	EU27	EA17	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	
<b>2012</b>	0,92	0,92	0,92	0,74	0,74	0,84	0,75	0,88	0,72	0,86	1,01	0,93	1,00	0,86	0,95	
<b>2011-2012 % change</b>	~	~	~	0,0	~	~	~	~	~	n.a	24,7	8,1	~	~	~	
<b>2008-2012 % change</b>	n.a.	8,2	5,7	0,0	12,1	6,3	7,1	~	16,1	16,2	17,4	17,7	~	14,7	8,0	
	CY	LV	LT	LU	HU	MT	NL	AT (ii)	PL	PT	RO	SI	SK	FI	SE	UK
<b>2012</b>	0,70	0,80	0,78	1,10	0,97	0,80	0,90	0,93	0,95	0,92	1,01	0,87	0,81	0,78	0,78	0,89
<b>2011-2012 % change</b>	~	-7,0	-13,3	~	~	~	~	~	~	5,7	~	~	-5,8	~	~	9,9
<b>2008-2012 % change</b>	18,6	48,1	9,9	13,4	~	9,6	7,1	~	~	10,8	18,8	~	~	8,3	~	20,3

Source: Eurostat (EU-SILC)

Notes: i) Latest data available for Ireland refers to 2011 and changes are presented for the period 2008-2011 only. ii) AT has changed the source for income from survey to administrative. As a result, income related indicators suffer a break in series for 2012 and are therefore not comparable to 2011 and 2008; iii) For UK, changes in the survey vehicle and institution might have affected the results and interpretation of data must therefore be particularly cautious; ;iv) Provisional data for BE does not allow for reliable assessment of evolutions; v) Only statistically significant changes have been marked in green/red (positive/negative changes). A 5% threshold has been used. "~" refers to stable performance, vi) income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey).

Since 2008 the ratio increased by more than 15% in eight countries: EE, IE, EL, ES, CY, LV, RO, UK. Between 5% and 15% the ratio increased in the following eleven countries: BG, CZ, DK, HR, IT, LT, LU, MT, NL, PT, and FI. All the other countries did not show a significant variation.

When analysing fluctuations of this income ratio indicator, one has to be aware that it is a relative measure and its value is influenced by changes in the income of both the elderly (numerator) and the working age population (denominator). A decrease in the income of the working age population when the income position of people age 65+ remains stable might give the impression that the position of the older cohort has improved. The indicator thus needs to be assessed together with some absolute variables, e.g. the evolution in per capita incomes.

To assess the extent to which pensions fulfil their role of replacing income after retirement, it is important to consider how many people are covered by pension systems and how large a proportion of their income is derived from pensions. The aggregate replacement ratio measures the median individual gross pension (including old-age and other pension benefits of people aged 65-74) relative to median individual gross earnings (of people aged 50-59).

**Figure 31. Aggregate replacement ratio, evolutions 2011-2012 and 2008-2012**

	EU28	EU27	EA17	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	
<b>2012</b>	0,56	0,56	0,56	0,47	0,42	0,55	0,42	0,47	0,50	0,43	0,52	0,58	0,65	0,36	0,66	
<b>2011-2012 % change</b>	~	~	~	6,8	~	~	~	-7,8	-7,4	n.a	15,6	~	~	~	20,0	
<b>2008-2012 % change</b>	n.a.	12,0	9,8	4,4	23,5	7,8	~	6,8	11,1	-12,2	26,8	18,4	~	-23,4	29,4	
	CY	LV	LT	LU	HU	MT	NL	AT (ii)	PL	PT	RO	SI	SK	FI	SE	UK
<b>2012</b>	0,39	0,48	0,45	0,79	0,58	0,49	0,47	0,58	0,58	0,58	0,67	0,47	0,60	0,49	0,56	0,50
<b>2011-2012 % change</b>	~	-9,4	-13,5	6,8	~	~	~	~	5,5	~	~	~	~	~	~	~
<b>2008-2012 % change</b>	18,2	60,0	~	36,2	~	16,7	9,3	~	~	13,7	36,7	6,8	11,1	~	-9,7	16,3

Source: Eurostat (EU-SILC)

Notes: i) Latest data available for Ireland refers to 2011 and changes are presented for the period 2008-2011 only. ii) AT has changed the source for income from survey to administrative data. As a result, income related indicators suffer a break in series for 2012 and are therefore not comparable to 2011 and 2008. AT will be able to provide a comprehensive back-calculation of the timeline until the base year 2008 at the end of 2014; iii) For UK, changes in the survey vehicle and institution might have affected the results and interpretation of data must therefore be particularly cautious; ;iv) Provisional data for BE does not allow for reliable assessment of evolutions; v) Only statistically significant changes have been marked in green/red (positive/negative changes). A 5% threshold has been used. "~" refers to stable performance, vi) income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey).

The ratio reached 56% for the EU-27 (and EU28) in 2012, although there are substantial variations across countries both in levels and trends (see Figure 31 ). In general, the aggregate replacement ratios show that current median pension levels are very low compared to current median earnings in HR and CY (respectively 36% and 39% in 2012) and to some extent in BG, DK, IE and LT (less or equal to 45% in 2012 and 2011 for IE). This can be due to low income replacement from statutory pension schemes (e.g. BG), but it can also reflect the immaturity of supplementary pension schemes (e.g. CY), low past labour force participation rates and incomplete careers or under-declaration of earnings in the past.

As for its evolution, the value of the ratio for the EU-27 increased by 12%, from 50% in 2008 to 56% in 2012. This trend is observed in the majority of Member States and is primarily the result of the crisis-related decline in wage incomes of people aged 50-59. Only IE, HR, and SE have seen a worsening of the income position of pensioners in comparison to the working population 50-59 since 2008. DE, EE, LV, and LT present however a deterioration between 2011 and 2012.

In 2012 the SPC adopted its report on Pension adequacy in the European Union (2012-2052) which analysed the future adequacy of pensions by assessing theoretical replacement rates (TRRs). Some of the main conclusions related to the fact that future levels of pensions in relation to earnings (income replacement levels) will depend on different factors, notably the pace of accrual of pension entitlements (which is linked to developments in the labour market), the maturation of pension schemes and the effect of reforms. Most Member States' reforms of statutory schemes will lead to a decrease of replacement rates at given retirement ages. Indeed, measures introduced in many Member States in order to cope with increasing longevity and incentivising longer working lives go in this direction: lowering future benefit levels at a fixed retirement age, increasing the

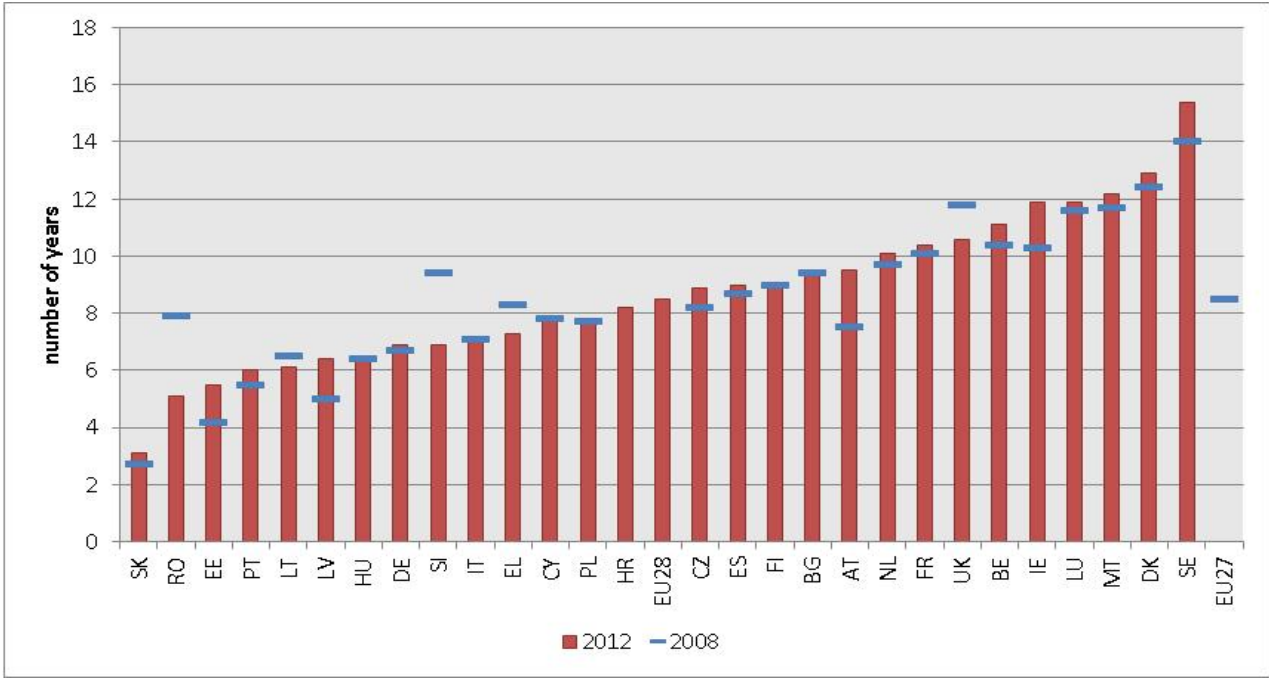
statutory retirement age, tightening and abolishing of the early retirement options, or increasing contributory periods needed for a full pension..

### Access to health and health outcomes

Health status is a key determinant of the well-being and labour market participation of the individual. A healthy population is associated with better educational attainment, better earning and wages, higher labour market participation and a higher number of hours worked in adult age. Health is also shown to be positively associated with economic growth and social welfare. Looking at both objective and subjective measure of health can offer a snapshot on the health status of the society as a whole.

In general the number of healthy life years (HLY) is slightly higher for women than for men. The EU average for the HLY at 65 for women was 8,5 years for EU 27 in 2008 and 8.5 for EU 28 in 2012, meaning that the EU average decreased just slightly over time. There was an overall increase in the healthy life expectancy for women in the majority of the EU countries. The greatest increase was noted in Austria (2 years) followed by Estonia (1.6 years). There were six countries where HLY at 65 for women decreased (EL, CY, LT, RO, SI, UK), with the biggest decrease noted in RO and SI by 2,8 and 2,5 years respectively. No change was noted in FI and HU. It should be noted that the 2012 UK figure is a provisional estimate only (based on life expectancy data for the previous year) and so may not reflect actual trends.

**Figure 32. Healthy life years at 65 for females, 2008 and 2012**



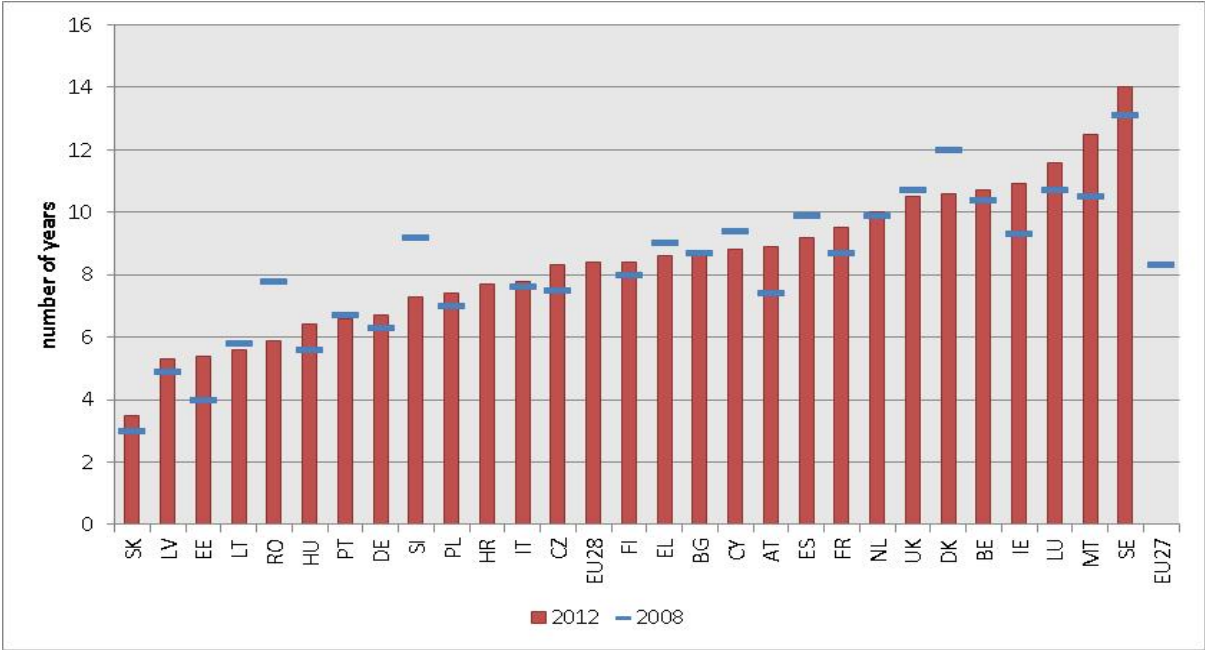
Source: Eurostat; Note: 2012 figures for UK are provisional estimates

In 2008, HLY at 65 for men was 8.3 years for EU-27 and for EU 28, it was 8.4 years in 2012. The change in HLY at 65 for men in the years 2008 – 2012 was quite varied between the Member



States. It increased in 17 countries, decreased in 9, no change was noted in BG. Similarly to the situation for females, the greatest decrease was noted in RO and SI (-1,9 years) and the smallest decrease of (-0,1) was noted in PT. On the other hand, the greatest increase of 2 years was noted in Malta.

**Figure 33. Healthy life years at 65 for males, 2008 and 2012**



Source: Eurostat; Note: 2012 figures for UK are provisional estimates

On average, 3,4 % of Europeans reported unmet need for medical care in 2012 (they had to wait, or it was too expensive or too far away). There are significant differences among Member States, with LV as high as 12,3 % and RO – 10,7%, while LU, NL, AT, SI, ES are below 1%. There is a clear income gradient as those in the lowest income quintiles more often report an unmet need for medical care.

**Figure 34. Self-reported unmet need for medical care<sup>40</sup>, in %, changes 2010-2011 and 2008-2011**

	EU28	EU27	EA17	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	
<b>2012</b>	3,4	3,4	n.a.	1,7	8,2	1,0	1,2	1,6	8,3	2,2	8,0	0,7	2,2	3,6	5,6	
<b>2011-2012 change in pp</b>	~	~	n.a.	0,2	-1,6	~	~	~	1,0	n.a.	~	~	~	-1,5	~	
<b>2008-2012 change in pp</b>	n.a.	~	n.a.	1,2	-7,1	~	~	~	1,0	~	2,6	~	~	n.a.	~	
	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
<b>2012</b>	3,5	12,3	2,3	0,7	2,8	1,1	0,5	0,3	9,0	3,3	10,7	0,1	2,2	4,6	1,3	1,4
<b>2011-2012 change in pp</b>	~	-3,8	~	~	~	~	~	~	1,1	1,9	-1,2	~	~	~	~	~
<b>2008-2012 change in pp</b>	~	2,6	-3,2	~	~	~	~	~	3,0	2,2	~	~	~	3,8	-1,1	~

Source: Eurostat

Note: Only statistically significant changes have been marked in green/red (positive/negative changes) with a 1pp threshold. "~" stands for stable performance (i.e. statistically insignificant change).

In the period between 2008–2012, 6 countries noted an increase in the share of the population reporting unmet needs for care above 1 percentage point (EE, EL, LV, PL, PT and FI). Only 3 countries registered improvements in access - BG (-7,1pp), LT (-3,2pp) and SE (-1,1pp). In terms of the most recent changes for the period 2011-2012, there were only 3 countries that noted an increase (EE, PL, and PT) and as much which showed some improvements, most notably LV (3,8pp). While in most cases the share of this population has remained rather stable both in the latest available year (2011-2012) as well as since 2008, in EE, PR and PL, increases seem to be consistent across time.

### Box 1. Eurofound (2013) study on the Impacts of the crisis on access to healthcare services

The healthcare sector has faced significant cuts in many EU Member States. Per capita healthcare expenditure has decreased for the first time in years, especially in countries with low levels of expenditure in the first place. In parallel to the reduction of healthcare resources, health has deteriorated for certain groups as a direct result of the crisis. This concerns in particular mental health problems for people at risk of losing their jobs or homes, as well as several communicable diseases as a consequence of cuts in prevention. Increased demand for certain healthcare services as a consequence of the crisis has coincided with longer-standing trends associated with growing demand from ageing populations and availability of new technologies.

It is a challenge for governments to balance their budgets while at the same time maintaining access to good quality healthcare. There is a continuous striving for greater effectiveness and efficiency. Service providers face a similar challenge when confronted with increased demand for their services but reduced resources. And users may have less income to pay for services. It is

<sup>40</sup> This indicator is defined on the basis on self-reported unmet need related to three reasons – too far to travel, waiting list, too expensive

important to increase efficient use of public resources. However, it is a challenge to do this while maintaining or improving access.

Not all impacts on health and access to healthcare have been negative, but this box highlights challenges. Barriers to access healthcare services can lead to unmet medical needs or –in the EU more often– to difficulties in accessing them. The impact of a barrier to access may differ among individuals, depending on their specific circumstances. Empirical data show that the crisis has affected several dimensions of access, and for other dimensions no data are available yet but an impact of the crisis is expected:

- *Legally covered access*: Some countries have reduced coverage for certain services, and for some population groups such as undocumented migrants. Furthermore, unemployment has led to loss of insurance coverage for certain groups in some countries.

- *Affordable access*: Lack of affordability is the most common reason for unmet medical needs. The situation in this regard worsened, or improvements have stalled, in several countries and among various population groups. This can be due to decreased income, decreased support systems, and increased private contributions including under-the-table payments.

- *Timely access*: Increased demand for, and reduced supply of services have led to longer waiting times to access services in some countries.

- *Physical access*: Decreased public investment in transport and closure of service providers can make services harder to reach, as can limited funding for improving the access to buildings for people with disabilities.

- *Informed access*: Lack of awareness of entitlements and financial support are important barriers to access. Resources for information provision may have diminished.

In addition to problems with access, people cannot or do not seek care for other reasons: perceived stigma may inhibit people with mental health problems from seeking care; or care may also not be offered accurately. There are reports of crisis-related increases in discrimination, coinciding with more migration. Increased stress levels among medical professionals because of crisis-related personnel cuts, may have resulted in problems with performance or supply.

Initiatives aimed at enhancing access have been discontinued because of reduced resources. Nevertheless, some governments and service providers, as well as other actors such as NGOs, have implemented or scaled-up measures seeking to maintain or improve access for groups in vulnerable situations. Eurofound is currently mapping examples of these initiatives in its project on 'the impacts of the crisis on access to healthcare services'

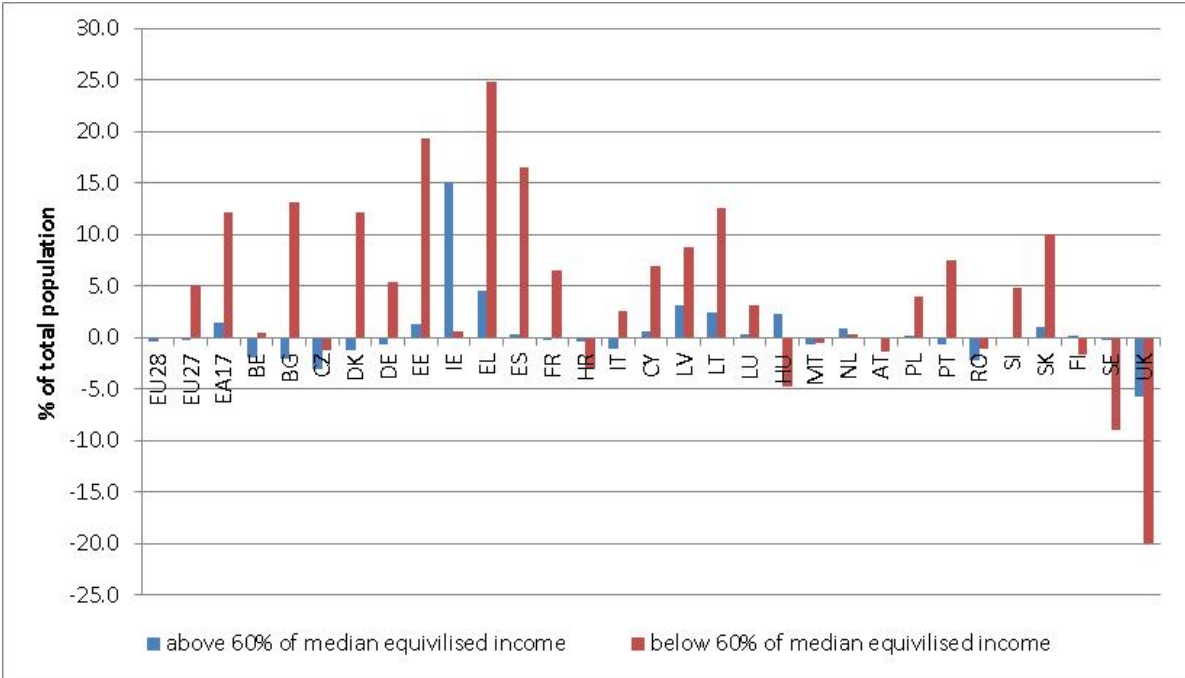
<http://www.eurofound.europa.eu/areas/health/healthcareservices.htm>

## Developments in access to housing

Housing costs represent an important share of a household's income, especially for lower income groups. In 2012, the average share of housing costs over disposable household income varied among Member States, between the minimum of 2.5% in MT and the maximum of 33.1% in EL, with the median for EU 28 at 11.2%.

The average share of housing costs in disposable household income increased in 12 EU-27 countries between 2008 and 2012. In a number of countries the increase has been more prominent for people living below the poverty threshold, with increases of above 10pp in BG, DK, EE, EL, ES, LT, SK. For individuals with higher incomes, the housing cost overburden rate has remained relatively stable with the exception of IE where it increased substantially.

**Figure 35. Evolution of the housing cost overburden rate, 2008-2012 (in pp)**



Source: Eurostat (EU-SILC)

Notes: evolutions for IE and AT are for the period 2008-2011, evolutions for EU28, DE and HR are for the period 2011-2012

An increasing burden of housing costs on a household's income might result on the inability of households to pay back mortgages, on an increased need for social housing and housing allowances, or in extreme cases, to evictions and homelessness.

In fact, in several countries (LT, LV, FI), demand for housing allowances and social housing has grown in the last years as reported by Member States. In LT, the number of families entitled to social housing has been constantly increasing between 2008 and 2012 (in 2012 it was 33% higher than in 2008), and multiplied by 3.4 times between 2004 and 2012. However, only a small share of the demand is satisfied, so, in 2012 only a 3.4% of the entitled families accessed to renting in

municipal social housing. In LV, the number of housing benefits' recipients increased between 2009 and 2012. In 2012, the number of housing benefit recipients was a 38% higher than in 2009. In FI, the number of recipients (households) of general housing allowances has increased in the 2009-2013 period, so that in October 2013 it was a 31.8% higher its amount in January 2009. The rise between October 2012 and October 2013 was of 6.9%. Also the number of applicants in social rental housing increased between 2008-2012 in FI, reaching over 100,000 applicants waiting for an apartment in 2012. However, the situation varies regionally and about 40 % of the population lives in the area where there are empty social rental dwellings. In FR, the total number of beneficiaries of housing allowances kept rather stable during the 2009-2011 period, and similar to the 2000 level. The amount of such benefits has however been increasing every year since 2006. The highest annual increase during the 2000-2011 period was in 2008, when it grew by 7.2% with respect to the previous year. Between 2010 and 2011, the total amount of housing benefits (in euro) grew by 3.3% . In PL, the total number of housing allowances paid out in 2012 was a 0.7% higher than in 2011, while the total amount paid as housing allowances raised by 5.2% as compared to the 2011 amount<sup>41</sup>.

**Regarding the ability of households to pay back their mortgages and housing loans, a few countries (EE, FR) show an improvement in the last years.** In EE between 2012 and 2013, both the absolute number of hopeless housing loan contracts and their share in the total volume of housing loan contracts decreased. In particular, 0.6% of housing loan contracts were hopeless loans by the end of August 2013<sup>42</sup> In FR, a 2.7% of owners were unable to pay for their loans in 2010, a 0.9 pp lower than in 2009<sup>43</sup>.

In PT, however, the percentage of borrowers with overdue loans for housing increased from 5.5% of the total number of borrowers with credit granted in Q2 2011 to 6.2% in Q2 2013. This share is nevertheless lower than the 8.3% reached in Q1 2009. In HU, a 5.7% of the number of home loan contracts and a 9.4% of the total credit value for home loans were rated as subprime (July 2013). In total, a 23.4% of the home loan contracts and a 34.8% of the total credit value were rated as no problem free.

**In the last years, a reduction in the number of evictions is reported in some countries (MT, PT, SE, AT).** Decline in the number of evictions in MT meant that there was none in year 2013. The number of repossessed homes is also persistently dropping in MT since 2011, and it was a 31% lower in 2013 than in 2011. In PT, the yearly number of completed evictions of urban property destined to housing by non-payment of rent in 2012 was the lowest since 2008, and a 8.1% lower than in the previous year (2011), reaching a total number of 1,243. Actual evictions have also decreased in SE since year 2000. In particular, between 2008 and 2012 their number decreased by 13%. In the same

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<sup>41</sup> Central Statistical Office, Local Data Bank ([http://www.stat.gov.pl/bdlen/app/strona.html?p\\_name=indeks](http://www.stat.gov.pl/bdlen/app/strona.html?p_name=indeks))

<sup>42</sup> Source: Bank of Estonia. (2013). Lending Review. February 2013. <http://www.eestipank.ee/en/publication/lending-review/2013/lending-review-february-2013>

<sup>43</sup> Source: Insee, SRCV 2007-2010, from Commissariat général au développement durable (2013), "L'état du logement en 2011".

period, the number of children affected by reduced by 20.5%. In AT, the number of finally executed evictions declined between 2006 and 2012, following a continuous downward trend since 2008. The number of executed evictions in 2012 was 12.1% lower than in year 2008..

More than a 10% increase in the number of evictions between 2011 and 2012 was however reported in NL. Arrears in rent are the reason for eviction in 79.3% of cases. In PL, evictions were conducted in 6,600 dwellings in 2011. Eviction proceedings conducted in court in 2011 were in about 84% of instances instituted as a result of arrears with dwelling-related payments<sup>44</sup>. In HU, the total number of evictions from rentals of local governments in 2012 was 966.

### Box 2. Recent trends in homelessness in Europe

A general trend of increasing homelessness in much of the EU was reported by the SPC in 2012<sup>45</sup>. This was mainly based on relevant EU SILC indicators, the results of a questionnaire on homelessness and housing exclusion sent to SPC members, and a monitoring report published by FEANTSA in 2012<sup>46</sup>. Nonetheless, more recent data from a variety of MS indicates an ongoing trend of increasing homelessness in many contexts, and covers some additional countries. In AT, the number of persons registered over the course of a year as homeless increased by 8% between 2008 and 2010, reaching 12,266 people<sup>47</sup>. In DK, there has been a total increase in homelessness of 16% over the past four years, rising from 4,998 in 2009 to 5,820 persons in 2013<sup>48</sup>. In FR, the national statistics institute (INSEE) reports that approximately 141 500 people were homeless in metropolitan France in 2012. This represents an increase of 50% since 2001<sup>49</sup>. In parts of the UK, recent statistics show sharp increases in homelessness. In London, the number of households accepted as being owed a main homelessness duty was 4,410 – an increase of 13% from 3,900 during the same quarter a year earlier<sup>50</sup>. However, in England, between 1 July and 30 September 2013, local authorities accepted 13,330 households as being owed a main homelessness duty. This is a 4 per cent decrease compared to the same quarter last year. Statistics produced by Caritas

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<sup>44</sup> Source: Polish Central Statistical Office

<sup>45</sup> SPC (2012) *Social Europe Current challenges and the way forward: Annual Report of the Social Protection Committee*, available at <http://ec.europa.eu/social/main.jsp?catId=738&langId=fr&pubId=7405>

<sup>46</sup> FEANTSA (2012) *On the Way Home? FEANTSA Monitoring Report on Homelessness and Homeless Policies in Europe*, available at: <http://www.feantsa.org/spip.php?article854&lang=en>

<sup>47</sup> Federal Ministry of Labour, Consumer Affairs and Social Protection *Social Report 2011 - 2012: Analysis Section* (translated into English), available at: [http://www.bmask.gv.at/site/Soziales/Allgemeine\\_Sozialpolitik/Sozialberichte/Sozialbericht\\_2011\\_2012](http://www.bmask.gv.at/site/Soziales/Allgemeine_Sozialpolitik/Sozialberichte/Sozialbericht_2011_2012)

<sup>48</sup> Benjaminsen, L. & Lauritzen, H. (2013), *Hjemløshed i Danmark 2013*. National kortlægning. [Homelessness in Denmark 2013. National mapping], Copenhagen, SFI.

<sup>49</sup> Insee (2013) *L'hébergement des sans-domicile en 2012 Des modes d'hébergement différents selon les situations familiales*, available at: <http://www.insee.fr/fr/ffc/ipweb/ip1455/ip1455.pdf>

<sup>50</sup> Department for Communities and Local Government, *Statutory homelessness: July to September 2013 England*, Ref: ISBN 9781409840893, available at: <https://www.gov.uk/government/publications/statutory-homelessness-in-england-july-to-september-2013>

Spain show that the number of homeless people using their services increased by 24% in the period between 2007 and 2011<sup>51</sup>. According to the Spanish National Statistics Institute (INE) spending in centres which work with homeless people rose by 39% in the period 2006-2012<sup>52</sup>. Besides, another survey from INE shows that centres for homeless persons received 22,930 homeless persons in 2012. This compared to 21,900 homeless persons in 2005, representing an increase of 4.8%. In LV, the number of clients in municipal shelters increased between 2009 and 2011, and then reduced in the last year (between 2011 and 2012). In 2012, the number of clients in municipal shelters was a 65.8% higher than in 2009. In LT, the total number of occupiers of shelters for homeless has increased by 16% between 2009 and 2011. In EE, lack of proper housing was the main reason for using shelter service for 38% of its users in 2012, 8pp higher than the percentage of users reporting lack of proper housing as their main reason to use such services in 2008<sup>53</sup>. In FI, the number of homeless families has increased in the 2008-2012 period, so that in 2012 there were 49.2% more homeless families than in 2008. At the same time, the number of homeless individuals living outdoors, in overnight shelters, temporary accommodation or in institutions has decreased, so in 2012 there were 35% less individuals in this situation, compared to their number 2008<sup>54</sup>. In 2011, a 0.4% of the population in CY lived in either improvised housing units or other housing units not built for habitation purposes<sup>55</sup>. In NL, a total of 17,500 homeless people were estimated at the reference date of 1 January 2009 by the Dutch Central Bureau of Statistics. In RO, a total of 2,429 persons in 2012 were assisted in day or night shelters, either public or managed by NGOs.

The particularly dramatic social impact of the crisis in some countries, such as EL, means that levels of homelessness have risen very dramatically. Service providers estimate that Greece's homeless population rose by 25% between 2009 and 2011 when it reached 20,000<sup>56</sup>. The large number of households threatened by foreclosure or eviction means that the proportion of the population at risk of homelessness has increased. It is estimated that approximately 300.000 families risk to lose their homes if the moratorium on repossessions will be lifted next year.

Increasing homelessness amongst young people is emerging as a cause for concern in several Member States. For example, in DK, there has been an increase in youth homelessness of 80% or from 633 persons in 2009 to 1,138 persons in 2013<sup>57</sup>. Similarly, there is a trend of increased

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<sup>51</sup> Caritas Española (2012) "Acompañando...nos". Mirada, acción y propuestas de Cáritas con personas que están sin hogar.

<sup>52</sup> INE (2013), Survey on Homeless Persons Results preview. Year 2012, available at: [http://www.ine.es/en/prensa/np761\\_en.pdf](http://www.ine.es/en/prensa/np761_en.pdf)

<sup>53</sup> Source: Ministry of Social Affairs

<sup>54</sup> Source: Housing Finance and Development Centre of Finland

<sup>55</sup> Source: Population Census 2011, CYSTAT

<sup>56</sup> FEANTSA (2012) *Op Cit.*

<sup>57</sup> Benjaminsen, L. & Lauritzen, H. (2013), Hjemløshed i Danmark 2013. National kortlægning. [Homelessness in Denmark 2013. National mapping], Copenhagen, SFI.

homelessness amongst families in various Member States. According to INSEE, 25% of homeless people in France are accompanied by children<sup>58</sup>. The SPC highlighted in 2012 that integrated strategies to tackle homelessness, whilst lacking in many instances, had been developed by a growing number of MS and regions. This trend seems to continue. Several new strategies have been announced (e.g. LU, CZ). Some national/regional strategies have achieved impressive results in reducing homelessness (e.g. Scotland, Netherlands, Finland (long-term homelessness)) Robust homelessness strategies may also have helped to limit increases in homelessness due to structural factors (e.g. Ireland, Denmark (where those municipalities implementing the national strategy experienced much lower increases than others). Full implementation, monitoring and the allocation of adequate resources are required for integrated homeless strategies to succeed. Some of the strategies which have been announced in recent years have yet to be implemented and therefore are unable to support progress.

**Among the factors influencing access to house property are credit availability and price levels. During the last years, trends in housing credit seem to vary between countries.** In some countries (HU, CY, PT, FR, HR), availability of housing credit has decreased. For example, in HU, both the number of permitted housing credits (contracts) and its volume (in HUF) decreased dramatically between 2008 and 2009, by 61.5% and 66.1% respectively. In 2012, the number of permitted housing credits was a further 3.6% lower than in 2009, and the volume of housing credits was 35.8% lower than in 2009. Moreover, the share of credits with state subsidy decreased from a 25.1% of the total number of permitted housing credits in 2009 to a 34.4% in 2012. In CY, bank loans to households for house purchase rose annually in the Q1 2008-Q4 2012 period, and then started to reduce as from Q1 2013. In Q3 2013 they were a 3.9% lower than in the previous one-year period.<sup>59</sup> According to the latest CBC Bank Lending Survey (July 2013), banks have tightened credit standards concerning loans to households for house purchase. In Q3 2013, a 53.4% of total loans to the household sector were housing loans, a share rather stable since Q4 2010. This share rose by 10.5pp since Q1 2008<sup>60</sup>. In PT, the increasing trend in housing credit since 2009 reversed as from 2001. Between Q1 2011 and Q2 2013, the nominal amount of loans granted to private individuals for housing declined by 6.6%. At the same time, the number of private borrowers for housing decreased by 3.8% between Q2 2011 and Q2 2013. In FR, loans for housing decreased between 2011 and 2012 (22.8% less for old housing, and a 17% reduction for new housing). The evolution of the households' rate of property indebtedness slowed down in 2011, increasing by 3.4% with respect to the 2010 indebtedness rate, after having doubled in the 2000-2011 period (it was at 64% of households' disposable income in 2011)<sup>61</sup>. In HR, housing loans dropped slightly at a

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<sup>58</sup> INSEE *Op Cit.*

<sup>59</sup> Source: Central Bank of Cyprus

<sup>60</sup> Source: Central Bank of Cyprus

<sup>61</sup> Source: Insee, Banque de France, from Commissariat général au développement durable (2013), "L'état du logement en 2011"



rate of about 1% a year. An opposite upward trend is observed in EE, where, after almost four years of decline, the volume of new housing loans increased by 16% in 2012, as compared to their volume in 2011.<sup>62</sup> In FI a third of households had a housing loan in 2012<sup>63</sup>. In MT, 22% of dwelling owners had an outstanding loan on their main dwelling in 2011. In PL, 17% of households used their financing for the purchase of a house or apartment in 2013, compared to 14% in 2011<sup>64</sup>.

**As regards price evolution, high price raises in housing were reported in FR and PL** during the last decade. So, in FR, house prices doubled between 2000 and 2008, reduced during year 2008-beginning of 2009, but re-took growth again during 2009 and 2010, reaching the price levels before the start of the decline in 2008<sup>65</sup>. In PL, the average price per square meter increased sharply between year 2005 and year 2007, and continued an upward trend until 2010, when it seemed to stabilise, to start reducing as from 2011. So, average price of one square meter in Q2 2013 was a 12.3% lower its Q1 2010 level, which was, at its turn, 2.3 times the Q1 2005 average price<sup>66</sup>. Real interest rates on loans are also rising, and reached 5% in 2013 Q1, the highest level since 2005<sup>67</sup>. Prices of old sold apartments have also been increasing in FI during the 2009-2013 period, so that in Q2 2013 prices per square meter in the capital region were a 22.8% higher than in Q2 2009, while in other parts of FI they were a 12.8% higher than in Q2 2009. The rents of apartments have also increased in the 2009-2012 period. In the capital region, the rents of new tenancies increased by about 4% per year and elsewhere in FI by about 3% per year<sup>68</sup>. However, in CY, following the high increases in housing prices that were recorded during the previous decade due to the real estate sector bubble, a gradual correction has been in progress since 2009. In particular, the residential property price index has been continuously declining since Q1 2009 (except for a period of a stagnation in the first two quarters of 2010). IN Q3 2013 it had declined at an annual rate of -6.1%. At the same time, interest rates for housing loans remained relatively high, between 5-5.5% in the Q3 2010-Q3 2013 period.<sup>69</sup>

As regards to other indicators of activity in the housing market, in EE, the construction sector started showing signs of recovery in 2011 after a downturn period<sup>70</sup>. The number of transactions in the apartment market increased by 15% in Q2 2013, as compared to the previous year<sup>71</sup>. And while

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<sup>62</sup> Bank of Estonia. (2013). Lending Review. February 2013. <http://www.eestipank.ee/en/publication/lending-review/2013/lending-review-february-2013>

<sup>63</sup> Statistics Finland

<sup>64</sup> Source: Social Diagnosis 2013

<sup>65</sup> Source: indice Insee-Notaires, from Clévenot M (2011) "Les prix immobiliers en France: une évolution singulière".

<sup>66</sup> Source: ZBP (the Polish Bank Association)

<sup>67</sup> Source: National Polish Bank

<sup>68</sup> Source: Statistics Finland

<sup>69</sup> Source: Central Bank of Cyprus

<sup>70</sup> Source: Statistics Estonia. (2012). Economic and Social Overview. Statistical Yearbook of Estonia, 2012. [http://www.stat.ee/publication-download-pdf?publication\\_id=29873](http://www.stat.ee/publication-download-pdf?publication_id=29873)

<sup>71</sup> Source: Bank of Estonia. (2013). Financial Stability Review 2/2013. <http://www.eestipank.ee/en/publication/financial-stability-review/2013/financial-stability-review-22013>

the number of use permits for new residential housing issued in Q2 2013 was at the same level as in 2012, the number of building permits issued in Q2 2013 was 13% higher than in the previous year<sup>72</sup>. In SE, a housing shortage is reported in 126 of the 290 municipalities in Sweden, especially within the rental market<sup>73</sup>.

## Trends in the take-up of selected social benefits

The prolonged crisis has led to an increased dependence upon social transfers in some Member States as long-term unemployment persists and employment growth is still stagnant. The SPC started an ad-hoc collection of administrative data on benefit recipients for different social schemes (unemployment, social assistance, early retirement and disability) in order to get timelier information on the pressure on social protection systems in the context of the economic crisis. In 2013 the SPC continued with this data collection which is very valuable for its timeliness but needs to be assessed with the due caution as it does not offer cross-country comparability due to the diversity of concepts and underlying definitions.

The following sections analyses the major trends registered in the year 2013 comparing to 2012 and the beginning of the crisis – 2008. Detailed country trends on take up of benefit recipients can be found in the country profiles of this report. Similarly to last year and although only indicative, the trends observed illustrate that the **pressure on social security systems is still growing as Member States are implementing fiscal consolidation measures.**

## Mixed trends in the evolution of unemployment benefit recipients

Similarly to what was observed in the previous SPC report (SPC, 2012), also in 2013 there was still a strong pressure on unemployment benefit schemes across the EU as the unemployment situation was not improving. In 2013 a number of Member States recorded a persistent **increase** in the number of unemployment benefit recipients as compared to 2012 (CZ<sup>74</sup>, CY, LT<sup>75</sup>, FI, FR, NL, PT). LV, DK and UK were the Member States who registered persistent decrease in the number of unemployment benefit recipients, which in the case of UK and LV was mirroring slowly the positive developments of the unemployment rate.

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<sup>72</sup> Source: Bank of Estonia. (2013). Financial Stability Review 2/2013. <http://www.eestipank.ee/en/publication/financial-stability-review/2013/financial-stability-review-22013>

<sup>73</sup> Source: National Board of Housing, Building and Planning, 2013 (<http://www.boverket.se/Boende/Analys-av-bostadsmarknaden/Bostadsmarknadsenkaten-2013/Laget-pa-bostadsmarknaden/Vilken-typ-av-bostader-ar-det-brist-pa/>)

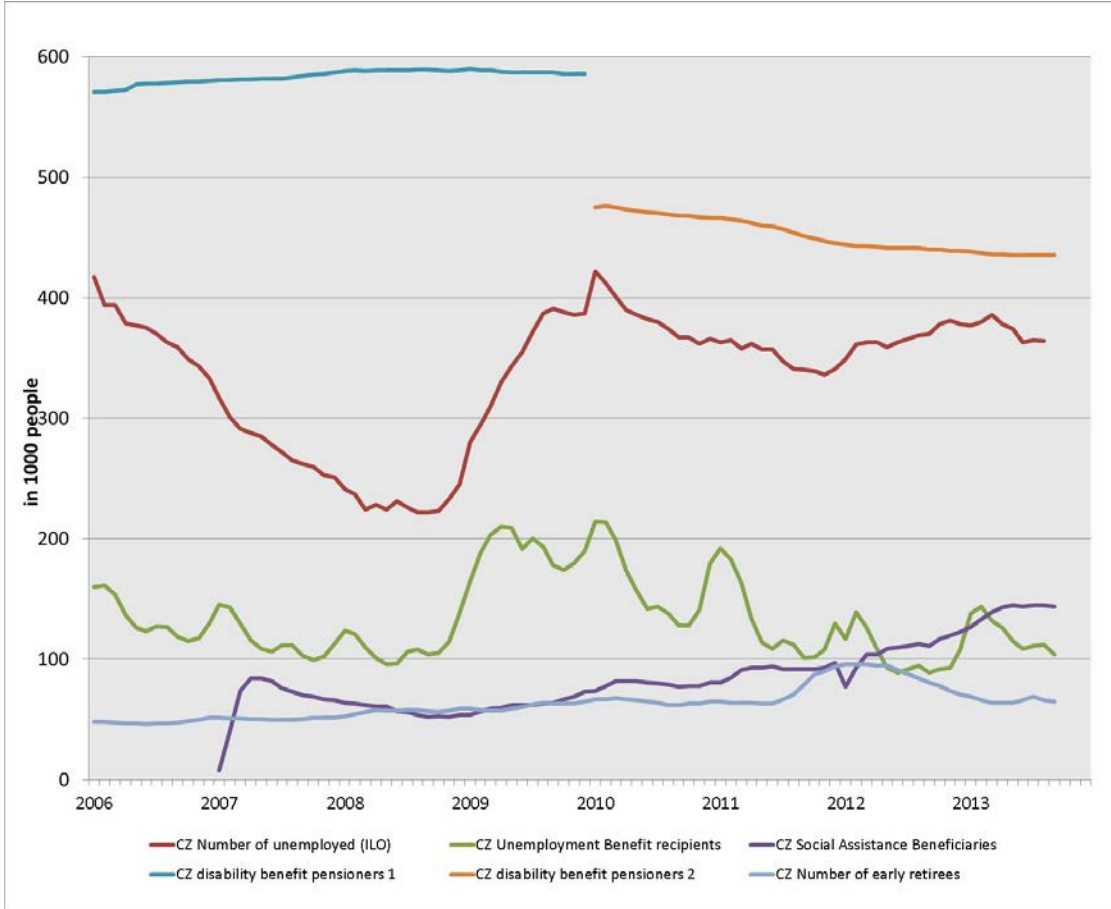
<sup>74</sup> CZ recorded decreasing unemployment in June 2013 comparing to June 2012 (-0,5%) and in August 2013 comparing to August 2012 (-1,1%).

<sup>75</sup> LT recorded decreasing unemployment all through the year 2013 comparing to 2012.

### Countries undergoing a shift towards social assistance schemes

Similarly to last year, in CZ sees decrease in unemployment beneficiaries together with an increase in social assistance recipients. This could suggest there is movement from unemployment benefits to social assistance schemes perhaps because long-term unemployment or shortened lengths of unemployment benefit receipt. This movement increases pressure on social protection systems.

**Figure 36. Evolution of the number of benefit recipients and number of unemployed (in 1000) – the example of CZ**

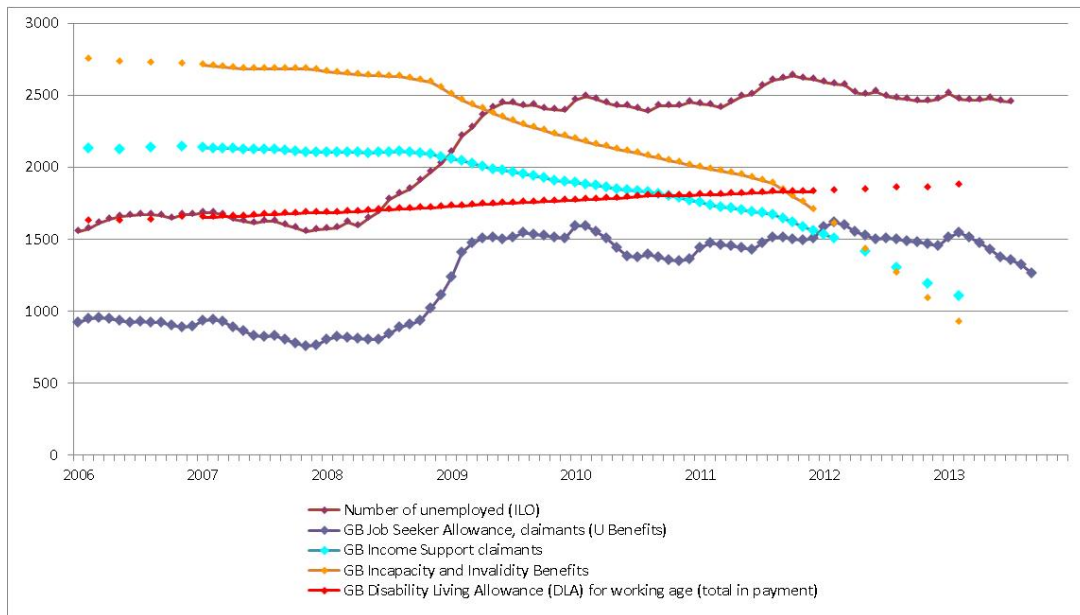


Source: Data on number of unemployed from Eurostat (ILO definition, in 1000 persons, seasonally adjusted); data on number of benefit recipients collected from Member States through the SPC delegates

### Countries with downward trends in both unemployment and social assistance benefit recipients

Overall, five countries reported on decreasing numbers in beneficiaries on both unemployment benefit and social assistance schemes. UK registered a decrease of -22,5% in social assistance and -4,5% in unemployment benefits in January 2013 comparing to January 2012. Spain recorded -1,1% in SA and -5% of BR in August 2013 comparing to August 2012. In September 2013 Ireland registered a decrease of -20,6% in social assistance as well as -8% decrease in number of unemployment benefits comparing to September 2012.

**Figure 37. Evolution of the number of benefit recipients and number of unemployed (in 1000) – the example of the UK**

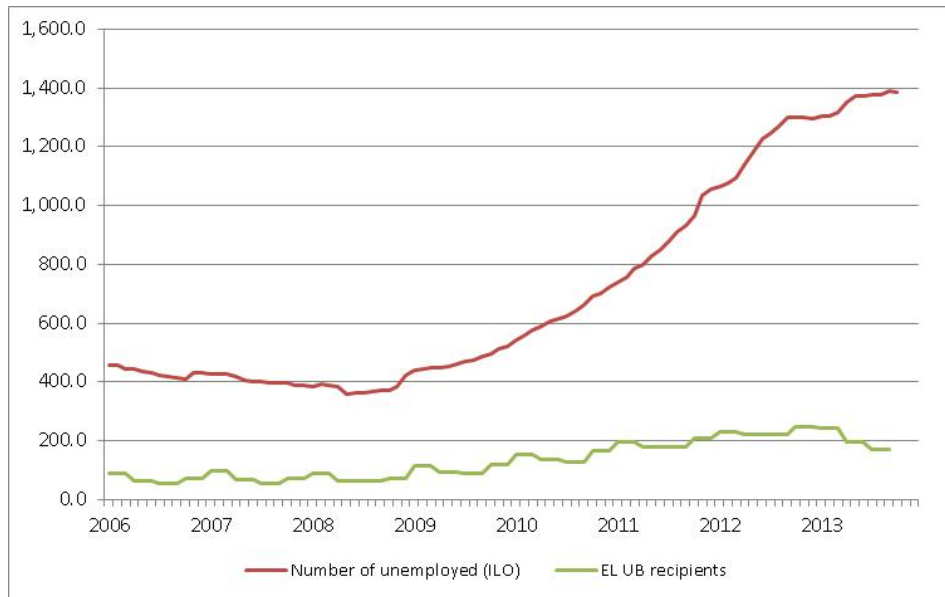


Source: Data on number of unemployed from Eurostat (ILO definition, in 1000 persons, seasonally adjusted); data on number of benefit recipients collected from Member States through the SPC delegates

### Potential gaps in social benefits' coverage in some Member States

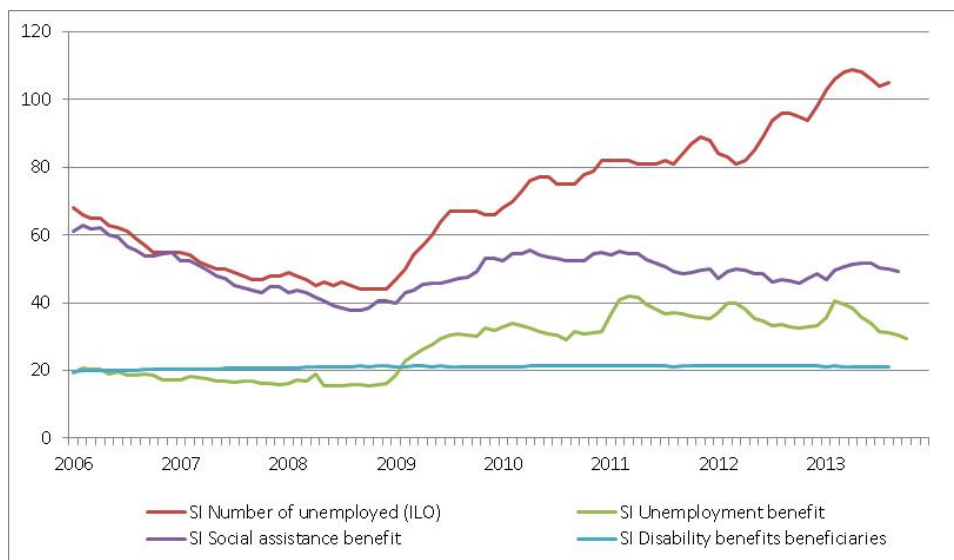
With the deterioration in the employment situation in some Member States and the growing number of unemployed and their longer stay in unemployment, more people are in need of social transfers. In some Member States, the growth in unemployment is not always matched by similar trends in benefit recipients which may lead to a potential lack of social benefits coverage. This continues to be the case in EL, SI, ES, and CY. However, in CY the decrease in take up of public assistance can be to some extent explained by a change in legislation for the creation of a lone parent benefit which are given by another service and as such are not shown in the figures of public assistance.

**Figure 38. Evolution of the number of benefit recipients and number of unemployed (in 1000) – the example of EL**



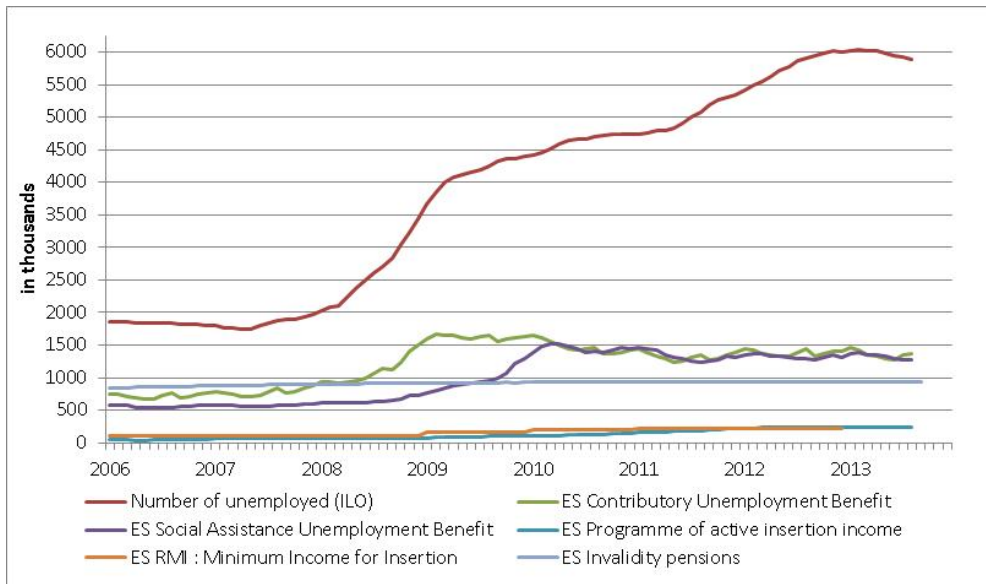
Source: Data on number of unemployed from Eurostat (ILO definition, in 1000 persons, seasonally adjusted); data on number of benefit recipients collected from Member States through the SPC delegates

**Figure 39. Evolution of the number of benefit recipients and number of unemployed (in 1000) – the example of SI**



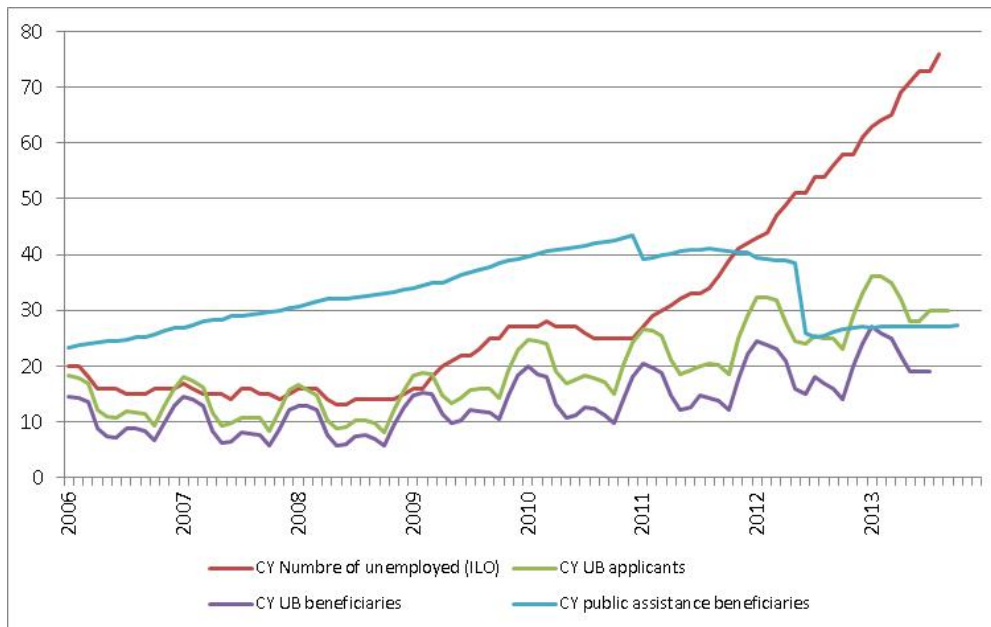
Source: Data on number of unemployed from Eurostat (ILO definition, in 1000 persons, seasonally adjusted); data on number of benefit recipients collected from Member States through the SPC delegates

**Figure 40. Evolution of the number of benefit recipients and number of unemployed (in 1000) – the example of ES**



Source: Data on number of unemployed from Eurostat (ILO definition, in 1000 persons, seasonally adjusted); data on number of benefit recipients collected from Member States through the SPC delegates

**Figure 41. Evolution of the number of benefit recipients and number of unemployed (in 1000) – the example of CY**



Source: Data on number of unemployed from Eurostat (ILO definition, in 1000 persons, seasonally adjusted); data on number of benefit recipients collected from Member States through the SPC delegates

## II. Examining the 2012 social trends to watch

The first edition of the Social Protection Performance Monitor (SPPM) identified four main trends to watch for 2012 – increase in the overall poverty and social exclusion rate, widespread increase of the number of working poor in Europe, alarming increase in child poverty and social exclusion and the rising poverty risk for (quasi-) jobless households (SPC, 2012). The SPC undertook in-depth thematic reviews on the situation and policy measures tackling the working poor, child poverty and social exclusion and the poverty risk of the (quasi-) jobless households in the second half of 2013. The following thematic sections give a summary of these reviews and provide some key conclusions in terms of the effectiveness of policy measures in addressing these challenges.

### Key messages from the thematic in-depth reviews

- **Individual characteristics:** Poverty at working age is more strongly correlated with work intensity at household level than with the individual labour market status.
- In-work poverty is negatively correlated with **education levels for the employed:** the higher the level of qualification obtained, the lower the incidence of in-work poverty.
- In addition to its impact on the risk of poverty and social exclusion of the working-age population, the **educational attainment level** is a significant factor influencing the activity status. Thus, the inactivity rate among working-age people with low educational attainment is significantly higher than that of high-skilled persons.
- The high incidence of **temporary and part-time work** among the low-skilled considerably impacts on their risk of poverty and social exclusion.
- Another persistent challenge to labour and social inclusion is represented by the **gender gap** in labour market participation, pay and the risk of poverty. Women still work shorter hours and have lower hourly pay and less career opportunities, which ultimately contributes to the poverty risk of households with low work intensity.
- **Household composition:** The poverty risk of household joblessness can differ between households that contain only one adult and households that contain more people, especially dependent children.
- **Institutional factors:** Tax and benefits systems, particularly in countries with extensive means-testing of social benefits based on household income, impact on the poverty risks

of (quasi-) jobless households by creating disincentives for work that lead to dependency traps.

- Significant shares of unemployed people are not covered by standard safety nets, such as unemployment benefits or social assistance.
- A gradual reduction of unemployment is unlikely to be enough to reverse the increasing trend in poverty levels, especially if wage polarisation and labour market segmentation continue to pose challenges.
- Low **wages** have an impact on in-work poverty because they affect individual and household income. However, the relationship between upward labour market transitions and exits from poverty is not straightforward: even significant wage increases are sometimes not enough to escape poverty.
- The key factors influencing low-work intensity are the limited availability and affordability of child care and the lack of access to flexible working arrangements.
- The balance between **cash and in-kind benefits** does not have a clear effect on poverty reduction. The design of the social protection systems and the level of expenditure have a greater impact on the adequacy and effectiveness of cash and in-kind benefits for stimulating work intensity to the level required to escape poverty and social exclusion. For instance, systems that provide generous family allowances but relatively weak child care services may be more successful in alleviating poverty among one-earner households but they discourage the labour market participation of second earners. In systems where both child care provision (in-kind benefits) and family allowances (cash benefits) are weak, children face higher risks of poverty.
- **Policies** addressing in-work poverty cannot be clearly separated from policies aiming to combat poverty and social exclusion more widely.
- Three broad groups of **policy instruments** to fight poverty and social exclusion in general can be identified: **supporting wages and income**, stimulating the **labour market participation** of groups at risk of poverty, providing **access to enabling services**.
- Efficient and effective income support schemes and well-targeted social expenditure, including for households whose members do have a job, are needed in order to allow more people to escape poverty and social exclusion. These comprise **fiscal measures**, such as in-work benefits or tax credits paid to those with earnings below a certain level; **labour market policies**, such as minimum wages, wage policies in general, unemployment benefits, unemployment assistance and start-up benefits; **family policies**; or a combination of all of these measures.



- An integrated approach as taken by most of the presenting countries is needed, encompassing policies to increase employment among all categories of working-age people, stimulate flexible working conditions, ensure minimum income schemes, invest in human resources development and provide employment-friendly, accessible and affordable child care.

# 1. The working poor in Europe

## 1.1 Introduction

One of the most tangible impacts of the crisis has been the increase in unemployment and the long-term labour market exclusion of millions of Europeans. However, the crisis has also had an impact on people in work. 12 Member States (MS) had registered statistically significant increases in the number of the working poor in the period 2010-2011. The working poor are defined as individuals who are classified as employed (i.e. being in work for over half of the year) and who are at risk of poverty, i.e. live with an equivalised disposable income below 60% of the national median equivalised disposable income<sup>76</sup>.

Job creation has been at the heart of the Lisbon Strategy and the follow-up of the European Employment strategy, with 20 million additional jobs being created before the current crisis. Analysis has pointed out the need to assess the quality of these jobs and the need to strengthen the links between jobs creation policies and those intended to reduce poverty. This has been taken up strongly and at the highest political level in the context of the Europe 2020 strategy with the headline objectives of increasing employment while reducing the number of people living in poverty or social exclusion.

The Social Investment package<sup>77</sup> adopted by the Commission in February 2013 has most recently emphasized the need for well-targeted, comprehensive and enabling active inclusion strategies which include both income support and access to services. The investment approach can be used in containing the rise of the working poor by placing the right emphasis on the prevention dimension.

## 1.2. Why is in-work poverty relevant?

The EU sees very divergent trends in the working poor with some 8 countries which register levels below 6%, representing a rather heterogeneous group – FI, BE, CZ, NL, IE, HU, DK and MT, while on the other side of the spectrum we have countries like LU, PL, IT, ES, EL with rates above 10% and RO which has the absolute highest level in the EU of 18.9%<sup>78</sup>. (Figure 42) This to a certain extent already gives the intuition of the complexity behind the phenomenon of the working poor

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<sup>76</sup> [The in-work poverty rate is an individual measure but based on household income, and heavily dependent on household composition and household work intensity. The changes over time should be additionally interpreted in relation to changes in the poverty threshold.](#)

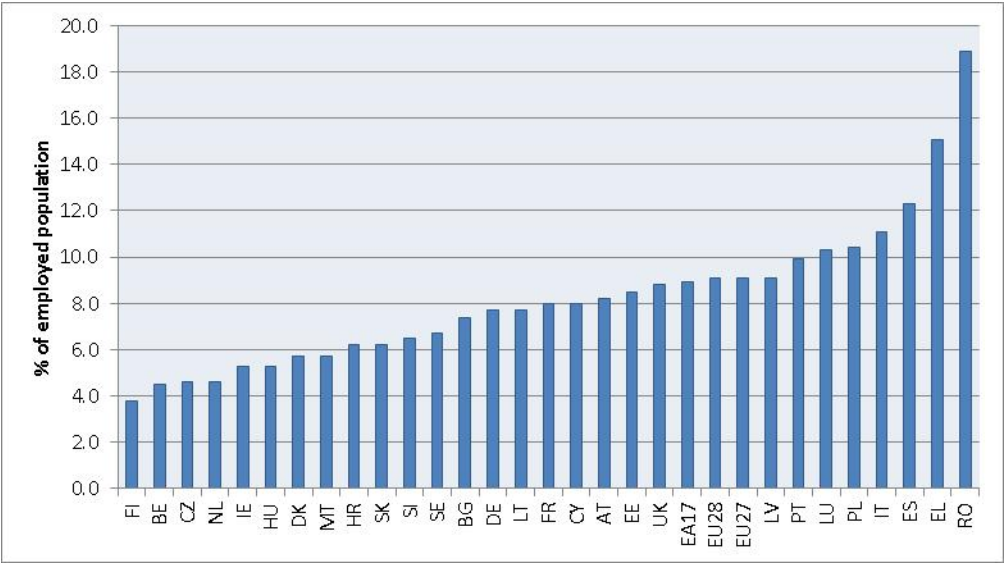
<sup>77</sup> <http://ec.europa.eu/social/main.jsp?langId=en&catId=1044&newsId=1807&furtherNews=yes>

<sup>78</sup> It is important to highlight that the employed population distinguishes between employees and self-employed. In the case of RO, for example, the majority of in-work poor are to be found among the self-employed while the in-work poverty risk for the employees is around the EU average. This points out to the complexity of the interpretation of the indicator and to the need to analyse in-depth what stands behind the overall figures.

which cannot be easily associated with some usual distinction in performance levels, both in relation to employment as well as to poverty and social exclusion. Overall, 9.1% of the EU population at work lives below the poverty threshold in 2012.

In most countries, policies addressing the working poor cannot be clearly separated from policies aiming to combat poverty and social exclusion, including those related to the respective social welfare systems. The complexity of the phenomenon of the working poor sees, in fact, the interrelation between labour market and social protection policies which interact at both the individual and household level.

**Figure 42. In-work at-risk-of-poverty rate in the EU, 2012**



Source: Eurostat (EU-SILC)

Notes: i) 2011 data for IE, ii) provisional data for BE.

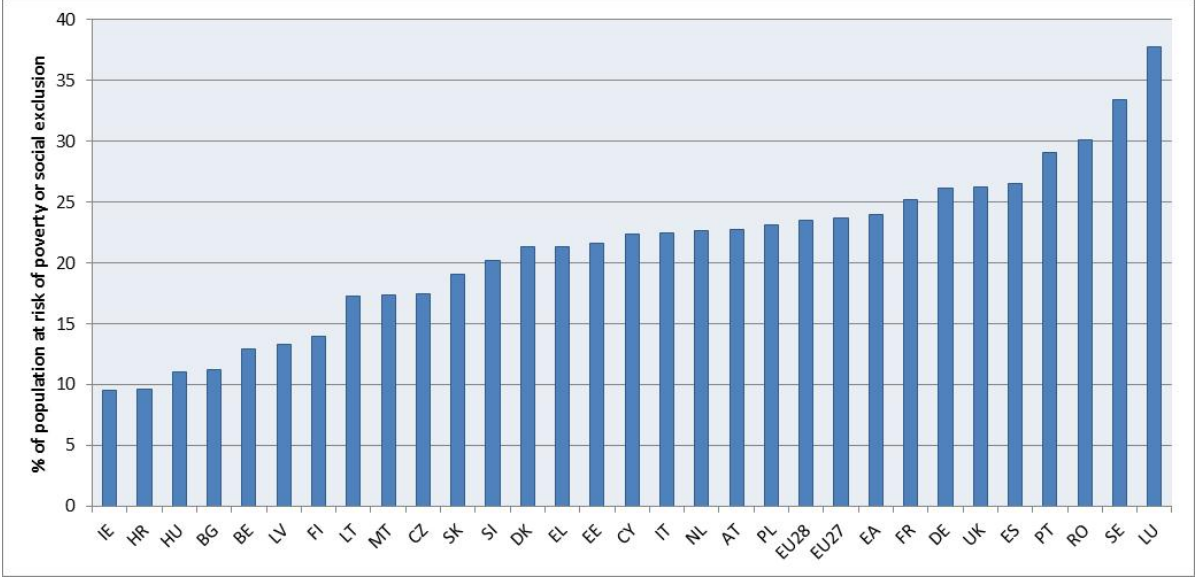
In fact, even in the period of employment growth in the years before the crisis, the share of working poor has remained rather stable suggesting that creating jobs is not enough and more refined and targeted policies are necessary. The crisis has put this problem at a new level and more so in some Member States.(see Section 1 of the report for most recent evolutions).<sup>79</sup>

The share of the working poor in the overall population at risk of poverty or social exclusion varies greatly and has significant implications for the achievement of the Europe 2020 headline target – from less than 10% in IE and HR, to between 10-15% in HU, BG, BE, LV and FI to above 30% in RO, SE and LU where the working poor account for 37.7% of the population at risk of poverty or social exclusion. This suggests that in many countries dealing with poverty and making any real progress

<sup>79</sup> Two important caveats need to be taken into account when reading these figures: i) all changes need to be looked together with the change in the poverty threshold as general deterioration of the income situation can result in a decrease in the poverty threshold and consequent possible decreases in the poverty risk; ii)for the at-risk-of poverty rate, the income reference year is the calendar year prior to the survey year (i.e. 2011 for 2012 figures) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey).

on the agenda on reducing poverty and social exclusion needs to go hand in hand with addressing the problems of the working poor.

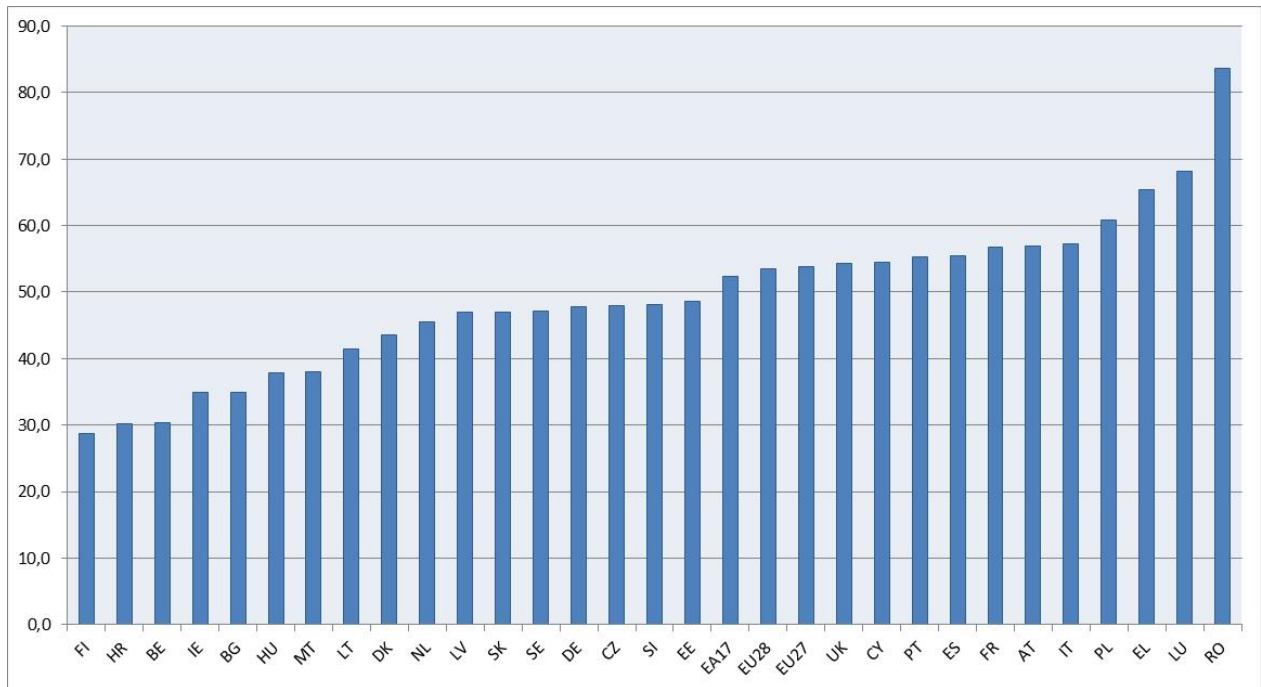
**Figure 43. Share of working poor in the population at risk of poverty or social exclusion, 2011**



Source: Eurostat (EU-SILC)

The in-work poverty risk tends to vary in a similar pattern with the overall risk of poverty. However, a large variability arises between the two rates, which can be explained by a mix of factors, such as the incidence of poverty risk in each economic activity status group of the population and their proportion of the total population. Above all, the in-work poverty depends on the household composition and employment status and income of all household members. In particular it depends on the extent to which people in employment with low earnings share households with others in work, who might earn more and therefore effectively share their income as well – as opposed to living alone. FI, HR and BE have very low share of working poor among their population at risk of poverty (close to 30%) while on the other end of the spectrum is RO where most of the people (83%) at risk of poverty are working poor but also LU (68.2%), EL (65.4%) and PL (60.8%) (Figure 44).

**Figure 44. In-work at-risk-of-poverty as a share of the at-risk-of-poverty rate, 2012**



Source: Eurostat (EU-SILC); Note: 2011 data for IE.

### 1.3 What are the factors influencing in-work poverty?

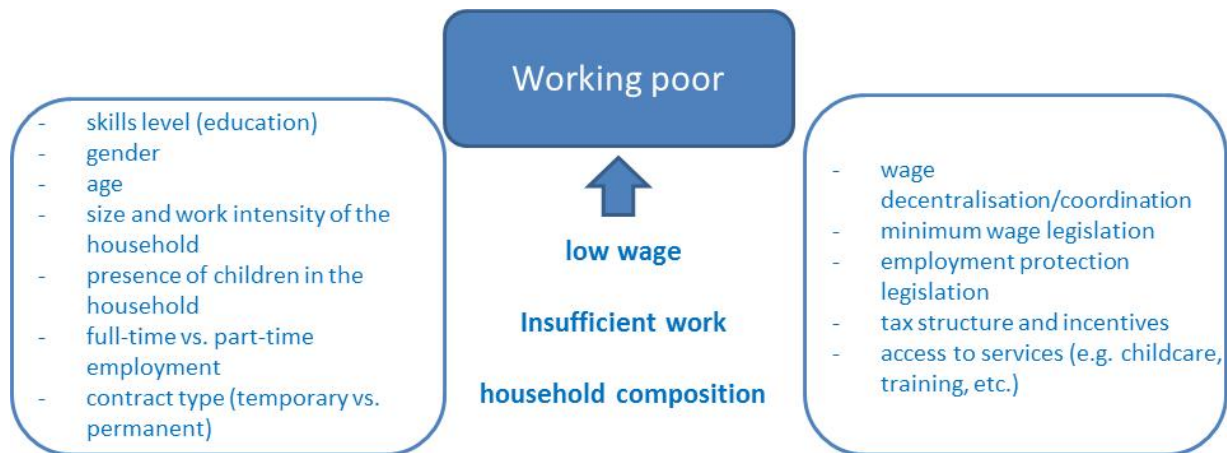
As highlighted by academic and institutional research (most recently European Commission (2011), Eurofound (2010), Marx and Nolan (2012), Frazer and Marlier (2010)), the roots of in-work poverty are to be found in the interaction of a variety of factors at individual and household level.

The main factors can be grouped under four categories with different implications in terms of actions for social protection and labour market policies:

- i) **individual** characteristics (low education/skills, gender, age);
- ii) **household** composition, household work intensity
- iii) **institutional factors** (i.e. duration and type of contract, minimum wage, tax incentives, access to services such as childcare, social protection);
- iv) **structure of economy/labour market.**

The following chart offers a summary of the main elements in understanding the phenomenon of the working poor.

**Figure 45. Factors influencing in-work poverty**



### Individual characteristics

**Gender - working women are generally less likely to face poverty risk than men due to the household effect**

Although women face a higher poverty risk, statistics show that, if they are in work, they are on average across the EU less likely than men to live in households with income below the poverty line. Indeed, in 2011 the in-work poverty risk was lower for women (8.3%) than for men (9.4%) for the EU27. In the majority of MS (18) men are more often working poor than women, with the highest gender difference observed in Romania (4.9pp) and MT (4.4pp). In only 5 countries (CZ, DE, EE, CY, LU) the poverty risk is higher for working women. Yet, single mothers and single women are particularly at risk of in-work poverty compared to others.

**Age and experience matter – working young people are more at risk of poverty**

Overall in the EU28, younger workers (18-24) face the highest risk of in-work poverty (12.2%), followed by workers aged 25–54 years (8%) and older workers (7.7%). This can be explained by the fact that young people often start their careers with low-paid jobs - more precarious jobs (temporary, part-time, training).. However, some differences arise among the Member States. The EU pattern of young workers facing the highest risk of in-work poverty is evident in 15 MS based on 2011 data: BE, BG, DK, DE, EE, IE, FR, HR, IT, CY, LU, NL, RO, SE, FI. While Scandinavian countries register very high rate of poverty risk for working young people (e.g. 27% in DK and 16% in SE), young people there establish their own households and start living independently much earlier and are often combining work and studies. In Southern Europe, on the other hand, young people leave their parental home much later (Becker et al. 2010), which results in them benefiting from the overall household income levels and resulting at much lower risk. Moreover, high (or rising) labour market insecurity is likely to affect household formation and fertility decisions.

On the other hand, in as many as five Member States – EI, IE, LT, PT, ES – older workers face a higher in-work poverty risk than young workers. Becker et al. (2010) find that after considering

many other factors, higher youth job insecurity is associated with higher co-residence rates with parents.

## Education and the associated skills level have a significant influence on in-work poverty

Education is an important driver of personal and societal growth. Returns to education are positive, and usually quite important, in all Member States. In-work poverty is negatively correlated with education levels for the employed: the higher the level of qualification obtained, the lower the incidence of in-work poverty. However, the 'returns to education' in terms of the effect of education on poverty reduction is quite different across countries. In BG, EL, PL, and RO - and to some extent in LV, LT, LU, and HU - education markedly reduces the odds of experiencing in-work poverty. Low-skilled people are generally experiencing higher inactivity and unemployment rates than higher skilled. In countries like DK, SE, FI, and NL, that have safety nets that cover all people regardless of their former attachment to the labour market, low-skilled individuals are at a lesser risk of in-work poverty. People with low educational attainment generally have an employment rate significantly lower than that of high-skilled persons, mainly due to high inactivity, even among the adult population aged 25-64. Lack of opportunities to obtain a permanent or full-time job is a significantly greater reason for the high incidence of temporary and part-time work among the low-skilled, which is higher than for other skill groups. Data from the LFS show that 13.5 % of low-skilled employees hold a temporary contract and almost 80 % of them cannot find a permanent job, while one in five low-skilled employees work part-time, including a third who want, but cannot find, a full-time job. (European Commission, 2011)

## Household characteristics

### Household composition – the number of dependents in a household is decisive for in-work poverty

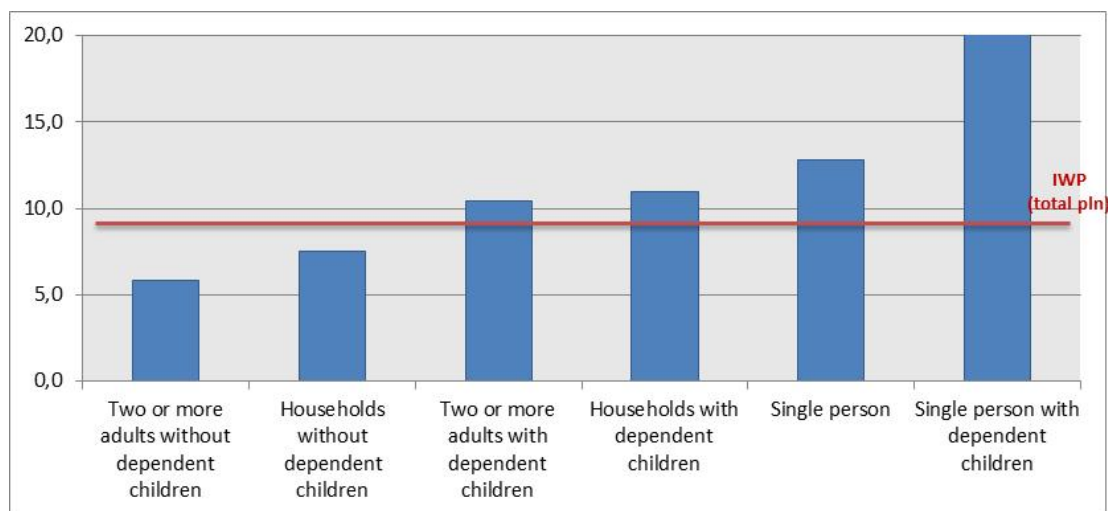
Household composition is one of the main factors influencing poverty risk in general and the working poor in particular<sup>80</sup>. As poverty is measured at the household level, a working adult can live in a poor household despite significant earnings and working hours. This is most often the case when there are not enough adults working in the households or a large number of children compared to the number of earners. For this reason, single-parent households and single households in which the breadwinner is not working full-time, as well as single-earner families face the highest risk of in-work poverty. However, there are still notable differences in the EU both due to the importance of the family structure as well as the ability of social protection systems to provide an adequate support. Family composition is, in fact, very important in Southern Europe (IT, ES, MT), where female employment rate are low and family support (e.g. child benefits, services,

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<sup>80</sup>And adds to the complexity of the interpretation of poverty rates by individual characteristics

etc.) is weak, while is very little so in Nordic countries (SE, DI, DK and DE) where family allowances and services are stronger.

**Figure 46. In-work poverty rate by type of household, EU28, 2012, in %**



Source: Eurostat (EU-SILC)

Figure 46 shows that the households without children are the ones which are less at risk (around 7%). The presence of children increases the risk to 11% with this figure being double for single parents (20.2%). These patterns broadly apply to all MS, with some variations in the relative situation of specific households, notably single persons households (European Commission, 2011).

The countries where the difference between working poor living in households with dependent children and without is largest are RO (9.8pp), MT (7.4pp), ES (7.2pp), EL (7pp), IT (6.7pp), LU (6.5pp) in 2012. This is also related to the division of care work between partners. Low support to care implies lower probability for women to be in employment and therefore lower family income and higher risk of poverty. On the other hand, countries where consistently individuals living in households with dependent children face a lesser risk of poverty than the ones without children are only two - DK and CY.

In most Member States, **very high work intensity can reduce the risk of poverty affecting children**. This, however, is not the case for BG, EE, LT, PL, and PT. This may be due to low levels of **child benefit and wages**. In ES and IT, for example, only high work intensity seems to alleviate the risk of poverty, mainly because of higher wages and largely due to lack of family support. (European Commission, 2011) In general, **two key factors influencing low work intensity are the limited availability and affordability of child care and the lack of access to flexible working arrangements** (Frazer and Marlier, 2010).

*How has the crisis affected the in-work poverty trends by household type?*

Some countries have seen strong increase in the poverty risk of working people living in certain type of households – notably, single persons (DK, FR, IT, DI), single parents (DE, RO, LV), and



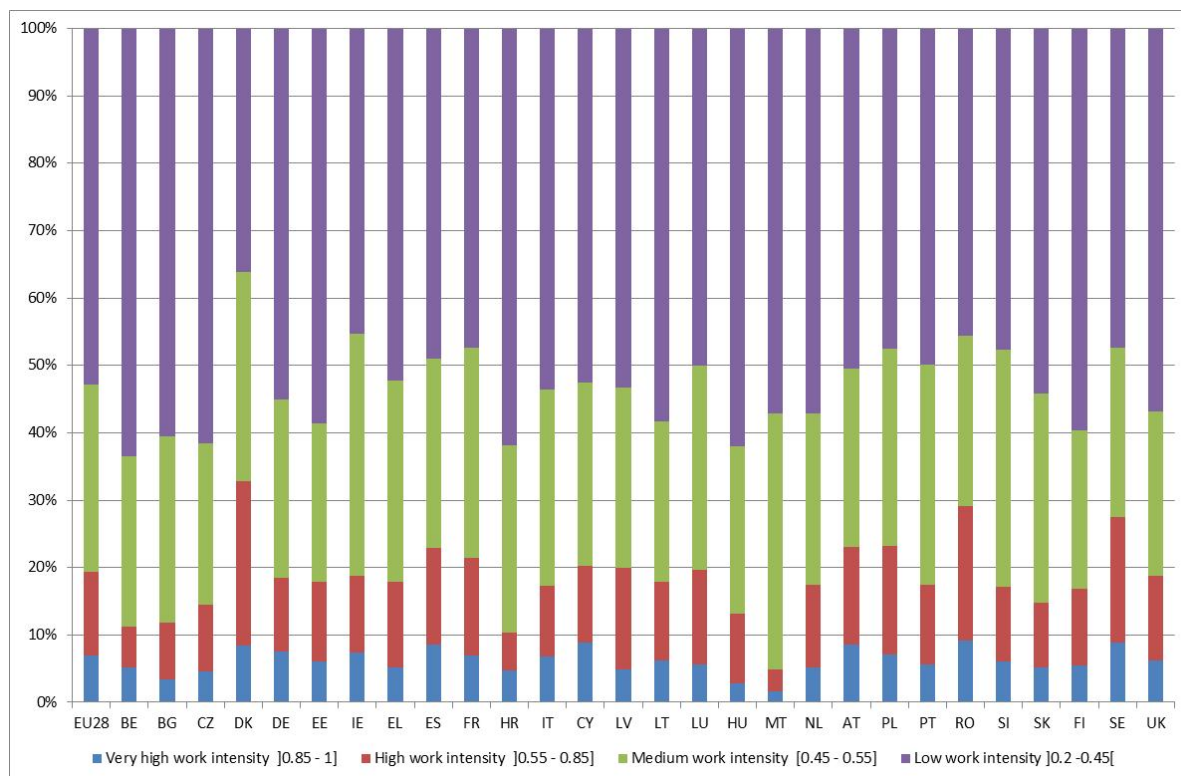
households with dependent children (IT and RO). FI is the only country with stable tendency of decreasing the poverty risk of the working population across all household types. BG, CZ, EE, IE, CY, LT, UK have seen substantial improvement in the situation of single working parents.

### **Insufficient work intensity is a key driver of in-work poverty in all Member States**

**Overall, the more members of a household there are in work, the lower the risk of poverty** (Figure 47). Thus, many of the one-breadwinner family household, in which work intensity is low to medium, are not protected from the risk of poverty. In fact, across the EU, the risk for such households is between 9% (NL) and 57,6% (RO) in 2012.

Evidence shows that when household work intensity increases beyond 20% of the total work potential, the risk of poverty begins to drop significantly (European Commission, 2011). Moving further up the scale of work intensity, the change is more gradual. Very high work intensity in households brings down the risk of poverty among adults significantly – to around 5% in the 80-90% work intensity bracket and to around 4% in the households with work intensity of 90-100% of the total potential.

**Figure 47. The distribution of household work intensity among the working poor (18-64), 2012**



Source: Eurostat (EU-SILC)

Note: data for IE refers to 2011

While it is important to keep in the mind the overall share of the working poor in a country and thus, the overall size of the challenge, Figure 47 shows that MS have different profiles in terms of the challenges they face with the working poor population. Overall improving the work intensity of the household may be the main way of decreasing the working poor but this varies for some countries where even having all household members working fully (high work intensity) or close to high does not take them out of the poverty (e.g. DK, RO SE).

In general, two key factors influencing low work intensity are the limited availability and affordability of child care and the lack of access to flexible working arrangements (Frazer and Marlier, 2010).

### Institutional factors

Previous research suggests that labour market institutions play a key role in explaining the extent of low-wage work as well as the distribution of wages<sup>81</sup>. In particular, institutional features like

<sup>81</sup> Blau and Kahn, 1996; Teulings and Hartog, 1997; Lucifora et al., 2005

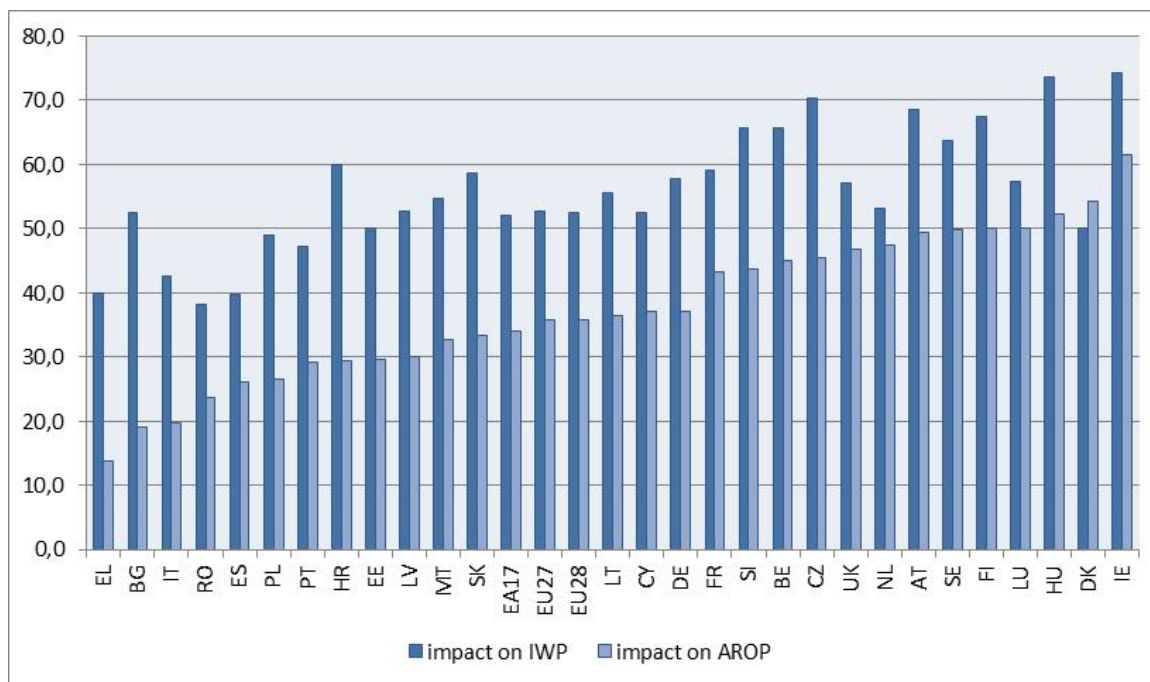
centralized and/or coordinated wage setting are likely to affect the incidence of low wages. Many studies also show an influence of union density on the distribution of wages<sup>82</sup>.

Alongside these, the effectiveness of social protection systems in terms of complementing income through income transfers is a relevant variable to consider. In the figure below, we can see the impact of social transfers on reducing in-work poverty as compared to the reduction in the poverty rate overall. What comes quite clear is that in most countries social transfers have a higher poverty reduction impact for the working poor than for the people at risk of poverty overall. This is mainly due to the fact that the working poor already have some income from wages and any top-ups in terms of social transfers make it easier for them to rise above the poverty threshold. One exception is DK where the impact of reducing the in-work poverty rate is somewhat lower. Another important consideration is the size of the poverty reduction effect. In some countries it is above 60% (SI, BE, CZ, AT, SE, FI) and above 70% in DK and IE. In some countries it is quite similar to the overall impact of social transfers on poverty reduction (IE, LU, NL, UK) while in others the difference is very large (EL, BG, HR). This can be explained by the depth of poverty in these countries which makes the overall poverty reduction to be quite difficult but can also be due to lesser difficulties in targeting working people.

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<sup>82</sup> Freeman, 1993; Di Nardo et al., 1996; Rueda and Pontusson, 2000

**Figure 48. Impact of social transfer on reducing in-work poverty vs. reducing overall at risk of poverty, 2011**



Source: Eurostat (EU-SILC)

## Structure of the labour market

### Part-time and temporary contracts lead to higher poverty risk in the majority of Member States

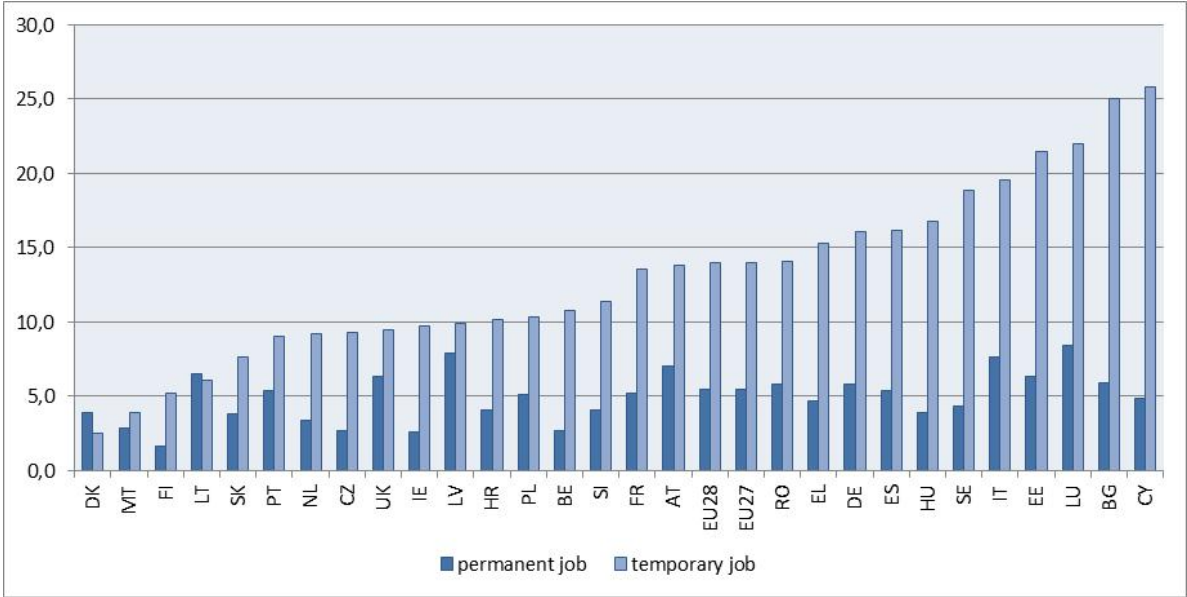
In-work poverty is highest for people working less than a full year, for those in temporary contracts or in part-time employment. Apart from DK, LV, LT, MT, AT, PT and UK, all Member States have in-work poverty rates for those on temporary contracts that are more than double those seen for people with permanent employment (Figure 49). Only in DK and LT is in-work poverty similar for those in permanent and temporary employment. Young people, migrants and those in low-skilled labour are most likely to be on temporary contracts and face a high wage penalty relative to permanent contracts (for instance, in Poland, those on temporary contracts account for up to 26.8 % of total employment, working in jobs with a wage penalty of 27.8 % relative to permanent contracts) (European Commission, 2011). Involuntary part-time work is a growing issue in many countries, such as DE, where wider use of non-standard contracts has increased flexibility on the labour market, but also led to further inequalities among workers<sup>83</sup> Eurostat labour force data shows that for EU28 (annual data) between 2008 and 2012 total employment recorded a net decrease of 5,429 million; this is the combined effect of a dramatic fall

<sup>83</sup> Commission Staff Working Document, Assessment of the 2012 national reform programme and stability programme for Germany, SWD(2012) 305 final.

in full-time and an increase in part-time work. The fall in full-time employment has hit men more severely than women, while the expansion of part-time employment has affected men and women more evenly. The contraction in total employment and the shift towards part-time employment has resulted in a dramatic increase in the share of people in involuntary employment (i.e. working part-time because they could not find a full-time job).

Between 2011 and 2012, the most important changes occurred for people in temporary jobs whose risk of poverty increased substantially (above 6pp) in BG, CZ, EL and RO while it decreased in DK, LV and LT.

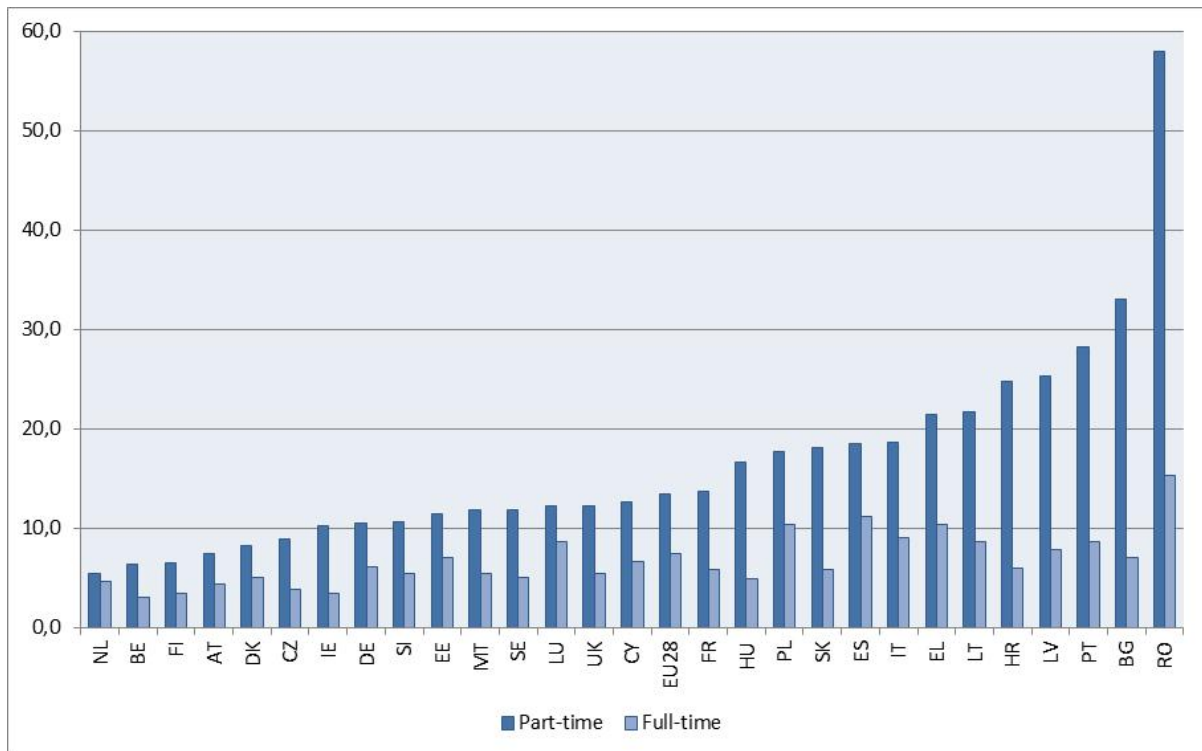
**Figure 49. In-work poverty by type of contract, 2012**



Source: Eurostat (EU-SILC)

Figure 50 shows the relative poverty risk for the employed population in part-time and full-time jobs. Overall part-time jobs are associated with a higher poverty risk but the difference is not very big in countries like NL, BE, FI, AT and DK. A much more important difference is observed in RO, BG, PT, HR, LV with RO having as much as 42pp difference between the poverty risk of the part-time and full-time workers but with a relative low incidence of part-time in overall employment (around 10%). Part-time work is often involuntary, especially for young people. The share of people working part-time has increased significantly since 2008. The shift from full-time to part-time employment has involved a significant increase in involuntary part-time, both among men and women. Particularly noticeable is the increase in female involuntary part-time in the countries more severely hit by the crisis, like IE, ES, EL, BG, CY, IT and LV. In 2012, involuntary part-time among women is higher than 40% in eight countries (BG 66.2%, EL 62.2%, ES 58.2%, IT 54.5%, PT 51.9%, CY 46.8%, LV 42.5%, RO 41.7%)

**Figure 50. In-work poverty by working full-time vs. part-time, 2011**



Source: Eurostat (EU-SILC)

### Low wages are an important driver of in-work poverty across the board

Low wages are an important driver of in-work poverty because they affect individual and subsequently household disposable income. Low wages are also linked to different labour market institutions, as Keese et al. (1998) show, with low wage workers tending to do better in countries with strong union movements. In these countries, the coverage of collective bargaining agreements may extend to workers who might otherwise have very low-wage, low-quality jobs. On the contrary, where unions are strong but cover only certain categories of workers they might contribute to stronger segmentation. An important element to consider is also the role of statutory minimum wage.

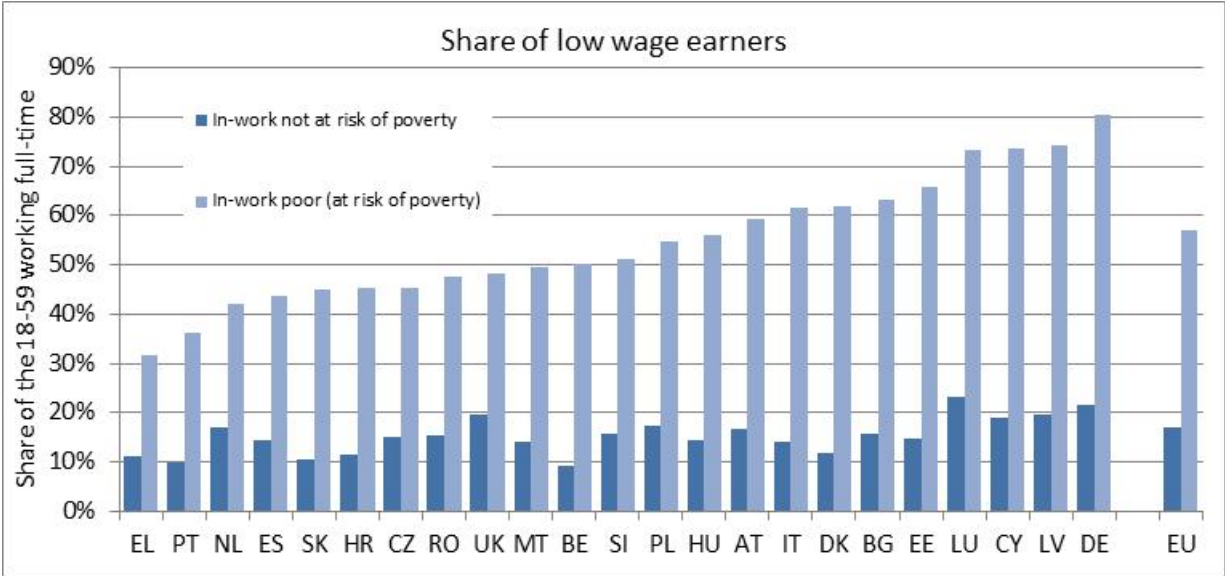
On the other hand, low wage work can represent a first stepping stone towards better paid employment especially among young workers, but as mobility between temporary and permanent contracts in the EU is not very high, it can also become a persistent feature of a person's working life (European Commission, 2011).

Research on the varying extent of low-wage employment suggests that labour market institutions, in particular centralized wage-bargaining, union power and minimum wages, play a key role (Lucifora and Salverda, 2008). The characteristics of the workers most likely to experience low pay are key. Low pay is generally highly concentrated not just in particular sectors of the economy but among particular kinds of workers – with those having low levels of education, those working part-

time, non-nationals, women and young people having rates well above the average. This has fundamental implications for the relationship between low pay and household poverty.

Exploratory analysis by the European Commission (2014) looks at the share of individuals with low wages<sup>84</sup> among those working full time, both working poor and not (Figure 51). It shows that low wage earners are overrepresented among full-time workers<sup>85</sup> at risk of poverty. DE is the Member State with the highest share of low wages among full-time working poor. At the opposite end, EL and PT have the lowest shares of low wage earners among those at risk of poverty and full-time employed.

**Figure 51. Share of low wage earners among full-time workers at-risk-of-poverty or not**



Source: European Commission (2014) – calculations based on EU SILC 2011

**Getting out of in-work poverty: the role of wage transitions**

This section investigates the extent to which ‘weaker’ labour market positions provide steps towards better ones, or whether they trap individuals in precarious jobs. It is based on a new analysis done in the context of the *Employment and Social Developments in Europe 2013* report (European Commission, 2014).

<sup>84</sup> The EU definition of low wage earners relates to those employees earning two thirds or less of the national median gross hourly earnings. Hence, the threshold that determines low-wage earners is relative and specific to each Member State. The main survey used is the European Structure of earnings survey (SES). While there are some difficulties in using EU-SILC to calculate hourly wages due to the reference periods, DG EMPL has produced a rough estimation, sufficiently correlated with official statistics on hourly wage. It has been computed by restricting the population to those who worked full-time over more than 9 months during the previous year, and by applying to them the number of hours worked a week declared at the time of the interview. (Employment and Social Developments in Europe, 2013)

<sup>85</sup> The reference population is full time workers having worked at least 9 months over the reference period

For those in work but poor, exits from poverty may be achieved by increasing working hours, moving from a temporary job to a permanent position, increasing wages (not related to one of the previous cases) at the individual level, or through an increase in the number of adults working in the household. But they can also be achieved by stronger and more efficient income support (through cash transfers, tax benefits/credits) or improved availability of services (e.g. child care, long-term care). The following section analyses the exits related to the labour market.

In EU-SILC, the labour market transitions can be captured through the following changes: moving from a temporary contract to a permanent contract, moving from a part time job to a full time job, wage transitions, either measured as individuals moving to a higher estimated hourly wage decile or from a low-wage job to a non-low wage job.

The frequency of labour market transitions varies by type. At EU level, some 20% of the in-work poor experienced at least one of the labour market transitions listed above in a given year. The types of transition are indicated below:

- The **most frequent transition involves changes in the wage decile** (14% of those in-work poor).
- The **least frequent concerns a transition from part time to full time job** (achieved by only 5% of part-time workers at risk of poverty).

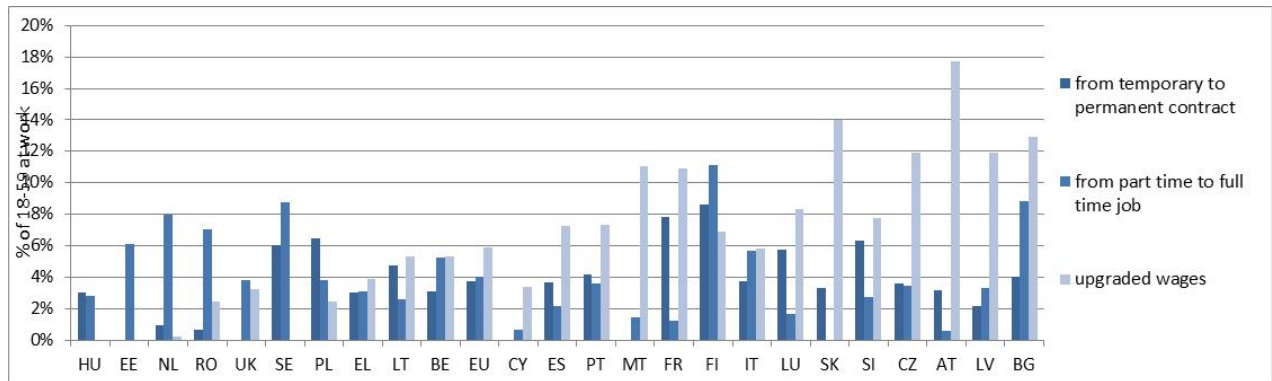
The likelihood of each type of transition occurring also varies across countries (Figure 52) with the **highest rates of transitions among the in-work poor found in AT, BG and SI**. Among the in-work poor employed on a temporary contract, the largest transitions to permanent jobs occurred in SI and in FI, where more than 20% of temporary workers moved to permanent jobs.

Transitions from part-time to full time were also more frequent in FI (16% of part-time workers), in SE and the NL (10%). This share was also high in BG, RO and EE, where 8% of part-time workers moved to full-time work.

The transitions from low paid jobs to better paid jobs were high in AT, BG, SK, LV and CZ. They were much rarer in the NL and RO.. Lastly, transitions to a higher wage decile - the most frequent transition - occurred more often among the in-work poor in AT, BG, SI, LV, and CZ.



**Figure 52. Share of individuals at risk of poverty experiencing one of the labour market transitions**



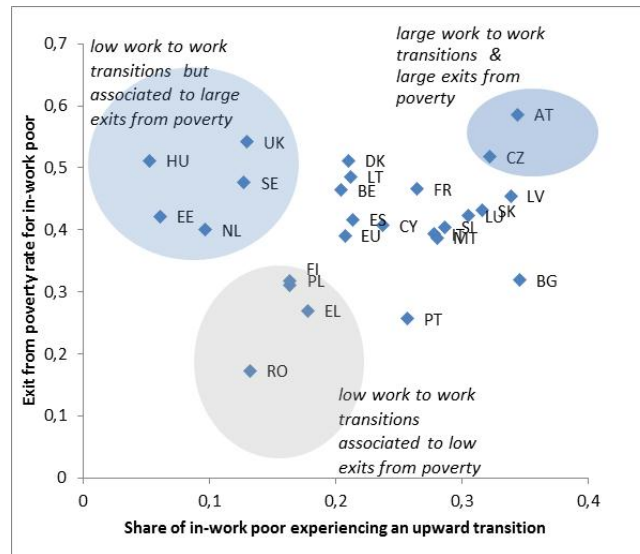
Source: European Commission (2014) - calculations based on EU SILC 2010 longitudinal data

Note: MS are ordered by increasing share of in-work poor experiencing any transitions

### Even significant wage increases are sometimes not enough to escape poverty

Analysis done by the European Commission (2012) even upward labour market transitions for the in-work poor do not necessarily translate into exits from poverty. At EU level, the average experience of making one transition (from, say, temporary to permanent contract, or part time to full time work) occurred in the case of 24% of those who were in-work poor between 2008 and 2009. However, only half of these escaped poverty during this period. Figure 53 shows the incidence of labour market transitions among the in-work poor and related exits from poverty for Member States. It shows no single or simple relationship between upward labour market transitions and exits from poverty. In Member States such as AT, a high level of transitions is associated with exits from poverty. In BG, on the other hand, the number of transitions among the in-work poor is high, but they do not translate into exits from poverty. In Member States such as DK or the UK a lower rate of transitions is observed, but these are associated with large exits from poverty. Lastly, in Member States such as EL or RO, transitions are relatively rare, and do not result in exits from poverty.

**Figure 53. Share of in-work poor experiencing a labour market transition and exit rate out of poverty**



Source: DG EMPL calculations based on EU SILC 2010 longitudinal data

Reading note: between 2008 and 2009, in Bulgaria, 34% of in-work poor experienced a labour market transition (ie from temporary to permanent, from part time to full time, from low paid to non-low paid, or toward a higher wage decile). Of these, 30% got out of poverty.

### 1.4 Policies, best practices and evidence-based responses

Policies addressing the working poor cannot be clearly separated from policies aiming to combat poverty and social exclusion more widely, including those related to the respective social welfare systems. Nevertheless, in the form of various transfer payments and social benefits, certain policies specifically tackle in-work poverty.

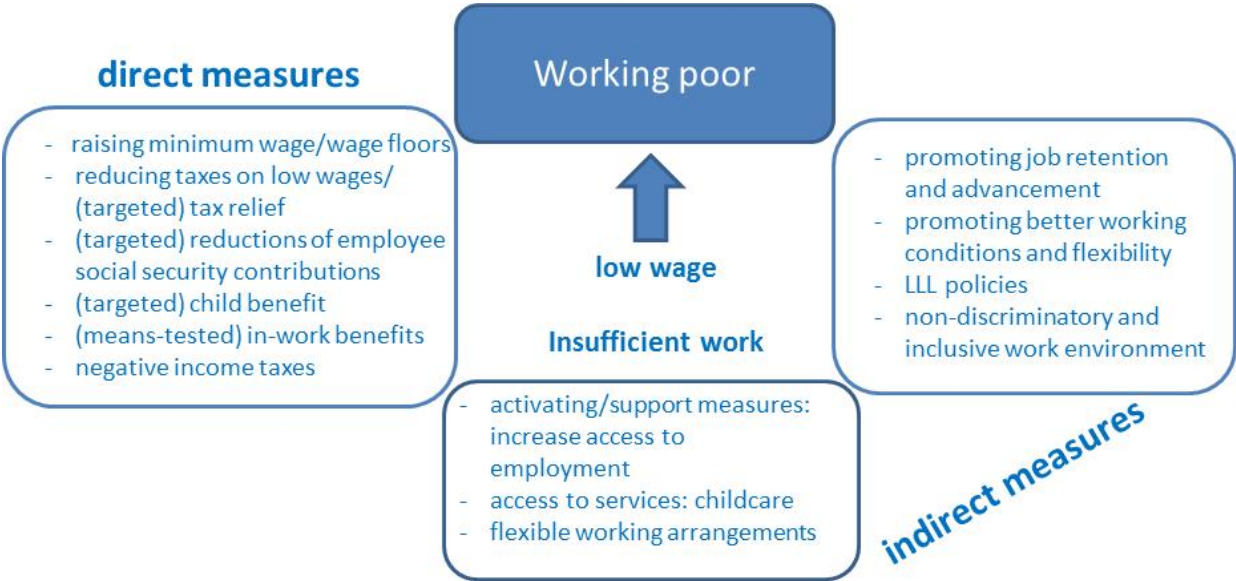
Three broad groups of policy instruments can be identified: **supporting wages and income**, **supporting the labour market participation of groups at risk of poverty**, **providing access to enabling services** (European Commission, 2011). These comprise **fiscal measures**, such as in-work benefits or tax credits paid to those with earnings below a certain level; **labour market policies**, such as minimum wages, wage policies in general, unemployment benefits, unemployment assistance and start-up benefits; **family policies**; or a **combination of all** of these measures.

The working poor do not constitute a well-delineated, homogenous group, visible and easily 'targetable' for policy. While for example social assistance recipients, or more generally people wholly reliant on transfers, are unambiguously at a very high risk of poverty and (seen to be) deserving of policy intervention, the working poor are more heterogeneous. Only a small percentage of workers are at risk, and even the risks for low paid workers, or for that matter, part-time or atypical workers are not uniformly high. It is only within specific household configurations

that workers face a substantial risk. They are also less visible, leading 'below the radar' normal lives, going out to work and raising children.

In-work poverty in Europe, as it is conventionally measured, is to a considerable extent concentrated among low work intensity households, for example dual adult households with only one working adult. Whether their at risk of financial poverty status is construed as a problem of insufficient breadwinner earnings or as a problem of partner non-participation makes a fundamental difference as to what type of policy action is to be examined and possibly favoured.

**Table 3. A toolbox of policy options for addressing in-work poverty**



Source: Adapted from Marx and Nolan (2012) and Frazer and Marlier (2010)

The **main policy approaches** to address in-work poverty can be grouped under three broad headings. First, there are policies to **increase low net wages**, secondly there are policies to **increase work intensity** and **reduce labour market segmentation** and lastly the provision of enabling services. It is important to get the right balance between them depending on the situation in each country. Thus, for instance, in countries where net wages are not particularly low but where work intensity of families with children is low there is a need to pay more attention to increasing work intensity.<sup>86</sup>

The majority of Member States have **national minimum wages** set by government (often following negotiations with the social partners), whereas a minority (e.g. AT, DK, FI, DE, IT, and SE) regulate minimum pay rates just through collective agreements on a sectoral basis. However, there is a significant variation in the level of minimum wages as a proportion of average monthly earnings

<sup>86</sup> Frazer, H. and Marlier, E. ed. (2010). "In-work poverty and labour market segmentation in the EU." EU Network of Independent Experts on Social Inclusion. Pp. 12.

though minimum wages tend to be set below the at-risk-of-poverty line. Their impact on reducing in-work poverty varies significantly across Member States. In many countries, minimum wage provisions and/or collective agreements are an important element in reducing in-work poverty, or at least its intensity. However, in several countries (e.g. BG, EL, LV, RO) minimum wage levels are set so low that they have quite a limited impact on in-work poverty.<sup>87</sup> The effectiveness of minimum wages in providing a wage floor also depends on the collective bargaining level, structure and coverage, and on the laws relating to the extension of collective agreements. The incidence of low pay is generally higher in countries where bargaining takes place predominantly at a company level, e.g. BG, EE, LT, LV which are also the countries with the lowest level of bargaining coverage. (European Commission, 2011) A recent paper focusing on the specific case of SI highlights the need for carefully assessing the structure of the income distribution (e.g. more or less equal) when deciding on levels of minimum wage in relation to the national poverty threshold. In some cases, the minimum wage can increase the probability of poor households escaping poverty but it may also increase the probability of non-poor households entering poverty due to a decline in employment and hours worked. (Stovicek, 2013)

In contrast to minimum wages, **benefits granted through the tax and social security** systems can make it easier to target specific groups of people and family types. Countries like FI, NL, BE have low levels of in-work poverty both before and after social transfers, suggesting that the policies in these countries are designed in such a way that they manage to achieve low levels without having to redistribute among people. The impact of social transfers on reducing in-work poverty is highest in IE, HU, CZ and lowest in EL, RO and ES (**Error! Reference source not found.**).

One way to support low wage earners is through the so-called **earned income (or working) tax credit**. A tax credit works as a negative income tax: low wage earners, instead of paying taxes receive tax credits that are usually (negatively) related to the level of income earned. This approach brings together the need to boost the incomes of low-earning households while at the same time promoting employment by able working-aged adults. In the US, the Earned Income Tax Credit is the primary tool to combat poverty among the working poor. The programme has had a relatively high take-up rate (around 80-86% according to Scholtz 1994),<sup>88</sup> and considerable poverty reduction potential. Most recent research<sup>89</sup> suggests that the benefits of EITC go beyond the limited time that families claim the credit. The empirical evidence shows that EITC, in combination with other policy reforms and several increases in the minimum wage, has produced some striking results, including marked increases in labour market participation and declines in poverty among some segments of the population, especially single parent households (Hotz and Scholz 2003; Eissa and Hoynes 2004). The research indicates that children of EITC recipients, for instance, do better in school, are more likely to attend college, and earn more as adults. The United Kingdom

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<sup>87</sup> Idem.

<sup>88</sup> Scholtz, J., K. (1994). "Participation, compliance, and anti-poverty effectiveness." *National Tax Journal* 47, pp. 63-87.

<sup>89</sup> Marr, Charite, and Huang (2013). "Earned Income Tax Credit promotes work, encourages children's success at school." Center on Budget and Policy Priorities.

has also implemented and extended several schemes, culminating in the Working Tax Credit (WTC) of 2003.

Focusing on **in-work (or employment-conditional) benefits**, which represent features of both social benefit support for low-income workers at risk of in-work poverty, and an incentive payment designed to increase the financial return to work has gained interest in a number of countries. Several European countries have contemplated introducing tax credits, or have done so in some form. Examples here include the 'Prime Pour l'Emploi' (PPE) and the 'Revenu de Solidarité Active' (rSa) in France, the 'Combination Credit' in the Netherlands, and a 'Low Wage Tax Credit' in Belgium (Marx and Verbist 2008a). Yet the reality is that most of these schemes exhibit only a faint resemblance to the EITC or the WTC. The UK Working Tax Credit, to be replaced by the Universal Credit, remains the most important measure of its kind in Europe, both in terms of scope and budget.

Some researchers claim that EITC/WTC-type of policies, means-tested on household income, are suspected to increase work incentives for single workers but to discourage married women with a working partner. It is typically argued that this efficiency loss is outweighed by the equity gains from targeting families in need. In contrast, individualized schemes appear to combine clearer incentive effects with less efficient targeting, since resources may be transferred to workers in well-off families. Overall, whether redistributive and efficiency objectives can be reconciled in a single policy measure remains an open question. (Bargain and Orsini, 2005) Marx et al. (2012), in a micro-simulation study for Belgium, suggests that in order to be effective as an anti-poverty device and at the same time affordable within reasonable limits, such measures need to be strongly targeted. Some researchers, notably Figari (2011), question the potential transferability in terms of similar results in southern European countries, where the presence of extended families stands into the way of such measures being well targeted to the poorest.

**Back-to-work benefits** and **earnings disregards** make participation in the labour market more viable. Several countries, CY, DE, LT, FR, PT, RO, SI, SE and IE make use of various forms of back-to-work or tax allowances, with gradual phasing out of social assistance payments. Similarly, earning disregards are a common practice in CY, DE, AT, BE, LU, MT, NL, SK, CZ, DK and LT. In many cases, around 30 % of earnings are disregarded when calculating social benefits. In addition, special allowances, e.g. for single parents and children (MT) and compensation payments for voluntary work (NL) can top up incomes.

For Member States, **designing social benefits without eroding incentives to take up work is a key concern**.<sup>90</sup> Schemes are increasingly designed to avoid creating unemployment and inactivity traps, as well as low wage traps for people in work and in receipt of minimum income benefits. Member

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<sup>90</sup> The **Employment package** (COM(2012) 173 final), launched in April 2012, is a **set of policy documents** looking into how EU employment policies intersect with a number of other policy areas in support of smart, sustainable and inclusive growth. It identifies the EU's biggest job potential areas and the most effective ways for EU countries to create more jobs. Measures are proposed in the areas of supporting job creation, reforming labour markets, investing in skills, improving EU governance, etc.

States have, for instance, adopted measures to reduce the tax wedge (direct labour taxation plus social security contributions) on lower wages, to raise minimum wages, to offer in-work benefits, and they have reviewed the design of out-of-work benefits, including social assistance.<sup>91</sup>

A recent example of policy reform that combines **income support with activation** (including support of low wage earners) is the **Revenu de Solidarité Active (RSA)** in France. The RSA can be seen as a cornerstone of France's current antipoverty policy, in combination with the minimum wage and employment subsidies. The declared objectives are to integrate and simplify existing benefit schemes, to combat poverty more efficiently and to foster the transition into work. The RSA scheme is equivalent to a negative income tax. A basic benefit of € 410 (for a single adult) or € 590 (for a couple with no children) applies to claimants who do not work; for those who work, earnings are topped up by an in-work RSA supplement in such a way that 62 % of their net earnings are exempted. The implicit tax rate is set so as to make the benefit expire as the claimant's earnings approach the poverty threshold (SMIC = approx. € 1 200 gross/ € 950 net). In comparison with the pre-existing schemes, the RSA focuses more on the lowest income group and, above all, strengthens the work incentive component.<sup>92</sup>

Measures to **increase access to and intensity of employment** are widespread, particularly in response to the economic and financial crisis. These measures usually fall under the broad category of active labour market policies (ALMPs). Shared characteristics of ALMPs in Member States are profiling, job counselling, educational training and (re-)qualification.<sup>93</sup> Subsidised employment, public work programmes, short-term paid employment, traineeships and voluntary work are among ways of reintegrating people into work. While all Member States have policies for the unemployed and job seekers generally, the degree to which these target those who are furthest from the labour market (e.g. social assistance recipients) varies substantially. However, some Member States (BE, DE, AT, FI, LU, SI) specifically target these recipients by means of separate programmes.

ALMPs<sup>94</sup> account for only a small share of Member States' GDP in the EU-27 (0.85 % of the GDP on average), and these policies are mostly financed through unemployment insurance funds. DK, BE, NL, and SE had the highest share of ALMP spending in 2010. Sometimes ALMPs go hand in hand with passive labour market policies,<sup>95</sup> as in DK, providing an effective tool for both protection and activation. Most eastern European countries spend little (see the chart below) on

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<sup>91</sup> See also European Commission (2009) 'Recent reforms of the tax and benefit systems in the framework of flexicurity' European Economy Occasional Papers 43, Feb 2009.

<sup>92</sup> Ides Nicaise (2011): Building the tools to fight in-work poverty, Synthesis report, France. Available at: [www.peer-review-social-inclusion.eu](http://www.peer-review-social-inclusion.eu).

<sup>93</sup> For a classification by type of action see Eurostat (2010). Labour market policy — expenditure and participants.

<sup>94</sup> In EU ALMPs include labour market services, training, job rotation and sharing, employment incentives, supported employment and rehabilitation, direct job creation, and start-up incentives.

<sup>95</sup> Passive labour market policies include various unemployment benefits and early retirement.

labour market policies, whether active or passive. There has been no significant rise in funding for ALMPs in recent years.

An overwhelming majority of Member States<sup>96</sup> link the right to income support to the willingness to work and a minimum commitment to seeking a job, vocational or occupational training. In SK, proving one's willingness to work and to accept a suitable job is only compulsory when applying for the highest level of income support benefit.<sup>97</sup>

The conditions under which job seekers have to accept a job offer vary across Member States. In CZ and DE, job seekers are required to accept any job, even if it is short-term, or a mismatch with their skills. In LV, EE, SK, MT and NL, job seekers are obliged to accept suitable work only (subject to the relevant authority's assessment).

If a job seeker is unable to find work, most Member States offer vocational or occupational training. Some also provide various counselling services which can cover advice to manage debt or addiction or psychological support (DE) during drug or alcohol rehabilitation (MT). In SI, job seekers may have to sign a contract with the Social Work Centre to take part in social and/or health programmes (SI). In other countries such as LU, an 'integration allowance' is available only if job seekers take part in an 'integration activity'.

If occupational or vocational training is not successful, some public administrations provide (mandatory) measures to ensure activation (NO, RO, BG, NL, LV, HU). This may mean compulsory involvement in public works (e.g. providing social services, cleaning). This dimension should in many cases be complemented by improving job seekers' prospects of finding work, to avoid locking them into such schemes (LV, HU).<sup>98</sup> In NL, a young person who is not in employment or education (NEET) has the right to request a job or an offer of a place in education from the local municipality.<sup>99</sup>

Policy responses can only be effective if they take account of the fact that low-paid work and in-work poverty do not always overlap.<sup>100</sup> Low-paid work is only one of the factors contributing to in-work poverty.<sup>101</sup> Thus, if the goal is to reduce in-work poverty, there is limited scope in using tax

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<sup>96</sup> MISSOC Analysis (2011). *Guaranteed Minimum Resources*, MISSOC Secretariat for the European Commission, Contract nr. VC/2010/1131 .Pg 17.

<sup>97</sup> MISSOC Analysis (2011).

<sup>98</sup> Commission Staff Working Documents, Assessment of the 2012 national reform programme and convergence programme for Hungary and Latvia, SWD(2012) 317 final, SWD(2012) 320 final. .

<sup>99</sup> The recently adopted Youth Employment Package aims to tackle the phenomenon of NEET at Member State level. For more information see: COM(2012) 727 final.

<sup>100</sup> Evidence suggests that the overlap is rather low — between 5 to 10 per cent in most industrialised economies Nolan, B. and Marx, I. 1999. 'Low pay and household poverty', Luxembourg Income Study, Working Paper, No 216. .

<sup>101</sup> See chapter on in-work poverty of European Commission (2011): *Employment and Social Developments in Europe 2011*. A summary of the results is included in the beginning of this section.

and benefit support on low-wage earners. Instead, targeting should focus on particular household types, chiefly single-earner households, or households with dependent children.<sup>102</sup>

In many cases, in-work poverty is strongly associated with single-earners, or with secondary earners who are women that may want to work part time. So supporting the latter through childcare provisions for working parents would yield good results.

**Tax and benefit incentives** should be primarily targeted towards low-income single-earner households, to encourage them to take full-time jobs. Offering tax and benefit allowances to families with children or dependents would raise the likelihood of parents taking jobs, reducing child poverty. This should be complemented by affordable childcare services, very important for households with small children and crucial for single parents

**General access to services** such as affordable transport, childcare, healthcare, education, and housing can increase the incentives for higher employment participation and reduce the burden on the household budget. Countries have implemented various policies to increase the amount of day care available, supporting alternative forms of care, creating childcare facilities at work places, and introducing mandatory pre-school education in order to liberate care takers from care responsibilities and allow them to participate more actively in employment. Childcare services are in some countries integrated with support services like transport to nursery/school at the neighbourhood level.

### *1.5. Results of the thematic in-depth review*

Following the SPPM methodology as endorsed by the Council, the thematic in-depth reviews are structured around the idea of countries with good outcomes being reviewed by countries with challenging situation in order to foster mutual learning. The first thematic review of the SPPM trends to watch focused on the situation of the working poor in terms of their participation in the labour market and of the access to and design of social protection benefits.

The presenting countries (AT, BE, CZ and FI) gave a summary of the key employment and social indicators relevant for the discussion and outlined in their presentations the factors behind their comparatively low rates on in-work poverty, distinguishing between exogenous (e.g. macro-economic conditions, demography) and endogenous factors (e.g. policy design, expenditure levels, etc.). Then they presented an overview of policy approaches undertaken by public authorities in their countries aimed at addressing in-work poverty.

In their interventions, the 4 presenting countries identified the key factors behind in-work poverty: unemployment spells and low-work intensity in households with more than one person of working age (AT, BE, CZ and FI), non-standard working hours, part-time and temporary employment

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<sup>102</sup> Marx, I., Vanhille, J., Verbist, G. (2012). "Combating in-work poverty in Continental Europe: An investigation using the Belgian case." *Journal of Social Policy*, 41/1.



(especially in AT, BE and FI), insufficient access to child care facilities which especially affects the labour market participation of women (CZ), and health impairments (AT).

The review confirmed the evidence examined earlier in this section. It appears that the causes of in-work poverty are to be found in the interaction of a complex set of factors at individual and household level, such as low education and skills, employment status (self-employment, temporary/part time work) and household structure. Moreover, in-work poverty is strongly associated with a variety of factors at institutional level, including gender inequalities (especially in labour market participation), minimum wage and tax arrangements and, finally, labour market regulation and social policies as well as the role of collective bargaining.

These multiple factors draw a very heterogeneous picture of the working poor in each of the 4 countries, which explains in part why the national authorities in these countries did not opt for a policy approach specifically targeting this group. Instead, they implemented a policy mix consisting of measures to foster labour market participation, such as investments in active labour market policies (AT, BE, CZ and FI) and support for the labour market participation of second earners, who are generally women<sup>103</sup>, by pursuing measures to reconcile work and family life (AT) and by introducing flexible arrangements for parental allowance (CZ).

In addition to labour market policies, the presenting countries also focused on social policies aimed at enabling the access of people in a situation of in-work poverty to social and health care services (AT, BE, CZ and FI) as well as specific child care support (AT, BE and FI) and social housing schemes (AT, BE and CZ).

The third aspect of the policy approaches that was mentioned by the presenting countries is related to efforts to promote adequate income support, either in the form of tax credits and reductions in the social security contributions for low-wage earners (BE and FI), minimum wage schemes at national level (CZ) or agreed in collective arrangements at sectoral level (AT, BE and FI), family and social assistance benefits (AT, BE, CZ and FI), automatic indexation mechanisms (BE and FI). In all the 4 countries, the role of the social partners in concluding binding collective arrangements for decent wages either at national or at sectoral level and in preventing wage dumping was highlighted.

The reviewing countries (LT and RO) focused in their presentations on challenges common to both the presenting and the reviewing countries as well as on their own challenges. They also identified key elements in the policy approaches of the presenting Member States which could be transferred to the policy contexts in their countries as well as those without potential for transferability.

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<sup>103</sup> Statistics show that large majority of second earners in all Member States are women. For more details see the Report of an EU Presidency Conference organised in April 2013: "Women's Economic Engagement and the Europe 2020 Agenda" available at: <http://www.genderequality.ie/en/GE/IE%20PRES%20REPORT.pdf/Files/IE%20PRES%20REPORT.pdf>

LT asserted that most policies aiming at ensuring adequate income support, providing vocational training and enabling access to quality social and health care services had a good potential for transferability, whereas the policies in the field of taxation and reduction of social security contributions were not to be envisaged in the short and medium-term.

However, in the case of RO, the only policy that was deemed not transferrable in the short-term was raising the level of the minimum wage at national level.

### *1.6 What should be the focus of policy effort?*

From a policy perspective, in-work poverty risks are influenced by a broad set of factors, ranging from labour market specificities (wage-setting mechanisms, collective bargaining, minimum wage policies), household income support arrangements (tax incentives, child care provisions) to the set-up of social protection systems<sup>104</sup>.

The country differences regarding in-work poverty risks highlight the multi-dimensional nature of in-work poverty and explain in part why in-work poverty is pervasive across Europe and why its extent does not simply reflect the size of the low-wage sector. While in-work poverty is strongly associated with low work intensity households, it also depends on various institutional factors that affect labour market participation patterns and effectiveness of social protection systems in their income support and service provision functions, both at individual and at household level.

Therefore, **the policy responses to address in-work poverty should also be multidimensional**. One dimension of differentiation is whether the policy in question seeks to have a direct or indirect impact on income. Minimum wages, social benefits and tax measures have a direct impact on individual or household income. Indirect measures can either seek to increase individual earnings potential (education, training) or to promote higher work intensity at the individual or household level (e.g. child care policies). Another policy dimension could include measures to stimulate the demand for labour force through changes in the institutional settings, tax provisions and labour market arrangements (subsidised employment, wage cost subsidies, service cheques) as well as measures to boost the supply side of the labour force (gender-equality policies, empowerment, fiscal reforms) which in turn may help individuals and households increase their work intensity.

Minimum wages effectively serve a kind of benchmark purpose in many countries. While in some countries there may be scope for increases in their level relative to average earnings, this might not in all cases have a sufficiently significant impact on in-work poverty risks. Even in countries

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<sup>104</sup> An analysis by the European Commission (2011) on the determinants of in-work poverty shows that at the EU level the most important determinants are low work intensity and low wage. Working less than half of the potential of the household leads to a more than 5 times higher risk of being working poor, with single parents or those in households with a single earner and dependent children facing much higher poverty risks than those in households. Similarly, having a low wage increases the odds of being poor in work by 5 times. Marx et al. (2011) suggests that increasing work intensity decreases poverty more than increasing low wages.

where minimum wages are comparatively high, they are not enough to keep single-earner households out of poverty, especially when there are dependent spouses or children. While minimum wages can help to prevent poverty among workers and support living standards for the low skilled, the OECD (2011) has cautioned that a balance needs to be struck when setting a minimum wage. If set too low, it may miss its targets. When too high with respect to the average wage, it may discourage the hiring of low-skilled workers or encourage hiring them informally.

An alternative policy measure would entail not increasing the minimum wage itself but rather reducing the taxation and social contributions at individual or household level. Measures aiming at improving the income support given to low-wage households through cuts in social contributions and income taxes may be more effective in reducing poverty risks as they can stimulate people to take up employment or increase their working hours, thus boosting the household work intensity. This supposes focusing labour tax reductions on groups that face the strongest disincentive effects on their labour supply and labour demand, in particular the low skilled. This could stimulate employment, thus raising economic performance and generating social inclusion without affecting revenue significantly. One common way to support the working poor is to provide tax credits. In this way the incentive to work is maintained while at the same time providing income support.

Thus, it appears that **employment-oriented policies are centre stage in the fight against in-work poverty, as this is to a large extent associated with low-work intensity at the household level.** This brings into view a wide variety of potential policies that can help households to optimize, if not maximize their work intensity.

**Social and employment policies that address the barriers to labour market participation are a crucial elements in increasing the low-work intensity of households** - affordable quality childcare/long term care services, which prevent parents (mainly women) from entering employment, job training possibilities, more effective income support measures (e.g. direct household income supplements, tax credits), human capital investments facilitating prospects of finding better-paid jobs in the form ALMPs, up-skilling, on-the-job-trainings.

## 2 The poverty risk of the (quasi-) jobless households

### *2.1. Introduction*

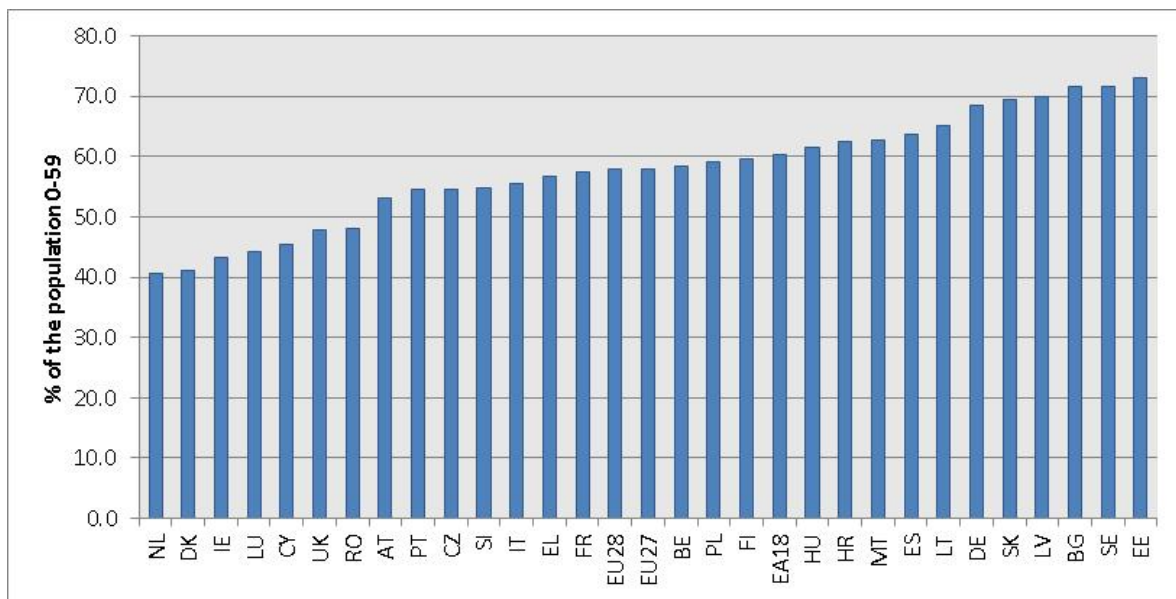
Poverty risk among (quasi-) jobless households has been identified as one of the main social trends to watch in the EU (SPC, 2012). The situation of the (quasi-) jobless households, i.e. those furthest away from the labour market, is at the core of the interrelation between activation policies and access to services, effectiveness of social protection schemes and the tax and benefit system and is directly influenced by general labour market conditions.

Household joblessness has received a good deal of attention since Gregg and Wadsworth (1996, 1998) pointed out that jobs in many Western countries have become concentrated in certain households. In the period of employment growth, this leads to parallel static or even increasing numbers of working-age households with no one in work. This can have a range of negative consequences, not only in terms of poverty and deprivation but also for psychological well-being, social relations and integration into the workforce and wider society (de Graaf-Sijl and Nolan, 2011). The economic crisis and the sustained high unemployment rates make the issue of the situation of individuals living in (quasi-) jobless households all the more problematic and wide-spread.

The definition of the Europe 2020 poverty and social exclusion headline target with the inclusion of (quasi-) jobless households as one of its components puts an important emphasis on the policy attention necessary for this specific group. The (quasi-) jobless households at risk of monetary poverty are indeed a sub-component of the Europe 2020 target and specific analysis can shed some light also on broader strategies for achieving the headline target.

Around 13.5 million Europeans live in households at risk of poverty where household members are not in the labour market in 2012. This share has been increasing in the past years at the EU level. Differences in the poverty risk for households outside the labour market across the Member States are quite big, ranging from between 40-50% in NL, DK, IE, LU, CY, UK, RO to more than 70% in BG and EE (Figure 54).

**Figure 54. At-risk-of-poverty rate for the (quasi-) jobless households, 2012**

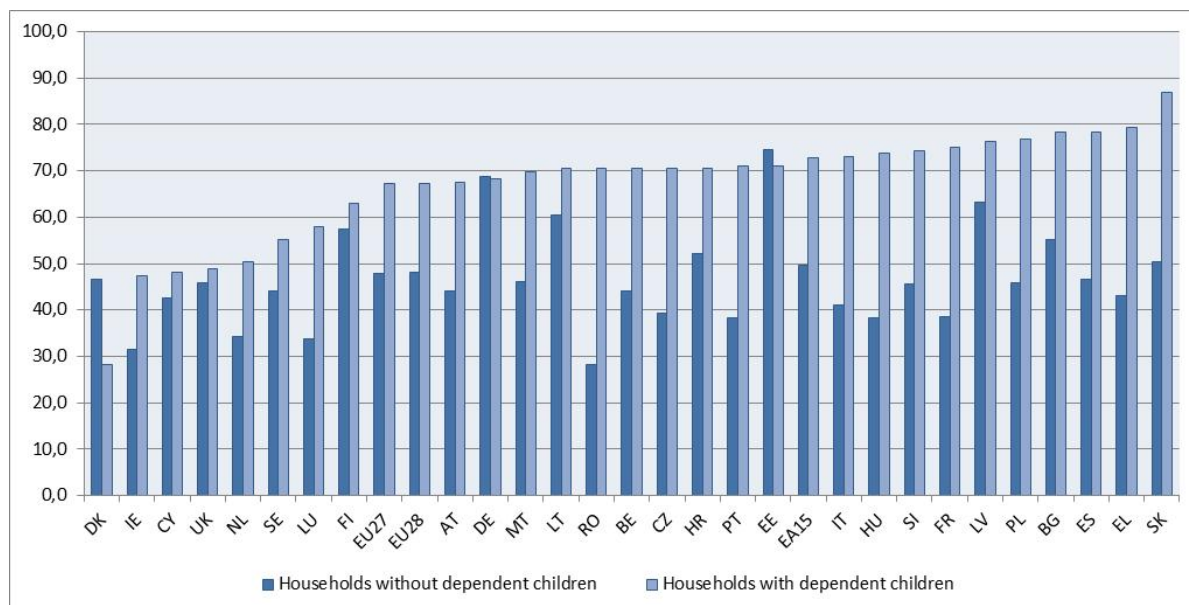


Source: Eurostat (EU-SILC); Note: 2011 data has been used for IE. Data for BE is provisional.

An important consideration when looking at the poverty risk for (quasi-) jobless households is the share of the (quasi-) jobless population in a country, i.e. the incidence of joblessness. Figure 17 shows the levels and recent evolutions of the share of this population.

In comparing the poverty risk of (quasi-) jobless households for households with and without children (see Figure 55), the overall trend is that (quasi-) jobless households with children have a much higher poverty risk with RO, FR, EL and SK where the difference is largest (between 36-42 pp). DK, and to a lesser extent DE and EE, which are the only Member States where (quasi-) jobless households with dependent children are more protected from poverty risk. Single people and single parents in particular represent a larger share of those living in (quasi-) jobless and poor households.

**Figure 55. At-risk-of-poverty rate for the (quasi-) jobless by household type, 2012**



Source: Eurostat (EU-SILC);

Note: i) data for IE refers to 2011; ii) provisional data for BE and SE.

European Commission analysis (European Commission, 2014) shows women, young and older workers, the low skilled, migrants, people with disabilities and single adults, including single parents are over-represented among the people living in (quasi-) jobless and poor households.

## 2.2. Main factors affecting the poverty risk of the (quasi-) jobless households

### Effectiveness of social protection systems

Adequate income support aims at income smoothing in cases of job loss or temporary inability to work (replacement income) and to ensure access to minimum resources that are necessary to lead a life in dignity for those who cannot work or have no access to other replacement schemes (Nelson, 2013)

Adequate income support for the able bodied of working age can be seen as a two level system of safety nets. The first level aims at covering risks that temporarily prevent the individual from working (e.g. becoming unemployed or sick) with unemployment benefits typically providing a level of income replacement sufficient to also enable the unemployed to search for appropriate work (European Commission, 2011, Acemoglu and Shimer, 1999; Zolibotti, 1999). The second level of safety nets provides last resort financial assistance for those who do not work or cannot rely on any other resources, and typically includes unemployment assistance and social assistance.

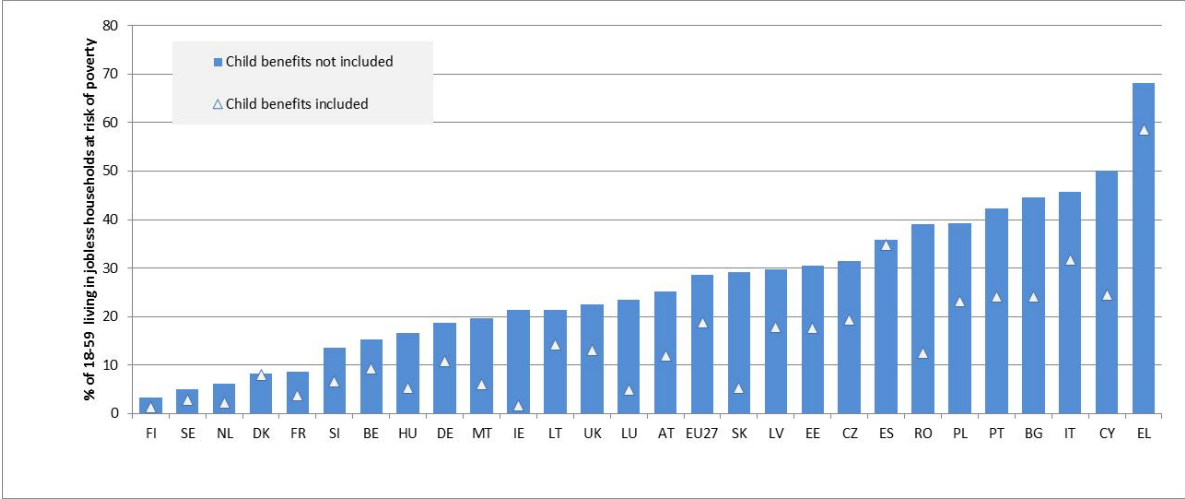
In this context, policies and institutions promoting inclusive labour markets aim at facilitating access and return to employment and ensuring a living wage, especially for those who are the most disadvantaged in terms of accessing the labour market, serve to reduce joblessness and in-work poverty. Inclusive labour markets are seen to result **from positive interactions between activation policies, labour market institutions that prevent segmentation and limit entry barriers, and well-designed tax and benefits systems**. Enabling services support labour market participation by addressing barriers to entry into employment (such as care obligations, low skill levels or health problems) and are seen as especially important for parents, including lone parents, the low-skilled, migrants or disabled. Examples of positive interactions between different policy dimensions include cases where strong labour market activation and conditionality compensate for any disincentives potentially created by the existence of relatively generous benefits. (European Commission, 2014)

The effectiveness of income support in working age depends on the characteristics of the benefit system, which can be described in terms of: coverage, adequacy, duration, eligibility rules and labour market friendliness, which can be judged in terms of the financial incentives they offer relative to labour market outcomes (wage levels, working arrangements, etc) and associated tax-benefit treatments.

The second level of safety nets (unemployment assistance or social assistance) is generally available for those who are out-of-work but not eligible for unemployment benefits (because they have never worked, did not work long enough to be eligible, etc) or because they have exhausted the duration of their entitlement. They are an essential element for guaranteeing minimum income to households which are outside of the labour market. Assessing the coverage (or lack of coverage) of this type of benefit is complicated because most surveys do not contain enough information to test whether a person out of work (inactive or long-term unemployed) is actually in need of (and/or eligible for) such a 'last resort' income support. The means-tests associated to such schemes generally require detailed information on income and assets which are not available in the EU Statistics on Income and Living Conditions (EU-SILC). An exploratory analysis by the European Commission (2014) on looking at non-coverage based on the share of people aged 18-59 living in (quasi-) jobless households at risk of poverty but receiving little or no benefits (accounting for less than 10% of their disposable incomes) shows that **at EU level, 15 % of those living in (quasi-) jobless and poor households receive no more than 10 % of their income from social benefits**. The share of individuals not receiving income support is especially large in EL, CY, IT, BG and PT, where more than 40 % of those living in (quasi-) jobless and poor households receive 10 % or less of their income from social transfers. By contrast, this share is less than 10 % in FI, SE, NL, DK and FR. (Figure 56). **Lack of coverage of these people would suggest a lack of effectiveness of the benefit system in reaching the most vulnerable. A large number of individuals not covered by social transfers are found in countries with large number of multi-generational households suggesting high levels of reliance on family solidarity**. This can cause difficulties in facilitating return to the labour market for working age individuals as those without income support might also be excluded from access to rights and obligations associated with the receipt

of working age benefits (job search requirement, training, etc.). Another coping strategy which cannot be monitored by standard survey data is resorting to the informal economy<sup>105</sup>.

**Figure 56. Proportion of 18-59 individuals living in (quasi-) jobless households at risk of poverty, whose total benefits received is less than 10% of total net disposable household income, 2010**



Source: European Commission (2014); DG EMPL calculations based on EU SILC 2011 (IE 2010) Note: Reference population: Individuals aged 18-59 living in a (quasi-) jobless (very low work intensity) household.

In order to assess the capacity of safety nets to provide effective income support to those who need it, information on coverage needs to be complemented by information on the adequacy/generosity of benefits. The adequacy of unemployment benefits is generally approached through the net replacement rates, in so far as unemployment benefits are considered as replacement income, while the adequacy of social assistance is assessed in relation to the poverty threshold. The OECD tax-benefit model<sup>106</sup> produces two theoretical indicators to reflect this: the net replacement rates of unemployment benefits<sup>107</sup> and the net income of people on social assistance relative to the poverty threshold<sup>108</sup>.

<sup>105</sup>European Commission (2014), "Chapter 4: Undeclared work: recent developments

<sup>106</sup> The OECD tax-benefit model aims at assessing benefit generosity, work incentives and income adequacy. <http://www.oecd.org/els/benefitsandwagesoecdindicators.htm>

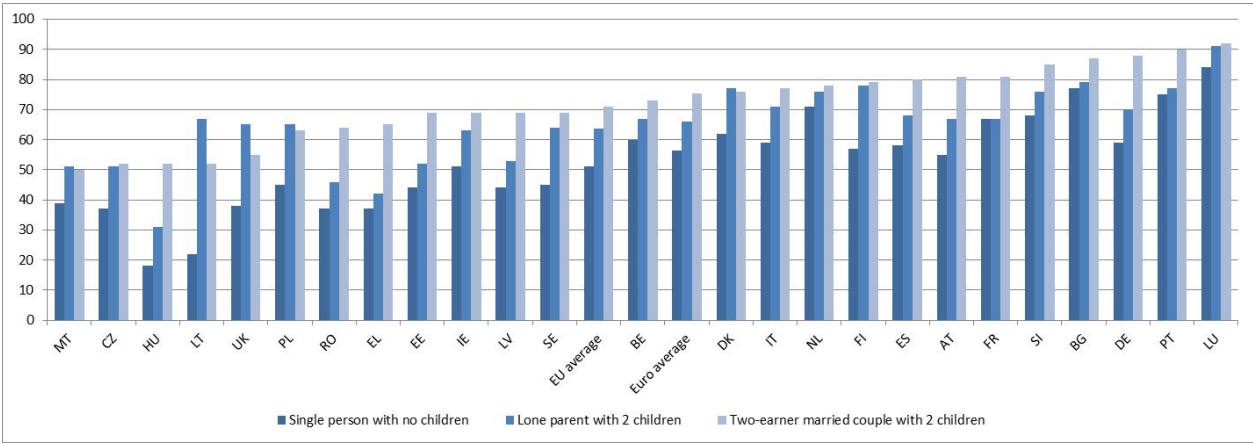
<sup>107</sup> The net replacement rate compares net income while out of work to net income while in work. The benefits may cover unemployment benefits, social assistance, family and housing benefits. Person assumed to be aged 40 with 22-years employment history. For married couples the percent of AW relates to one spouse only; the second spouse is assumed to be "inactive" with no earnings in a one-earner couple and to have full-time earnings equal to 67% of AW in a two-earner couple. Children are aged 4 and 6 and neither childcare benefits nor childcare costs are considered.

<sup>108</sup> Next to the net replacement rates, the OECD calculates the level of income of people who receive social assistance (non contributory) relative to the poverty threshold; it would be another measure to reflect the adequacy of second safety net.



In most Member States the theoretical adequacy of unemployment benefits, as measured by the net replacement rates, varies widely (from a range of between around 40-50% depending on the household type in MT and CZ to as much as 85-90% in LU) and decreases with unemployment spells. (Figure 57). The presence of children in the household corresponds to relatively higher replacement rates across all Member States, but there are big differences in terms of the position of single parents and two-earner couples. For example, in countries like LT, UK, PL, DK single parents are better protected and register higher replacement rates. In most other countries, they are on the contrary receiving less benefits.

**Figure 57. Net replacements rates of unemployment benefits for some household types (7<sup>th</sup> month of unemployment), 2012**

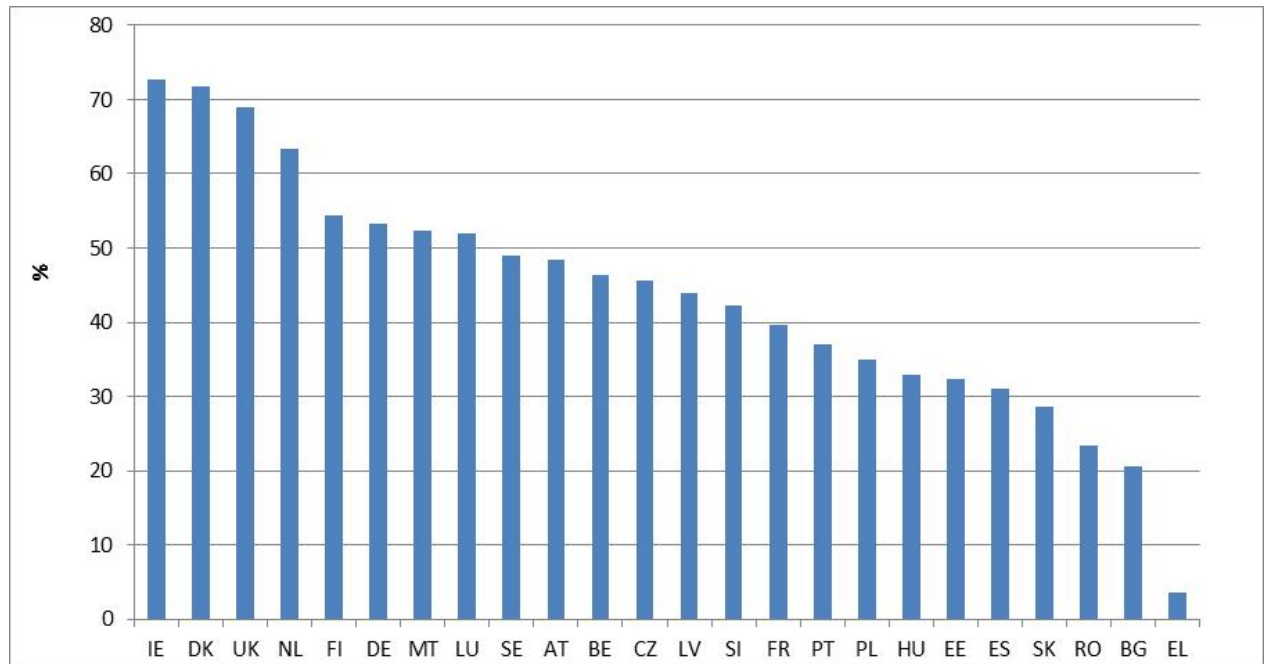


Source: OECD-EC tax-benefit model

Note: data available for 25 MS

The theoretical adequacy of social assistance can be measured by the net income of people on social assistance relative to the poverty threshold (Figure 58). Countries differ substantially in terms of the minimum safety nets they provide to workless households, even relative to the at-risk-of-poverty threshold, which depends on the living standards within each country. Only a few countries provide households with a minimum income and related benefits (for example housing) that are sufficient to lift them close to, or above, the 60% median income threshold, and this is true only for some family types. (European Commission, 2014)

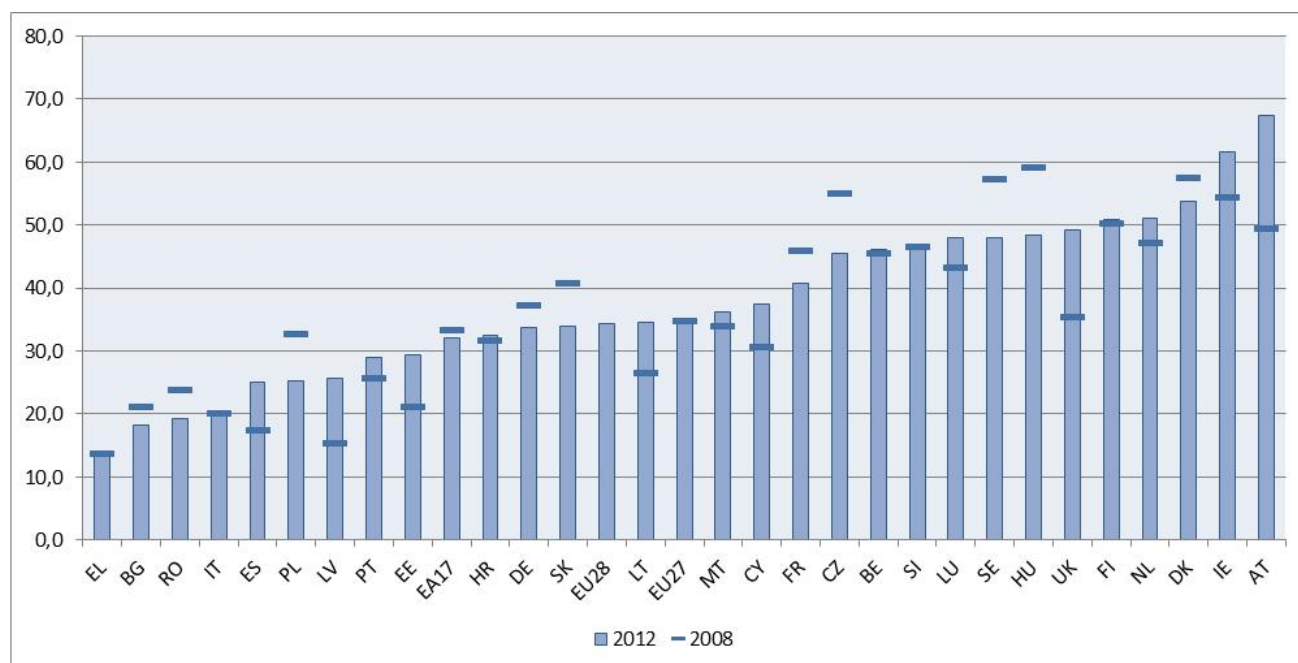
**Figure 58. Net income of people living on social assistance relative to median income (including cash housing assistance), 2010**



Source: OECD-EC tax-benefit model

The ability of social transfer to reduce poverty overall in many ways mirrors the adequacy of benefits and offers yet another element in understanding the link between effective social protection systems and providing support to the households furthest away from the labour market. In countries with low rates of poverty risk for the (quasi-) jobless households, the effectiveness of social transfers is very high – IE, NL, DK, AT, LU, UK (Figure 59), but this is not always the case. For example, countries like MT, BE and SE have relatively good poverty reduction impact of social transfers but with rather high poverty risk for the (quasi-) jobless households.

**Figure 59. Impact of social transfers (excluding pensions) on poverty reduction, in %, 2012**



Source: Eurostat (EU-SILC);

Note: 2011 data has been used for IE; provisional data for BE

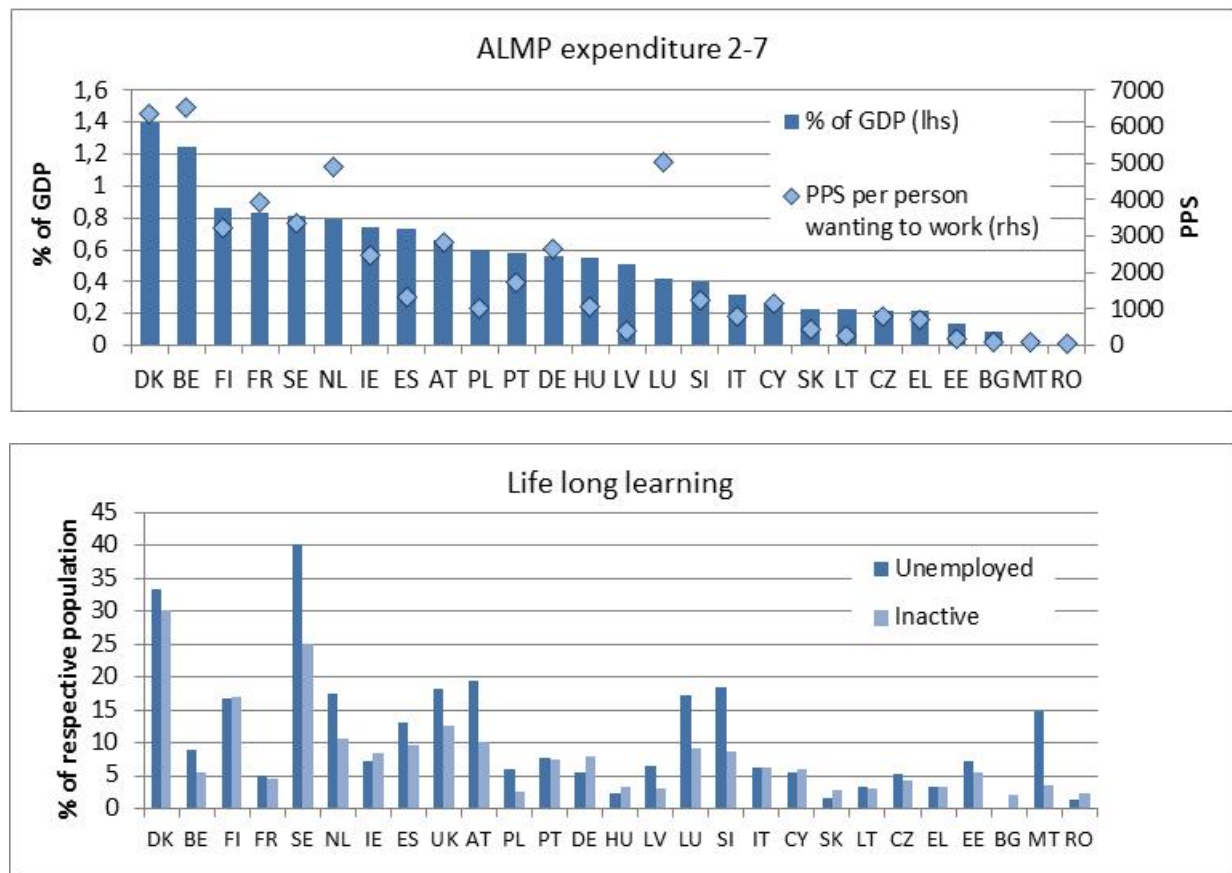
## Inclusive labour market policies

Activation policies help ensure that unemployment benefit recipients and other jobseekers have a better chance of finding employment than they would otherwise have. Key features of such policies<sup>109</sup> are to establish and enforce work-availability and mutual obligation requirements, meaning that benefit recipients are expected to engage in active job search and improve their employability in exchange for receiving efficient employment services and benefit payment. By improving skills, they are better able to return to "reduce the risk of long term marginalization from the labour market." (Gallie and Paugam, 2000). Overall, the effective integration of activation policies and unemployment benefit systems are seen as crucial in containing the potential disincentive effects of benefits<sup>110</sup>.

<sup>109</sup> See [www.oecd.org/els/employment/almpl](http://www.oecd.org/els/employment/almpl)

<sup>110</sup> This is confirmed by various macro-econometric evaluation studies that found evidence for interactions between activation policies and other policies, for instance that spending on activation policies mitigates the impact on higher unemployment benefits in rising unemployment (Bassaninin and Duval 2006).

**Figure 60. ALMP expenditure (as % of GDP and in PPS per person wanting to work) and life-long learning (% of unemployed/ inactive in education or training), 2010**



Source: European Commission (2014) using Eurostat (EU-LFS and LMP database). No reliable LMP data for the UK for categories 2-7. The UK spends mostly on category

Activation policies can be analysed in terms of expenditure in active labour market policies and participation in activation measures, including lifelong learning.<sup>111</sup>

Nordic countries score better in applying activation measures than do Southern and new Member States (except ES and PT), with DK and SE being particularly strong in terms of life-long learning and BE making particularly important efforts in terms of expenditure on activation measures.

The characteristics of activation policies vary considerably across countries ranging from high spending and high participation in Nordic countries and Continental Europe to low spending and low participation in the new Member States.

<sup>111</sup> However, these measures do not take into account apprenticeship schemes, which are of special importance in Austria and Germany; they benefit mainly the young who experience much better school to work transitions, and are better integrated on the labour market than in other countries.

Enabling services are those services which support labour market participation by addressing issues that can be barriers to people entry into employment, such as having care obligations, lacking skills or health problems. Such services are therefore seen as especially important for working parents (i.e. working mothers, given that in all countries women devote much more time caring for children than men), including lone parents (more likely to be women according to the UNECE data for 2010), the low-skilled, migrants or disabled.

Accessible services are crucial to effective labour market participation, mobility, work and family life reconciliation, and social participation. However, a combination of various barriers - costs, coming from a deprived area, limited access or availability - might lead to a 'social gradient' in access to services. Research has shown that many collective services are more intensively used by people with higher educational attainment than by others, which serves to reinforce inequalities – a fact re-enforced if poorer areas have poorer quality services in the first place<sup>112</sup>. On the other hand, some collective services have been identified as pro-poor, such as bus services<sup>113</sup> in cities.

Areas that fall under the heading 'enabling services' include access to early childcare, education and training, health care and housing which, whatever their original purpose, serve to facilitate labour market participation and returns to work, in particular for parents, those with care responsibilities, young people and those who are particularly disadvantaged such as the disabled and the low-skilled.

Tax-benefits systems are an important element for reducing reliance on social benefits and increasing self-sufficiency by supporting labour market participation and making work pay. The combination of low wages and inadequate benefits and taxes may indeed produce the risk of restrained incentives to take up work and perpetuate labour market exclusion. The effect of increased taxes and withdrawn benefits deducted when experiencing transitions from unemployment/ inactivity to paid employment are captured through the implicit marginal tax rates. These are the unemployment trap and the inactivity trap (European Commission, 2014, forthcoming). The OECD reports that such 'traps' vary across various types of stylized households (single earner, one-earner couple, two-earner couple, each without children and with two dependent children) and different wage levels (here 67% and 100% of average workers earning). The average unemployment trap is estimated to range from less than 50% in SK and the UK to well in excess of 80% in LV and LU. As regards inactivity traps, i.e. people who are inactive often times due to unfavorable tax incentive, (with potentially associated effect of losing unemployment benefits), these range from between 25% in EL and IT to over 75% in DK (European Commission, 2014, forthcoming).

However this does not, in practice, mean that countries with the poorest welfare schemes achieve higher levels of employment since the countries that provide the most generous unemployment/ social benefits (wide coverage and high level) tend to achieve a good level of labour market

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<sup>112</sup> See Bramley and Besemer (2011), Ward and Ozdemir (2012).

<sup>113</sup> Ibidem.

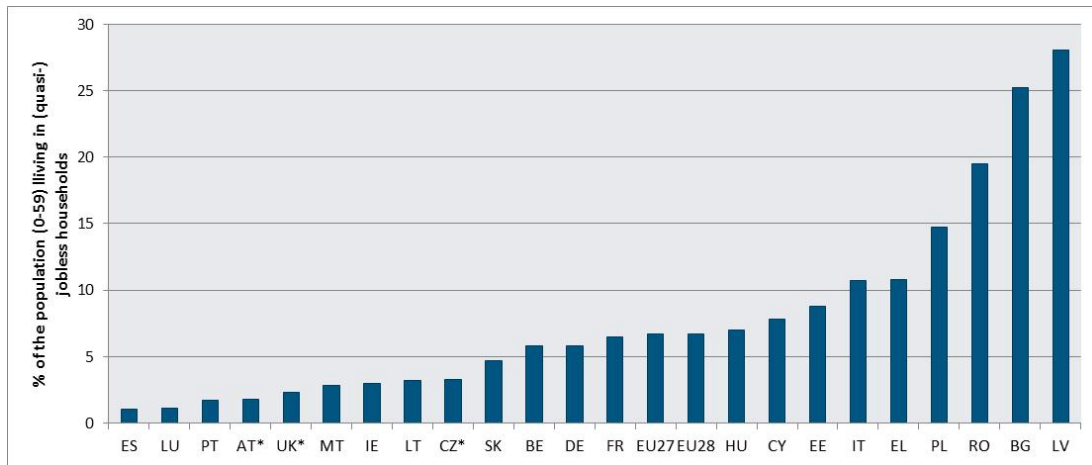
participation and low poverty outcomes due to the integration of their benefit systems with well-design activation policies and strictly enforced job search conditionality terms, which more than offset the potential disincentives.

It is important to highlight that such traps are theoretical by nature and whether they realize themselves in reality depends on the factors indicated above, as well as more general determinants, not least the prevailing state of the economy and the general efficiency of the labour market. The policy tools used to lower the potential financial disincentives are generally concentrated on low-wage workers, and include seeking to reduce the tax wedge by adjusting the marginal tax rates, reducing social security contributions on lower wages, increasing minimum wages, reducing the level or duration of unemployment benefits, increasing conditionality, introducing in-work benefits or earnings disregards, and reviewing the design of out-of-work benefits (social assistance, child/family benefits, housing benefits, disability schemes). However, while some of these tools have no impact on benefit adequacy (in-work benefits, lower the tax wedge, increased minimum wage), others may lead to poverty and exclusion if the return to work is not achieved or fails to last.

## Access to services

Data on access to services, especially for people in more vulnerable situations, is very scarce, not allowing for a comprehensive monitoring. Analyzing some of the standard indicators can give some indicators on potential areas of problems. For example, looking at the self-reported unmet need for care for people living in (quasi-) jobless households, we can see that compared to the rates for the overall population (see Figure 34), some Member States have similarly low shares also for people out of the labour market. This highlights the potential good accessibility of health care services for people who are temporary/permanently not participating in the labour market. However, in some other countries, like RO, BG and LV, the share of individuals, living in (quasi-) jobless households, declaring difficulty in accessing medical care goes as high as between close to 20% and 30%. An important policy concern is, in fact, the extent to which being excluded from the labour market leads to bigger challenges regarding the accessibility of basic services.

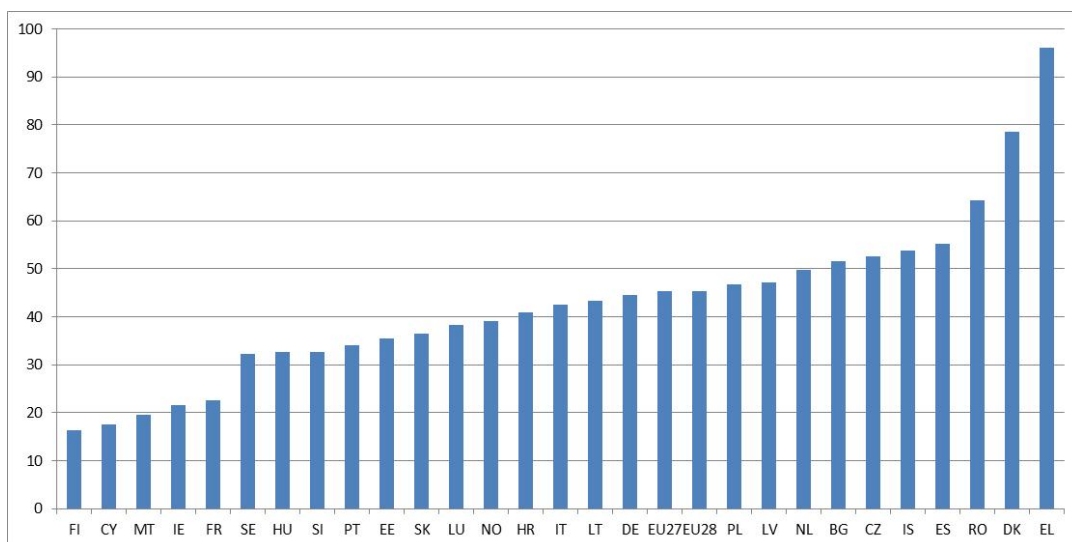
**Figure 61. Self-reported unmet need for care for the population living in (quasi-) jobless households, 2012**



Source: Eurostat (EU-SILC); unreliable data for AT, UK, CZ

Another potentially useful way of looking at the issue of services is the extent to which housing access can be a challenge for people who are both monetary poverty and (quasi-) jobless. The following figures suggest the ways in which Member States might address this issue with housing cost being more than 40% of the total disposable household income (net of housing allowances) for only between 15% and 30% of the (quasi-) jobless and poor in countries like FI, CY, MT, IE, FR, SE, HU, SE and going to as much as close to 100% in EL and 80% in DK.

**Figure 62. Housing cost overburden rate for the (quasi-) jobless households living at risk of poverty, 2012**



Source: Eurostat (EU-SILC); Note: data for IE refers to 2011

## What do (quasi-) jobless households at risk of poverty live off?

The analysis by the European Commission (2014) shows that working age adults living in (quasi-) jobless households which are at risk of poverty have an equivalised disposable income equal to an average of around 60% of the poverty threshold with a range of between 50 and 85%. Most (quasi-) jobless households are living mainly on social transfers. They represent about 70 % of the annual gross disposable income of those living in a (quasi-) jobless and poor household, as opposed to 8 % of the income of those not at risk of poverty. The share of annual gross disposable income coming from social transfers received by individuals of working age living in (quasi-) jobless and poor households varies greatly across the Member States. This share is lowest in BG, EL and IT where (quasi-) jobless and poor households are living with no more than 40–50 % of their annual income coming from social transfers. The level of support to (quasi-) jobless and poor households is much higher in AT, BE, DE, FI, SE and the UK, where those living in (quasi-) jobless and poor households typically receive more than 85–90 %.

Income of individuals living in (quasi-) jobless and poor households consist, on average, in the largest share of social cash transfers, with the bulk of benefits received consisting of unemployment benefits (23 % of income on average). Sickness and disability benefits, family and education related allowances, housing and pensions also represent significant shares of the net disposable income on average. In BE, ES, FR and DE, for example, a large part of the benefits received by individuals living in (quasi-) jobless and poor households comes from unemployment benefits. In PT, and to a lesser extent in FR, BE and UK, social exclusion benefits account for a large part of support to those in this situation, while in PL, RO and the CZ, sickness and disability benefits form the major component. Pensions represent a large share of income support of those living in (quasi-) jobless and poor households in EL, RO, and PL, while housing benefits are significant in the UK and DE, with family and education related allowances also large in UK, FR, BE and the CZ.

These elements are essential in understanding the profile of people who find themselves in such situation and the necessary policy levers and potential gaps in the structure of safety nets that can address this.

## What can we expect from the future?

The autumn European Commission forecast (European Commission, 2013) points out that the legacy of the crisis –deleveraging, financial fragmentation, elevated uncertainty and rebalancing needs – will continue weighing on growth. Unemployment has stabilised at high levels for the past half year, as employment losses have petered out. An early turnaround of the labour market is not expected. Employment in the EU and the euro area is projected to expand by ¼% in 2014, which will not yet be sufficient to curb high unemployment. In 2015, employment growth is set to accelerate to ¾ % in both the EU and the Euro area, resulting in a slight reduction of unemployment to 10¾% in the EU and 11¾% in the euro area. The differences in labour-market performance across Member States are expected to remain extremely large. This suggests that increasing shares of (quasi-) jobless households may still characterise the short-term with the



associated probability of increased poverty risk for those households who remain away from the labour market for larger periods of time

Moreover, while rising rates of long-term unemployment and joblessness are recognised as strong drivers of rising working age poverty, falling unemployment and rising employment rates do not necessarily lead to any immediate exits from poverty and reduction in poverty. Analysis of the European Commission (European Commission, 2014) shows that in the EU, around 20 % of those who are unemployed or inactive and at risk of poverty are in employment the following year. This proportion ranges from 15 % or less in MT, BE, RO, to more than 25 % in SE, AT, HU, CY and DK.

### *2.3. Policies, best practices and evidence-based responses*

There is evidence<sup>114</sup> that well-designed policies can make a difference when it comes to transitioning out of unemployment. For instance, participation in **lifelong learning** (education or training) by unemployed persons improves their transition rates out of unemployment. However, participation in lifelong learning is currently limited in many Member States, particularly among low and medium skilled workers. Another finding is the positive effect of being registered with the **public employment service**, particularly when receiving **unemployment benefits**. In this context, the following section will look at the role of active labour market policies (with a specific emphasis on public works programmes), unemployment benefits, and finally it will examine the importance of comprehensive policy responses (including access to services such as life-long education). It is, however, possible to envisage also additional interventions taking into account the peculiarity of household joblessness, namely the fact that these families normally cumulate multiple disadvantages and therefore require a combination of policy measures.

### **Active Labour Market Policies**

Measures to **increase access to and intensity of employment** are widespread, particularly in response to the economic and financial crisis. These measures usually fall under the broad category of **active labour market policies (ALMPs)**. Shared characteristics of ALMPs in Member States are **profiling, job counselling, educational training and (re-)qualification**.<sup>115</sup> **Subsidised employment, public work programmes, short-term paid employment, traineeships and voluntary work** are among ways of reintegrating people into work. While all Member States have policies for the unemployed and job seekers generally, the degree to which these target those who are furthest from the labour market (e.g. social assistance recipients) varies substantially. However, some Member States (BE, DE, AT, FI, LU, SI) specifically target these recipients by means of separate programmes.

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<sup>114</sup> European Commission (2012). Employment and social developments in Europe 2012.

<sup>115</sup> For a classification by type of action see Eurostat (2010). Labour market policy — expenditure and participants.

Among the unemployed and recipients of social assistance and activation policies, Member States identify different sub-targets for ALPMs, among which **young and older workers, low-skilled and long-term unemployed, migrants and people with disabilities**. For example, IE targets older workers, while the UK targets young people within the Jobseeker's Allowance scheme. DK and SE have separate schemes for older workers and young unemployed people. Measures currently in place in DE, SK, SI and ES tend to focus on the long-term unemployed. Few efforts are made to provide special support to integrate migrants into the labour market, although Vienna is a notable exception.

An overwhelming majority of Member States<sup>116</sup> **link the right to income support to the willingness to work and a minimum commitment to seeking a job, vocational or occupational training**. In SK, proving one's willingness to work and to accept a suitable job is only compulsory when applying for the highest level of income support benefit.<sup>117</sup>

The conditions under which job seekers have to accept a job offer varies across Member States. In CZ and DE, job seekers are required to accept *any* job, even if it is short-term, or a mismatch with their skills. In LV, EE, SK, MT and NL, job seekers are obliged to accept *suitable* work only (subject to the relevant authority's assessment).

'Reluctant behaviours or attitudes' such as refusing a job offer or refusing to take part in ALMPs are generally penalised by sanctions. These vary, and include withdrawal of benefits and grants (e.g. in EE, SI, LT, CZ, EE, LV), withdrawal of benefits (e.g. BG, CY, HU), suspension of benefits (e.g. LT, DK) or lowering the level of benefits ( IE).

If a job seeker is unable to find work, most Member States offer **vocational or occupational training**. Some also provide various counselling services which can cover advice to manage debt or addiction or psychological support (DE) during drug or alcohol rehabilitation (MT). In SI, job seekers may have to sign a contract with the Social Work Centre to take part in social and/or health programmes (SI). In other countries such as LU, an 'integration allowance' is available only if job seekers take part in an 'integration activity'. In NL, a young person who is not in employment or education (NEET) has the right to request a job or an offer of a place in education from the local municipality.<sup>118</sup>

If occupational or vocational training is not successful, some public administrations provide **(mandatory) measures to ensure activation** (NO, RO, BG, NL, LV, HU). This may mean compulsory involvement in **public works**<sup>119</sup> (e.g. providing social services, cleaning). This dimension should in

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<sup>116</sup> MISSOC Analysis (2011). *Guaranteed Minimum Resources*, MISSOC Secretariat for the European Commission, Contract nr. VC/2010/1131 .Pg 17.

<sup>117</sup> MISSOC Analysis (2011).

<sup>118</sup> The recently adopted Youth Employment Package aims to tackle the phenomenon of NEET at Member State level. For more information see: COM(2012) 727 final.

<sup>119</sup> European Commission (2013). *Public works – does it work?* Issue paper prepared by DG EMPL, unit E5.

many cases be complemented by improving job seekers' prospects of finding work, to avoid locking them into such schemes (LV, HU).<sup>120</sup>

In general, there is emerging evidence that public works programmes **are not effective activation tools**. A large majority of evaluations (Card et. al (2010), Kluve (2010), Kluve (2006), Martin (2001), J.Csoba, Z.E.Nagy (2011), Leigh-Doyle (2012) Matković et el. (2012) Kraus et. al (1998) (Heyer et al. (2011), Hujer and Thomsen S. (2006), Caliendo (2005), Kluve et. al. (2006), Hujer et. al (2004)) conclude that public works programmes have not been successful in terms of helping the unemployed to enter the open labour market compared to other types of ALMPs (services and sanctions, training, wage subsidies etc.). Matković et el. (2012) also found that the public works programme increases the likelihood of being unemployed. However, some positive effects were found in terms of activation, e.g., more participants of the public works programme might have left unemployment for inactivity if they did not participate in the programme. Heyer et. al (2011) argue that direct job creation schemes may improve the labour market prospects of hard-to-place individuals, but they can be damaging for the employment prospects other groups of unemployed. What can be inferred from the debate is that the problem is not limited to direct job creation schemes but it concerns ALMPs at large. As a matter of fact, ALMPs can have unintended consequences, such as crowding-out effects, substitution effects and lock-in effects (see Boeri and van Ours, 2008; European Commission, 2012)

**Lock-in effect** (for example, (Kraus et. al (1998), (J.Csoba, Z.E.Nagy (2011)), Heyer et al. (2011) and others), is mentioned as one of the reasons for the low performance of the public works programme. Lock-in effect refers to the situation when the participants of the programme search less intensively for a regular job than unemployed non-participants. The possible reasons for lock-in effect are lack of time or lack of motivation (the participants regard public works as a job and hence see no pressing need to look for another employment). For example, the participant surveys of the Latvian Public Works programme confirm that many participants did not look for job because they were already involved in the programme.

Evaluators (for example L.J.Rotar (2011), Schweighofer (2013)) also believe that **stigmatization** provides additional explanation of the low success of the public works programmes. J.Csoba, Z.E.Nagy (2011) hold the opinion that public works programs contribute to creating dependency and loss of self-initiative.

As a response to the economic crisis, most governments recognise the need to step up efforts to develop measures **tailored to specific vulnerable groups**, notably the young, older unemployed people, and women. The main priorities for ALMPs in NRPs are expanding educational measures (including on-the-job and vocational training) to reduce skills mismatches, expanding and improving job (search) counselling for the unemployed to improve the matching process, and tax

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<sup>120</sup> Commission Staff Working Documents, Assessment of the 2012 national reform programme and convergence programme for Hungary and Latvia, SWD(2012) 317 final, SWD(2012) 320 final.

reforms that benefit low-wage earners to support labour market participation even during high unemployment, as implemented recently by e.g. AT and LU.

**Back-to-work benefits** (such as gradual phasing out of income support, tax allowances and in-work benefits) and **earnings disregards** (income that is disregarded when it comes to assessing tax liability) complement ALMPs in making it more attractive to take a job. Taxing labour income is a prominent element of every Member State's tax policy. So it is important to understand the underlying relationship between taxation and labour supply. Evidence suggests that **secondary earners**, mostly women, are much more responsive to wages (and thus taxes) than primary earners<sup>121</sup>. If the tax burden is too high, **secondary earners might decide they are better off not working, or (more rarely), working fewer hours.**<sup>122</sup> Disincentives can also stem from joint taxation.

## The role of unemployment benefits

Besides activation measures there is a need to provide income support for individuals and households that have just lost their jobs and incomes. **Unemployment benefits** (both contributory and non-contributory) act as a cushion to sudden income losses. In this respect, unemployment benefits are vital to keep households on a lifeline and avoid loss of human capital.

A recent assessment of the unemployment benefit systems in the EU<sup>123</sup> reveals some interesting dynamics on the structure and nature of unemployment benefit systems. Within the EU, there are groups of countries with relatively homogenous benefit systems. **Nordic and Continental** countries are characterised by relatively generous unemployment benefit systems both in terms of entitlement conditions and income support per unemployed. In both groups, activation and active labour market policies have a prominent role, with job search conditionality being strong especially in Nordic countries. In **Anglo-Saxon countries**, unemployment insurance benefits are relatively modest, while unemployment assistance plays a major role. Monitoring of job-search activity is strict whilst active labour market policies play a less important role. In **Southern countries**, access to unemployment insurance is strict and benefit generosity varies widely depending on age and contribution period. Activation policies have a relative low share of spending, while participation in active labour market policies is widespread. Finally, **Central and Eastern** countries tend to exhibit a tight unemployment benefit system both in terms of benefit support per unemployed and benefit coverage. Although replacement rates at the beginning of the unemployment spell can be high in

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<sup>121</sup> For a review of the empirical literature, see: Bargain O., Orsini K., Peichl A. (2011), "Labor Supply Elasticities in Europe and the US", IZA Discussion Paper No. 5820; Evers M., De Mooij R., Van Vuuren D. (2008), "The wage elasticity of labour supply: a synthesis of empirical estimates", *De Economist*, 156 (1): 25–43. DOI 10.1007/s10645-007-9080-z.

<sup>122</sup> In the US, for every 10% reduction in after-tax wages, primary earners work about 1% fewer hours, for an elasticity of labour supply with respect to after-tax wages of 0.1. Secondary earners are much more responsive to wages (and thus taxes), with elasticities of labour supply with respect to after-tax wages estimated to range from 0.5 to 1. Source: Gruber (2011) *Public finance and public policy*, Third edition, Worth Publishers, pp. 628.

<sup>123</sup> Stovichek, K. and Turrini, A. (2012). *Benchmarking unemployment benefit systems*. European Commission, Economic Papers 454.

some cases, benefits drop sharply over the unemployment spell. Strict conditions on job search and availability often apply.

The overall generosity of unemployment benefit systems exhibits a high degree of variation across EU countries, with BE, AT, DK, IE, FI and PT having much more generous benefit systems than EU average while opposite is the case in the CZ, LT, SK, IT, PL, HU, LV and EE.

A somehow different picture emerges when the overall generosity of unemployment benefit systems is benchmarked against the prediction from multivariate regressions that take into account differences in fundamental factors affecting unemployment benefit systems. While unemployment benefit systems in MT, BE and PT appear even more clearly highly generous, the evidence becomes weaker for DK and FI. The reason is that high income per capita, strong activation policies, and sufficient fiscal space in these countries, justify more generous benefit systems. These benchmarks strengthen the case that Luxemburg and Sweden are characterised by relatively tight benefit systems, while for SK, EL, PL and HU results become more nuanced: benefit systems are still relatively tight, but, in light of a combination of low income per capita, fiscal deficits, and high long-term unemployment, not as much as coming out from a simple comparison with EU average.

## The role of minimum income schemes

Minimum income schemes (MI) provide cash benefits to ensure a minimum standard of living for individuals (and their dependants) that have either no other means of financial support, or whose resources fall short of a given level, despite including contributory cash benefits and support from other family members. MI schemes are considered as 'schemes of last resort.' They provide a safety net to protect people from destitution if they are not eligible for social insurance benefits, or are no longer entitled to such benefits. **They play an even more important role in a crisis**, when the rise in unemployment has already had an impact on social assistance schemes.<sup>124</sup>

**Almost all EU countries have some form of MI scheme at national level.** Member States that do not have one, such as Italy, have some sort of scheme at regional or local level. These are generally conceived as a short-term form of assistance, though in most Member States, they are not formally time-limited. They are means-tested and funded through the tax system (i.e. non-contributory). They are intended mainly for people out of work, but some Member States (CY, DE, LT, FR, PT, RO, SI, SE and IE) have extended their scope to provide in-work income support.

In most Member States, MI schemes are designed at national level, while delivery is delegated to the local authorities.<sup>125</sup> An examination of various national definitions<sup>126</sup> shows that most Member

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<sup>124</sup> Social assistance (SA) schemes represent the broader category including MI benefits together with other types of benefits such as housing benefits, child benefits and unemployment assistance benefits.

<sup>125</sup> In a few Member States, like Austria and Hungary, responsibility for policy decisions on SA benefit levels and eligibility conditions is partly delegated to regional/local governments.

<sup>126</sup> MISSOC Analysis (2011). *Guaranteed Minimum Resources*, MISSOC Secretariat for the European Commission, Contract nr. VC/2010/1131.

States use a **statutory minimum level of income**, fixed by the (national, regional, local) legislator or government. Further classifications are possible along territorial arrangements, type of benefits (cash vs. in-kind), and existence of top-ups (or income tapers). Minimum income benefits in general are adjusted periodically. Most Member States do automatic adjustments following changes in the consumer price index (in some countries an increase will only take place if the consumer index is raised by a certain percentage (CZ, LU, BE)). Some Member States will only adjust at irregular intervals after a decision by the government (LT, EE), while in other countries this will depend on the available budgetary resources (BG, LV). However, the periodicity of adjustment varies from every 6 months (SI, NL), to each year (almost all Member States), up to once every 3 years (PL), or at irregular intervals (LT, EE)<sup>127</sup>.

The design of MI schemes varies widely among Member States. In terms of **comprehensiveness** (i.e. the extent to which MI schemes are non-categorical, thus applying to those on low incomes in general, rather than to specific subgroups), four 'broad' groups of countries can be distinguished.<sup>128</sup>

- **Group 1 (AT, BE, CY, CZ, DE, DK, FI, NL, PT, RO, SI, SE)** is characterised by relatively simple and comprehensive MI schemes, generally open to those without sufficient means to live in dignity.
- **Group 2 is smaller (EE, HU, LT, LV, PL, SK)**. It has simple and non-categorical<sup>129</sup> MI schemes accompanied by more restricted eligibility conditions.
- **Group 3 (ES, FR,<sup>130</sup> IE, MT, UK)** is characterised by a complex set of different and often categorical schemes that sometimes overlap but generally cover most of those with insufficient means.
- Finally, there is a small group of countries with limited, partial or piecemeal arrangements only covering narrow categories of people (BG, IT, EL).

Eligibility conditions (commonly related to age, nationality, residence, lack of financial resources and availability for work) vary significantly. In some Member States, where there are only piecemeal and categorical schemes, there are **people on very low incomes that do not have access to any form of MI scheme**.

Over the past years many Member States have **tightened eligibility conditions**.<sup>131</sup> Conditionality has generally been increased and **availability for work** has usually been more tightly enforced for those are fit to work. There are often sanctions if beneficiaries fail to comply with the requirement that

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<sup>127</sup> MISSOC Analysis 2011

<sup>128</sup> Frazer H. and E. Marlier (2009) 'Minimum income schemes across EU Member States. Synthesis Report' .

<sup>129</sup> Access to categorical benefits is restricted based on some personal characteristics (single, with children, etc.) non-categorical benefits are benefits with no restriction based on personal characteristics. .

<sup>130</sup> This has improved with the introduction of the Revenu de solidarité active in 2009.

<sup>131</sup> A follow-up survey, conducted in autumn 2011 and spring 2012, on the implementation of the active inclusion strategies at national level (based on pre-filled questionnaires complemented by MS information) found that more countries have implemented stricter eligibility criteria for minimum income (CZ, FR HU, PT, RO, UK) compared to those that relaxed eligibility (MT, LT) in the examined period (2008-2012).

they must be available for work. Sanctions may lead to reductions in benefits, and to the loss of the right to SA benefits in more extreme cases. There is also a trend towards a stronger link between income support through MI schemes and **activation measures** including vocational training, job search assistance, and counselling.

MI schemes are of unlimited duration in all Member States. They are granted for as long as a person is in need of support, and need is monitored by regular checks that beneficiaries do indeed fulfil eligibility conditions. National MI schemes differ as regards the duration for which benefits are available after each application, so the frequency with which a claimant has to reapply varies. For example, in FR the Revenu de solidarité active (RSA) has to be renewed after three months, in BG, SI and LV after six months, while in PT, the period is 12 months.<sup>132</sup>

Considering overall income support, it should be noted that in some Member States, MI claimants also receive **additional assistance for specific needs**, such as housing benefits, contributions to fuel costs and means-tested child benefits. Though not formally classified as 'guaranteed MI benefits' these do contribute to the level of income that is actually guaranteed to people supported by MI schemes.

## The need for a comprehensive policy approach

The recent assessment of the **active inclusion strategies**<sup>133</sup> at national level highlights the importance of **comprehensive policy response** to the rising unemployment and the resulting poverty. The assessment clearly shows that Member States with robust social protection systems characterised by adequate income support, high coverage of unemployment and social assistance, access to enabling services, and strong activation policies have weathered much better the crisis.

The particular case of the (quasi-) jobless households, which often times combine a number of disadvantages, is a good example of the need for comprehensive measures to address the problem. It is important to contrast the social isolation and reach out to these families in order to connect them to the community. To these aim social services and particularly family centres offer good opportunity of (first) contact. Support for improving parenting and life capacities can be a first step to improve employability, as often times these households are households with dependent children

Employment services should be tailored around the clients' needs and offer options which meet their skills and interests and avoid placing individuals into predetermined employment pathways. A correct assessment of skills and placement into different streams could allow to better tailor these services. Clients must be transparently informed and aware of each step concerning their reinsertion path in order to improve their sense of ownership.

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<sup>132</sup> MISSOC database for 2011.

<sup>133</sup> European Commission Communication of 20 February 2013 *Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014-2020, CSWD 39 final*.

## *2.4. Results of the thematic in-depth review*

The second thematic review of the SPPM 'trends to watch' focused on the poverty risk of the people living in (quasi-) jobless households, which is at the core of the interrelation between activation policies and access to services, effectiveness of social protection schemes and the tax and benefit system and is directly influenced by general labour market conditions.

The presenting countries (DK, FR and NL) outlined their specific macroeconomic context and the main employment and social indicators relevant for the situation of people living in (quasi-) jobless households and gave an overview of policy approaches undertaken by public authorities in their countries aimed at addressing the poverty risk to which those furthest from the labour market are exposed.

These countries use a different mix of tax instruments and cash benefits for delivering support to households with dependent children. Cash benefits can be universal or means-tested targeting low-income households, whereas tax instruments can take the form either of tax allowances or of tax credits specifically aimed at households with dependent children. Enabling services as those found in the presenting countries can also help address the poverty risk of people living in (quasi-) jobless households, by removing barriers to people's entry into employment and by facilitating mobility, work and family life reconciliation, and social participation. They include access to early childcare, education and training, health care and housing.

The best performing countries in reducing the poverty risks of jobless households combine direct income support with housing allowances and social assistance top-ups, especially for low-income households with dependent children. People living in (quasi-) jobless households receive about 70% of their annual gross disposable income in social transfer, as opposed to 8 % of the income of people not at risk of poverty, but the level of support to (quasi-) jobless and poor households varies widely across the Member States. The share of individuals not receiving income support is especially large in EL, where more than 40% of those living in (quasi-) jobless and poor households receive 10% or less of their income from social transfers, whereas this share is less than 10% in NL, DK, FR and SE.<sup>134</sup> Moreover, people living in (quasi-) jobless and poor households receive, on average, the largest share of social cash transfers, with the bulk of benefits received consisting of unemployment benefits (such as in FR), followed by social inclusion benefits (sickness and disability benefits, family and housing allowances etc.).

Nonetheless, measures to promote activation and labour market participation are seen as key to reducing poverty and social exclusion. Activation policies encompass a range of measures: job search training and education for the unemployed and inactive, employment incentives and subsidies for job taking as well as job creation activities. The presenting countries seem particularly adept at applying activation measures. For instance, NL introduced tax credits with the aim of providing incentives for individuals to move into employment, which work in effect as tax reliefs on

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<sup>134</sup> *Employment and Social Developments in Europe 2014*



individual income and are thus similar to reductions in individual social protection contributions. In FR, the 2009 reform of the social assistance scheme towards a '*revenu de solidarité active*' focused on job security, on improving access to employment and to life-long learning and training, as well as on individual income support support to people already in employment. In the case of DK, the focus of the forthcoming reforms of cash benefits and of flexjobs will be put on direct income support for people living in low-income households irrespective of the employment status, combined with activation measures targeting especially the youth as well as with rehabilitation measures for disabled people of working age.

Taking up a job can have different implications and lead to different outcomes in terms of exits from poverty, depending on the labour market characteristics (segmentation, temporary or permanent contract arrangements, wage polarisation etc.) which also differ quite widely both between and among the presenting and the examining countries. For instance, labour market segmentation based on contractual arrangements is more of a concern in EL and FR, whereas wage polarisation and rigidities are more common in DK or NL.

The main conclusion that was drawn from the interventions of the presenting countries is that a policy mix that combines relatively broad coverage with high income replacement rates, as implemented in DK, FR and NL, tends to achieve low rates of entry into poverty, high returns to employment, and high exit rates out of poverty.

Afterwards, the examining countries (EL, SK, SE, LV) took the floor and discussed the findings put forward by the presenting countries, focusing in particular on the common challenges for both the presenting and the examining countries, as well as on the potential for transferability of those policy approaches that were identified in the preceding discussion, notably the reforms of the minimum income and social assistance schemes, measures to stimulate labour market participation and child care programmes. A greater focus on work incentives was identified by all the examining countries as the policy with the greatest potential for transferability, whereas improving the adequacy of social benefits and of the minimum income support targeting jobless households was desirable but also likely to deepen dependency traps and to come at considerable costs for their social protection budgets.

## *2.5 What should be the focus of policy effort?*

The prevalence of household joblessness varies significantly across the EU. Understanding the cross-country variation should help to identify the potential causes of household joblessness. The level of household joblessness is related to the overall state of the labour market, the characteristics of (quasi-) jobless household members (their age, level of education, the age and number of children, and the health status of adults and children), and the tax and benefit systems operating in different countries.

More generally, poverty at working age is more strongly correlated with work intensity at household level than with the individual labour market status. Tax and benefits systems, particularly

in countries with extensive means-testing of social benefits based on household income, may also impact on the poverty risks of jobless households by creating disincentives for work that lead to dependency traps.

In assessing the impact of household joblessness, an important distinction may be drawn between households that contain only one adult and households that contain more than one. For an adult living in a one-adult household, individual joblessness obviously equates to household joblessness; the phenomenon of jobless individuals being clustered together in a household is a distinct one, though each gives rise to a jobless household.

A significant increase in the risk of poverty among the working age population is one of the most tangible social consequences of the economic crisis in Europe. Even if unemployment is gradually reduced as currently projected, this may not be enough to reverse rising poverty, especially if wage polarisation continues, notably due to a rise in part-time work. Poverty is especially likely to remain a growing problem if polarisation between high and low wages continues, and if more and more people are obliged to work only part-time.

For an adult to exit poverty, it is usually necessary to find a job. However, much depends on the type of job found, the level of pay and the number of hours worked. It also depends on the composition of the household and the working situation of the partner. A gradual reduction of unemployment is unlikely to be enough to reverse the increasing trend in poverty levels. In many Member States, significant shares of unemployed people are not covered by standard safety nets, such as unemployment benefits or social assistance.

Another persistent challenge to labour and social inclusion is represented by the gender gap in labour market participation, pay and the risk of poverty. Although gender gaps have decreased since the start of the crisis, as many traditionally male-dominated sectors were most affected by the downturn, persistent gender inequalities can still be encountered on the labour market. Women still work shorter hours and have lower hourly pay and less career opportunities, which ultimately contributes to the poverty risk of households with low work intensity.

Therefore, policy-makers need to foster both job creation and inclusive labour markets and decent working conditions. Moreover, efficient and effective income support schemes and well-targeted social expenditure, including for households whose members do have a job, are needed in order to allow more people to escape poverty and social exclusion. This would require an effective policy mix consisting of measures to stimulate flexible working conditions, investment in human resources development, activation, as well as employment-friendly accessible and affordable childcare.

## 3. Child poverty and social exclusion: investing in children and their well-being

### 3.1. Introduction

Europe's social and economic future greatly depends on its capacity to break the transmission of disadvantage across generations. Recent years have seen a partly dramatic increase in child poverty.

Children growing-up in poverty and social exclusion are less likely than their better-off peers to do well in school, enjoy good health and realise their full potential. Research evidence shows that children born into severe poverty are disproportionately exposed to factors that impede their psycho-motor development, socio-economic growth and cognitive processes. Significant differences in cognitive outcomes between children from disadvantaged backgrounds and children growing up in more favourable conditions exist already at age five.<sup>135</sup> When linked with deprived, neglectful or low education family backgrounds, poverty becomes the single greatest barrier to educational achievement,<sup>136</sup> affecting career prospects and increasing the likelihood that children from disadvantaged backgrounds become disadvantaged adults. 68.9% of adults declaring difficulties to make ends meet faced similar situations in their childhood<sup>137</sup>. There is also much evidence that the socioeconomic status of a child is a good predictor of adult health: growing up a disadvantaged environment can have a long-lasting negative impact on health, which is barely undone by upward social mobility<sup>138</sup>.

Reducing child poverty and breaking the transmission of disadvantage across generations implies investing early on by developing integrated strategies focused on children and families, combining prevention and support, seeking both to enhance the development and well-being of all children and to specifically improve the situation of the most vulnerable. It also has to take into account changing family patterns with an overall increase of single parent families, who face specific economic vulnerability.

Child poverty and the transmission of disadvantage across generations produce significant costs not only for those concerned, but also for society as a whole. It is broadly acknowledged that

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<sup>135</sup> Bradbury et al. (2011); Geoffroy & al., 2010, Dearing and al., 2009, Hansen & Hawkes, 2009. A \$1,000 increase in income raises combined math and reading test scores by 6% of a standard deviation in the short-run. Test gains are larger for children from disadvantaged families and are robust to a variety of alternative specifications. G. Dahl (2006) The Impact of Family Income on Child Achievement: Evidence from the Earned Income Tax Credit

<sup>136</sup> J. Bennet (2012), Early childhood education and care (ECEC) for children from disadvantaged backgrounds: Findings from a European literature review and two case studies. Study commissioned by the European Commission, available at: [http://ec.europa.eu/education/more-information/doc/ecec/report\\_en.pdf](http://ec.europa.eu/education/more-information/doc/ecec/report_en.pdf)

<sup>137</sup> Eurostat, *Statistics in focus 27/2013*

<sup>138</sup> European Commission, 2012

public expenditure linked to mitigating the adverse effects of poverty and social exclusion at an early age would be lower than those of dealing with the consequences of childhood poverty across a persons' life-span.<sup>139</sup>

Especially in time of crisis, the cost-effectiveness of policies needs to be further enhanced, whereby two factors can play a major role:

- **Stronger focus on early childhood years:** The early mastery of a range of cognitive, social, and emotional competencies makes learning at later ages more efficient, easier and more likely to continue; it also contributes to better health and psycho-social benefits. The highest rate of return to human capital investment is found in early childhood years,<sup>140</sup> and yet public expenditure is typically lowest for this age group.<sup>141</sup>
- **Refining policy design:** The approach found in countries with lower levels or decreasing levels of child poverty and social exclusion are embedded in a wider system that addresses poverty, social exclusion and inequality more generally. This entails several broad policy instruments – supporting the labour market participation of (both) parents, supporting wages and income (including through effective tax and social protection systems), and ensuring access to services utilised by families.

This document gives an overview of the main facts and figures as well as policy challenges and approaches related to the tackling of child poverty and social exclusion in Europe. It also presents the main findings of in-depth thematic review on child poverty and social exclusion conducted by the SPC on 19.12.2013.

Children (defined here as persons below the age of 18) are more exposed to the risk of poverty or social exclusion than the overall population with a rate of 28% against 24.8% for EU28 in 2012, and highest rates are in BG (52.3%), RO (52.2%), HU (40.9%) and LV (40%). The lowest rates between 15% and 17% are found in FI, DK, SI and NL.

Only in five Member States are children less at risk of poverty or social exclusion than the total population (DK, SI, FI, DE and EE).

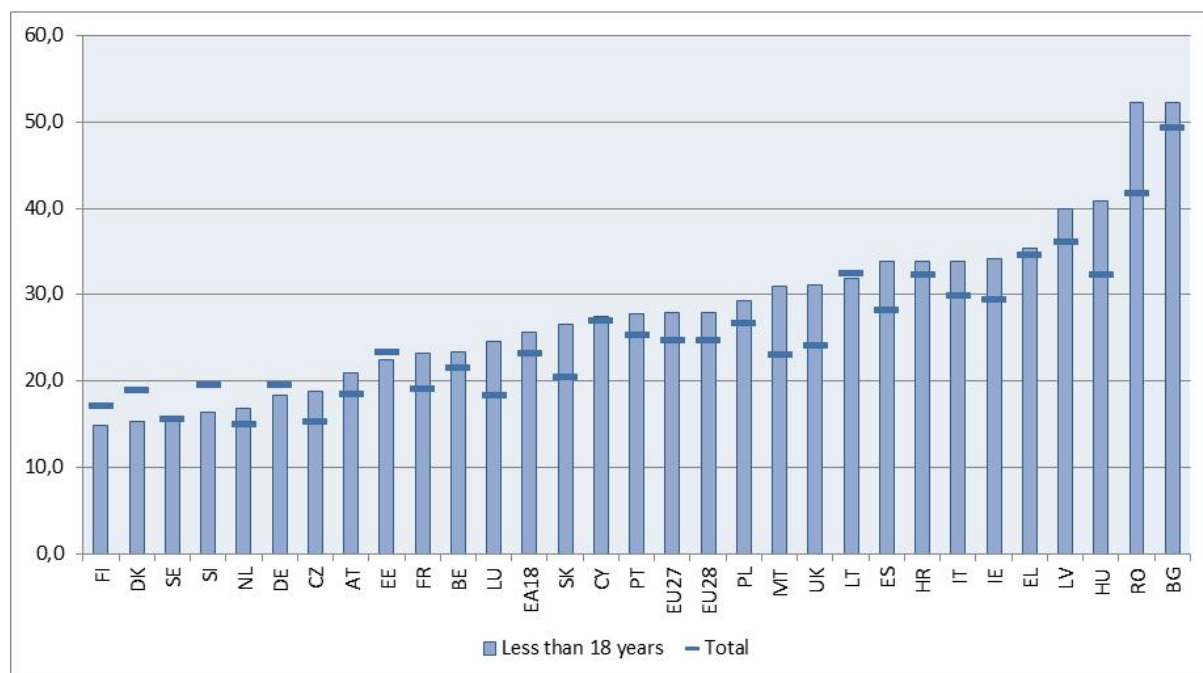
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<sup>139</sup> Providing an exact estimation of such costs appears challenging. However, a 2008 UK study highlighted that, in the longer term, about £13 billion might be gained yearly from ending child poverty, through economies linked to the direct costs of services to remedy the consequences of childhood deprivation such as poor health, low educational attainment, crime and anti-social behaviour. Hirsch, 2008; Estimating the costs of child poverty. Joseph Rowntree Foundation.

<sup>140</sup> Heckman, 2008, *The case for investing in disadvantaged young children*.

<sup>141</sup> Presentation given to World Bank on Benefits of Early Child Development Programme by Jacques van der Gaag (2004). See SPC Report 2012, Tackling and preventing child poverty, promoting child wellbeing.

**Figure 63. People at risk of poverty or social exclusion (AROPE), children (0-17) and total population, %, 2012**

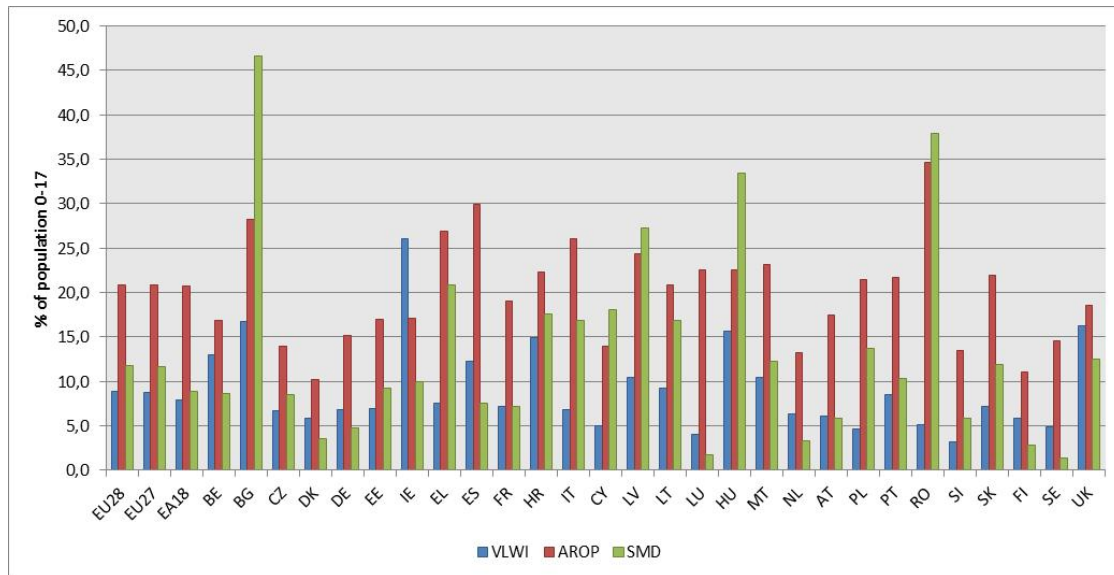


Source Eurostat (EU-SILC)

Note: 2011 data for IE

In 2012 the at-risk-of-poverty rate among children (defined as the proportion of children living in households with an income lower than 60% of the median equivalised national income) varies significantly across Member States, from 10.2% in DK, 11.1% in FI, 13.2% in NL and 13.5% in SI up to 34.6% in RO, 29.9% in ES, 28.2% in BG and 26.9% in EL.

**Figure 64. Children at-risk-of-poverty rate, severe material deprivation rate and share living in (quasi-) jobless households**



Source: Eurostat (EU-SILC)

The **labour market situation of parents** is evidently one the most important determinant of the material situation in which children grow up. Yet 9% of children in the EU live in (quasi-) jobless households, ranging from 3.2% in Slovenia and 4% in Luxembourg to 25,9% in IE, 16,6% in BG, 15.7% in HU and 14.9% in HR.

The rate of children in **severely materially deprived** households varies from 1.3% in SE to as much as 46.6% in BG and 37.9% in RO against an EU average of 11.7%.

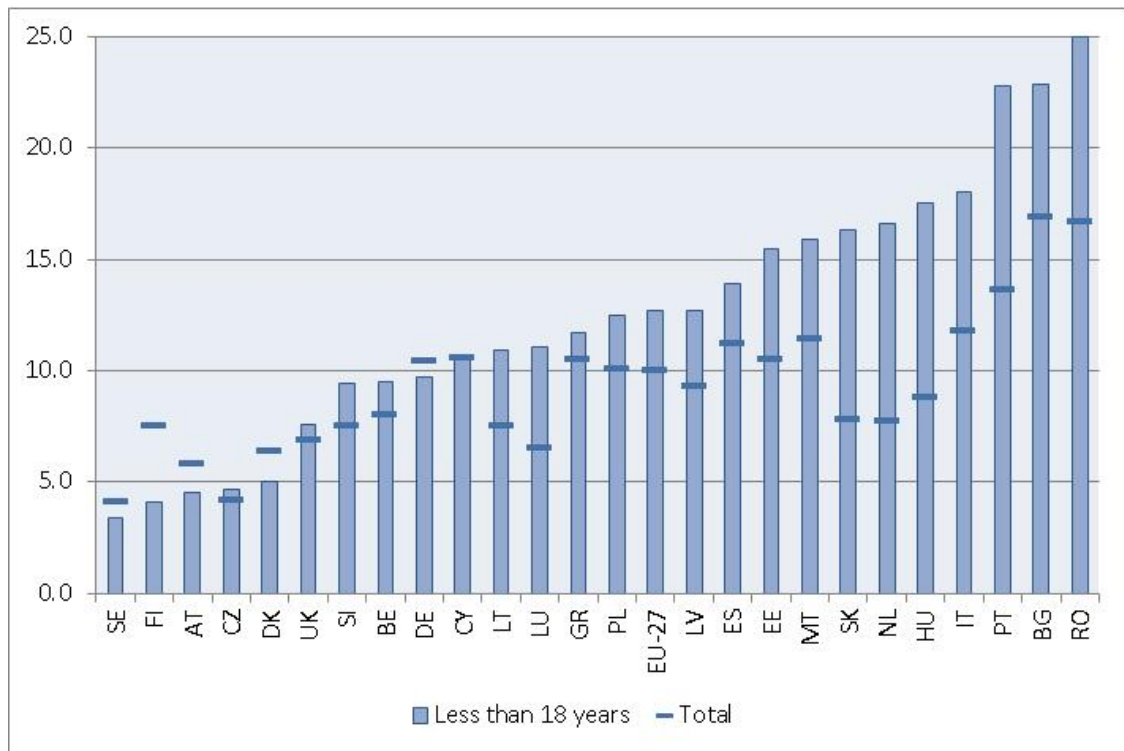
### Where has child poverty increased most?

Since the beginning of the crisis the highest increase in child poverty was recorded in BG, RO, HU, LV, EL, MT and IT. Even though BG recorded a stabilising trend between 2011 and 2012 and LV decreasing share in AROPE for the same period (-4,1 pp), the 7 MS remain with the highest AROPE for children in 2012.

### How long do children live in poverty?

More than 20% of children in RO, BG and PT are at persistent risk of poverty, i.e. are poor today and have been poor in at least 2 of the previous 3 years. On the other end of the spectrum are countries like SE, FI, AT, CZ and DK where this is the case for only around 5%. In a number of MS, children have a higher or much higher risk of being in persistent poverty than the overall population. This is especially the case in SK, NL, HU, PT. Only in FI, AT, SE, CZ and DK, children seem to be more protected against long periods in poverty risk than the total population

Figure 65. Persistent at-risk-of-poverty rate for children, 2011



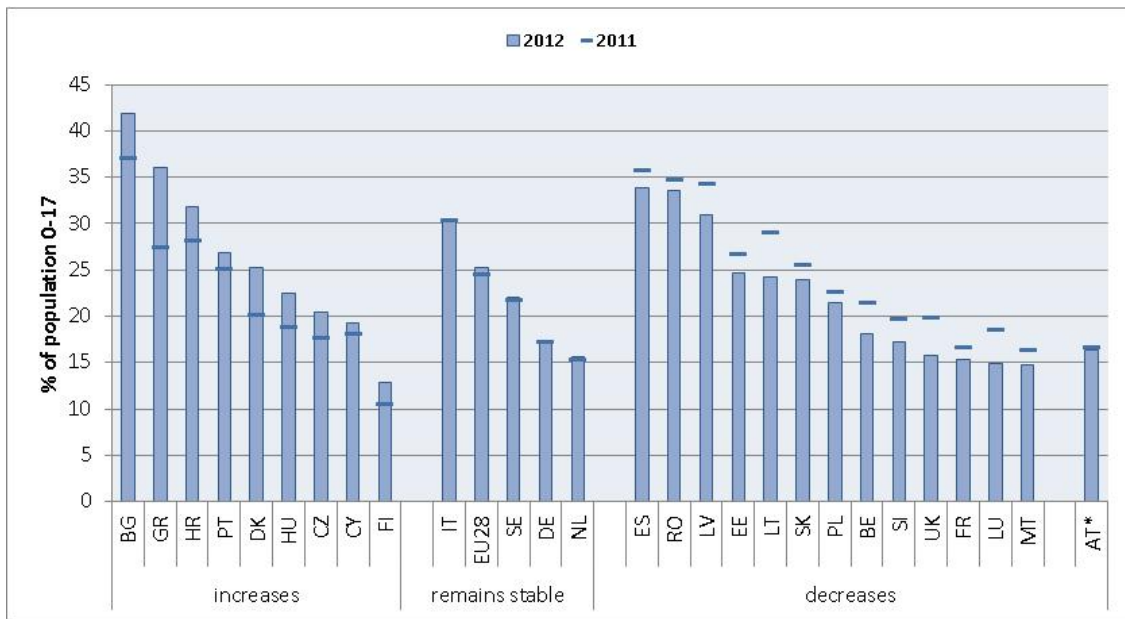
Source: Eurostat, EU-SILC

Note: no 2011 data for IE and FR

### How deep is child poverty and social exclusion in Europe?

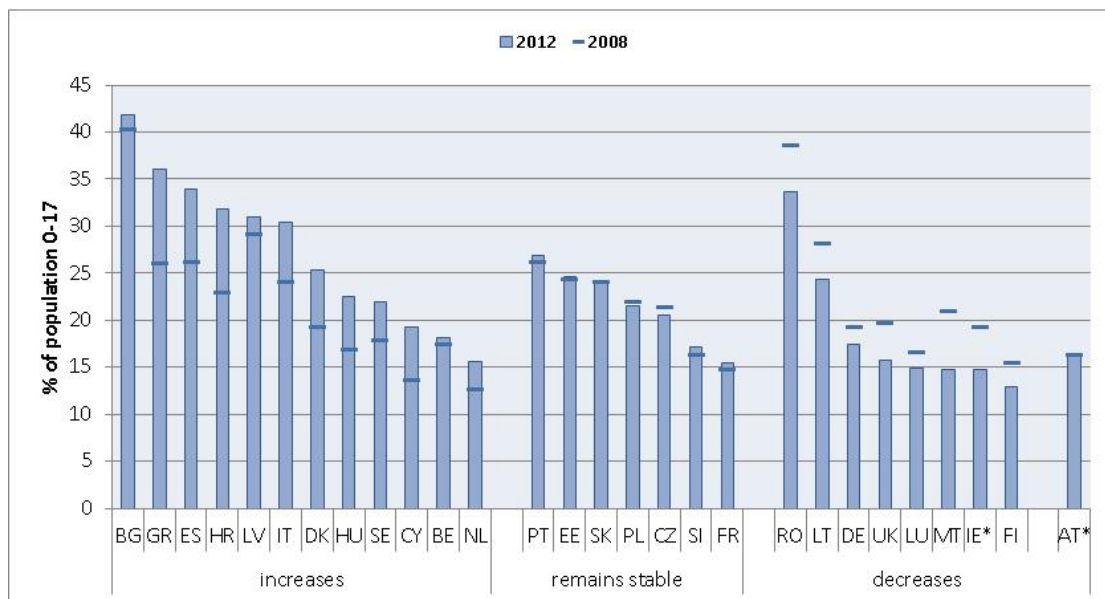
The poverty gap, one measure of the depth of poverty, indicates the extent to which the situation of children at risk of poverty falls below the poverty threshold on average. In policy terms, it indicates the scale of transfers which would be necessary to bring the incomes of those concerned up to the poverty threshold. The poverty gap for children in the EU28 in 2012 was 25.2% lower than the at-risk-of-poverty threshold. This is up by 1.6 pp since 2008 and stable since 2011. The child poverty gap in the EU28 countries varies between 12.9% (FI) to more than 30% (HR, EL, BG, ES, RO and LV) in 2012.

Figure 66. Relative median at-risk-of-poverty gap for children, 2011-2012



Source: Eurostat, EU-SILC

Figure 67. Relative median at-risk-of-poverty gap for children, 2008-2012



Source: Eurostat, EU-SILC

Note: i) 2011 data used for IE; ii) AT has changed the source for income from survey to administrative data. As a result, income related indicators and by definition the target indicator suffer a break in series for 2012 and are therefore not comparable to 2011 and 2008. AT will be able to provide a comprehensive back-calculation of the timeline until the base year 2008 at the end of 2014 iii) For UK, changes in the survey vehicle and institution might have affected the results and interpretation of data must therefore be particularly cautious; iv) Provisional data for BE does not allow for reliable assessment of evolutions; v)



### 3.2 Main drivers, challenges, evidence-based policies and good practices

In order to be effective policies aimed at addressing child poverty and break the transmission of disadvantage need to be embedded in a wider policy approach that addresses poverty and social exclusion more generally. This entails several broad policy instruments – supporting the labour market participation of preferably both parents, supporting wages and income, and ensuring access to services utilised by families.

The most common approach found in countries with lower levels or decreasing levels of child poverty consists of redistributive policies which ensure that parents have an adequate income, either through accessing decent jobs or through adequate income support. The systems typically aim to redistribute wealth fairly through effective tax and social protection systems, and ensure access to good-quality services and opportunities to the majority of children and their families.

#### Access to adequate resources

##### Parents' participation in the labour market

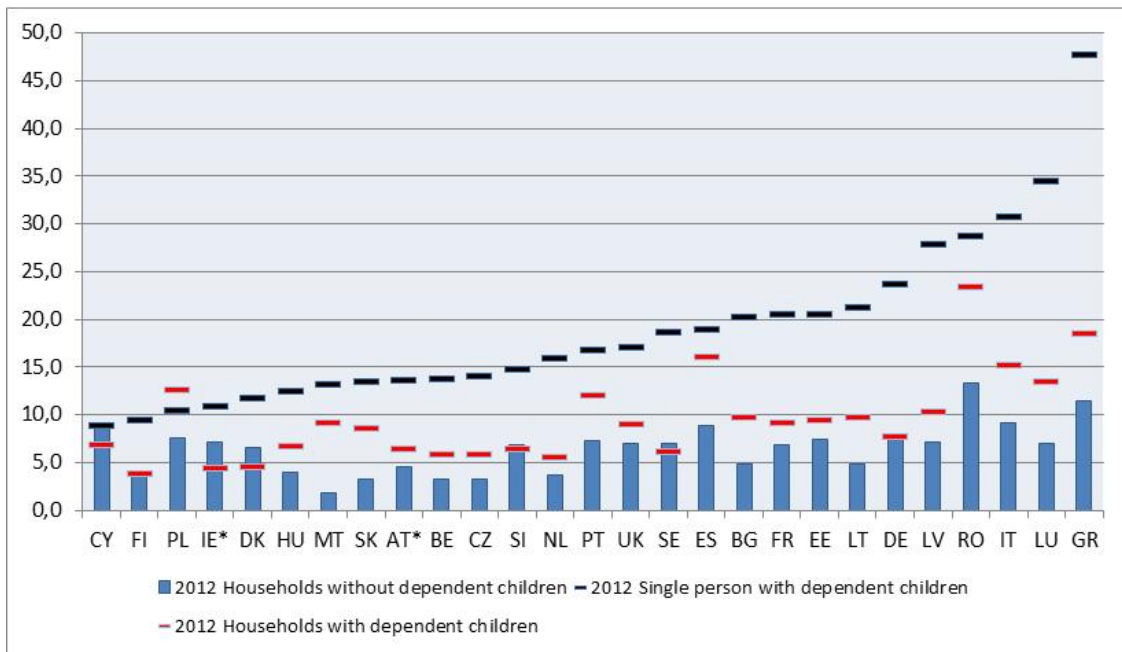
Quality parental employment is the main safeguard against child poverty. Household composition and the combined employment participation of all adults in the household contribute to the income situation and living standards.

Overall, in most Member States people in households with dependent children are much more likely to be **working poor** than households without. Compared to a childless household with two adults, a two adult household with two children cost about 40% more<sup>142</sup>. Only in CY, IE, DK and SE this is not the case. CY is also the only MS where working households (with dependent children) are *less* at-risk of poverty (6.8% in 2012) compared to households without dependent children (9.2% in 2012), highlighting a social protection system which is especially tailored to protect households with children.

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<sup>142</sup> The needs of a household grow with each additional member but – due to economies of scale in consumption – not in a proportional way. With the help of *equivalence scales* each household type in the population is assigned a value in proportion to its needs. The 40% is calculated using an equivalence scale of 1.5 for two adults without children and 2.1 for two adults with two children.

**Figure 68. In-work poverty risk for different household types, 2012**



Source: Eurostat, EU-SILC

Note: no 2012 data for BE, AT, IE and UK

**Lone parents** and their children are particularly exposed to higher risk of (in-work) poverty and need targeted support, which appear as a particular challenge in EL, LU, IT, RO, LV, DE and LT. In Greece, close to 50% of working lone parents are at risk of poverty. In RO working lone parents (28.7%) and households with dependent children (23.4%) are facing almost equal risk of poverty, comparing to a much lower rate for households without dependent children (13.4%). Similar trends are observed in ES.

Besides this, the **work intensity within the household** plays a determining role. In most countries, the one breadwinner family model no longer protects against poverty. The risk of poverty for individuals in households with low to medium work intensity ranges between 15 % and 50 % (European Commission, 2012). Families with dual earner couples are less likely to be at risk of poverty.

In this context, work intensity within the household can be strongly influenced by **disincentives** resulting from a trade-off between the expected earnings, the taxes to be paid due to the increase in gains, and the reduction of tax credits and welfare entitlements: the combination of these parameters (called the effective marginal tax rate) might make the uptake of work or an increase in hours not worthwhile. This shows how making work pay requires looking at the **design and integration of tax and benefits systems**. A steep effective marginal tax rate can result in unemployment or inactivity traps. To counteract such traps, some Member States have, for instance, adopted measures to reduce the tax wedge (a combination of direct labour taxation plus social security contributions) on lower wages, raise minimum wages, offer in-work benefits (see

box below on Earned income tax credit), and/or they have reviewed the design of out-of-work benefits, including social assistance.<sup>143</sup>

For parents, the **cost of childcare** acts as an additional major barrier to work and can be particularly influential in the determination of the net income gains for second earner.<sup>144</sup> In BG, CZ, IE, LV, LT, MT and SI for instance, lone parents with low prospective wages are financially better off staying at home and caring for their children themselves. Inactivity traps also exist in countries where childcare is much more affordable for low wage lone parents, such as in the CZ and SI, where they can be imputed as well to the articulation between in and out of work benefits.

Many countries with low levels of joblessness (LU, SI, FI, AT, NL, SE, CY) and several with medium levels (CZ, DK, MT, DE, IT, PL, PT, EE) have given significant attention to policies to make work pay for parents and avoid inactivity traps. In LU, a high share of working single parents and a decrease of low work intensity in single parents households have been achieved in particular by improving availability and affordability of childcare services (through high investment in supply and childcare vouchers and reduced fees for families at risk of poverty), in combination with investment in education for the low skilled. In many of the countries with high (SK, FR, LV, HR, RO, BE) or very high (LT, EL, ES, HU, UK, BG, IE) levels of joblessness, making work pay for parents remains an important challenge to be addressed<sup>145</sup>. LV has addressed disincentives to work for parents by introducing from 2014 a right to work and receive childcare and parental benefits simultaneously.

### Earned income tax credit (EITC)

One way to support low wage earning parents is through the so-called **earned income (or working) tax credit** (EITC/WTC).<sup>146</sup> This approach brings together the need to boost the incomes of low-earning households while at the same time promoting employment by able working-aged adults. Empirical evidence from the US shows that EITC, in combination with other policy reforms and increases in the minimum wage, has produced some striking results in increased in labour

<sup>143</sup> See also European Commission (2009) 'Recent reforms of the tax and benefit systems in the framework of flexicurity' European Economy Occasional Papers 43, Feb 2009.

<sup>144</sup> An OECD study (OECD, 2011) shows that across all countries net childcare costs are a critical factor for parents' employment decisions. Compared to a no childcare scenario, the financial reward from employment is substantially reduced by childcare costs. At low earnings levels, childcare costs reduce the returns to lone parents by as much as 40 % and for second earners by up to 50 %. The study also demonstrates weak work incentives over a significant part of the female full time earnings distribution. Before childcare is considered, many mothers of young children working full time are unable to increase their family income by even 50%. Even those working full time at the median wage achieve only a 50% increase. When childcare costs are included median earning mothers across the EU countries manage to increase their family income by only 40 %. A single mother has to command a full time wage in the top 40 % of the earning distribution and a second earner must be able to earn a wage in the top 25 % to achieve a 50 % increase in her family's income.

<sup>145</sup> Frazer, H. and Marlier, E. (forthcoming), EU Network of Independent Experts on Social Inclusion, Synthesis Report on 'Investing in Children: breaking the cycle of disadvantage' An updated and finalised version will be published in Spring 2014. It will be available from: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>.

<sup>146</sup> A tax credit works as a negative income tax: low wage earners, instead of paying taxes receive tax credits that are usually (negatively) related to the level of income earned.

market participation, reduced poverty among some segments of the population, especially single parent households, and better educational and employment outcomes for children.<sup>147,148</sup>

The United Kingdom has also a Working Tax Credit established in 2003. Several Member States have introduced tax credits, including the 'Prime Pour l'Emploi' (PPE) and the 'Revenu de Solidarité Active' (RSA) in France, the 'Combination Credit' in the Netherlands, and a 'Low Wage Tax Credit' in Belgium.<sup>149</sup> The UK Working Tax Credit, to be replaced by the Universal Credit, remains the broadest measure of its kind in Europe, both in terms of scope and budget.

An example of policy reform that combines **income support with activation** (including support of low wage earners) is the **Revenu de Solidarité Active** (RSA) in France. The RSA can be seen as a cornerstone of France's current antipoverty policy, in combination with the minimum wage and employment subsidies. The declared objectives are to integrate and simplify existing benefit schemes, to combat poverty more efficiently and to foster the transition into work. The RSA scheme is equivalent to a negative income tax. A basic benefit of € 410 (for a single adult) or € 590 (for a couple with no children) applies to claimants who do not work; for those who work, earnings are topped up by an in-work RSA supplement in such a way that 62 % of their net earnings are exempted. The implicit tax rate is set so as to make the benefit expire as the claimant's earnings approach the poverty threshold (SMIC = approx. € 1 200 gross/ € 950 net). In comparison with pre-existing schemes, the RSA focuses more on the lowest income group and, above all, strengthens the work incentive component.<sup>150</sup>

Some researchers claim that EITC/WFTC-type of policies which are means-tested on household income (and not on personal income) increase work incentives for single workers but discourage married women with a working partner. It is typically argued that this efficiency loss is outweighed by the equity gains from targeting families in need. In contrast, individualized schemes appear to combine clearer incentive effects with less efficient targeting, since resources may be transferred to workers in well-off families (Bargain and Orsini, 2005). In a micro-simulation study for Belgium, Marx et al. (2012) suggests that in order to be effective as an anti-poverty device and at the same time affordable within reasonable limits, measures means-tested at the household level need to be strongly targeted. Some researchers, notably Figari (2011), question the potential transferability in terms of similar results in southern European countries, where the presence of extended families comes into the way of such measures being well targeted to the poorest.

While part-time work can provide opportunities for parents to work, it is important to ensure the provision of care services for those seeking full time employment. Looking after children or

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<sup>147</sup> Hoynes, 2007, [http://www.econ.ucdavis.edu/faculty/hoynes/working\\_papers/Chicago-Fed-Final.pdf](http://www.econ.ucdavis.edu/faculty/hoynes/working_papers/Chicago-Fed-Final.pdf)

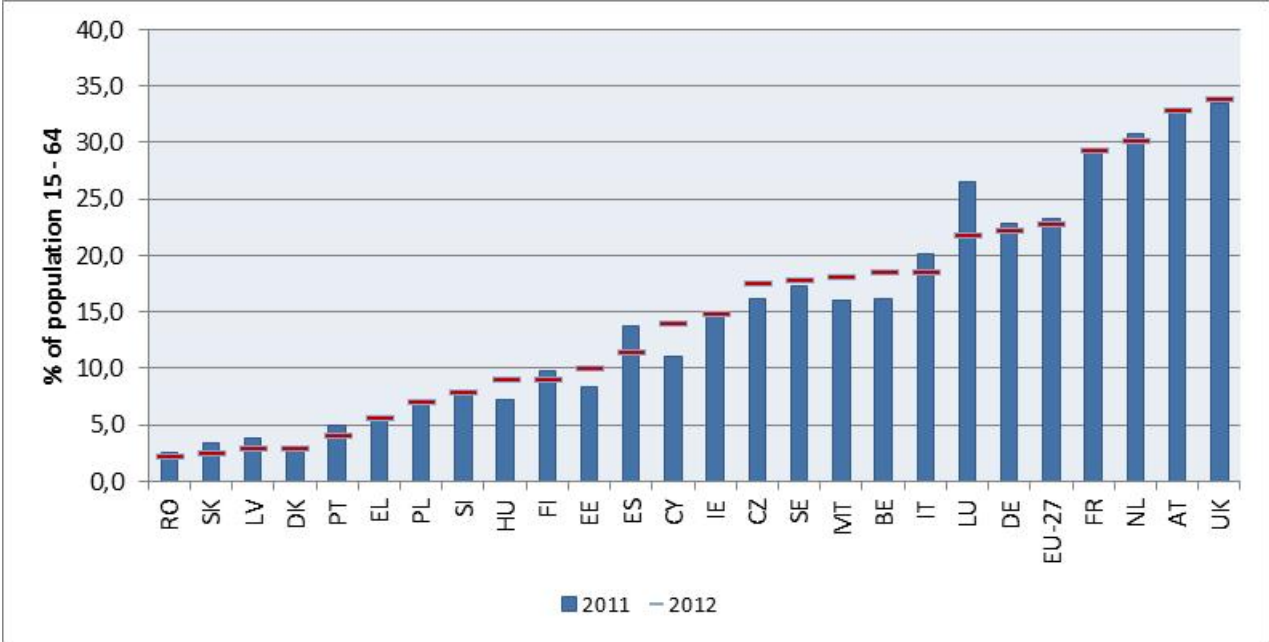
<sup>148</sup> Marr, Charite, and Huang (2013). "Earned Income Tax Credit promotes work, encourages children's success at school." Center on Budget and Policy Priorities. <http://www.cbpp.org/files/6-26-12tax.pdf>

<sup>149</sup> Marx and Verbist 2008

<sup>150</sup> Ides Nicaise (2011): Building the tools to fight in-work poverty, Synthesis report, France. Available at: [www.peer-review-social-inclusion.eu](http://www.peer-review-social-inclusion.eu). For a review of recent policy reforms in the family policy area in all countries see also EPIC country profiles section ([http://europa.eu/epic/countries/index\\_en.htm](http://europa.eu/epic/countries/index_en.htm) )

incapacitated adults is the main reason **for part-time employment** in 2012 for more than 1/3 of the working age population in the UK, NL, AT, and FR. Increases in part-time employment in 2012 due to care responsibilities was recorded in MT (from 15% in 2008 to 20% in 2012) and in BE (from 17.9% in 2008 to 18.7% in 2012). The percentage of population deciding to work part-time due to look after a child or an incapacitated adult decreased notably in 2012 comparing to 2008 especially in NL (from 39.8% in 2008 to 34.4% in 2012), in IT (from 26.5% in 2008 to 18.6% in 2012), ES (from 17.7% in 2008 to 11.6% in 2012) and in EL (from 11.8% in 2008 to 5.6% in 2012). In Member States where there is a high rate of mothers in part-time employment, family households often experience in-work poverty and child poverty.<sup>151</sup> While part-time work can provide opportunities for parents to work, it is important to ensure the provision of care services for those seeking full time employment.

**Figure 69. Part-time employment of population (15-64) due to looking after children or incapacitated adults responsibilities, 2011 – 2012**

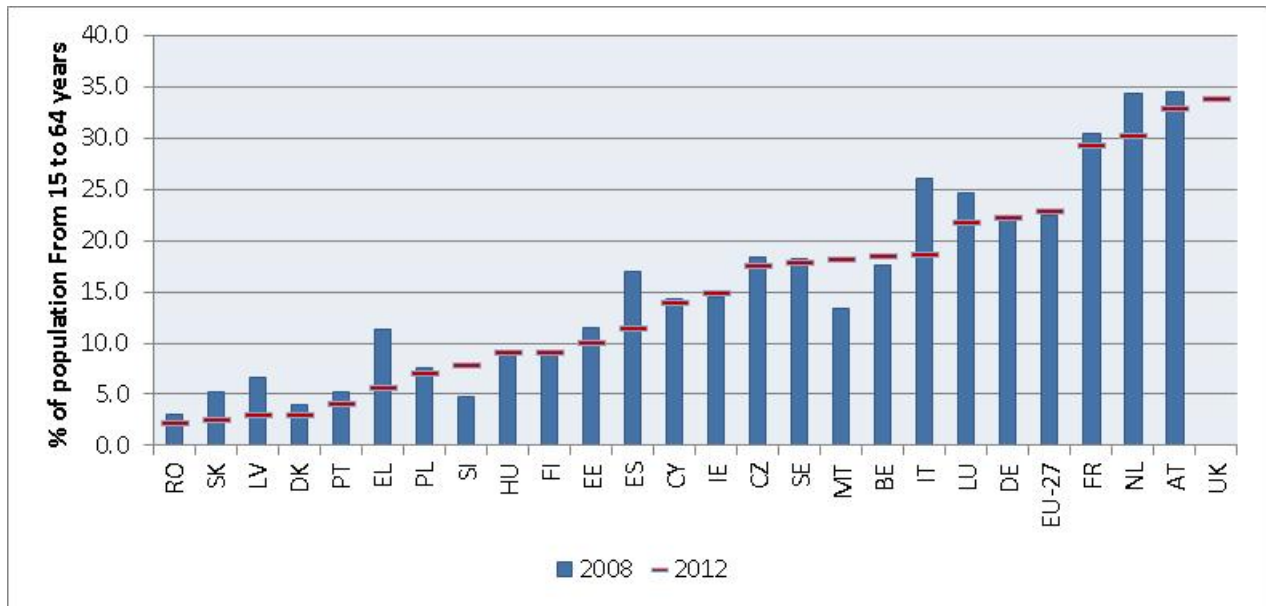


Source: Eurostat (EU-LFS)

Note: no 2011 and 2012 data for BG, LT

<sup>151</sup> Bosch et al., 2009

**Figure 70. Part-time employment of population aged 15 to 64 due to looking after children or incapacitated adults (2008 – 2012)**



Source: Eurostat (EU-LFS)

Note: no 2008 data for HR and 2012 data for BG, LT

As well as an optimal design of the tax and benefit system and of employment policies, supporting parental employment also requires **labour market policies** responding to parents' specific needs (see chapter 2 for more details on effective ALMPs). Most Member States with low and medium levels of joblessness give significant attention to increasing the employability and participation of parents, especially single parents and second earners in paid work, and support their reintegration after parental leave and some countries with high level of joblessness (e.g. BE, IE, FR) are taking additional measures. However in many Member States efforts could be strengthened in the direction of better targeting and more outreach to single parents or jobless couples and to parents from disadvantaged and, especially, migrant or ethnic minority background. It also appears important to provide further opportunities for parents to participate in subsidised employment or training programmes, tailor-made assistance and back up services as well as improve access to information about programmes<sup>152</sup>. In CY, BG and LV, active labour market policies are targeted to the needs of parents by providing training, job-search assistance, counselling and subsidized employment, but also looking at ways to improve reconciliation of work and family life. LV has introduced a profiling system in 2013 to better adapt support to job seekers.

<sup>152</sup> Frazer, H. and Marlier, E. (forthcoming), EU Network of Independent Experts on Social Inclusion, Synthesis Report on 'Investing in Children: breaking the cycle of disadvantage' An updated and finalised version will be published in Spring 2014. It will be available from: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>

Findings suggest that already disadvantaged parts of the workforce have difficulties in accessing any advantages conveyed by **flexible work scheduling**.<sup>153</sup> For childcare, **opening hours of services** need to adapt to diverse and changing working patterns. Such measures would help address the social gradients that exist in many Member States regarding children attending childcare.

**Parental leave policies** are also considered an important buttress to maintaining the attachment of parents, often specifically mothers, to the labour market. The provision of paid leave in Member States has a positive effect on the employment rates of mothers and has contributed to reducing the gender employment gap. Evidence shows that short periods of paid parental leave (six months) do not have a negative effect on labour force participation.<sup>154</sup>

However, maternity and paternity leave allowances and parental leave allowance must be considered together when analysing their impact. According to the OECD<sup>155</sup> extending paid leave beyond two years has a counterproductive effect on female employment rates and, by the same token, on the gender employment gap. It is possible to take prolonged period of leave (at least 2 years or around 100 weeks) either as parental leave alone or by taking parental leave in conjunction with separate child/home care provisions in AT, CZ, EE, FR, FI, DE, HU, NO, PL<sup>156</sup>, SK and ES.<sup>157</sup> This could represent a significant negative impact on female reinsertion into the labour market. This negative impact can also be evident in some Member States with shorter periods of paid leave if there is the added element of low levels of accessible childcare services. Joseph et al. (2012) find that in France part-time leave options are more likely to be taken up by highly educated women. Compared to full-time short paid leave, part-time longer options may work out negatively on post-parental leave wage levels.<sup>158</sup>

Length, compensation level and share of leave between parents vary considerably among EU Member States. Recent reforms in the EU include extensions of (paid) parental leave in some Member States (LU, MT, PL, UK). In DK and MT self-employed parents were granted equal (vis-à-vis employed parents) rights to parental leave. New measures in AT, EE and PL aim at encouraging the uptake of paternity leave. Similarly, new rules for parental leave were introduced in FR, aiming at improving take-up of parental leave by fathers. AT reformed its childcare leave regulation to facilitate a better work-life balance of parents living in non-traditional family forms while HR harmonised the Law on Maternity and Parental Benefits with the EU *acquis communautaire*.

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<sup>153</sup> Forthcoming report: Mills et al. (2013) Gender equality in the workforce: reconciling work, private and family life in Europe

<sup>154</sup> Joseph et al. 2012 <http://www.sciencedirect.com/science/article/pii/S0927537113000547#>

<sup>155</sup> <http://www.oecd-ilibrary.org/docserver/download/5k8xb6hw1wif.pdf?expires=1382368510&id=id&accname=guest&checksum=E9A9022C7D1537AF8B05C8F81F823A70>

<sup>156</sup> According to Polish Labour Code, the person employed, for at least 6 months, is entitled to up to 36 months of childcare leave in order to provide personal care to a child under 5 years old.

<sup>157</sup> PF2.1: Key characteristics of parental leave systems last update 10/10/2012

<sup>158</sup> Joseph et al. 2012

Parental leave has also been reformed in Latvia by increasing the amounts of parental benefit and child-care benefit and improving granting conditions for employed parents.

## Effectiveness and efficiency of social protection in reducing child poverty

The financial situation of family households is of significant importance for child outcomes. Evidence clearly shows that children living in low-income households have worse cognitive, social-behavioural and health outcomes in part because they are poorer, and not just because poverty is correlated with other household and parental characteristics. This is mainly because of the associated impact of worse physical living environment (inability to invest in goods and services) and the stress associated with living on low income (worse maternal mental health and parenting behaviour).<sup>159</sup> Social transfers can help mitigate these effects.

**Social protection as a whole** has a significant impact on reducing child poverty. On average, social protection expenditure reduces the child poverty risk by 40% in the EU, but the impact varies greatly across Member States. Countries most effective at reducing child poverty are IE (reduction of the share of children at risk of poverty by 32%), HU (by 27%) and the UK (by 24%). Countries with the lowest child poverty rates are those in which families with children benefit a good deal from overall social transfers. Health care and unemployment benefits also play a significant and indirect role in alleviating child poverty.

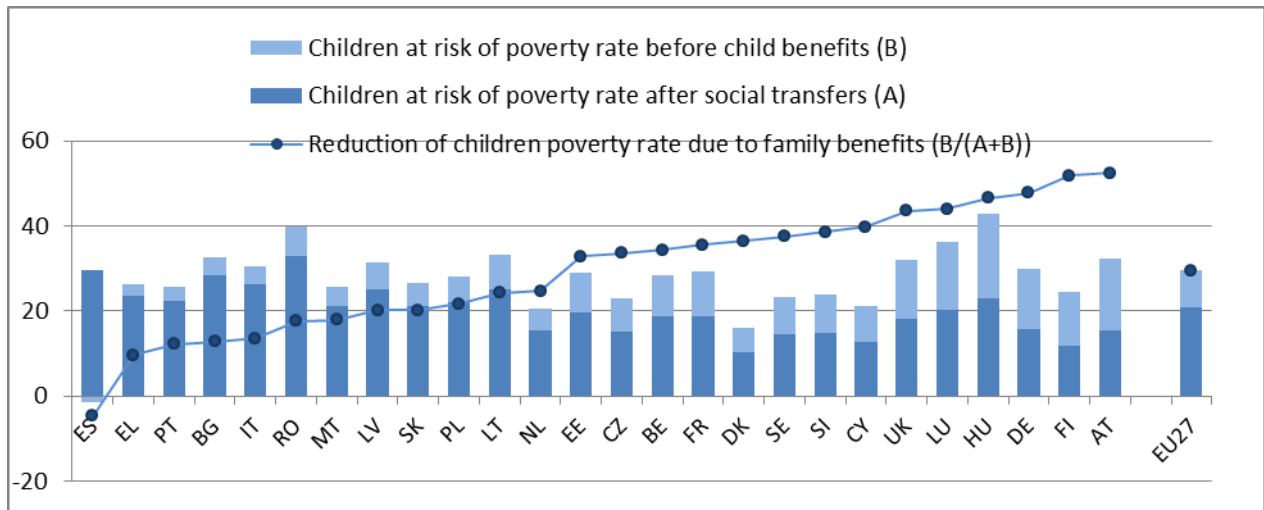
Within the whole set of social protection instruments, **child/family benefits** play a particular role. In countries where family and child benefits are most effective at reducing child poverty (AT, HU, FI, LU DE, UK), child poverty is almost halved by family and children benefits. At the opposite, family and children benefits do not reduce child poverty by more than 3pps in ES, EL and PT. (European Commission, 2012, updated figures)

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<sup>159</sup> Kerris Cooper and Kitty Stewart (2013) *Does money affect children's outcomes: A systematic review*. York: Joseph Rowntree Foundation. October 2013. <http://www.jrf.org.uk/publications/does-money-affect-childrens-outcomes>



**Figure 71. Poverty reduction effect of family and child benefits for children aged 0-17**



Source: Eurostat (EU-SILC UDB 2011), Calculations by DG EMPL

The **adequacy of benefits** should be promoted as a primary tool against child poverty and social exclusion. Integrating strong activation measures and tapering into the benefit system can ensure that an adequate level of benefits does not result in steep effective marginal tax rates and inactivity traps.

In this way the design of social spending plays a significant role and requires careful shaping in the balance between universal and targeted benefits, as well as the trade-off between cash and in-kind benefits.

Targeting support on those families in disadvantaged situations can help improve the poverty reduction impact, while universal schemes can achieve additional poverty reductions because otherwise excluded children receive the benefit.<sup>160</sup> Universal schemes can be less efficient in the short run to reduce child poverty as they give income support to all households with children across the income distribution, regardless of households levels of income. However, in the long run, they also have many advantages: limited cost of ‘production’, larger take up, and low disincentives. Therefore **targeting of support within a broader universal system** can improve the effectiveness of the benefit system; most EU countries have integrated “targeting within universalism” (Skocpol 1991) such as targeting benefits towards low income families and/or single parents.

<sup>160</sup> Notten, G. and F. Gassmann (2008), “Size matters: poverty reduction effects of means-tested and universal child benefits in Russia”, *Journal of European Social Policy*, 18 (3), 260-74. <http://gerandanotten.wordpress.com/research/size-matters-poverty-reduction-effects-of-means-tested-and-universal-child-benefits-in-russia/>

Van Lancker et al. 2012<sup>161</sup> show that **the design and the generosity** of child benefits also make a genuine difference when discussing poverty in **single parent households**. Within the framework of an 'adult worker model',<sup>162</sup> with welfare policies enabling mothers to work and providing adequate minimum income protection for those not able to work, NO and DK succeed in reducing poverty by means of targeted child benefits by more than 40%.

Despite large variations across Member States, a trend towards an **increased use of means-tested measures** can be observed. In 2009, child benefits were not means-tested at all in some countries, such as in EE, LU or SE. SI, while IT and PT means-tested more than 60% of child benefits. In DE and PT, all child benefits provided in kind were means-tested. IE means-tested a significant part of their cash child benefits, but provided all in-kind benefits without means-testing. The balance between means-tested and non-means-tested benefits depends on the exact design of social protection spending.

Notten and Gassmann (2008) argue that size ultimately matters more than design; only by increasing benefit levels considerably can more substantial poverty reductions be achieved. In addition, they argue universal child benefits have an immediate impact on poverty – both among those who depend on earnings and those on benefits without adversely affecting work incentives.<sup>163</sup>

Most countries with a low risk of poverty provide relatively high level of benefits, generally combining universal benefits with more targeted ones. In AT monetary transfers to families (in particular through rather generous universal family allowances) reduce material child-poverty to a very large degree. In SI an efficient targeting and a relatively high level of benefits redistributing income significantly reduce poverty and income inequality. In LU, low level of child poverty are achieved by combining universal measures (family allowance, birth allowance) with more targeted (single parent tax credit) and means tested ones (such as a cost of living allowances). The low adequacy of benefit is a key feature of many countries with high rates of child poverty or social exclusion (such as BG, EL, ES, HR, IT, LT, LV, PL, PT) and, in many instances, systems have deteriorated during the crisis<sup>164</sup>. However some **recent reforms** tried to ensure adequate livelihoods for families. In EE, a needs-based family allowance reform was partly (with the increase of allowances foreseen from 2015) implemented from July 2013. In LV, in order to support families with children who are under 1.5 year of age, minimum monthly parental benefits, child-care benefits and child-care benefit supplements for multiple children born in one birth were increased to EUR 140 and EUR 171 from 2014, including for parents without social insurance

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[http://www.centrumvoorsociaalbeleid.be/sites/default/files/CSB%20Working%20Paper%2012%2003\\_Maart%202012.pdf](http://www.centrumvoorsociaalbeleid.be/sites/default/files/CSB%20Working%20Paper%2012%2003_Maart%202012.pdf)

<sup>162</sup> Lewis 2006

<sup>163</sup> Marx et al

<sup>164</sup> Frazer, H. and Marlier, E. (forthcoming), EU Network of Independent Experts on Social Inclusion, Synthesis Report on 'Investing in Children: breaking the cycle of disadvantage' An updated and finalised version will be published in Spring 2014. It will be available from: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>

**A move to more means-tested measures** has taken place in a number of countries which have introduced income ceiling for previously universal measures, as illustrated by the SPC in depth review. Means testing has been introduced in the child benefit scheme in the UK, moving from its previously universal design. In Lithuania, means testing was introduced for the main non-contributory benefit "Child Benefit". CY has introduced a means test for child benefits in 2012 based on both income and assets, however with a high income threshold which maintains a large coverage.

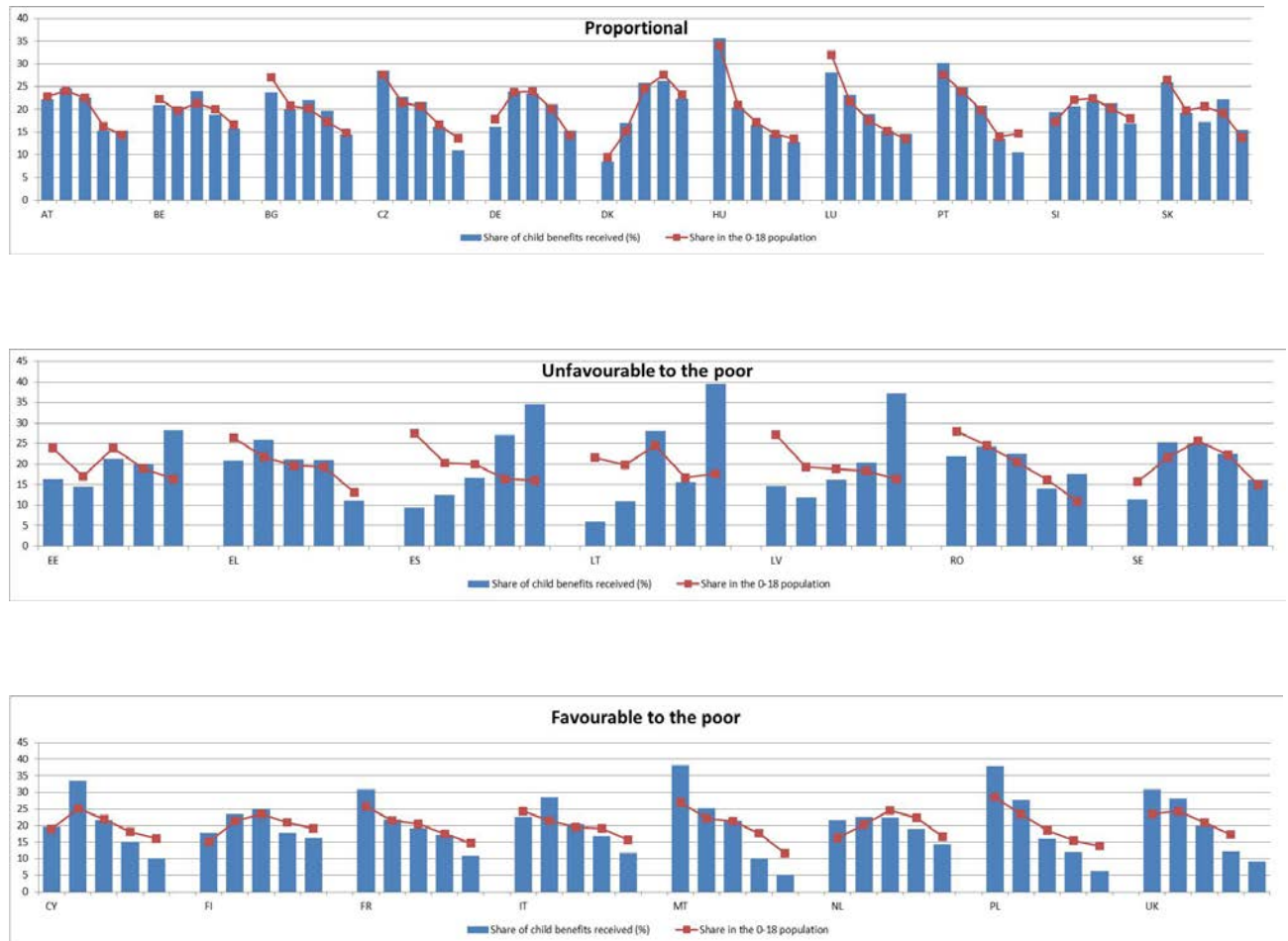
In this context, an important consideration is whether the **distribution of family benefits across quintiles is proportional to the share of children within the income quintiles**. Child poverty and social exclusion is unlikely to be reduced unless the share of benefits received by the lower quintiles is proportional according to their share of children. The progressive nature of family benefits across income quintiles differs between EU Member States (see Figure 72). In many EU Member States each income quintile receives a share of family benefits proportional to the share of children population in the given quintile (AT, BE, BG, CZ, DE, DK, FI, HU, LU, PT, SI, SK). In some the distribution of family benefits is rather unfavourable to the poor, i.e. the poorer quintiles of the population receive less family benefits than is their share of children (EE, ES, EL, LT, LV, RO, SE). However, in some countries family benefits are more favourable to the poor, i.e. the poorer quintiles of the population receive a larger share of family benefits than is their share of children (CY, FI, FR, IT, MT, NL, PL, UK).<sup>165</sup> (European Commission, 2012, updated results).

Besides means testing, a variety of measures were taken to make tax incentives, child/family benefits and social assistance **more progressive**. Tax exemptions for families with children have been reduced for high income households in FR, where a greater variation of childbirth allowance according to income was introduced and the means tested "family supplement" will increase by 8.4%. Reforming current schemes to **better support families at particular risk** has also been a priority in a number of countries. CY introduced in 2012 a means tested single parent benefits. FR has initiated a debate to increase redistribution towards single-parents and large families. However, refining the design of support measures to better reflect changing family patterns (raise in single parent households, decrease in number of marriages) remains a challenge for many countries, including some at lower risk of poverty<sup>166</sup>.

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<sup>166</sup> Frazer, H. and Marlier, E. (forthcoming), EU Network of Independent Experts on Social Inclusion, Synthesis Report on 'Investing in Children: breaking the cycle of disadvantage' An updated and finalised version will be published in Spring 2014. It will be available from: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>

**Figure 72. Distribution of family benefits of the child population by income groups**



Source: Eurostat (EU-SILC UDB 2011) ; Calculations by DG EMPL

Note: The graph includes only child/family benefits. However, in some countries (e.g. SE), housing benefits are an important and substantial transfer and are regarded as a family benefit, especially relevant to specific household types such as single parent families. This can lead to a significantly different profiles across the income distribution as often these households are found in the bottom quintiles.

The case of ES illustrates this point, where the average spending per child increases with income. The regressive distribution of benefits is partly due to the focus of the measures on newborns and young children who tend to be over-represented in higher income quintiles due to higher birth rates.<sup>167</sup> Among several Southern Europe Member States many poor families with children are ineligible for income support under social security (as is the case in EL and IT) or receive low benefits (as in ES and, to some extent, in PT).<sup>168</sup> This effect is even more pronounced with respect to tax benefits, as non-refundable schemes exclude poor families by design.

<sup>167</sup> Levy et al. 2008

<sup>168</sup> Matsaganis et al. (2004)

Data also show a significantly **lower take-up amongst those which need it most** because not all individuals claim the social benefits to which they are entitled. In particular, although universal and contributory benefits (e.g. social insurance pensions or unemployment benefits) tend to be received by all eligible claimants, the take up of means-tested benefits is known to be significantly less than complete. Non-take up of social benefits may be due to a variety of factors, including high claiming costs, administrative errors, fear of stigma, lack of information about entitlements etc. (Atkinson, 1996; Duclos, 1995).<sup>169</sup> In this context, reaching out to families with children in poverty black-spots and marginal communities appears to be a particular challenge in some countries with high risk of child poverty and social exclusion (such as PT, RO)<sup>170</sup>.

### In-kind versus cash benefits

The more a given Member State is spending on social protection relative to its GDP, the more (child) benefits it tends to provide **in kind**. There is though no clear relationship between the performance of states in terms of poverty reduction and the share of in-kind benefits in social protection expenditure (excluding pensions). An OECD study shows how both cash and in-kind transfers are redistributive while reducing poverty to different extents in different countries.<sup>171</sup>

The adequacy (and effectiveness) of the balance between cash and in-kind benefits also depends on the exact design of the social protection expenditure. The design and level of in-kind support (i.e. services) provided by the welfare system to families with children impacts on the prevalence of "low or medium work intensity households" and in the average level of work intensity required to escape poverty. For example, in countries with broad child care provision (e.g. the Nordic countries, FR, SI), the incidence of one earner couple is weak and a greater share of lone parents are working. Countries with generous family allowances, but relatively weak child care provision (e.g. DE) may alleviate poverty among one-earner families better but discourage second earner participation. In countries where both child care provision and family allowances are weak, children face higher risks of poverty.<sup>172</sup>

Beside childcare, a number of countries do provide in kind benefits specifically targeted to children, such as free school meals (HU, CY where breakfasts for children in need were introduced

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<sup>169</sup> UK official estimates for 2009-2010 show that the take up of universal child benefits tended to be higher than that of means tested schemes (~95% for the child benefit in the UK against 75 to 83% for the child tax credit). The UK example also shows that while the take-up of most benefits (housing, unemployment) has gone down over time, the take-up rate of low income families in the UK has increased from ~50% in the 80s, to ~70% in the 90s to reach ~80% or more in the last ten years, with notable improvements after each reforms of the scheme. <http://www.hmrc.gov.uk/stats/personal-tax-credits/cwtc-take-up-09-10.pdf>; Figari et al, 2009

<sup>170</sup> Frazer, H. and Marlier, E. (forthcoming), EU Network of Independent Experts on Social Inclusion, Synthesis Report on 'Investing in Children: breaking the cycle of disadvantage' An updated and finalised version will be published in Spring 2014. It will be available from: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>

<sup>171</sup> Foerster and Verbist, OECD 2012

in 2013), books (LV, HU), public transports (LV for children under 6, LU) or health services (dentistry in LV). Many of these schemes are targeted specifically to disadvantaged children. The provision of in-kind benefits appears particularly necessary for countries with high and very high levels of child poverty and social exclusion (e.g. ES, HU, RO). Yet some schemes have been withdrawn recently (school meals ES). Besides, while the balance between cash and in kind benefits does not appear to be problematic, in kind benefits should remain a complement rather than a substitute to support in cash<sup>173</sup>.

## Access to affordable and quality services

### *Childcare is most beneficial for those accessing it the least*

The age between 0 and 6 years and especially the early years between 0-3 are crucial for children's healthy cognitive, emotional, behavioural, physical and social development. This is a sensitive and irreplaceable period of the lifecycle when development of the brain, body and interpersonal skills are taking place and where the mid- and long-term returns of investment many times outweigh the cost. The different roles of ECEC services (education, care and play) should also be complementary and mutually reinforcing.

The European Education and Training 2020 benchmark on early childhood education participation says that by 2020 at least 95% of children aged between four and the age for starting compulsory primary education should participate in early childhood education. While some Member States have achieved this figure, a significant number of countries are still far behind. This diversity in performance was also reflected in the recent progress report on the Barcelona targets, which showed that most Member States failed to reach the target of 33% provision for the of 0-3 year-olds in ECEC by 2010.<sup>174</sup> Among those who managed to reach the target there is considerable cross-country variation as regards to hours used. In some countries, such as DK, PL, EE and LT, there is a predominantly full-time use (over 30 hours) of formal childcare provision, whereas in NL, the UK, and CZ parents mostly use childcare on a part-time basis (under 30 hours).<sup>175</sup>

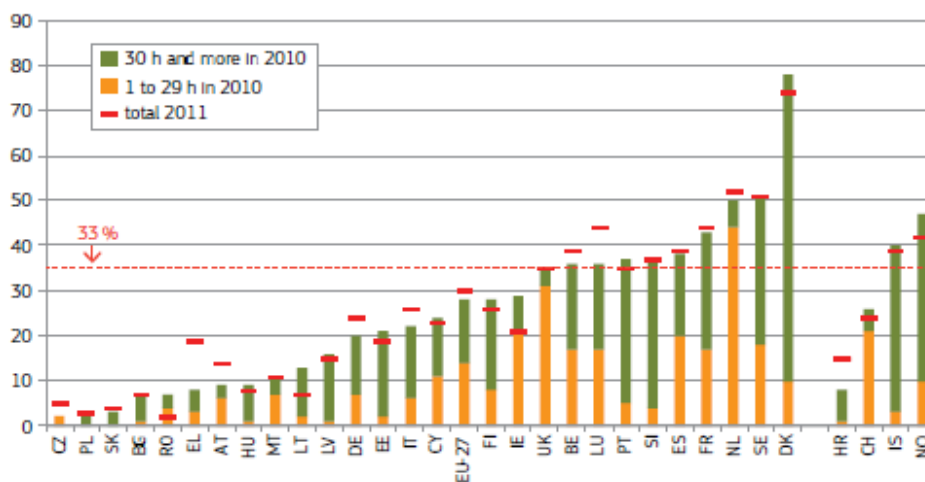
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<sup>173</sup> Frazer, H. and Marlier, E. (forthcoming), EU Network of Independent Experts on Social Inclusion, Synthesis Report on 'Investing in Children: breaking the cycle of disadvantage' An updated and finalised version will be published in Spring 2014. It will be available from: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>

<sup>174</sup> Only 10 Member States had achieved the objective: DK, SE, NL, FR, ES, PT, SI, BE, LU and UK.

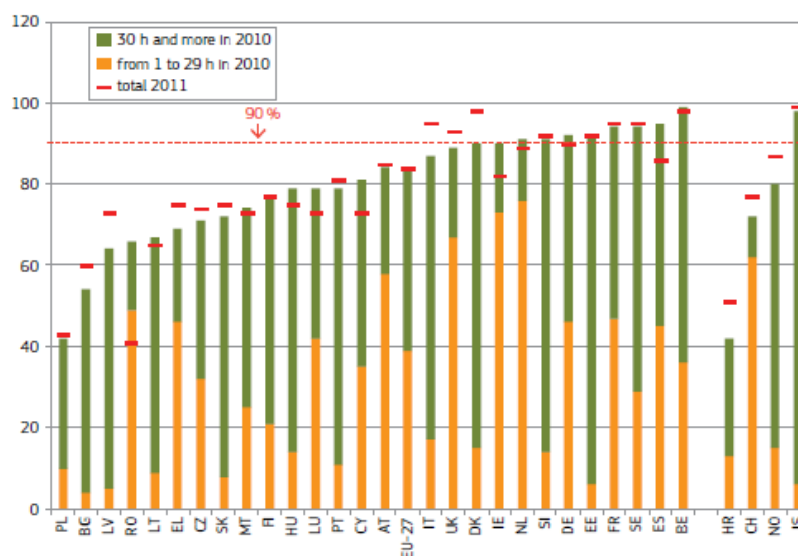
<sup>175</sup> See EPIC policy brief "Childcare in Europe" available on line at [www.europa.eu/epic](http://www.europa.eu/epic)

Figure 73. Percentage of children under 3 cared for in formal structures (and by weekly time spent in care) 2010-2011



Source: Eurostat — EU-SILC 2010-11.  
 Note: Some of the data have been compiled from small samples and are statistically unreliable, including the total for: AT, BG, CY, CZ, EL, HR, LT, MT, PL, RO and SK.

Figure 74: Percentage of children between the age of 3 and the mandatory school age cared for in formal structures (and by weekly time spent in care) 2010-2011<sup>176</sup>



Source: Eurostat — EU-SILC 2010-11.

<sup>176</sup> PL administrative data (source: Central Statistical Office, Local Data Bank) gives very different picture - the percentage of children between the age of 3 and mandatory school age (6) covered by formal childcare was: 70,8% – 2011 and 71,6% - 2012 - [http://www.stat.gov.pl/bdlen/app/dane\\_podgrup.dims?p\\_id=131430&p\\_token=0.1114633583603839](http://www.stat.gov.pl/bdlen/app/dane_podgrup.dims?p_id=131430&p_token=0.1114633583603839)

## Social gradient in access to and use of childcare

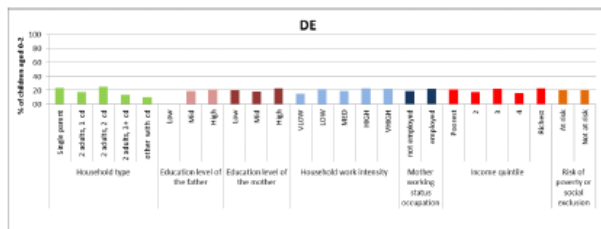
Children 0-3 from disadvantaged backgrounds, who would benefit the most from quality early childhood education and care, are unfortunately making far less use of such services. This holds for several socio-economic variables, such as the parent's level of education, their labour market position, the income distribution and the risk of poverty.

Across the EU, several patterns emerge (see **Figure 75**). In Northern countries, such as DK or SE, the take-up of childcare is high, even among the most disadvantaged. In FR, BE and ES, there is evidence of a clear social gradient across the various dimensions, combined with high levels of use of childcare services. In other Member States, such as IE, the social gradient is combined with limited overall levels of childcare use. Last, some Member States have a very low use of childcare, such as Poland or Germany, with little evidence of a social gradient.

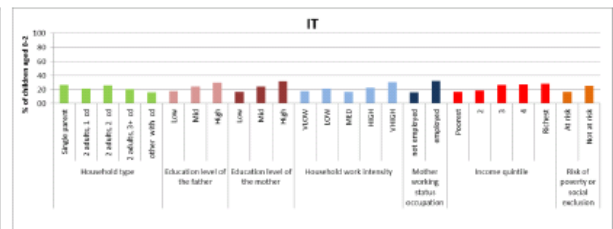
**Figure 75. Social gradient in the use of childcare in the EU across several breakdowns, 0-2**

**Chart 63: Social gradient in the use of childcare in the EU across several breakdowns, 0-2**

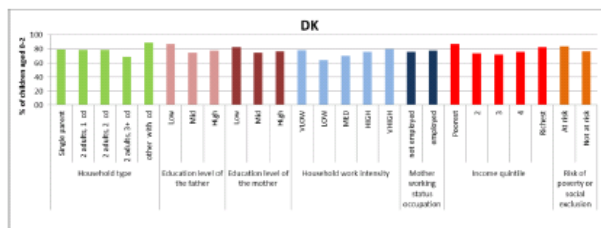
*Low use of childcare combined with low social gradient*



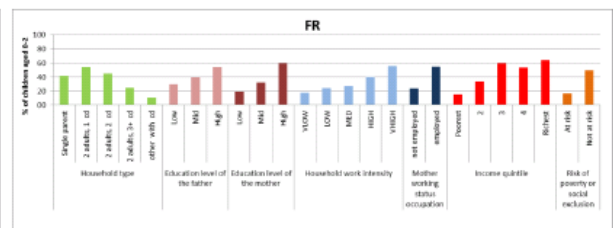
*Low use of childcare combined with high social gradient*



*High use of childcare combined with low social gradient*



*Large use of childcare combined with high social gradient*



Source: EU SILC, 2010.

Source: Eurostat (EU-SILC), Calculations by DG EMPL; European Commission (2013)

High quality ECEC can usefully support and complement home based learning and social experiences. Social gradients are therefore particularly concerning as evidence shows that combined with tailored interventions delivered by trained staff, high quality integrated ECEC services can compensate for linguistic, educational and other gaps that may arise in the home-learning environment due to structural and individual circumstances, including parents' low educational attainment or factors arising from multiple disadvantages. Another benefit is that ECEC supports parents and families in a non-stigmatising and non-judgemental way.



Poor quality ECEC however may actually result in negative outcomes especially for disadvantaged children.<sup>177</sup> The pedagogical content and delivery of programmes is crucial to their success. Low intensity in terms of offer and participation and late starting diminishes the overall effectiveness of ECEC and a negative social-emotional climate may cause more harm than good to participating children.<sup>178</sup>

Already at the age of 3 there are large differences between children from low-income and better-off households, which, if not addressed, continue to widen. Statistical evidence clearly demonstrates the advantages of centre-based ECEC for the linguistic and cognitive development of children with a migrant background<sup>179</sup> and that the use of childcare can make a difference in mitigating structural inequalities.<sup>180</sup> Geoffroy & al. (2010) have shown that while children whose mothers have a low level of education display lower cognitive performance at six and seven than those of highly educated mothers, this is no longer the case when children from a disadvantaged background received formal childcare. Using a cohort of 19,000 children Hansen and Hawkes (2009) showed that less advantaged groups, such as children with teenage mothers and those living in households claiming benefits, were among the most positively impacted by quality childcare. Dustmann et al. (2012) show that the benefits of universal childcare programmes particularly improves the school readiness of children from disadvantaged backgrounds and children with immigrant background. They argue it is a successful measure for narrowing the achievement gap between native children and those with immigrant background, and therefore may help the latter to integrate better into society.<sup>181</sup>

Therefore, in order to be able to fulfil their redistributive role, and as put forward by the SPC 2012 Report, quality ECEC services should be made **universally available** from conception.<sup>182</sup> Universal provision of ECEC promotes participation by all children thereby removing the need to engage in the complex and often unsuccessful task of identifying and targeting the disadvantaged and non-disadvantaged children separately. Research has also shown that ECEC services involving children from a wide range of social backgrounds and abilities can better support the overall development and inclusion of children, while limiting stigmatisation and segregation. Ensuring provision to and take-up of children under the age of three is essential to address socio-economic disparities and support the mothers' return to the labour market. In regards to tackling in-work poverty, universal

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<sup>177</sup> Evidence from the United States suggests this was the case for lower quality Head Start centres, and similar findings emerged from the UK's EPPE 3-7 (1997-2003) and EPPE 3-11 (2003-2008) studies. R. Haskins, W. S. Barnett, Eds., Investing in Young Children: New Directions in Federal Preschool and Early Childhood Policy, New Brunswick, 2010. As of October 2013: [http://nieer.org/pdf/Investing\\_in\\_Young\\_Children.pdf](http://nieer.org/pdf/Investing_in_Young_Children.pdf); see also Sylva et al., 2012: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/184087/DFE-RR202.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/184087/DFE-RR202.pdf)

<sup>178</sup> See Early Childhood Education and Care in Europe: Tackling Social and Cultural Inequalities. EACEA P9 Eurydice 2009

<sup>179</sup> Commission Communication, "Early Childhood Education and Care- Providing all our children with the best start for the world of tomorrow", COM(2011) 66 final

<sup>180</sup> Geoffroy & al., 2010, Dearing and al., 2009, Hansen & Hawkes, 2009

<sup>181</sup> [http://www.ucl.ac.uk/~uctpb21/Cpapers/KiGa\\_october22\\_final.pdf](http://www.ucl.ac.uk/~uctpb21/Cpapers/KiGa_october22_final.pdf)

<sup>182</sup> SPC Annual Report 2012

child benefits is used as an example of a measure that can have substantial impact on poverty – both among those who depend on earnings and those on replacement benefits – without adversely affecting work incentives.<sup>183</sup>

There have been **mixed signs in recent reforms** undertaken by Member States regarding access to early childhood education and care. There has been a recent worsening in access to early childhood education and care (ECEC) in many Member States (CY, EE, ES, IE, HU, LT, LU, PT, and RO). Still some Member States (DE, LV, PL, UK) took initiatives aimed at extending child enrolment in ECEC as part of their strategies to improve opportunities for children. DE introduced a right to childcare for children below the age of three, while guaranteeing child-rearing benefits. PL has expanded the list of companies able to apply for funding from the state budget for the establishment and operation costs of care institutions. Other countries (SK, LV, UK) took steps to improve the affordability of ECEC services, for example the UK announced a new scheme for tax-free childcare for working families. In LV, the state now co-finances the cost for the enrolment in private facilities of children from 1-4 years in cases where there is a waiting list for public facilities. Various Member States have also taken measures to strengthen child protection in their welfare systems (DK, ES, FI, PL, and SE). In LV, in order to support poorer families, child-care benefits and child-care benefit supplements for children born in multiple births were increased, including for parents without social insurance. Additional resources were allocated to ensure that all-day ECEC facilities operate with more flexible opening hours (DE, FI, MT, PL). IE guaranteed additional after school places for primary school children from low income families and in MT additional centres were opened. HR introduced compulsory pre-school education while both CZ and HR changed their legislation on non-standard forms of childcare provisions.<sup>184</sup> A number of Member States have lowered the age of compulsory school attendance (from the age of 3 in kindergartens in HU, 4 years in LU in elementary schools).

## Health

Adequate access to quality health care for children and their families is essential to guarantee positive health outcomes of the population. In the context of child's health the focus should be on early interventions and public health and preventive measures. Evidence shows that social factors are particularly critical in the early years of life, which have a strong impact on a child's future health, as a result of major changes in their body structure and functions (Shonkoff et al. 2000). Starting from the ante-natal and parenting support, through child vaccinations and promotion of healthy nutrition and physical activity among older children these measures can offset negative health effects.

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<sup>183</sup> Marx, I., Vanhille, J., Verbist, G. (2012), 'Combating in-work poverty in continental Europe: An investigation using the Belgian case', *Journal of Social Policy*, Vol. 41, No. 1, pp. 19–41.

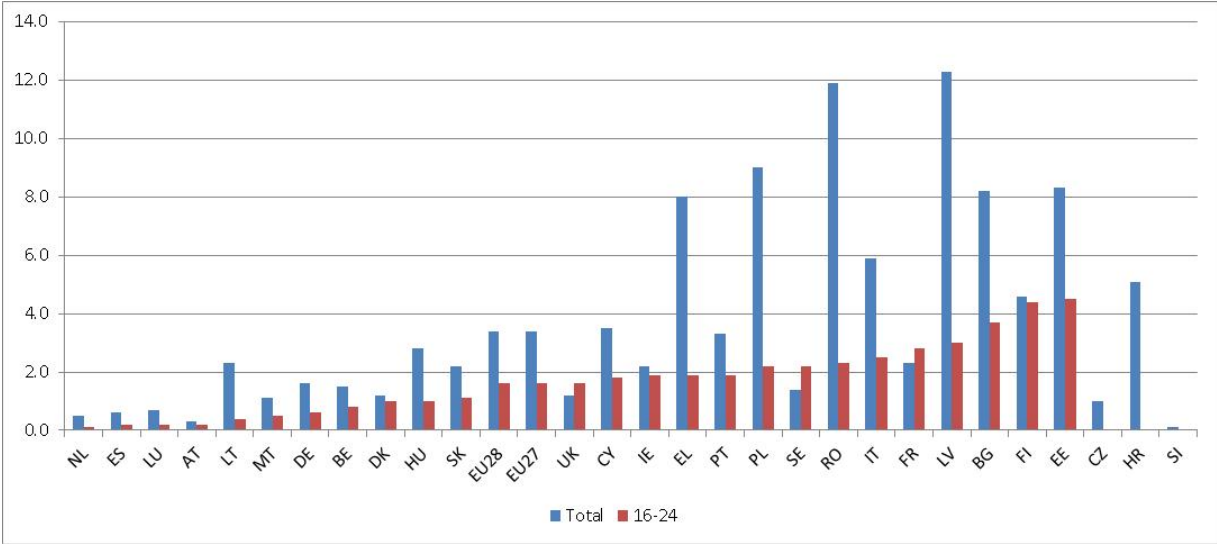
<sup>184</sup> Many other examples of practices in support of children from disadvantaged background are available on [www.europa.eu/epic](http://www.europa.eu/epic). The available databases allows searching by pillar of the Recommendation "Investing in Children- breaking the cycle of disadvantage (access to adequate resources; access to affordable quality services and children's right to participate) or by their level of demonstrated evidence for evaluated practices.

A number of countries have put a strong emphasis on prevention and parenting support in early years through a combination of universal measures (free provision of preventive services and immunization in CY, regular health checks and screenings in LU, regular checks provided through local Organisme National de l'Enfance in BE) and more targeted ones (access to social offices, support to families in distress in LU).

In several of the **very high risk** countries (BG, RO, HU) access to adequate health care for children from disadvantaged backgrounds appears as a specific challenge, especially for children in vulnerable situations such as Roma children. The most common barriers appear to be insufficient provision of medical care (especially in rural areas, for instance in LV) and cost barriers (including those linked to medicines even when prevention services are provided free of charge, e.g. LV<sup>185</sup>). Children from rural areas and low-income households are clearly under-exposed to medical services, especially to preventive health care.

Outreach services for disadvantaged communities and groups, the training of staff to work in a multi-cultural environment and taking special Initiatives to assist immigrants and ethnic minorities when accessing health services are examples of effective measures.<sup>186</sup> Schools can play a major role in complementing these efforts: in CY health professionals provide health checks and health education to all children attending public school.

**Figure 76. Unmet need for medical care (for reasons of cost, waiting time or distance), 2012, total vs. population 16-24**



Source: Eurostat (EU-SILC)

Note: 2011 data for ES, BE, SK, EU27, EU28, UK, IE, SE, RO, IT, FR, HR

<sup>185</sup> Frazer, H. and Marlier, E. (forthcoming), EU Network of Independent Experts on Social Inclusion, Synthesis Report on 'Investing in Children: breaking the cycle of disadvantage' An updated and finalised version will be published in Spring 2014. It will be available from: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>

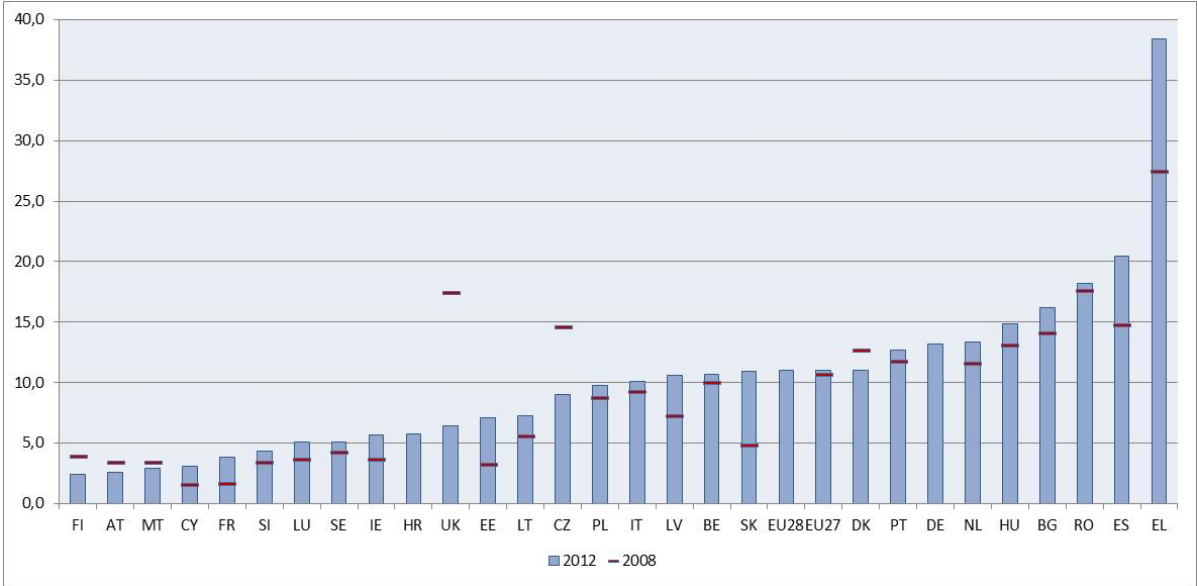
<sup>186</sup> SPC Report, 2012, Child poverty and child well-being

# Housing

Access to decent housing is an important aspect of household well-being and appropriate environment for child development. The situation in Europe varies widely across countries but also across different dimensions of housing such as cost, over-crowdedness and housing quality. Households with children, especially single-parent families face in general a higher incidence of being overburdened by housing costs than other households, which may be counterbalanced with adequate level of social - family and housing- support. A considerable share of children is affected by both poverty risk and housing deprivation or severe housing deprivation, which is associated with health risks. Children at risk of poverty are especially suffering from overcrowding. As a consequence, the share of households where at least one child does not have access to a suitable place to do homework is much higher in the population at risk of poverty.

The share of children living in households overburdened due to housing costs has generally increased in most Member States since 2008, in some countries as much as 11pp (EL) and 6pp (SK). The range also varies substantially between countries from below 5% of children to as much as 20%. In EL close to 40% of all children grow up in households overburdened by housing costs.

**Figure 77. Share of children living in households overburdened due to housing costs**

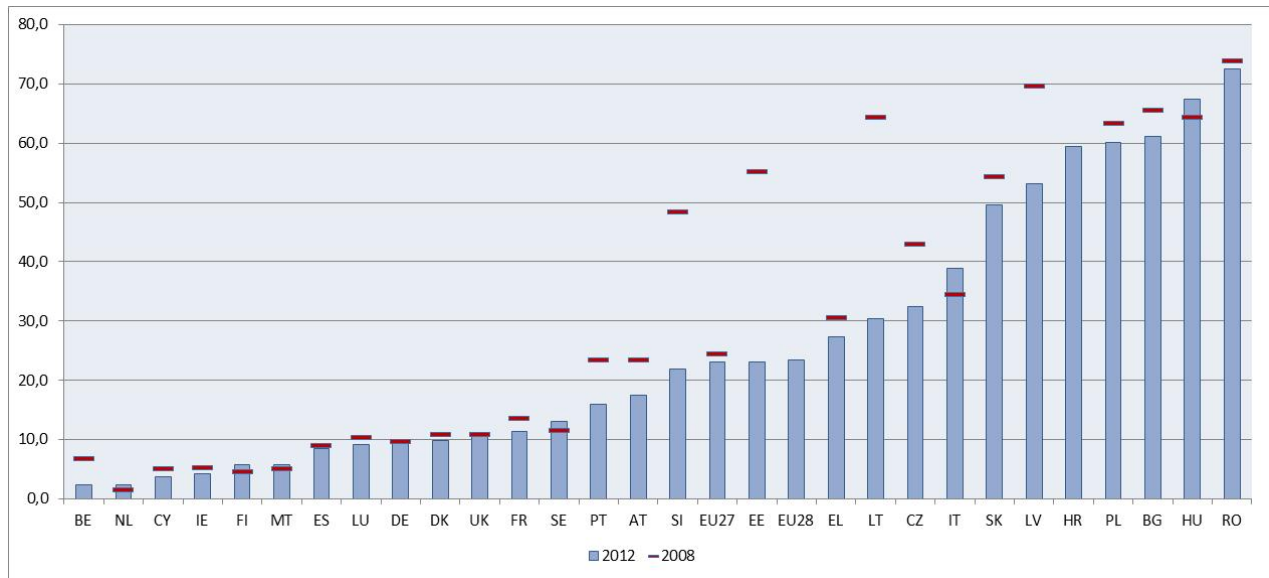


Source: Eurostat (EU-SILC)

Note: 2011 data for BE, AT and IE

The share of children living in overcrowded households has generally improved in the period 2008-2013 but is still above 50% in SK, LV, HR, PL, BG, HU and RO.

**Figure 78. Share of children living in overcrowded household**



Source: Eurostat (EU-SILC)

Note: 2011 data for AT and IE

Improvements have been also registered for the period 2008-2012 when it comes to the housing deprivation of households with children in countries like CZ, PL, EL, ES, BG, HU, LT, RO, SK) but substantial worsening is observed for DK (10,3pp), EE and CY (5,3pp) and PT (4,8pp).

Targeted measures are needed to improve housing quality. Ensuring that families with children can live in adequate and affordable housing creates stability within the child's environment. Policies should try to raise housing quality standards, to diminish the impact of the mortgage crisis and provide assistance to young parents and low-income families in areas suffering of multiple disadvantages.

The provision of **social housing** is instrumental in a number of Member States (BE, DK, NL), where it should however be combined with sustained efforts to avoid social segregation<sup>187</sup>. Besides, a number of Member States are supporting families on low income through specific housing allowances or by **promoting lower rental payments**. LU has undertaken a comprehensive housing strategy including the provision (sale and rental) of affordable housing through public promoters, social offices helping people at risk of poverty to pay housing costs, housing subsidies. CY implements a Low Income Housing Scheme including both grants and low interest rates loans.

In a challenging context marked by increased evictions and risk of homelessness (ES, IT, HU, IE) for families, **debt management services** are called to pay a particular role. In ES, new measures were

<sup>187</sup> Frazer, H. and Marlier, E. (forthcoming), EU Network of Independent Experts on Social Inclusion, Synthesis Report on 'Investing in Children: breaking the cycle of disadvantage' An updated and finalised version will be published in Spring 2014. It will be available from: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>

introduced to support families in difficulties keep up mortgage payments and a new Social Housing Fund was introduced.

### *Social services*

Preventive social services and family support services which take an integrated approach across services and contact points (social services, school, youth organisations, health workers) can provide effective prevention and support social inclusion of the child.

**Parenting support programmes** have gained attention from policymakers in Europe since the 1990s. They are typically delivered through children's centres and family information centres that offer a wide range of community health and social services. Most programmes are available for families with young children in the pre-school age, as services targeting this age group have proved to be the most cost-effective and efficient. A growing body of evidence suggests that when evidence-based parenting programme interventions are implemented at scale with families that need them, significant population-wide benefits can be achieved. These include significant reductions in behavioural and hyperactivity problems, school failure, youth crime, adolescent drug and alcohol misuse and child maltreatment.<sup>188</sup> Good parenting can help by maximising children's potential and promoting resilience. For being effective, parenting programmes need to be evidence-based and delivered by skilled practitioners. Effects are generally largest for children with more severe problems, suggesting that targeted treatment of referred individuals can be more cost-effective in the short term than primary prevention for whole communities.<sup>189</sup> Evidence also suggests that directly accessible support, such as counselling and provision of information, is a key element of parenting support and that early interventions lead to better outcomes for children, whereas late interventions can still influence positive change in children and may help parents to deal with parenting under stress. Universal services appear to be mostly effective for less severe types of parenting problems, while targeted interventions, usually tackle more complex types of parental difficulties<sup>190</sup>.

Examples of such programmes include parenting shops introduced in Flanders (BE) in 2007 to strengthen the competences and capacities of those involved in parenting and reinforce the social network around parents and their children. Positive parenting is also one of the five objectives pursued by the Children and Families Strategy 2012-2020 in EE. In Scotland (UK), a new National Parenting Strategy adopted in October 2012 sets out to ensure that parents have access to clear and concise information on their parental concerns, offer support to enable parents to develop

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<sup>188</sup> Asmussen et al, 2010, Evaluation of the National Academy of Parenting Practitioners' Training Offer in evidence based parenting programmes. Research Report DFE-RR186

<sup>189</sup> Scott, 2010 National dissemination of effective parenting programmes to improve child outcomes

<sup>190</sup> European Alliance for Families Policy Brief: Parenting Support, December 2012, see also [European Foundation for the Improvement of Living and Working Conditions, Parenting Support in Europe, 2013](#)

their parenting skills, improve the availability of and access to early learning, childcare and out-of-school care provide targeted support to vulnerable families.

This trend towards prevention can also be seen in the child protection field, where many EU countries have progressively dismantled their institutional care systems, aiming at decreasing reliance on institutional and residential care, with a complementary increase in family and community-based care and services. Despite clear commitment and progress in this desinstitutionalisation process (in BG, RO, HR, HU) challenges remain, in particular as regards the capacity of local social services and child protection services, and enhancing the outreach capacity of services<sup>191</sup>.

Regarding children out of parental care, alternative care settings such as small foster homes provide more individualised support than institutional care.

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<sup>191</sup> Frazer, H. and Marlier, E. (forthcoming), EU Network of Independent Experts on Social Inclusion, Synthesis Report on 'Investing in Children: breaking the cycle of disadvantage' An updated and finalised version will be published in Spring 2014. It will be available from: <http://ec.europa.eu/social/main.jsp?catId=1025&langId=en>

### *Ensuring an integrated approach*

Relevant dimensions of an integrated approach may include addressing child poverty as specific policy objective, ensuring children overall receive specific attention in a context of budget consolidation, and ensuring children facing multiple disadvantages receive specific attention.

Belgium has recently adopted a comprehensive national action plan comprising 140 actions across and within several levels of government and regions and spanning different partnerships.

Other examples demonstrate the relevance of cooperation with local communities. The UK's Sure Start programme was initially targeted towards families with children aged below 4 in disadvantaged areas. Sure Start Centres or (later) Children's Centres interact with communities in various ways, notably through the improvement of existing services or provision of home visiting, learning and childcare, etc.<sup>192</sup>

The Step by Step (SbS) programme was launched by the Open Society Foundations (OSF) in 15 Central European and Eurasian countries in 1994, and is now active in 30 countries. It fosters social inclusion and child-centred practices by strengthening local communities to help them provide quality ECEC with a focus on disadvantaged children, and promoting child-centred teaching, among other elements. Some evaluations of the programme have shown that disadvantaged children attending Step by Step programmes had made greater gains than wealthier students and been able to enter primary school equally well prepared in countries including Romania, Bulgaria and Ukraine (Moss, Tankersley, and Klaus, 2012). Case studies have found that about 1.5 million children were exposed to the child-centred approach advocated by the Step by Step programme over the years, with 68,000 educators being trained (Moss, Tankersley, and Klaus, 2012)

### *3.3. Results of the thematic in-depth review*

Following the SPPM methodology as endorsed by the Council, the thematic in-depth reviews are structured around the idea of countries with good outcomes being reviewed by countries with challenging situation in order to foster mutual learning.

The presenting countries (CY, LU and FR) gave a summary of the key indicators and current situation of child poverty in their countries, outlined the factors explaining their relatively low rates of child poverty and social exclusion and main policy initiatives. Their presentations were followed by presentations from BG, LV, HU, IE, ES and IT, commenting on the main findings and the transferability of practices from presenting countries to their respective situation.

The review confirmed the evidence examined earlier in this section. All countries reported on a partly dramatic **increase of child poverty** during the crisis; child poverty has (again) become a political priority in many countries.

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<sup>192</sup> House of Commons Children, Schools and Families Committee, 2010; NESS 2010



Social transfers help to reduce child poverty, but their impact varies in the different countries and is especially low in ES. Households with children currently face a higher risk of poverty and social exclusion; this is especially the case for single parent families. Especially the FR example showed the need of social support systems to adapt to the **changed family structures**: While in the past large families often needed additional social support, single parent families are now over-proportionally affected by poverty. Some countries reacted already to this and introduced special support measures to single parent families such as the single parent tax credit (LU) and the single parent benefit in CY which is a monthly allowance to support single parents based on income and assets criteria.

Country presentations also confirmed that the **unemployment of parents** and in-work poverty plays a major role in the understanding of increasing child poverty rates. Supporting parents in their access to labour market is therefore a cornerstone of policies to reduce child poverty. Targeted measures to increase the employability of parents and especially of low-skilled parents have been taken by FR, ES, and BG. Also LU and CY increased efforts to assist parents in their job search, provide guidance, counselling and training. They also offer subsidised employment for parents to ease their access to the labour market and help them to become self-employed.

The provision of childcare, a necessary complement to allow employment of parents, continues to create challenges for some countries (CY, LV). Also with regard to the low employment rate of women and of single parents, LU offers reduced fees for ECEC for disadvantaged families (see below).

The current situation has called for adaptations in the way children and families are supported. **Means-tested measures are more frequently used** to direct support to those most in need of it. CY introduced an income threshold for child benefits in 2012, moving away from a more general provision. Also FR recently reduced child benefits for higher income families while at the same time introducing more support for low-income families. LU combines a universal approach with targeted measures for families and children in need such as reduced fees for ECEC, training and support, and allowances and CY implements an ESF project which aims to integrate into the labour market inactive or unemployed women and includes the reimbursement of part of the cost of care services for children, older people and persons with disabilities.

Adequate **income support for families** is crucial and several countries (FR, LV, BG) increased benefits (actual amounts) during the crisis to better protect families and children. ES allocated an extra of 17 Mio Euro to address the needs of severely deprived households and support families' access to social housing. Also the situation of families who cannot pay their mortgages due to the crisis has been addressed.

Also the **combination of different benefits** with paid work and the increase of minimum wages play an important role (LV). It was emphasised that child poverty is strongly linked to the effectiveness of the welfare system and the interaction between its different support mechanisms. IE presented its 'whole family approach' as a mean to better link different benefit schemes. IT is currently

experimenting ways to better combine social benefits for families with individual programmes for active inclusion. Conditional cash transfers tend to play a more important role in the provision of benefits for instance in BG where the provision of household benefits is linked to the school attendance of children.

**ECEC services** are offered free of charge or at reduced costs for disadvantaged families in e.g. ES and LU. Also other services for families are often subsidized to improve accessibility (FR, LV). ES highlighted its nationwide consolidated network of social services (ES); there is also a need to develop more quality community-based social services including ECEC. BG aims at developing a better structure of integrated services. A Social Inclusion Project (financed also by the World Bank) provides integrated social, education and health services to children up to the age of 7. Other support mechanisms especially targeted at children from disadvantaged backgrounds are free school meals, education support for children with special needs, free public transport to school and regular health checks and screenings.

The in-depth review showed that while means-tested measures and a better targeting of benefits appears to be an important approach and certainly an area in which the exchange of experiences and good practices is helpful, the revision of the governance structures such as introducing central coordinating bodies is a less transferable practice. One-stops-shops and better combination of benefit schemes was an important point raised by several presentations as measures which improve outreach and take up.

*3.4. What should be the focus of policy effort?*

Policy toolbox				
Access to resources: Parental employment and family benefits		Access to services		Integrated anti-poverty strategy
Low effective marginal tax rate	Effective and adequate benefits	ECEC (affordable, accessible, inclusive, high quality)	Integrated services	Data, targets
Progressive and individualised taxation	Balance between universal and targeting	Housing (adequate and affordable)		Multi-sectoral, multi-agency
Parental leave, paternity leave	Balance between cash and in-kind	Health (preventive health; parenting support)		Multi-level
	Progressive across quintiles			Cross-departmental
				One entry access points

The review highlighted the following policy priorities.

Particular emphasis should be put on supporting second earners' and single parents' access to the labour market and remove persisting disincentives, whereby **low effective marginal tax rate** (through schemes such as Earned Income Tax Credits), **progressive and individual taxation** are pivotal tools.

Maintaining a **combination of universal and targeted income support** measures appears essential to efficiently reduce child poverty whilst at the same time addressing inactivity traps and low take-up. Besides, there is in several Member States some scope for **making income support measures** (and in particular child and family benefits) **more progressive** and redistributive, through various mechanisms: better adapting them to reflect the evolution of socio-demographic characteristics (e.g. number of single parent families), degressivity according to income, means tested benefits. They should also be combined with **in kind support** related to transports, schooling, health.

More can be done to address strong social gradients in access to early childhood education and care, thus allowing more disadvantaged children to benefit. In most Member States, supply (**investment in infrastructure, particularly in rural areas, training of professionals**) and demand policies (**differentiated pricing policy, free provision for low income families, childcare vouchers**) should go hand in hand. They should also be combined with more **active outreach and awareness-raising** towards inactive and unemployed parents.

In a challenging context marked by increasing evictions, housing cost overburden and housing deprivation, the provision of **debt management services, social housing and lower rental payments to families with children is particularly important**.

**Prevention programmes**, especially in early childhood years, have proved to bring significant benefits for children and their families and their use could be stepped up. In this context, the development of **integrated services** combining social, educational, health support and parenting support should be encouraged, and contributes to better access to information and take up of benefits. .

The review highlighted the need to monitor child poverty in the EU and to continue the exchange on policy practices. **An integrated approach** as taken by most of the presenting countries is needed, encompassing policies to increase employment of parents, reduce in-work poverty and ensure minimum income schemes which protect families and children against poverty. Access to high quality and affordable ECEC services, to health care, to education support and to other social services is especially important for children from disadvantaged backgrounds.

The efficiency and effectiveness of the different benefit schemes and support mechanisms will be an important point of further policy work. The number of single parent families is increasing everywhere and their specific vulnerability poses new challenges to the social support systems.

### III. Keeping the momentum toward Europe 2020 objectives: the 2013 social trends to watch

This year's results from the analysis of the key social indicators, part of the Social Protection Performance Monitor, show the following main trends to watch for the most recent period (2011-2012):

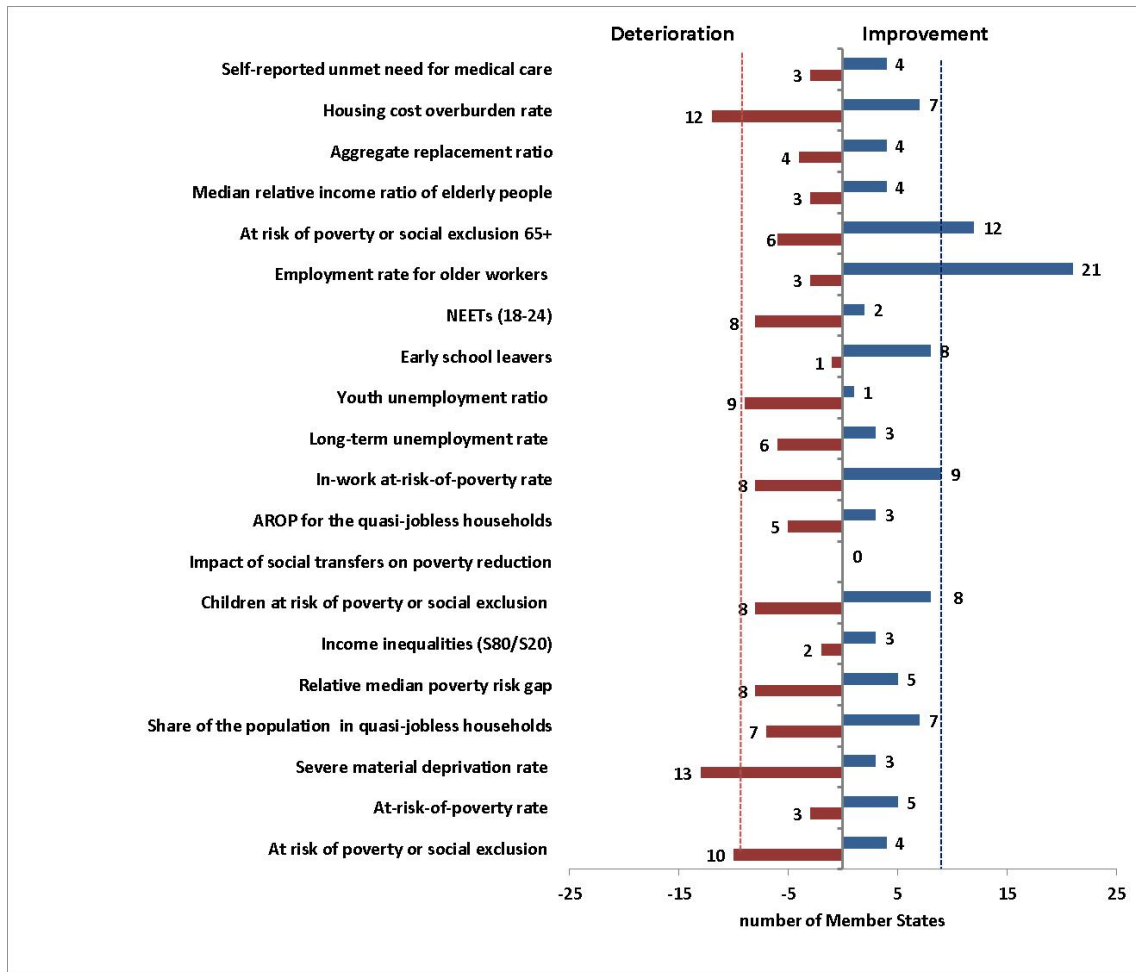
- increase in **poverty and social exclusion for the overall population** (registered in 10 MS) and driven by a significant increase in the **severe material deprivation rate** (registered in 13 MS) and the share of (quasi-) **jobless households** (registered in 7 MS)
- increasing **depth of poverty** as proxied by the poverty gap (registered in 8 MS)
- increase in the number of **children living in poverty and social exclusion** (registered in 8 MS)
- increase in **youth unemployment** (registered in 9 MS)
- increasing in the **housing cost overburden rate** (in 12 MS)
- increase in the **working poor** (8 MS).

These social trends to watch are balanced by positive developments in the following areas:

- labour market participation of the elderly (increase of the employment rate for 55-64 in 21 MS)
- income and living conditions situation of the elderly (improvements in 12 MS)
- some improvement in the situation of the working poor in 9 MS.

Similarly to the results from the last year edition of the SPPM, there are signs of clear deterioration in the living conditions of the population and increasing depth of poverty with children remaining especially affected. The increasing number of MS facing higher share of the population faced with a housing cost overburden rate is a new trend that appears in more than half of all MS in the latest period (2011-2012).

Figure 79. Social trends to watch and areas of improvement for the period 2011-2012



Source: Social Protection Performance Monitor

Note: i) no 2012 data for IE so IE has not been considered for these evolutions., ii) for 2012 SILC-data AT changed the source for income from survey to administrative. As a result, income related indicators suffer a break in series and are therefore not comparable to 2011 for this country and AT has not been considered in the trends to watch for these indicators, iii) For UK, changes in the SILC survey vehicle and institution might have affected the results and interpretation of data must therefore be particularly cautious but evolution for UK for all SILC indicators has been considered.. iv) Provisional data for BE does not allow for reliable assessment of evolutions, so BE has not been considered in the assessment of the trends to watch.

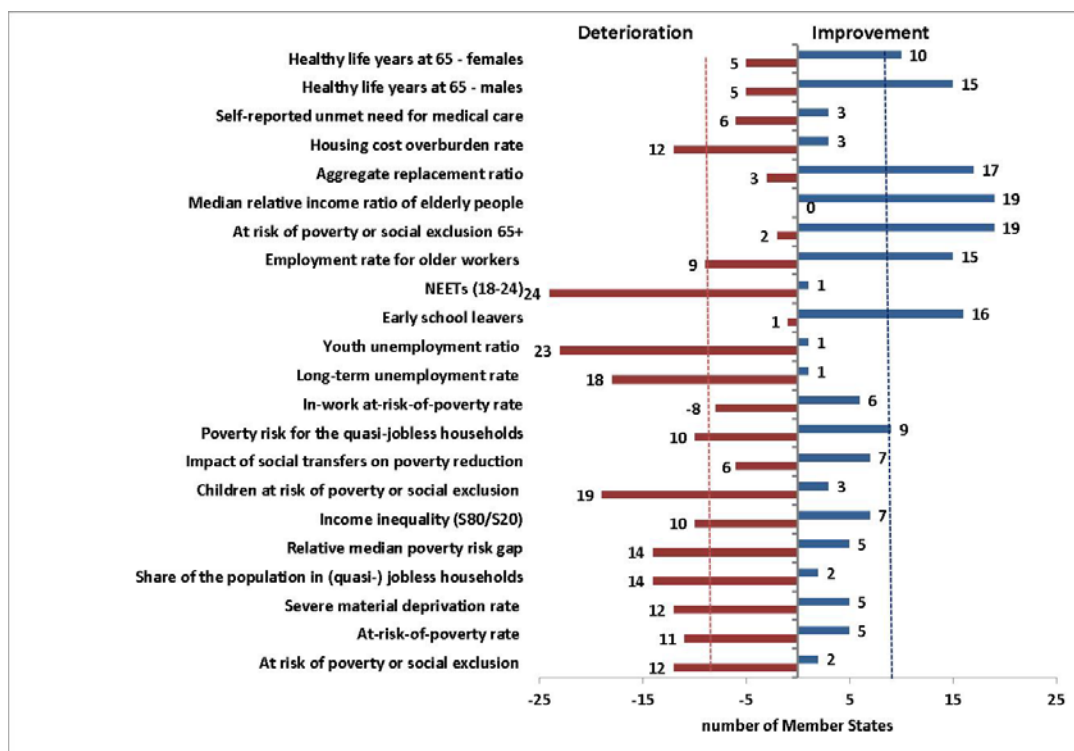
Figure 2 shows the evolution since the beginning of the Europe 2020 strategy. For most social areas, the situation has worsened substantially as a result of the economic crisis. The areas with most substantial deterioration are:

- **youth exclusion** (significant increases in NEETs and youth unemployment ratio in almost all MS)
- **(long term) exclusion from the labour market** (increases in the long term unemployment rate in 2/3 of MS and in the share of (quasi-) jobless households in more than a half)

- child poverty and social exclusion ( with 19 MS registering increases with reference to 2008)
- increasing income inequality (in 10 MS)
- increase in the housing cost overburden rate for households (in 12 MS)
- increase in the level and the depth of poverty and deterioration in the living conditions (increases in the at-risk-of-poverty rate, severe material deprivation rate and the poverty gap in more than 1/3 of all MS, increases in the overall at risk of poverty or social exclusion rate in more than ½ of all MS).

There have been also a number of improvements, notably in the areas of increasing the number of healthy life years and decreasing significantly the number of early school leavers in Europe (in 16 MS). The situation of the elderly also shows clear improvement with decreases in the number of elderly living in poverty or social exclusion as well as the improvement of their situation with respect to the rest of the population. However, this trend should be taken with great caution as it does not necessarily show improvements in absolute terms. As pension income remained stable during the economic crisis while the working age population suffered from substantial income loss (wage decreases, job loss, decrease in benefit levels), the relative, but not necessarily the absolute, position of the elderly has improved, highlighting the important role of pension systems.

**Figure 80. Social trends to watch and areas of improvement for the period 2008-2012**

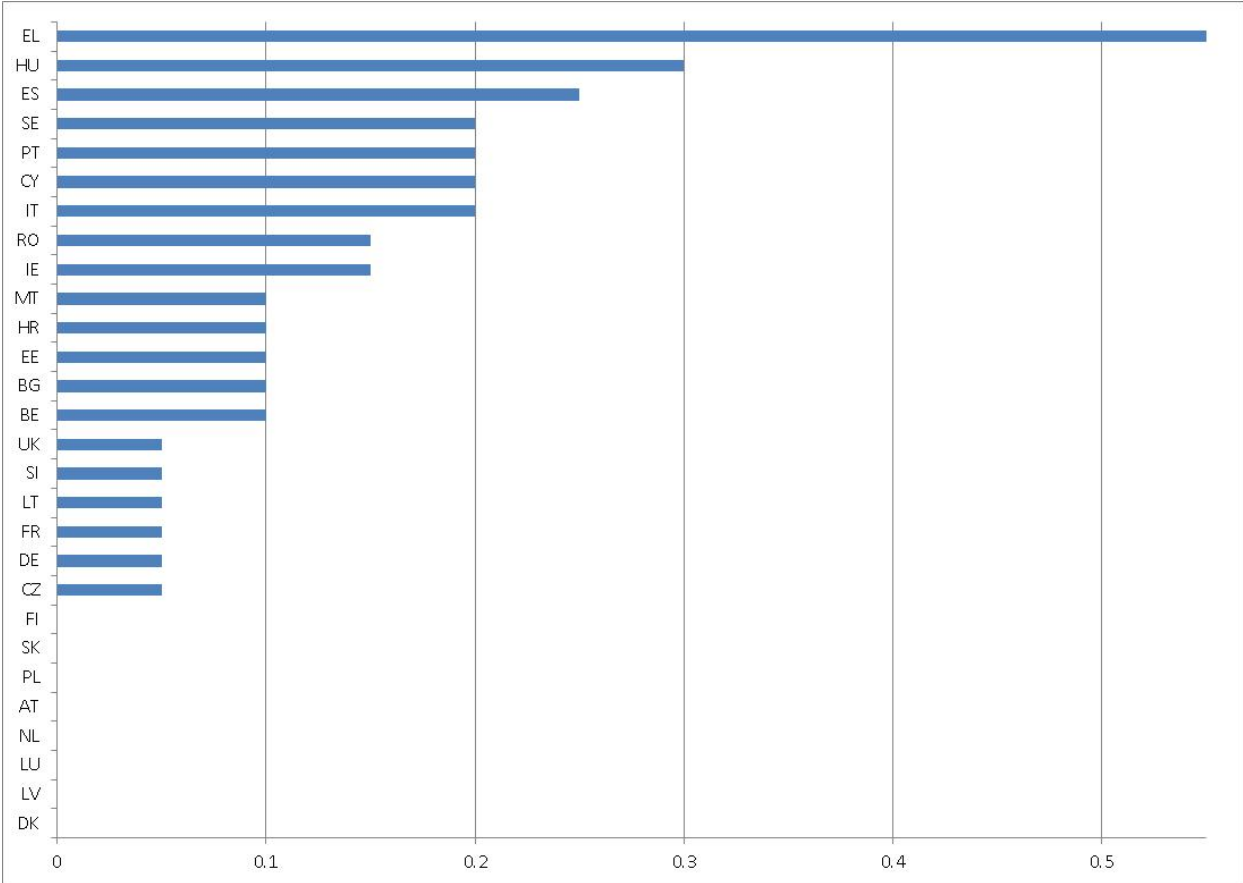


Source: Social Protection Performance Monitor

Note: i) no 2012 data for IE so reference has been made to 2011 data;; ii) for 2012 SILC-data AT changed the source for income from survey to administrative. As a result, income related indicators suffer a break in series and are therefore not comparable to 2011 for this country and AT has not been considered in the trends to watch for these indicators, .iii)) For UK, changes in the SILC survey vehicle and institution might have affected the results and interpretation of data must therefore be particularly cautious but evolution for UK for all SILC indicators have been considered. iv) Provisional data for BE does not allow for reliable assessment of evolutions, so BE has not been considered in the assessment of the trends to watch

The following Figure 81 shows the share of the key social indicators included in the SPPM dashboard for which a given country has registered statistically significant deterioration in both 2010-2011 and 2011-2012. The MS with the most worrisome outcomes are EL, HU and ES with deterioration for both years on 11 indicators for EL, 6 indicators for HU and 5 indicators for ES.

**Figure 81. Share of SPPM key social indicators with a statistically significant deterioration for both 2010-2011 and 2011-2012 by Member State**



Reading note: 0 means. the MS has not registered statistically significant deterioration in two consecutive years (2010-2011 and 2011-2012) for any of the key social indicators, while 1 means that the MS has registered statistically significant deterioration in two consecutive years (2010-2011 and 2011-2012) for all of the SPPM key social indicators.

On this basis and taking into consideration the already undertaken thematic in-depth reviews in 2013, the SPC has decided to carry on thematic in-depth reviews on the following topics during 2014:

- depth of poverty;
- income inequality;
- youth exclusion;
- long-term labour market exclusion.



## IV. Conclusions on the social situation in the EU

On the basis of this report, the Council of the European Union (EPSCO) adopted the following conclusions at its meeting on 10th March 2014:

The Council stresses that the key factor for achieving the Europe 2020 objectives for smart, sustainable and inclusive growth is working toward policy coherence between the economic and social objectives of the Union. Further to their impact on income and living conditions, growing economic and social imbalances weaken the economic strength of the Union and put at test its core values.

### A. The social situation in the Union

The crisis leaves behind the legacy of fragile growth, too little and often low quality jobs and more people exposed to poverty and social exclusion. The report on the Social Situation in the European Union<sup>193</sup> and the scoreboard of employment and social indicators<sup>194</sup> show that the social situation in the European Union is not improving while in some countries the situation is even worsening:

- 2012 survey data indicate that poverty has reached its 6 year-high : close to 25% of the European population was at risk of poverty or social exclusion;
- Since the adoption of Europe 2020 in 2010, there are 6,6 million more people living in poverty or social exclusion (an increase in more than 1/3 of Member States);
- In some Member States the annual growth of the relative poverty exceeds 2 percentage points;
- Rising material deprivation drives down living standards of significant parts of the population in some countries;
- Income inequality is growing across and within Member States, particularly in the countries that witnessed the largest increases in unemployment.

The Council notes however that the employment rate of older workers grew in 21 Member States. Owing to the structural role of pensions, in more than  $\frac{3}{4}$  of Member States the elderly in 2012 were – in relative terms - less exposed to poverty or social exclusion as compared to 2008.

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<sup>193</sup> Social Europe: many ways, one objective, doc. 6663/14, not yet distributed

<sup>194</sup> See Chapter 3 of the 2013 Joint Employment Report

## B. Staying on course with Europe 2020 strategy

The Council recalls that in 2010 the European Council set a headline target to lift by 2020 at least 20 million people from the risk of poverty or social exclusion. With its impact on income and living standards, the financial and economic crisis diminished the prospects of reaching this target. Further, the three key functions of welfare policies (investment, automatic stabilisation and protection) promoted also by the Social Investment Package<sup>195</sup> were weakened due to the fiscal constraints and protracted recession. Under those circumstances, progress in achieving the EU social inclusion target could not materialise.

The Council emphasises that the current situation requires stronger resolve to stay on course with Europe 2020 strategy and strive to deliver on the target. It is important that Member States strengthen their efforts to contribute to the achievement of that essential EU commitment.

## C. Ways forward

Effective social protection and higher employment rates will further a more competitive and cohesive Europe. Policy efforts should prioritise effective prevention to avoid further worsening of the social situation in the EU, spur human capital investments and support labour market activation.

In the short and medium terms, the Council considers that improvements of the social situation should come from more employment particularly for young people and from reduced poverty and social exclusion. To achieve this, growth and social investments are needed. Wage and tax policies should allow earnings and social benefits to interact in a way lifting people out of poverty and making work pay. This is particularly important for low-earnings households with dependent children and for single parents, in particular single mothers. Investing in children and in young people should be a political priority given the long-term gains stemming from their higher labour market participation and educational performance. Policies should facilitate women's entry into professional life and boost their labour market participation. Active labour market policies should be used to enhance the employability of those social groups exposed to long-term unemployment.

Further, the effectiveness of social protection should be enhanced also with a view to better address the demographic imbalances that will affect the growth potential, social protection needs and public spending of Member States in different ways, balance the social risks between generations and along the life-course, and reduce growing inequalities that weaken cohesion and hold back upward mobility and growth.

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<sup>195</sup> Council conclusions "Towards social investment for growth and cohesion", 20th June 2013. See also Council document 13958/2/13 REV2.

Policies should focus on making sure that improving the social situation across the Union becomes a widely shared priority. Structural reforms need to take into account social and employment concerns. Reforms, particularly major ones, should be impact-assessed and sequenced to minimise adverse effects. Where reforms entail trade-offs, those at greater risk of poverty and social exclusion should not bear the brunt of economic adjustment.

The Council shall assess the social situation in the EU annually and provide guidance on how to address the social trends to watch. It reiterates its request to the Commission to propose a joint social protection report as a further reinforcement of the social dimension of the Economic and Monetary Union.

The Council invites:

- Member States to review and strengthen their efforts to reduce poverty;
- the Social Protection Committee to prepare a report on the social dimension of the Europe 2020 strategy. The Council shall hold a first discussion on this issue in June 2014.

# SPPM dashboard

		EU28	EU27	EA17	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	
Europe 2020	At risk of poverty or social exclusion (in %)																																
	2012	24.8	24.8	23.2	21.6	49.3	15.4	19.0	19.6	23.4	29.4	34.6	28.2	19.1	32.3	29.9	27.1	36.2	32.5	18.4	32.4	22.2	15.0	18.5	26.7	25.3	41.7	19.6	20.5	17.2	15.6	24.1	
	2011-2012 change in pp	..	..	..	0.6	..	..	..	..	..	n.a.	3.6	0.5	..	..	1.7	2.5	-3.9	-0.6	1.6	1.4	0.8	-0.7	..	0.9	1.4	..	..	-0.7	..	1.4		
	2008-2012 change in pp	n.a.	1.1	1.6	0.8	4.5	..	2.7	..	..	5.7	6.5	3.7	..	n.a.	4.6	3.8	2.0	4.9	2.9	4.2	2.6	..	-3.8	..	-2.5	..	..	..	..	..	..	
	At-risk-of-poverty rate (in %)																																
	2012	17.0	16.9	17.0	14.8	21.2	9.6	13.1	16.1	17.5	..	23.1	22.2	14.1	20.5	19.4	14.7	19.4	18.6	15.1	14.0	15.0	10.1	14.4	17.1	17.9	22.6	13.5	13.2	13.2	14.2	16.2	
	2011-2012 change in pp	..	..	..	-0.5	-1.0	..	..	..	..	..	1.7	..	..	..	..	..	..	-0.6	1.5	..	..	-0.9	..	0.4	..	-0.1	..	..	..	..	..	
	2008-2012 change in pp	n.a.	..	1.0	0.1	..	..	1.3	..	-2.0	..	3.0	1.4	1.4	3.2	0.7	-1.2	-6.2	-1.4	1.7	1.6	..	..	..	..	..	..	1.2	2.3	..	2.0	-2.5	
	At-risk-of-poverty threshold for a single person household (in pps)																																
	2012	n.a.	n.a.	n.a.	10.835	3.476	6.109	11.117	11.398	4.612	10.097	5.969	7.392	11.217	4.425	9.194	11.429	3.609	3.957	15.996	4.432	8.780	11.404	12.300	5.117	5.736	2.106	8.475	5.744	10.921	11.693	10.582	
	2011-2012 % change	n.a.	n.a.	n.a.	0.4	..	..	..	..	..	n.a.	-19.4	..	..	..	..	..	6.1	11.1	..	5.3	..	..	..	..	..	..	..	..	..	..	..	..
	2008-2012 % change	n.a.	n.a.	n.a.	7.9	21.6	..	5.3	5.5	..	-7.4	-17.3	-9.4	6.4	n.a.	..	..	-17.1	-5.1	..	12.0	9.8	..	..	26.7	..	14.6	..	41.5	9.9	9.5	..	
Severe material deprivation rate (in %)																																	
2012	9.9	9.9	7.5	6.5	44.1	6.6	2.8	4.9	9.4	7.8	19.5	5.8	5.3	15.4	14.5	15.0	26.0	19.8	1.3	25.7	8.0	2.3	4.0	13.5	8.6	29.9	6.6	10.3	2.9	1.3	7.8		
2011-2012 change in pp	1.0	1.1	..	0.8	..	0.5	..	-0.4	0.7	n.a.	4.3	1.3	..	..	3.3	3.3	-5.4	0.8	..	2.6	1.7	-0.2	..	..	0.3	0.5	0.5	..	..	..	2.7		
2008-2012 change in pp	n.a.	1.4	1.7	0.9	2.9	..	..	..	4.5	2.3	8.3	2.2	..	n.a.	7.0	5.9	7.0	7.5	..	7.8	4.0	..	-2.4	-4.2	-1.1	-3.0	..	-1.3	..	..	3.3		
Population living in very low work intensity households (in %)																																	
2012	10.0	9.9	10.4	14.0	12.4	6.8	10.9	9.8	9.0	24.1	14.1	14.2	8.4	16.1	10.3	6.4	11.5	11.3	6.1	12.7	7.9	8.7	7.6	6.8	10.1	7.4	7.5	7.2	9.1	5.7	13.0		
2011-2012 change in pp	..	..	..	0.3	1.4	..	..	-1.3	-0.9	n.a.	2.3	0.9	-0.9	..	..	1.5	-1.1	-1.3	..	..	..	..	..	..	1.9	0.7	..	..	-0.7	-1.2	1.5		
2008-2012 change in pp	n.a.	..	1.2	2.3	4.3	..	2.6	-1.8	3.7	10.5	6.7	7.6	..	n.a.	..	1.9	6.4	6.2	1.4	..	..	..	..	-1.1	3.8	..	..	2.0	1.8	..	2.6		
Relative median at-risk-of-poverty gap (in %)																																	
2012	23.5	23.4	23.4	18.1	31.4	19.1	22.8	21.1	23.8	17.5	29.9	31.4	16.2	28.8	25.4	19.0	28.4	22.6	15.0	21.0	16.0	17.3	20.1	22.2	24.7	30.9	19.1	20.5	15.0	18.6	21.0		
2011-2012 % change	..	..	..	-0.5	2.0	1.9	1.4	..	-2.2	n.a.	3.8	..	..	..	..	..	-3.4	-6.4	..	2.7	-1.7	1.8	..	..	1.5	..	-2.3	1.5	..	..	..		
2008-2012 change in pp	n.a.	1.6	2.4	0.9	4.4	..	4.8	-1.1	3.5	..	5.2	7.0	1.4	3.8	2.4	3.7	..	-3.1	-1.6	3.7	-4.4	2.4	..	1.6	1.5	-1.4	..	2.4	..	..	..		
Income quantile ratio (S80/S20)																																	
2012	5.0	5.0	5.1	3.9	6.1	3.5	4.5	4.3	5.4	4.6	6.6	7.2	4.5	5.4	5.6	4.7	6.5	5.3	4.1	4.0	3.9	3.6	4.2	4.9	5.8	6.3	3.4	3.7	3.7	5.4			
2011-2012 % change	..	..	..	0.0	-6.2	..	..	..	..	n.a.	10.0	..	..	..	..	..	9.3	..	-8.6	..	..	..	-5.3	..	..	..	..	..	..	..	..		
2008-2012 % change	n.a.	..	6.3	-4.9	-6.2	..	25.0	-10.4	8.0	..	11.9	26.3	..	20.0	9.8	9.8	-11.0	-10.2	..	11.1	-7.1	-10.0	..	..	-10.0	..	8.8	..	5.7	..	..		
Child poverty and social exclusion	Children at risk of poverty or social exclusion (in %)																																
	2012	28.1	28.0	25.5	23.4	52.3	18.8	15.3	18.4	22.4	34.1	35.4	33.8	23.2	33.8	33.8	27.5	40.5	31.9	24.6	40.9	29.7	16.9	20.9	29.3	27.8	52.2	16.4	26.6	14.9	15.4	31.2	
	2011-2012 change in pp	..	..	..	0.1	..	-1.2	..	-1.5	-2.4	n.a.	5.0	0.6	..	..	1.6	4.1	-4.1	-2.7	2.9	..	3.9	-1.1	..	..	-0.8	3.1	-0.9	..	..	..	4.3	
2008-2012 change in pp	n.a.	1.4	1.7	2.1	8.1	..	2.6	-1.7	3.0	7.5	6.7	3.2	1.8	n.a.	4.7	6.0	7.3	2.5	3.7	7.5	6.2	1.4	..	-3.6	-1.7	1.0	1.1	2.3	..	..	1.6		
Effectiveness of social protection systems	Impact of social transfers (excluding pensions) on poverty reduction (in %)																																
	2012	34.4	34.7	32.0	46.2	18.1	45.5	53.7	33.7	29.4	61.6	13.8	25.0	40.8	32.6	20.5	37.4	25.7	34.5	47.9	48.3	36.2	51.0	67.4	25.3	29.0	19.3	46.4	34.0	50.9	48.0	49.2	
	2011-2012 change in pp	..	..	..	1.2	..	..	..	..	..	n.a.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
2008-2012 change in pp	n.a.	..	..	0.6	..	-9.5	..	..	8.4	7.2	..	7.5	-5.2	..	..	6.9	10.4	8.0	..	-10.9	..	..	..	-7.3	..	..	..	-6.8	..	-9.2	13.9		
At-risk-of-poverty rate for the population living in (quasi-) jobless households (in %)																																	
2012	59.1	59.0	59.6	58.4	71.5	54.6	41.0	68.5	73.0	43.3	56.8	63.6	57.5	62.5	55.4	45.4	70.2	65.2	44.3	61.6	60.3	40.6	53.2	59.2	54.5	48.1	54.8	69.4	59.5	71.7	47.8		
2011-2012 change in pp	1.3	1.3	..	-4.5	-4.2	-3.7	..	..	..	n.a.	..	0.6	3.2	..	..	..	3.2	..	..	5.3	..	..	..	..	..	..	-3.3	..	..	8.2	..	..	
2008-2012 change in pp	n.a.	3.1	-4.3	3.7	-6.3	..	..	4.3	-9.3	-3.3	16.5	7.4	7.4	n.a.	..	-5.0	-12.8	-1.2	-5.1	13.1	..	..	..	10.0	-1.3	-2.3	..	16.3	3.2	20.9	-15.3		
Social consequences of labour market situation	In-work at-risk-of-poverty rate (in %)																																
	2012	9.1	9.1	8.9	4.5	7.4	4.6	5.7	7.7	8.5	5.3	15.1	12.3	8.0	6.2	11.1	8.0	9.1	7.7	10.3	5.3	5.7	4.6	8.2	10.4	9.9	18.9	6.5	6.2	3.8	6.7	8.8	
	2011-2012 change in pp	..	..	..	0.4	-0.8	0.5	-0.6	..	..	n.a.	3.2	0.2	0.4	-0.7	..	..	0.7	-0.5	-1.9	..	-0.8	..	-0.8	..	-0.8	-0.3	0.3	0.5	..	..	1.0	
2008-2012 change in pp	n.a.	..	..	-0.2	..	1.0	..	..	1.1	-1.0	..	1.2	1.4	..	..	2.1	1.7	-2.1	-1.8	..	..	..	..	..	-1.1	-1.4	2.1	1.4	..	-1.3	..	..	
Long-term unemployment rate (in %)																																	
2012	4.7	4.6	5.3	3.4	6.8	3.0	2.1	2.5	5.5	9.1	14.4	11.1	4.1	10.3	5.7	3.6	7.8	6.6	1.6	4.9	3.0	1.8	1.1	4.1	7.7	3.2	4.3	9.4	1.6	1.5	2.7		
2011-2012 change in pp	..	..	..	..	..	..	..	..	-1.6	..	5.6	2.1	..	1.7	1.3	2.0	-1.0	-1.4	..	..	..	..	..	..	..	1.5	..	..	..	..	..	..	
2008-2012 change in pp	2.1	2.0	2.3	..	3.9	..	1.6	-1.5	3.8	7.4	10.8	9.1	1.3	5.0	2.6	3.1	5.7	5.5	..	1.3	..	..	..	1.7	3.7	..	2.4	2.7	..	..	1.3		

	EU28	EU27	EA17	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	
Youth exclusion	Early school leavers (in %)																															
	2012	12.7	12.8	13.9	12.0	12.5	5.5	9.1	10.6	10.5	9.7	11.4	24.9	11.6	4.2	17.6	11.4	10.6	6.5	0.1	11.5	22.6	0.8	7.6	5.7	20.8	17.4	4.4	5.3	0.9	7.5	13.6
	2011-2012 change in pp	=	=	=	=	=	=	=	-1.1	=	-1.1	-1.7	-1.6	=	=	=	-1.0	=	1.9	=	-1.0	=	=	=	-2.4	=	=	=	=	=	-1.4	
	2008-2012 change in pp	-2.0	-2.0	-2.6	=	-2.3	=	-3.4	-1.2	-3.5	-1.6	-3.4	-7.0	=	=	-2.1	-2.3	-4.9	=	-5.3	=	-6.7	-2.6	-2.5	=	-14.6	1.5	=	=	=	=	-3.4
Youth exclusion	Youth unemployment ratio (15-24)																															
	2012	9.7	9.7	9.6	6.2	8.5	6.1	9.1	4.1	8.7	12.9	16.1	20.6	9.0	12.7	10.1	10.0	11.5	7.8	5.0	7.9	7.2	6.6	5.2	8.9	14.3	7.0	7.1	10.4	9.8	12.4	12.4
	2011-2012 change in pp	=	=	=	=	1.1	=	=	=	=	=	3.1	1.6	=	1.4	2.1	2.1	=	-1.4	=	=	=	1.3	=	=	2.6	=	1.2	=	=	=	
	2008-2012 change in pp	2.8	2.8	2.7	=	4.7	3.0	3.3	-1.4	3.7	5.6	9.4	8.9	1.9	5.1	3.5	7.0	5.9	3.7	=	2.3	=	2.7	=	3.2	7.5	1.3	2.6	4.2	1.0	1.7	3.2
Youth exclusion	NEET (18-24)																															
	2012	17.1	17.0	17.0	15.0	26.0	11.3	8.8	9.8	15.3	23.8	28.4	23.8	16.2	22.2	27.0	22.4	17.4	14.9	7.8	19.5	11.7	5.7	7.8	15.9	10.7	20.4	11.5	10.1	11.8	10.5	10.1
	2011-2012 change in pp	=	=	=	=	=	=	=	=	=	=	=	=	=	1.6	1.8	1.7	-2.4	-1.2	1.3	1.8	=	=	=	=	2.7	=	=	=	=	=	
	2008-2012 change in pp	3.2	3.1	2.9	1.7	4.4	2.4	3.1	-2.0	4.2	6.4	12.5	6.0	2.7	8.9	6.3	9.0	3.5	2.6	=	4.2	4.1	1.1	=	3.6	6.0	7.0	3.6	3.7	1.9	=	2.7
Active ageing	Employment rate for older workers (55-64), in %																															
	2012	48.8	48.9	48.7	39.5	45.7	49.3	60.8	61.5	60.6	49.3	36.4	43.9	44.5	36.7	40.4	50.7	52.8	51.7	41.0	36.9	33.6	59.6	43.1	38.7	46.5	41.4	32.9	43.1	58.2	73.0	59.1
	2011-2012 change in pp	1.5	1.5	1.6	=	1.1	1.6	1.3	1.6	3.4	=	-3.0	=	3.0	=	2.5	-4.1	2.3	1.5	1.7	1.1	1.8	2.5	1.6	1.8	-1.4	1.4	1.7	1.8	1.2	1.0	1.4
	2008-2012 change in pp	3.3	3.3	4.4	5.0	=	1.7	2.4	7.8	-1.8	-4.4	-6.4	-1.7	6.3	=	6.0	-4.1	-6.6	-1.4	6.9	5.5	4.3	5.6	2.1	7.1	-4.3	-1.7	=	3.9	1.7	2.9	=
Active ageing	At risk of poverty or social exclusion rate for the elderly (65+), in %																															
	2012	19.3	19.2	17.4	19.5	59.1	10.8	14.6	15.8	21.8	19.8	29.5	16.6	11.1	33.2	25.2	33.4	34.0	35.7	6.1	30.6	21.9	6.2	16.2	29.4	22.1	35.7	22.8	16.3	19.5	17.9	16.9
	2011-2012 change in pp	=	=	=	-2.1	-2.0	=	-2.0	=	4.9	0.8	-5.9	-4.3	-0.4	-1.9	=	-6.4	=	4.9	1.4	2.6	=	-0.7	=	-1.3	-2.4	0.4	-1.4	1.8	=	=	-5.8
	2008-2012 change in pp	n.a.	-4.1	-2.6	-3.4	-6.4	-1.7	-4.0	=	-19.1	-0.7	-4.6	-11.1	-2.8	n.a.	=	-15.9	-24.1	-2.4	=	3.1	-4.5	-3.5	=	-5.6	-13.5	-1.6	-5.6	-4.4	2.4	-11.6	=
Active ageing	Median relative income ratio of elderly people																															
	2012	0.92	0.92	0.92	0.74	0.74	0.84	0.75	0.88	0.72	0.86	1.01	0.93	1.00	0.86	0.95	0.70	0.80	0.78	1.10	0.97	0.80	0.90	0.93	0.95	0.92	1.01	0.87	0.81	0.78	0.78	0.89
	2011-2012 % change	=	=	=	0.0	=	=	=	=	=	n.a.	24.7	0.1	=	=	=	-7.0	-10.3	=	=	=	=	=	=	=	5.7	=	=	-5.8	=	=	9.9
	2008-2012 % change	n.a.	8.2	5.7	0.0	12.1	6.3	7.1	=	16.1	16.2	17.4	17.7	=	14.7	8.0	18.6	48.1	9.9	13.4	=	9.6	7.1	=	=	10.8	18.8	=	=	8.3	=	20.3
Active ageing	Aggregate replacement ratio																															
	2012	0.56	0.56	0.56	0.47	0.42	0.55	0.42	0.47	0.50	0.43	0.52	0.58	0.65	0.36	0.66	0.39	0.48	0.45	0.79	0.58	0.49	0.47	0.50	0.58	0.58	0.67	0.47	0.60	0.49	0.56	0.50
	2011-2012 % change	=	=	=	6.8	=	=	=	-7.8	-7.4	n.a.	15.6	=	=	=	20.0	=	-9.4	-15.5	6.8	=	=	=	=	5.5	=	=	=	=	=	=	=
	2008-2012 % change	n.a.	12.0	9.8	4.4	23.5	7.8	=	6.8	11.1	-12.2	26.8	18.4	=	-23.4	29.4	18.2	60.0	=	36.2	=	16.7	9.3	=	=	13.7	36.7	6.8	11.1	=	-9.7	16.3
Health	Self-reported unmet need for medical care																															
	2012	3.4	3.4	n.a.	1.7	8.2	1.0	1.2	1.6	8.3	2.2	8.0	0.7	2.2	3.6	5.6	3.5	12.3	2.3	0.7	2.8	1.1	0.5	0.3	9.0	3.3	10.7	0.1	2.2	4.6	1.3	1.4
	2011-2012 change in pp	=	=	n.a.	0.2	-1.6	=	=	=	1.0	n.a.	=	=	=	-1.5	=	=	-3.8	=	=	=	=	=	=	1.1	1.9	-1.2	=	=	=	=	=
	2008-2012 change in pp	n.a.	n.a.	n.a.	1.2	-7.1	=	=	=	1.0	=	2.6	=	=	n.a.	=	=	2.6	-9.2	=	=	=	=	=	3.0	2.2	=	=	=	3.8	-1.1	=
Health	Healthy life years at 65 - males																															
	2012	8.4	n.a.	n.a.	10.7	8.7	8.3	10.6	6.7	5.4	10.9	8.6	9.2	9.5	7.7	7.8	8.8	5.3	5.6	11.6	6.4	12.5	10.8	8.9	7.4	6.6	5.9	7.3	9.5	8.4	14.0	10.5
	% change to 2008	=	n.a.	n.a.	=	=	10.7	-11.7	6.3	35.0	17.2	=	-7.1	9.2	20.3	=	-6.4	8.2	=	8.4	14.3	19.0	=	20.3	5.7	=	-24.4	-20.7	16.7	5.0	6.9	=
	2012	8.5	n.a.	n.a.	11.1	9.5	8.9	12.9	6.9	5.5	11.9	7.3	9.0	10.4	8.2	7.2	7.7	6.4	6.1	11.9	6.4	12.2	10.1	9.5	7.8	6.0	5.1	6.9	3.1	9.0	15.4	10.6
% change to 2008	=	n.a.	n.a.	6.7	=	8.5	=	=	31.0	15.5	-12.0	=	=	28.1	=	=	28.0	-6.2	=	=	=	=	26.7	=	9.1	-35.4	-26.6	14.8	=	10.0	-10.2	
Access to decent housing	Housing cost overburden rate																															
	2012	11.3	11.3	11.7	11.0	14.5	10.0	17.8	16.6	7.9	6.1	83.1	14.3	5.2	6.6	7.9	3.3	11.2	8.9	4.9	13.5	2.5	14.4	7.0	10.5	8.3	16.5	5.2	8.4	4.5	9.0	7.4
	2011-2012 change in pp	=	=	=	0.4	5.8	0.5	-2.1	0.5	0.5	n.a.	8.9	0.5	=	-1.2	-0.5	=	-1.3	-2.2	0.7	1.7	-0.3	=	=	=	1.1	6.6	0.5	=	=	1.1	-9.0
	2008-2012 change in pp	n.a.	=	3.4	-1.5	1.2	-2.8	=	n.a.	4.3	2.8	10.9	4.2	1.0	n.a.	=	1.5	2.5	4.1	1.2	1.9	=	=	=	=	=	-2.2	=	2.8	=	=	-8.9

Note: i) only statistically significant evolutions have been highlighted. Eurostat calculations on statistical significance of net change have been used for the following indicators: for the period 2011-2012 – AROPE, AROP, SMD, VLWI, IWP, Children AROPE, AROPE 65+, AROP VLWI, housing cost overburden rate, for the period 2008-2012 – AROPE (estimations for PT are provisional and are to be confirmed by INE), in the remaining cases a 1pp threshold has been used for all indicators but the indicators based on ratios and the healthy life years for which a 5% threshold has been used as specified in the SPPM methodological paper approved by the SPC. : ii) Provisional 2012 data for BE does not allow for reliable assessment of evolutions; iii) most recent data for IE refers to 2011 so only evolutions 2008-2011 are included, iv) Breaks in series in 2012 for all income-based indicators for AT due to change of data source. Thus, all related evolutions have not been considered. v) For UK, changes in the survey vehicle and institution might have affected the results and interpretation of data must therefore be particularly cautious.

# Views of the European Social Partners

**BUSINESSEUROPE**



## **Annex to 2014 Social Protection Committee Annual Report on the social situation in the EU**

### **General economic and employment situation**

- Economic recovery in the EU is now emerging, but at a slow pace and unevenly across the member states. GDP is expected to grow in 2014 by 1.4% in the EU and 1.1% in the Euro Area and private consumption is expected to grow by 0.9% in 2014. However, the employment situation remains an acute concern, with unemployment expected to be almost unchanged in the Euro Area in 2014, even if it is predicted to fall in the EU. We must ensure that this positive growth trend continues, whilst focusing on encouraging a job-rich recovery. Sustained growth and employment are the basis for sustaining social systems and combating poverty.
- The economic, employment and social challenges posed by the crisis are common across the EU. However some member states have been more resistant to the shocks of the financial crisis than others, for example regarding the impact on their labour markets and social systems. Divergence between countries is apparent as those which have carried out the necessary reforms are faring better.
- While segmentation on the labour market is a problem in some countries, it is not an EU-wide issue. To reduce labour market segmentation where it occurs, Member States should be encouraged to review employment protection legislation, especially for permanent contracts, and lighten it where it is excessive. This would stimulate job creation and help more people progress from temporary to open ended employment.

### **Role of social protection systems**

- Social protection systems are an important element of European social market economies. EU Member States spend almost 30% of their GDP on social protection. Social protection in Europe is higher than in all other continents worldwide. It is also significantly higher than in other developed economies, such as the US where social spending stands at around 20% of GDP.
- During this crisis, social protection systems have played a key role as automatic stabilisers and to protect people's incomes as unemployment has increased. Contrary to what we often hear, this role has not been weakened. In fact, as GDP growth has slowed, the share of social protection spending has increased. This has been to address greater need for social support. As highlighted in the Social Investment Package, in 2011 nearly 50% of general government total expenditure was devoted to the redistribution of income through social transfers in cash or in kind. Despite fiscal consolidation efforts, this figure increased by 1.8% (35.1 billion euros) between 2010 and 2011.
- The approach taken in the Social Investment Package should be followed: within the current budgetary constraints, better social outcomes can be achieved without necessarily spending more. Member States with comparable budgets often have very different social outcomes, suggesting that efficiency in welfare provision does not necessarily have a negative impact on its redistributive effect.
- The Commission's Annual review of employment and social developments highlights that where welfare systems are well-designed, e.g. they include a reduction of benefit levels over time and benefits are conditional on looking for a job, people receiving unemployment benefits have a better chance of getting a job and therefore getting out of poverty. The reason is not necessarily the monetary value of the benefits, rather being automatically part of a broader system of support, including skills matching and labour market activation measures. Improvements in this direction are still necessary at national level.



### Poverty

- The factors leading to a risk of poverty are multifaceted. It depends to a great extent on the household situation, in particular whether other people in the household are jobless or not. Evidence shows that when household work intensity increases beyond 20% of the total work potential, the risk of poverty begins to drop significantly.
- There are clear differences between member states. We note the reported rise in the at-risk-of-poverty rate in the euro zone, south and periphery of the EU. At the same time, we note that in the new member states overall poverty rates decreased in 2012.
- There are also differences in terms of population groups - on the positive side the relative situation of the elderly has improved.
- Drivers of changes in the at-risk-of-poverty rate are multifaceted – at national level there are different structural challenges, different policy choices and differences in the make-up of the population. Given this complex mix, we do not believe that a causal link can be made between structural reforms/austerity measures and rising poverty rates.
- An integrated approach is needed, based on the three strands of the recommendation on active inclusion – labour market activation, access to services, and adequate targeted income support.
- We note the reported drift away from the EU2020 poverty target, as well as the reported rise in in-work poverty (albeit with national differences). It is not coincidental that there is also a drift away from the EU2020 employment target. Those countries with the largest increases in the at-risk-of-poverty rate are generally those that have seen substantial increases in jobless households and unemployment. In-work poverty is to a considerable extent concentrated among low work intensity households, i.e. it is much more related to not working and the composition of the household rather than the wage earned. This shows that the key issue to tackle is joblessness rather than in-work poverty.
- In this context, we believe that the proposed poverty indicator to be included as an auxiliary social indicator in the scoreboard of the macroeconomic imbalance procedure (MIP) is detached from what should be the goal of a new scoreboard. While poverty levels can impact on long-term economic performance, we believe that the focus should be on job creation and employment participation.
- Tackling joblessness means improving labour market integration. To do so, tax and benefit systems must be effective in encouraging all those who can work to do so and not create unemployment traps. Support should be targeted at those who need it most.
- The tax wedge on low-skilled workers or those with lower wages should be reduced. Also, improving the income support given to low-wage households by cutting social contributions and income taxes, can stimulate people to take up work.
- Unemployed persons need to be identified quickly and action taken to avoid them slipping into long-term unemployment (e.g. tailored activation programmes, re-training and up-skilling).
- There are also individual factors to take into account such as education and skills, as well as the need to ensure access to efficient and well-functioning services, to enhance people's capacity to participate in the economy and society.

### Recommendations

1. As part of the European Semester Process, country specific recommendations should encourage member states to ensure that their social protection systems are designed in such a way that all those who are able to work do so.
2. The Social Protection Committee should work on benchmarking the cost effectiveness of social protection systems, in line with the approach in the Social Investment Package.
3. To combat poverty, the focus should remain on reducing the number of jobless and low-work intensity households.



**CEEP comments for the SPC Annual Report  
« Social Europe, Many ways one objective »**

**General remarks:**

- CEEP welcomes the new annual report of the Social Protection Committee for 2013 which gives a comprehensive, detailed and statistically based insight of how our national social models are facing the consequences of the crisis.
- CEEP broadly supports the extensive place given to the most essential « access to services » when addressing the ways how to definitely leave the crisis behind. In this regard CEEP also promotes the necessity to develop an integrated approach encompassing policies to increase access to employment and to reduce poverty. Access to high quality and affordable public services is most essential in this matter as the Social Protection Committee rightly states.
- The present draft version of the report does not include yet the specific analyses and indicators relevant to give an overview of the actual « access to healthcare » in the EU. Therefore we cannot pronounce ourselves yet on the findings of the report, on this specific matter even though we welcome the mentioning of this aspect in the report.
- The numerous analysis, best practices and indicators related to childhood poverty and access to early childhood education give a worrying overview of our children's situation in Europe. A much stronger focus must be set on early childhood education and care as we progress toward the providing of childcare for 33% of children under 3 years of age and 90 % of children between 3 years old and the mandatory school age. The fact underlined in the SPC report of 2012 « tackling and preventing child poverty, promoting child wellbeing » that public expenditure is typically lowest for this age group calls for better targeted investments in education.
- The Social Protection Committee recognises that Social Services of General Interest are most essential to guarantee the social cohesion of the overall EU. They cover a wide range of services including social security, employment and training services, social housing, child care, long-term care and social assistance services. Therefore CEEP is sceptical about the few references to « enabling services » instead of the SSGIs mentioned both in the communication "Services of general interest, including social services of general interest: a

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new European commitment" [COM(2007)725] and also in the "Commission staff working document - Biennial Report on social services of general interest" [COM(2008) 418 final].

- As highlighted by the European Commission in its "Employment Package" there will be a substantial amount of jobs created within public services, such as health care and education, in coming years. CEEP therefore wants to emphasise that European policies should be consistent with this announced trend and necessary measures should be undertaken to realise this potential.
- Investment in quality public services is now most essential. Regarding this, the Social Protection Committee mentions on several occasions the recent Social Investment Package which is very important for the general objective to better investment in public services in order to ensure inclusive growth and higher levels of employment. The package focuses on the importance of investing in childcare, education and training, ALMPs, housing supports and health services. Our members, being education and healthcare providers as well as local public authorities are central to the provision of these services. Our members are catalysts for innovation in public services both in terms of new models of delivery, for example in the field of care, and employment practices such as the integration of disadvantaged groups within their workforce."

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**UEAPME comments on the draft Annual Report of the Social Protection Committee 2013**  
**Adviser for Social Affairs, Helen Hoffmann, Brussels**

**Introduction**

- UEAPME, the European Association of Crafts and SMEs, considers that the Annual Report of the Social Protection Committee<sup>1</sup> has an important function by providing an in-depth analysis on social policy issues.
- EU social partners recently adopted a joint declaration on the stronger involvement in European economic governance<sup>2</sup>. Social partners play an important role in contributing to the efficient functioning of labour markets and consequently in avoiding social exclusion. They should thus be adequately involved in the European Semester process to improve the acceptance, ownership and implementation of reforms in the social, employment and economic areas<sup>3</sup>.

**Social Situation**

- The report suggests that having a job is not sufficient to guarantee against poverty and social exclusion. Despite the seriousness of the poverty and social exclusion phenomenon, UEAPME continues to support the approach and priorities of the Annual Growth Survey to better integrate the social, macroeconomic and employment dimensions of the Europe 2020 Strategy. This is the best way to restore an inclusive and job-rich growth averting poverty and social exclusion, whilst fully recognising that additional individually targeted policies may be necessary.
- SMEs play a vital role for job creation and contributing to social cohesion at local level, but recurring difficulties to access finance, lack of competitiveness, skills mismatches, rigidities of labour markets and too high labour costs including high-tax wedges on labour are impeding hiring by enterprises. More needs to be done to create a favourable business environment for small enterprises.
- Despite small signs of improvement notably in Member States carrying out structural reforms the findings of the SPC report are bleak: The EU economy still remains fragile and poverty and social exclusion have increased in more than 1/3 of Member States in 2011 and 2012.
- UEAPME notes with great concern the high unemployment and in particular the structural long-term unemployment, which has almost doubled since 2007. It is the main driver of increasing poverty and social exclusion and constitutes a real risk for those long-term unemployed not returning to the labour market. The number of young people considered as NEETs has also increased, besides an overall higher poverty and dependency ratio, which is substantially pressurising social protection budgets.
- Whilst a number of Member States have recently reformed their social protection including benefits systems for ensuring sustainability, the effectiveness of social protection expenditure in

<sup>1</sup> The SPC draft report is limited to the Introduction, key findings and chapters 1 and 3

<sup>2</sup> [http://www.ueapme.com/IMG/pdf/Joint\\_Declaration\\_on\\_the\\_Involvement\\_of\\_the\\_Social\\_Partners\\_in\\_the\\_Economic\\_Governance.pdf](http://www.ueapme.com/IMG/pdf/Joint_Declaration_on_the_Involvement_of_the_Social_Partners_in_the_Economic_Governance.pdf)

<sup>3</sup> EU social partner Framework of Actions on youth employment, 2013,

[http://www.ueapme.com/IMG/pdf/201306\\_Framework\\_of\\_Actions\\_Youth\\_Employment\\_final.pdf](http://www.ueapme.com/IMG/pdf/201306_Framework_of_Actions_Youth_Employment_final.pdf)

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- relation to economic and social outcomes needs to be better measured. This applies notably for the most vulnerable groups, in order to improve the evidence base of what works and what is less successful and avoid long-term welfare dependency.
- Further on pensions, UEAPME endorses the measures taken by some Member States to promote the adequacy and sustainability of pensions, such as by better tackling early labour market exits and linking retirement age to longevity. Yet, more emphasis should lie on strengthening a multi-pillar approach in pension provision, including encouraging the development of occupational pensions and complementary private savings to ensure a more adequate retirement income spread across pillars, as well as providing incentives to companies to adapt workplaces.
- The new directive on the acquisition and preservation of supplementary pension rights is a step in the right direction in reducing obstacles for workers when moving between Member States.

#### Social trends to watch

- UEAPME agrees with the most worrying trends as a consequence of the crisis, working poor, poverty risk of quasi jobless households and child poverty. On in work-poverty the complexity and different underlying factors are very relevant, e.g. individual characteristics, household composition, institutional factors and structural elements. Nevertheless, the negative comments on "quality jobs" and involuntary part-time work should be reassessed.
- Work needs to be made more attractive. Diverse contractual arrangements are a stepping stone into the labour market, accompanied with lifelong learning and adequate childcare support as needed. Wages should be in line with productivity and taxes shifted from labour in particular for low-skilled workers and those affected by in work-poverty to provide incentives to stay in work. Active Labour Market Policies should be designed taking into account the needs of the vulnerable groups.
- Conditions under which job seekers have to accept a job offer varies across Member States. At one end of the spectrum it is necessary to accept any job, even if short-term or constituting a mismatch of skills, at the other end it is limited to "suitable work only". UEAPME would like to refer to the recent OECD PIAAC survey showing that the skills of a person tend to deteriorate over time if they are not used frequently leading to a loss of human capital and thus urgent action is needed. Yet one more justification for accepting various job offers.
- Concerning child poverty UEAPME calls for early intervention in order to improve life-cycle opportunities for the individuals concerned. Besides integrated policy measures for the family, it is essential to strengthen accessible and affordable early childhood education and care to counteract the recent negative trends demonstrated in the report in many Member States.
- To conclude, structural reforms fostering an inclusive and job-rich growth, better integrated policies and more efficient social security spending are indispensable for mitigating the social impact of the crisis and fostering the economic recovery. The ESF should be used in a more efficient way to better tackle social exclusion and poverty.

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## European Trade Union Confederation (ETUC)

The ETUC broadly shares the analysis found in the annual SPC report with alarming trends towards more in work poverty, a worsening situation for those already at the lowest poverty levels, and a general increase of poverty and social exclusion in more than one third of Member States.

The ETUC's major concern is how to transform the end of recession into a robust process of self-sustained growth with a job-rich recovery. According to different national realities, the ETUC's assessment differs between the view that the Annual Growth Survey (AGS) provides a wrong estimation of economic recovery and the fact that the growth perspectives are not sufficient.

The ETUC's forecast is based on the assumption that a low growth scenario is more likely to be the reality over the coming years and therefore calls for additional investments between 1-2 % of GDP as laid down in the ETUC's investment plan.

Job rich recovery is crucial – employment creation must be the core priority. For the ETUC this means creation of 'good jobs' which are 'normal' jobs and which contribute to the social protection system.

We see more divergences, not only between countries, but polarization trends within societies. Rising poverty and inequalities are shifting Europe away from its own objectives laid down in the EU 2020 strategy.

Long-term unemployment becomes structural and has already been identified as a long-term trend in the SPC report last year. Quality of work is under attack, more precarious jobs – including involuntary part time - are on the rise and as a consequence less contribution is paid into the social protection systems.

Social protection in general is a useful tool to prevent poverty. In this respect, the ETUC would like to remind decision makers about two important aspects: adequacy of benefit levels and real coverage in the sense of entitlement to social security benefits among those who really need them.

The ETUC will further reflect on the implications of Convergence and Competitiveness Instruments (CCIs) and automatic stabilisers. The ETUC agrees that every European should be guaranteed a social protection floor with universal access to health care, income support, subsistence security and decent pension on the basis of minimum standards.

The ETUC supports the introduction of a social minimum income in every Member State on the basis of common European principles.

## Social Investment Package

The ETUC welcomed the approach taken in the social investment package.

We would encourage the SPC and the Commission to further examine the relationships between the level of social transfers (cash benefits) and the level of in-kind-services provided to people most in need as started in this report.

The social scoreboard must become binding and be integrated into the semester. The proposed scoreboard, while possibly improving analysis of social issues, will be powerless to correct economic policy even when the analysis shows that this will lead to negative consequences for the employment and social situation. The ETUC continues to insist that a mechanism must be introduced that enables macroeconomic policy to be corrected as necessary.

The ETUC proposes that the following indicators should be considered for inclusion in the scoreboard: employment / (long-term) unemployment figures, in-work poverty rate, the ratio of low wages, involuntary part-time or fixed-term employment; expenditure on active labour market policies; wage inequality between women and men. This list is not exhaustive. The European Parliament has also called for a 'decent work index'. All indicators must be gender sensitive and the data supporting them should be gender disaggregated to demonstrate relevant gender gaps and gender-specific impacts.

The ETUC is open to discuss what can be done to give weight to social indicators.

## Pension policy

Pension related issues remain high on the social policy and macroeconomic debate. It is considered that the EU member states face similar challenges in pension adequacy.

The ETUC shares the concerns again expressed in this report and wishes to emphasise the following aspects:

- Pension adequacy does not rely on the demographic dependency ratio alone (as expressed in the EU White Paper on Pensions) but is much more geared towards the economic dependency ratio which links the question of sustainable and adequate pensions directly to the discussion how active labour market policies in each member state are shaped and how the access to employment -especially for those who are farthest away from full employment - can be achieved and promoted.
- Growing concern must be expressed with regard to major future long term challenges for the next generation to achieve an adequate pension. Recent reforms put in place generally extend the number of contribution years for acquiring full pension rights. Delayed labour market entry, long-term unemployment, increasing job insecurity and precariousness do not provide the necessary framework conditions to achieve a full and adequate pension. The risk of old age poverty is on the rise.
- Pension adequacy must be orientated on the aim/objective to maintain living standard in old age – a major ETUC concern which lost some credence in the crisis period but which is more and more acknowledged in recent declarations by policy makers.

- More generally the ETUC supports the SPC's view that raising the effective retirement age within the actual boundaries of the legal pension age is crucial while developing more and better employment opportunities for older workers. The ETUC does not support any automatic alignment of the pensionable age with life expectancy. Pension reforms must be brought in over time to be socially acceptable and must be negotiated with social partners at national level to be successful.

### Jobless households and in-work poverty

Firstly, holding a job significantly decreases the risk of poverty, but it is not a guarantee (8.5% of employed are at-risk-of-poverty) and even becoming less so, and likewise living in a jobless household does not necessarily imply living in poverty. The interlinkages are complex and multidimensional and depend on the structure of the labour market, structure of households and in particular setup of the social security and social assistance system. Thus a focus on jobless households with the usual call for structural reforms to create the right incentives seems misplaced in a time when jobs are scarce and social benefits are being scaled down.

Secondly, a focus on households blurs the individual right to employment as well as access to the welfare state. From a gender perspective focusing on jobless households seems like a setback where the notion of the breadwinner model is promoted. On a general basis one can dispute the notion of household to define income poverty and material deprivation, but in particular joblessness should not be assessed on a household basis but on an individual basis in order to clearly promote the ideas of equal access, equal opportunities and equal outcome.

In the Annual Report it is stated that the in-work risk of poverty is on the rise across Europe. In ETUC's view, all in all an alarming development as a result of structural reforms put in place causing a deterioration of labour markets and as a direct result of the living conditions of millions of EU working age people.

When it comes to policy answers the SPC analysis points out that increasing work intensity and wage levels together with the implementation of minimum wages at living wage level are the key factors in reducing in-work poverty. The ETUC underlines that these have to be supported by collective bargaining. Encouraging mainly women to increase their work intensity and to get out of the part-time trap is only possible if sufficient enabling services such as childcare facilities are available. This might reduce the in-work poverty rate by increasing the overall household income.

The ETUC insists that any kind of toolbox needs to be discussed and negotiated in depth at national level with social partners.

### Consultation with social partners

The ETUC welcomes the emphasis on the need to strengthen the role of social dialogue at EU and national level and to better involve the social partners in economic governance. The joint

declaration on the social partners' involvement in European economic governance should act as a reference in this respect.

While scope for improvement remains, some progress has been made at European level. For the past two years the European social partners have been consulted prior to the publication of the AGS. We also welcome the improved dialogue with the Employment Committee (EMCO) and the Social Protection Committee (SPC) and their willingness to explore how to further develop this. However, it would be fruitful to have such an exchange on a regular basis, and not only at one meeting and one exchange of written contributions per year. We hope that the SPC will improve its cooperation with the social partners in the coming years. Similar dialogue is taking place with EMCO and it would be good if parallel working methods could be developed.

# Country Profiles

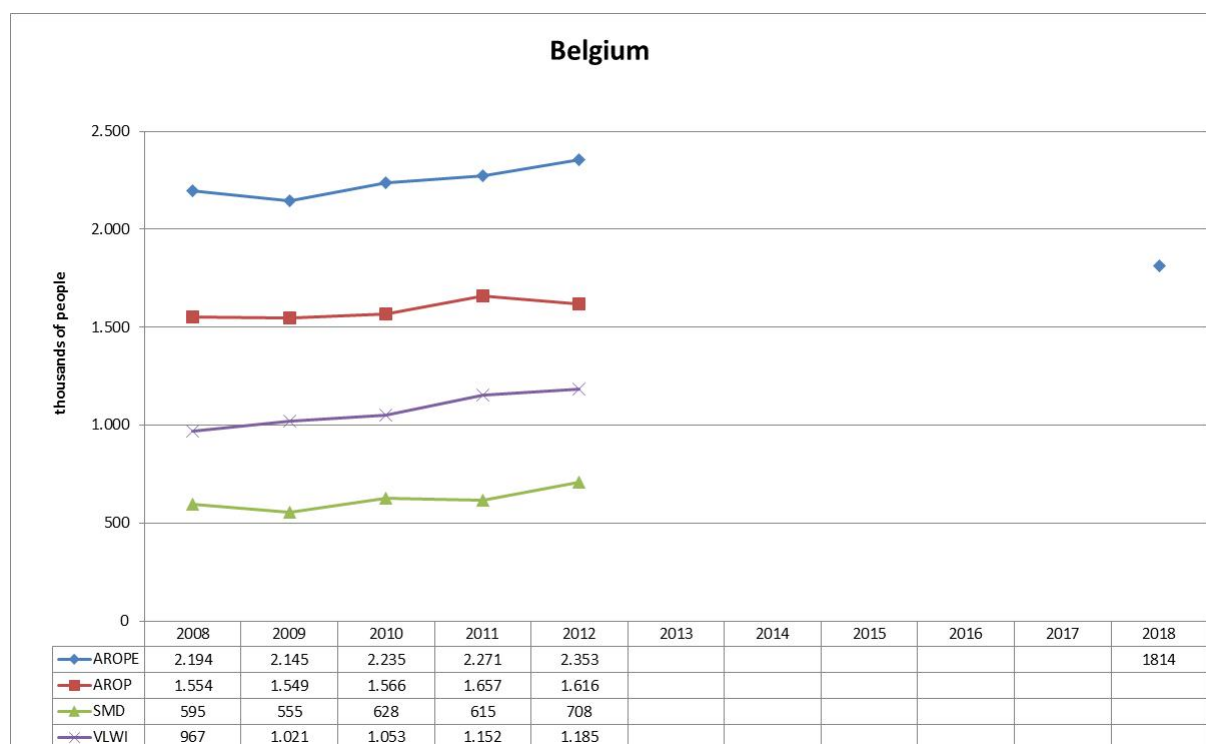


## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"Belgium is aspiring to reduce the number of people faced with poverty and social exclusion by 380,000 in the year 2020, compared with the reference year (2008)."

Source: National Reform Programme (2011)

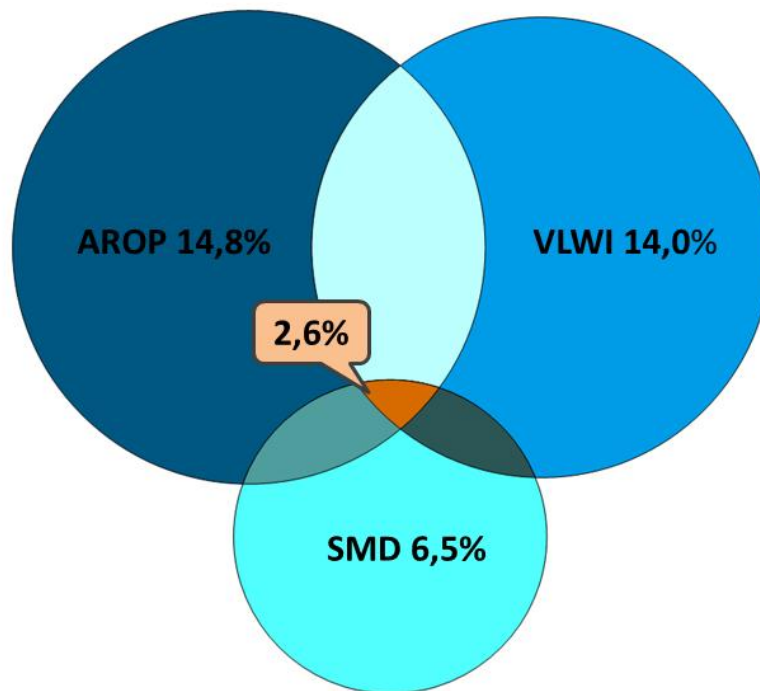
## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION



Source: Eurostat (EU-SILC)

Note: i) 2012 EU-SILC data for BE is provisional, so interpretations of changes including 2012 data must therefore be particularly cautious; ii) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2018; iii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iv) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC), provisional data for 2012

BE	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	14,7	14,6	14,6	15,3	14,8	-0,5	0,1	16,9	17,0
	1000 persons	1.554	1.549	1.566	1.657	1.616	-2,5	4,0	84.586	84.999
<b>VLWI total</b>	% of total pln	11,7	12,3	12,6	13,7	14,0	0,3	2,3	10,3	10,4
	1000 persons	967	1.021	1.053	1.152	1.185	2,9	22,5	39.465	39.431
<b>SMD total</b>	% of total pln	5,6	5,2	5,9	5,7	6,5	0,8	0,9	8,9	9,9
	1000 persons	595	555	628	615	708	15,1	19,0	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	3,0	3,5	3,3	4,5	3,7	-0,8	0,7	2,9	2,7
	1000 persons	320	372	352	483	406	-15,9	26,9	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	1,3	1,1	1,2	1,3	0,9	-0,4	-0,4	2,6	2,9
	1000 persons	137	116	128	141	98	-30,5	-28,5	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	2,0	2,1	2,2	2,2	2,6	0,4	0,6	1,7	1,9
	1000 persons	211	219	232	242	286	18,2	35,5	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,4	0,5	0,6	0,4	0,7	0,3	0,3	0,6	0,6
	1000 persons	44	55	68	45	79	75,6	79,5	2.785	3.236

Source: Eurostat (EU-SILC), provisional data for 2012;

Note: change 2011-2012 and 2008-2012 is calculated as difference in percentage points (pp) for % of total population and for values in 1000 persons the change is indicated in percentage change (%).

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

BE						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	1,0	-2,8	2,3	1,8	-0,1	1,6	-0,4
Employment growth (y-on-y % change)	1,8	-0,2	0,7	1,4	0,2	0,2	-0,5
Unemployment rate	7,0	7,9	8,3	7,2	7,6	9,7	10,5
Long-term unemployment rate	3,3	3,5	4,1	3,5	3,4	4,2	4,7
Social protection expenditure (% of GDP)	26,7	29,1	28,6	29,0	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

BE		EU28						
		2008	2009	2010	2011	2010	2011	
Social protection expenditure (in % of GDP)	Total	26,7	29,1	28,6	29,0	28,1	27,8	
	Sickness/Health care	7,6	8,3	8,2	8,3	8,3	8,2	
	Disability	1,9	2,1	2,1	2,2	2,2	2,1	
	Old age	8,7	9,5	9,2	9,5	11,1	11,1	
	Survivors	2,1	2,2	2,1	2,1	1,7	1,6	
	Family/Children	2,1	2,2	2,2	2,3	2,3	2,2	
	Unemployment	3,3	3,8	3,8	3,7	1,7	1,6	
	Housing	0,2	0,2	0,2	0,2	0,6	0,6	
	Social exclusion n.e.c.	0,7	0,8	0,8	0,7	0,4	0,4	
	<b>Means-tested</b>							
	Total	1,4	1,4	1,5	1,4	3,0	3,0	
	Sickness/Health care	0,0	0,0	0,0	0,0	0,1	0,1	
	Disability	0,5	0,5	0,5	0,5	0,4	0,4	
	Old age	0,1	0,1	0,1	0,1	0,5	0,5	
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1	
	Family/Children	0,0	0,0	0,0	0,0	0,6	0,6	
	Unemployment	0,0	0,0	0,0	0,0	0,4	0,4	
	Housing	0,2	0,2	0,2	0,2	0,6	0,6	
	Social exclusion n.e.c.	0,5	0,6	0,6	0,5	0,4	0,4	
	<b>Non-means tested</b>							
	Total	25,3	27,6	27,1	27,6	25,1	24,8	
	Sickness/Health care	7,6	8,3	8,2	8,3	8,2	8,1	
	Disability	1,5	1,6	1,6	1,7	1,8	1,7	
	Old age	8,6	9,3	9,0	9,3	10,5	10,6	
	Survivors	2,1	2,2	2,1	2,1	1,6	1,5	
	Family/Children	2,1	2,2	2,2	2,2	1,7	1,6	
	Unemployment	3,3	3,8	3,8	3,7	1,3	1,2	
	Housing	0,0	0,0	0,0	0,0	0,0	0,0	
	Social exclusion n.e.c.	0,2	0,2	0,2	0,2	0,1	0,1	

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

INCOME AND LIVING CONDITIONS

BE	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	20,8	20,2	20,8	21,0	21,6	0,6	0,8	24,3	24,8
	At-Risk-of-poverty rate	14,7	14,6	14,6	15,3	14,8	-0,5	0,1	16,9	17,0
	Value of threshold (single HH) - in PPS	10.046	10.501	10.412	10.797	10.835	0,4	7,9	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	21.096	22.053	21.864	22.673	22.752	0,3	7,8	22.673	22.752
	Severe material deprivation rate	5,6	5,2	5,9	5,7	6,5	0,8	0,9	8,9	9,9
	Share of people living in very low work intensity households (0-59)	11,7	12,3	12,6	13,7	14,0	0,3	2,3	10,3	10,4
	At-risk-of-poverty gap	17,2	18,1	18,0	18,6	18,1	-0,5	0,9	23,4	23,5
	Anchored at-risk-of-poverty rate	14,7	13,1	13,0	13,5	14,3	0,8	-0,4	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	45,6	45,3	45,3	45,0	46,2	1,2	0,6	35,7	34,4
	S80/S20	4,1	3,9	3,9	3,9	3,9	0,0	-0,2	5,1	5,1
	Persistent at-risk-of-poverty rate	9,0	9,2	9,3	8,0		-1,3	-1,0	:	10,0
	Housing cost overburden rate	12,5	8,7	8,9	10,6	11,0	0,4	-1,5	11,6	11,3

BE	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
Children (0-17)	At risk of poverty or social exclusion	21,3	20,5	23,2	23,3	23,4	0,1	2,1	27,3	28,1
	At-risk-of-poverty rate	17,2	16,6	18,3	18,7	16,9	-1,8	-0,3	20,8	20,8
	Severe material deprivation rate	7,3	6,5	7,7	8,2	8,6	0,4	1,3	10,1	11,8
	Share of people living in very low work intensity households	8,9	11,0	12,0	13,9	12,9	-1,0	4,0	9,2	9,0
	At-risk-of-poverty gap	17,5	21,3	20,8	21,5	18,1	-3,4	0,6	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	45,6	48,6	42,5	44,7	47,5	2,8	1,9	40,6	39,4
	Overcrowding rate	6,7	6,8	6,9	4,0	2,3	-1,7	-4,4	23,2	23,4
BE	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
Youth (18-24)	At risk of poverty or social exclusion	23,0	20,1	20,7	20,4	23,1	2,7	0,1	30,0	31,5
	At-risk-of-poverty rate	16,5	15,5	14,4	14,1	15,6	1,5	-0,9	21,7	23,1
	Severe material deprivation rate	9,5	7,6	7,1	5,9	8,6	2,7	-0,9	10,8	12,0
	Share of people living in very low work intensity households	10,9	10,1	10,0	10,4	11,4	1,0	0,5	9,4	10,0
	In-work at-risk-of-poverty rate	6,0	4,6	4,5	6,6	2,6	-4,0	-3,4	11,2	11,9
	Youth unemployment ratio (15-24)	6,0	7,1	7,3	6,0	6,2	0,2	0,2	9,1	9,7
	NEET rate	13,3	14,5	14,3	14,8	15,0	0,2	1,7	16,7	17,1
	Housing cost overburden rate	10,9	10,2	8,1	9,6	11,5	1,9	0,6	13,6	14,3

BE	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	20,1	19,3	20,0	20,0	21,5	1,5	1,4	24,5	25,4
	At-risk-of-poverty rate	12,2	12,1	12,1	12,9	13,4	0,5	1,2	16,1	16,5
	Severe material deprivation rate	5,7	5,3	6,0	5,6	6,7	1,1	1,0	9,0	10,0
	Share of people living in very low work intensity households (18-59)	12,7	12,8	12,9	13,6	14,4	0,8	1,7	10,7	10,8
	In-work at-risk-of poverty rate	4,7	4,5	4,4	4,1	4,5	0,4	-0,2	8,9	9,1
	At-risk-of-poverty gap	19,1	20,7	21,1	20,0	20,7	0,7	1,6	25,9	26,0
	Overcrowding rate	4,0	3,7	4,1	2,0	1,7	-0,3	-2,3	18,3	18,2
	Housing cost overburden rate	11,6	8,7	8,5	10,0	10,8	0,8	-0,8	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	53,1	51,8	52,9	51,1	51,1	0,0	-2,0	37,1	35,0
BE	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	22,9	23,1	21,0	21,6	19,5	-2,1	-3,4	20,4	19,3
	At-Risk-of-Poverty rate	21,2	21,6	19,4	20,2	17,6	-2,6	-3,6	15,9	14,5
	Severe Material Deprivation rate	3,2	3,1	2,8	2,6	3,0	0,4	-0,2	7,3	7,6
	Relative median income ratio of elderly	0,74	0,74	0,75	0,74	0,74	0,00	0,00	0,89	0,91
	Aggregate replacement ratio	0,45	0,45	0,46	0,44	0,47	0,03	0,02	0,54	0,54
	Overcrowding rate	1,0	0,8	1,1	0,7	0,6	-0,1	-0,4	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

Note: ratio indicators are not expressed in %; all changes are in percentage points' difference with the exception of the poverty threshold, S80/S20

## INVESTING IN CHILDREN

BE	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	21,3	20,5	23,2	23,3	23,4	0,1	2,1	27,3	28,1
	At-risk-of-poverty rate (0-17)	17,2	16,6	18,3	18,7	16,9	-1,8	-0,3	20,8	20,8
	Severe material deprivation rate (0-17)	7,3	6,5	7,7	8,2	8,6	0,4	1,3	10,1	11,8
	Share of children (0-17) living in very low work intensity households	8,9	11,0	12,0	13,9	12,9	-1,0	4,0	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	9,1	9,7	11,6	9,5	:			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	6,2	5,2	5,4	4,4	5,8	1,4	-0,4	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	78,6	79,2	76,1	80,1	71,2	-8,9	-7,4	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	11,1	8,8	10,3	8,5	8,9	0,4	-2,2	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	20	17	17	19	:	:	:	14	15
	Child care (0-3), 30h and more	23	16	19	20	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	25	30	36	32	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	74	69	63	66	:	:	:	45	46
	Relative median poverty gap for children (0-17)	17,5	21,3	20,8	21,5	18,1	-3,4	0,6	24,5	23,9
	Part-time employment due to care responsibilities (total)	17,6	16,3	15,6	16,2	18,4	2,2	0,8	23,1	22,7
	Part-time employment due to care responsibilities (male)	6,9	7,0	4,3	4,6	4,8	0,2	-2,1	3,9	3,9
	Part-time employment due to care responsibilities (female)	20,0	18,6	18,4	19,1	21,7	2,6	1,7	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	45,6	48,6	42,5	44,7	47,5	2,8	1,9	40,6	39,4
	Housing cost overburden rate (0-17)	9,9	6,8	7,7	10,7	:			11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	5,2	5,5	5,3	6,8	7,4	0,6	2,2	7,0	6,9
	Early leavers from education and training (18-24)	12,0	11,1	11,9	12,3	12,0	-0,3	0,0	13,4	12,7
	Self-declared unmet need for medical care (16-24)	0,4	0,6	0,3	0,8	1,2	0,4	0,8	1,6	1,4
	Infant mortality	478	439	463	426	415	-11	-63	20.509	:
	Severe housing deprivation (0-17)	2,1	2,7	3,5	1,6	0,8	-0,8	-1,3	7,9	7,7
	Overcrowding (0-17)	6,7	6,8	6,9	4,0	2,3	-1,7	-4,4	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)



## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	74	75,9	1,9	51,3 (90/0/10)*	52,7 (78/0/22)*	1,4
Low income	85,2	82,1	-3,1	59,2 (91/0/9)*	57,8 (80/0/20)*	-1,4
High income	54,2	53,1	-1,1	34,3 (87/0/13)*	33,34 (75/0/25)*	-1,0
Lower / higher future rates of return		74,3 / 77,8			51,6 / 54,1	
Lower / higher future wage growth		84,4 / 52,6			58,7 / 36,5	
38 years career: average income	72,9	69,41	-3,5	50,1	47,85	-2,3
Low / high income		74,7 / 48,3			52.1 / 31.13	
42 years career: average income	76,7	77,82	1,1	54,2	55,73	1,5
Low / high income		86,1 / 56.81			60,7 / 35.5	
10 years after retirement	67,5	70,5	3,0	46,8	47,9	1,1
Female worker with 3 years of career break for childcare	73,7	74,2	0,5	51,1	51,6	0,5
3 years of career break for unemployment	69	72,5	3,5	46,3	49,0	2,7
10 years out of the labour market	67,2	66,3	-0,9	40,8	40,7	-0,1
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	39,2	38,3	-0,9	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	:	:	:	48,0	39,1	-8,9

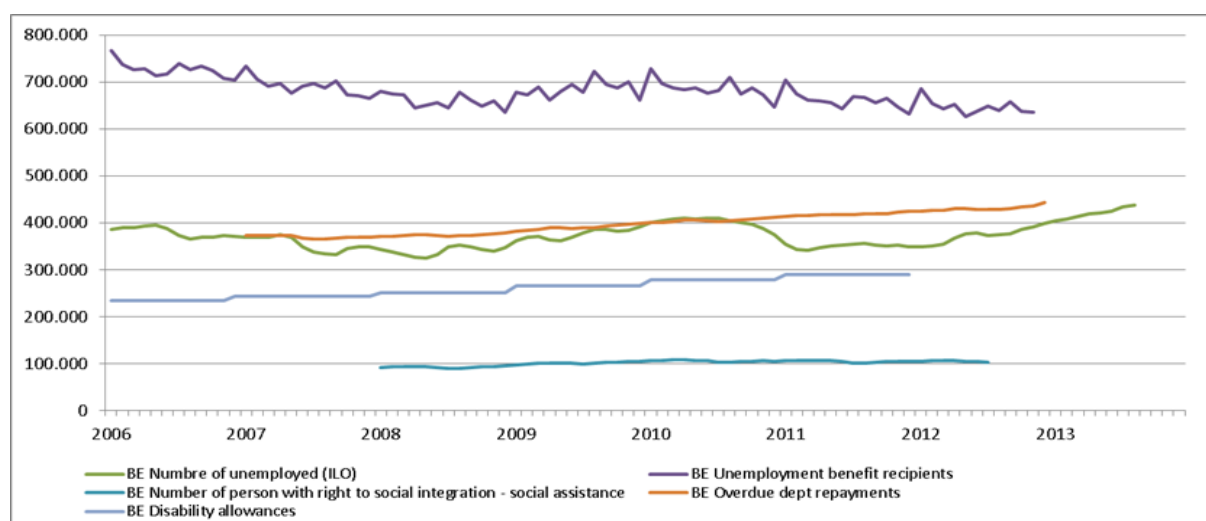
Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

## HEALTH CARE SYSTEMS

BE						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	63,3	63,9	64	63,4	64,4	61,7	61,3
Healthy life years at birth (female)	64,2	63,7	62,6	63,6	65,4	62,2	61,9
Healthy life years at 65 (male)	10,4	10,6	10,4	9,8	10,7	8,6	8,4
Healthy life years at 65 (female)	10,4	10,3	9,7	10,3	11,1	8,6	8,5
Life expectancy at birth (male)	76,9	77,3	77,6	78	77,8	77,4	:
Life expectancy at birth (female)	82,6	82,8	83	83,3	83,1	83,2	:
Life expectancy at 65 (male)	17,3	17,5	17,6	18	17,7	17,8	:
Life expectancy at 65 (female)	20,9	21,1	21,3	21,6	21,3	21,3	:
Self-reported unmet need for medical care (%)	0,5	0,6	0,4	1,5	1,7	3,4	3,4
Self-perceived general health (%)	73,9	73,5	73,0	73,5	74,3	67,9	68,2
Total health care expenditure (PPS) per capita	2.807,54	2.865,01	2.976,89	3.048,64	:	:	:
Total health care expenditure (% of GDP)	9,91	10,60	10,51	10,53	:	:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>196</sup>



BE	Unemployment benefit
<b>definition</b>	number of full-time unemployed with an unemployment benefit
<b>unit</b>	number of recipients
<b>source</b>	Administrative data National Employment Office; FPS Social Security on the basis of the NEO website
<b>link</b>	<a href="http://www.rva.be/Frames/frameset.aspx?Path=D_stat/&amp;Items=1&amp;Language=FR">http://www.rva.be/Frames/frameset.aspx?Path=D_stat/&amp;Items=1&amp;Language=FR</a>
<b>comment</b>	This number is the sum of a number of different administrative categories of unemployed: after full-time employment, after studies, after voluntary part-time employment, different categories of early retirement and unemployed with social or familial difficulties
BE	Social assistance benefit
<b>definition</b>	number of social assistance recipients (right to social integration)
<b>unit</b>	number of recipients
<b>source</b>	Federal Public Service for Social Integration
<b>link</b>	<a href="http://www.mi-is.be/be-fr/etudes-publications-et-chiffres/le-droit-a-lintegration-sociale-dis">http://www.mi-is.be/be-fr/etudes-publications-et-chiffres/le-droit-a-lintegration-sociale-dis</a>
BE	Overdue debt repayments
<b>definition</b>	number of persons with a invalidity allowance (schemes for employees and self-employed)
<b>unit</b>	number of recipients
<b>source</b>	Bron RIZIV: tot 2007 van het RIZIV zelf rechtstreeks (OESO vragenlijst). Vanaf 2008: zoals gepubliceerd in FOD SZ De SZ in een oogopslag. Kerncijfers 2011.
BE	Collective debt settlements
<b>definition</b>	number of admissible demands for collective debt settlement
<b>unit</b>	number of admissible demands
<b>source</b>	National Bank of Belgium, Central Credit Register, credits for individuals
<b>link</b>	<a href="http://www.nbb.be/pub/04_00_00_00_00/04_00_00_00_00.htm?l=en">http://www.nbb.be/pub/04_00_00_00_00/04_00_00_00_00.htm?l=en</a>

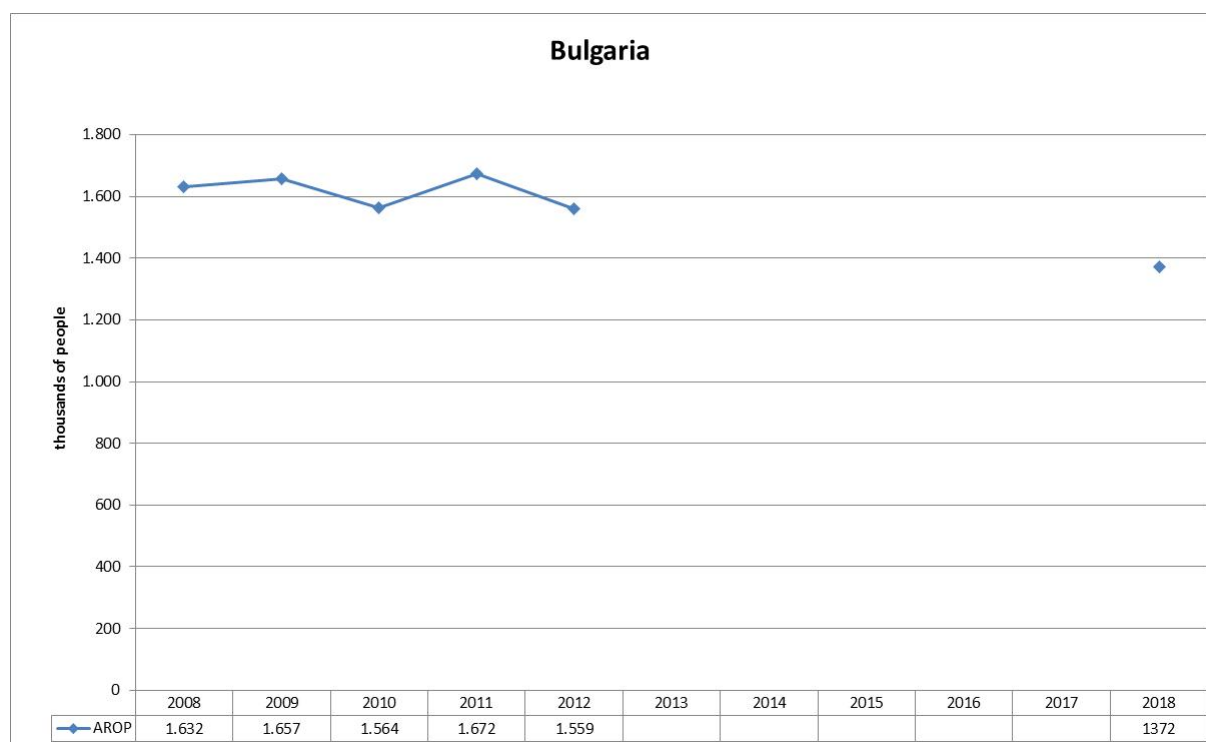
<sup>196</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) are given as a background.

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"Reducing the number of people living in poverty by 260.000 people"

Source: National Reform Programme (2011)

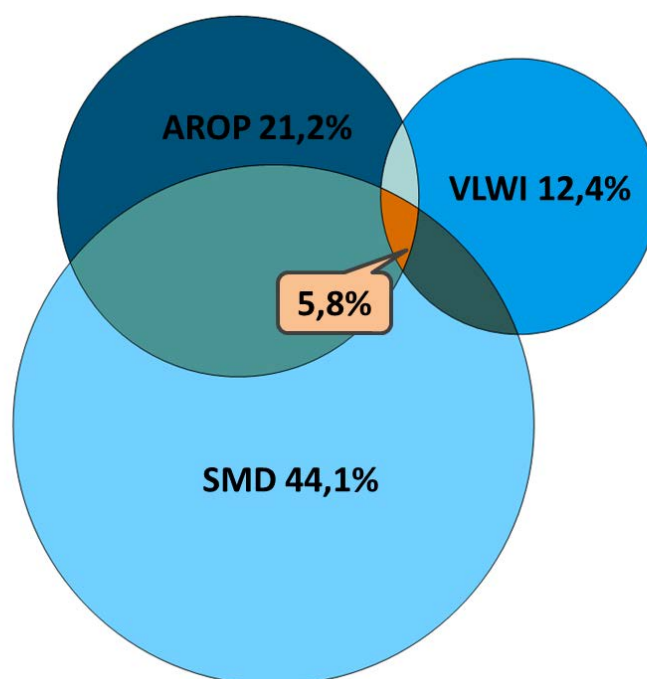
## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION



Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2018; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

BG	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	21,4	21,8	20,7	22,2	21,2	-1,0	-0,2	16,9	17,0
	1000 persons	1.632	1.657	1.564	1.672	1.559	-6,8	-4,5	84.586	84.999
<b>VLWI total</b>	% of total pln	8,1	6,9	7,9	11,0	12,4	1,4	4,3	10,3	10,4
	1000 persons	470	399	453	623	676	8,5	43,8	39.465	39.431
<b>SMD total</b>	% of total pln	41,2	41,9	45,7	43,6	44,1	0,5	2,9	8,9	9,9
	1000 persons	3.151	3.184	3.459	3.277	3.242	-1,1	2,9	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	0,3	0,4	0,3	0,5	0,8	0,3	0,5	2,9	2,7
	1000 persons	23	29	21	36	58	61,1	152,2	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	13,8	14,3	13,5	11,7	11,1	-0,6	-2,7	2,6	2,9
	1000 persons	1.055	1.091	1.024	882	813	-7,8	-22,9	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	4,5	3,7	4,3	5,8	5,8	0,0	1,3	1,7	1,9
	1000 persons	343	285	325	435	426	-2,1	24,2	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,9	0,5	0,8	1,2	1,8	0,6	0,9	0,6	0,6
	1000 persons	69	39	63	90	134	48,9	94,2	2.785	3.236

Source: Eurostat (EU-SILC) ;

Note: change 2011-2012 and 2008-2012 is calculated as difference in percentage points (pp) for % of total population and for values in 1000 persons the change is indicated in percentage change (%).

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

BG						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	6,2	-5,5	0,4	1,8	0,8	1,6	-0,4
Employment growth (y-on-y % change)	2,4	-1,7	-3,9	-2,2	-2,5	0,2	-0,5
Unemployment rate	5,6	6,8	10,3	11,3	12,3	9,7	10,5
Long-term unemployment rate	2,9	3,0	4,8	6,3	6,8	4,2	4,7
Social protection expenditure (% of GDP)	15,0	16,7	17,6	17,2	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

BG		EU28						
		2008	2009	2010	2011	2010	2011	
Social protection expenditure (in % of GDP)	Total	15,0	16,7	17,6	17,2	28,1	27,8	
	Sickness/Health care	4,4	3,9	4,2	4,5	8,3	8,2	
	Disability	1,2	1,4	1,4	1,4	2,2	2,1	
	Old age	6,7	7,8	8,2	7,7	11,1	11,1	
	Survivors	0,7	0,8	0,9	0,9	1,7	1,6	
	Family/Children	1,3	2,0	2,0	1,9	2,3	2,2	
	Unemployment	0,3	0,5	0,6	0,6	1,7	1,6	
	Housing	0,0	0,0	0,0	0,0	0,6	0,6	
	Social exclusion n.e.c.	0,3	0,2	0,3	0,2	0,4	0,4	
	<b>Means-tested</b>							
	Total	0,7	0,7	0,8	0,7	3,0	3,0	
	Sickness/Health care	0,0	0,0	0,0	0,0	0,1	0,1	
	Disability	0,0	0,0	0,0	0,0	0,4	0,4	
	Old age	0,0	0,0	0,0	0,0	0,5	0,5	
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1	
	Family/Children	0,4	0,6	0,6	0,6	0,6	0,6	
	Unemployment	0,0	0,0	0,0	0,0	0,4	0,4	
	Housing	0,0	0,0	0,0	0,0	0,6	0,6	
	Social exclusion n.e.c.	0,3	0,1	0,2	0,2	0,4	0,4	
	<b>Non-means tested</b>							
	Total	14,3	15,9	16,8	16,4	25,1	24,8	
	Sickness/Health care	4,4	3,9	4,2	4,5	8,2	8,1	
	Disability	1,2	1,4	1,4	1,4	1,8	1,7	
	Old age	6,7	7,8	8,2	7,7	10,5	10,6	
	Survivors	0,7	0,8	0,9	0,9	1,6	1,5	
	Family/Children	0,9	1,4	1,4	1,3	1,7	1,6	
	Unemployment	0,3	0,5	0,6	0,6	1,3	1,2	
	Housing	0,0	0,0	0,0	0,0	0,0	0,0	
	Social exclusion n.e.c.	0,1	0,1	0,1	0,1	0,1	0,1	

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

INCOME AND LIVING CONDITIONS

BG	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	44,8	46,2	49,2	49,1	49,3	0,2	4,5	24,3	24,8
	At-Risk-of-poverty rate	21,4	21,8	20,7	22,2	21,2	-1,0	-0,2	16,9	17,0
	Value of threshold (single HH) - in PPS	2.859	3.436	3.535	3.436	3.476	1,2	21,6	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	6.004	7.215	7.424	7.215	7.300	1,2	21,6	22.673	22.752
	Severe material deprivation rate	41,2	41,9	45,7	43,6	44,1	0,5	2,9	8,9	9,9
	Share of people living in very low work intensity households (0-59)	8,1	6,9	7,9	11,0	12,4	1,4	4,3	10,3	10,4
	At-risk-of-poverty gap	27,0	27,4	29,6	29,4	31,4	2,0	4,4	23,4	23,5
	Anchored at-risk-of-poverty rate	21,4	16,1	14,8	17,7	18,6	0,9	-2,8	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	21,0	17,4	23,6	19,0	18,1	-0,8	-2,9	35,7	34,4
	S80/S20	6,5	5,9	5,9	6,5	6,1	-0,4	-0,4	5,1	5,1
	Persistent at-risk-of-poverty rate	:	10,7	16,4	16,9	:	0,5		:	10,0
	Housing cost overburden rate	13,3	7,0	5,9	8,7	14,5	5,8	1,2	11,6	11,3

BG	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	44,2	47,3	49,8	51,8	52,3	0,5	8,1	27,3	28,1
	At-risk-of-poverty rate	25,5	24,9	26,7	28,4	28,2	-0,2	2,7	20,8	20,8
	Severe material deprivation rate	40,8	43,6	46,5	45,6	46,6	1,0	5,8	10,1	11,8
	Share of people living in very low work intensity households	9,4	7,5	10,3	14,0	16,6	2,6	7,2	9,2	9,0
	At-risk-of-poverty gap	40,3	33,2	36,5	37,0	41,9	4,9	1,6	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	18,0	17,3	21,7	19,3	21,4	2,1	3,4	40,6	39,4
	Overcrowding rate	65,5	63,1	63,2	63,1	61,2	-1,9	-4,3	23,2	23,4
BG	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	38,6	42,7	48,5	49,2	49,7	0,5	11,1	30,0	31,5
	At-risk-of-poverty rate	20,5	18,3	18,1	22,4	20,1	-2,3	-0,4	21,7	23,1
	Severe material deprivation rate	34,4	39,1	45,4	43,4	44,6	1,2	10,2	10,8	12,0
	Share of people living in very low work intensity households	7,5	6,5	7,0	10,5	10,4	-0,1	2,9	9,4	10,0
	In-work at-risk-of-poverty rate	10,7	7,8	7,5	10,5	11,3	0,8	0,6	11,2	11,9
	Youth unemployment ratio (15-24)	3,8	4,8	6,7	7,4	8,5	1,1	4,7	9,1	9,7
	NEET rate	21,6	24,0	27,8	26,3	26,0	-0,3	4,4	16,7	17,1
	Housing cost overburden rate	12,0	5,7	4,6	8,0	11,2	3,2	-0,8	13,6	14,3

BG	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
Working age (18-64)	At risk of poverty or social exclusion	39,5	40,6	45,0	45,2	45,6	0,4	6,1	24,5	25,4
	At-risk-of-poverty rate	17,0	16,4	16,0	18,2	17,4	-0,8	0,4	16,1	16,5
	Severe material deprivation rate	36,2	37,1	42,2	40,3	40,8	0,5	4,6	9,0	10,0
	Share of people living in very low work intensity households (18-59)	7,7	6,7	7,3	10,1	11,2	1,1	3,5	10,7	10,8
	In-work at-risk-of poverty rate	7,6	7,5	7,7	8,2	7,4	-0,8	-0,2	8,9	9,1
	At-risk-of-poverty gap	29,6	29,9	29,6	31,6	34,9	3,3	5,3	25,9	26,0
	Overcrowding rate	49,7	49,0	49,5	49,7	46,8	-2,9	-2,9	18,3	18,2
	Housing cost overburden rate	12,2	5,7	4,8	7,5	12,0	4,5	-0,2	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	24,1	21,2	28,9	21,9	21,3	-0,6	-2,8	37,1	35,0
BG	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
Elderly (65+)	At risk of poverty or social exclusion	65,5	66,0	63,9	61,1	59,1	-2,0	-6,4	20,4	19,3
	At-Risk-of-Poverty rate	33,8	39,3	32,2	31,2	28,2	-3,0	-5,6	15,9	14,5
	Severe Material Deprivation rate	61,0	58,4	58,1	53,7	53,2	-0,5	-7,8	7,3	7,6
	Relative median income ratio of elderly	0,66	0,63	0,74	0,72	0,74	0,02	0,08	0,89	0,91
	Aggregate replacement ratio	0,34	0,34	0,43	0,41	0,42	0,01	0,08	0,54	0,54
	Overcrowding rate	24,8	24,2	24,4	24,0	21,7	-2,3	-3,1	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

Note: ratio indicators are not expressed in %; all changes are in percentage points' difference with the exception of the poverty threshold, S80/S20



## INVESTING IN CHILDREN

BG	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	44,2	47,3	49,8	51,8	52,3	0,5	8,1	27,3	28,1
	At-risk-of-poverty rate (0-17)	25,5	24,9	26,7	28,4	28,2	-0,2	2,7	20,8	20,8
	Severe material deprivation rate (0-17)	40,8	43,6	46,5	45,6	46,6	1,0	5,8	10,1	11,8
	Share of children (0-17) living in very low work intensity households	9,4	7,5	10,3	14,0	16,6	2,6	7,2	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	:	15,8	21,8	22,9	:			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	9,7	10,2	10,4	11,1	9,8	-1,3	0,1	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	93,4	90,3	89,1	84,5	81,1	-3,4	-12,3	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	18,2	19,3	19,3	19,0	17,0	-2,0	-1,2	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	2	1	1	0	:	:	:	14	15
	Child care (0-3), 30h and more	9	7	6	7	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	6	7	4	2	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	61	48	50	58	:	:	:	45	46
	Relative median poverty gap for children (0-17)	40,3	33,2	36,5	37,0	41,9	4,9	1,6	24,5	23,9
	Part-time employment due to care responsibilities (total)	:	:	:	:	:	:	:	23,1	22,7
	Part-time employment due to care responsibilities (male)	:	:	:	:	:	:	:	3,9	3,9
	Part-time employment due to care responsibilities (female)	:	:	:	:	:	:	:	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	18,0	17,3	21,7	19,3	21,4	2,1	3,4	40,6	39,4
	Housing cost overburden rate (0-17)	14,0	6,5	5,8	8,7	16,2	7,5	2,2	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	13,7	14,8	15,6	15,0	15,4	0,4	1,7	7,0	6,9
	Early leavers from education and training (18-24)	14,8	14,7	13,9	11,8	12,5	0,7	-2,3	13,4	12,7
	Self-declared unmet need for medical care (16-24)	9,6	5,1	5,8	5,0	3,7	-1,3	-5,9	1,6	1,4
	Infant mortality	668	729	708	601	536	-65	-132	20.509	:
	Severe housing deprivation (0-17)	35,0	27,8	23,8	23,5	23,2	-0,3	-11,8	7,9	7,7
	Overcrowding (0-17)	65,5	63,1	63,2	63,1	61,2	-1,9	-4,3	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	62,3	67,5	5,2	48,8 (100/0/0)*	52,4 (74/26/0)*	-3,6
Low income	62,9	68,0	5,1	49,3 (100/0/0)*	52,8 (74/26/0)*	-3,5
High income	56,3	50,6	-5,7	44,1 (100/0/0)*	39,3 (74/26/0)*	-4,8
Lower / higher future rates of return		65,5 / 70,5			50,4 / 54,7	
Lower / higher future wage growth		71,7 / 64,3			55,6 / 49,9	
38 years career: average income	53,1	65,1	12,0	42,7	50,5	7,8
Low / high income	56,9 / 53,1	65,6 / 48,8	8,7 / -4,3	48,5 / 39,1	50,9 / 37,9	2,3 / -1,2
42 years career: average income	70,3	75,7	5,4	55,1	58,7	3,6
Low / high income	71,1 / 62,7	76,3 / 57	4,8 / -5,7	55,7 / 49,1	59,2 / 44,2	3,5 / -4,9
10 years after retirement	52,8	59,3	6,5	40,9	46	5,1
Female worker with 3 years of career break for childcare	42,7	60,5	17,8	33,8	46,9	13,1
3 years of career break for unemployment	50,3	63,5	13,2	40,5	49,3	8,8
10 years out of the labour market	43	51,1	8,1	33,7	39,7	6,0
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	46,1	38,6	-7,5	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	49,8	50,8	1,0	48,0	39,1	-8,9

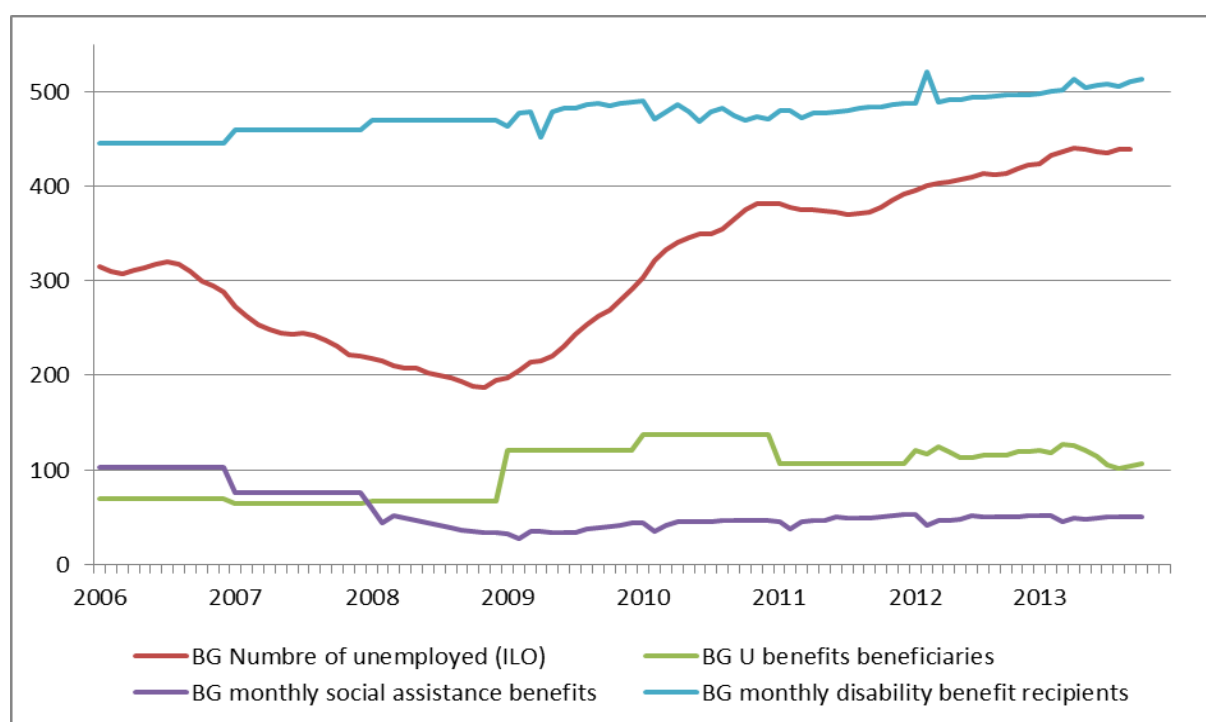
Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

## HEALTH CARE SYSTEMS

BG						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	62,1	62,1	63	62,1	62,1	61,7	61,3
Healthy life years at birth (female)	65,7	65,9	67,1	65,9	65,7	62,2	61,9
Healthy life years at 65 (male)	8,7	8,5	8,8	8,6	8,7	8,6	8,4
Healthy life years at 65 (female)	9,4	9,3	9,9	9,7	9,5	8,6	8,5
Life expectancy at birth (male)	69,8	70,1	70,3	70,7	70,9	77,4	:
Life expectancy at birth (female)	77	77,4	77,4	77,8	77,9	83,2	:
Life expectancy at 65 (male)	13,5	13,8	13,6	14	13,9	17,8	:
Life expectancy at 65 (female)	16,7	17	17	17,3	17,3	21,3	:
Self-reported unmet need for medical care (%)	15,3	10,3	10,5	9,8	8,2	3,4	3,4
Self-perceived general health (%)	62,2	65,2	67,2	67,1	66,6	67,9	68,2
Total health care expenditure (PPS) per capita	:	:	:	:	:	:	:
Total health care expenditure (% of GDP)	:	:	:	:	:	:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>197</sup>



BG	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	Eurostat
Unemployment benefit	
<b>definition</b>	U benefits beneficiaries
<b>unit</b>	thousands of beneficiaries
<b>source</b>	National Social Security Institute
<b>comment</b>	The number of the unemployed benefits beneficiaries increased due to the economic crisis and the higher unemployment rate.
Social assistance benefit	
<b>definition</b>	Monthly social assistance benefit recipients
<b>unit</b>	thousands of recipients
<b>source</b>	Social assistance Agency
<b>comment</b>	There are not big differences in the number of the monthly social assistance benefit recipients.
Disability benefit	
<b>definition</b>	Monthly disability benefit recipients
<b>unit</b>	thousands of recipients
<b>source</b>	Social Assistance Agency
<b>comment</b>	There is a little increase in the number of the monthly disability benefit recipients

<sup>197</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

# CZECH REPUBLIC

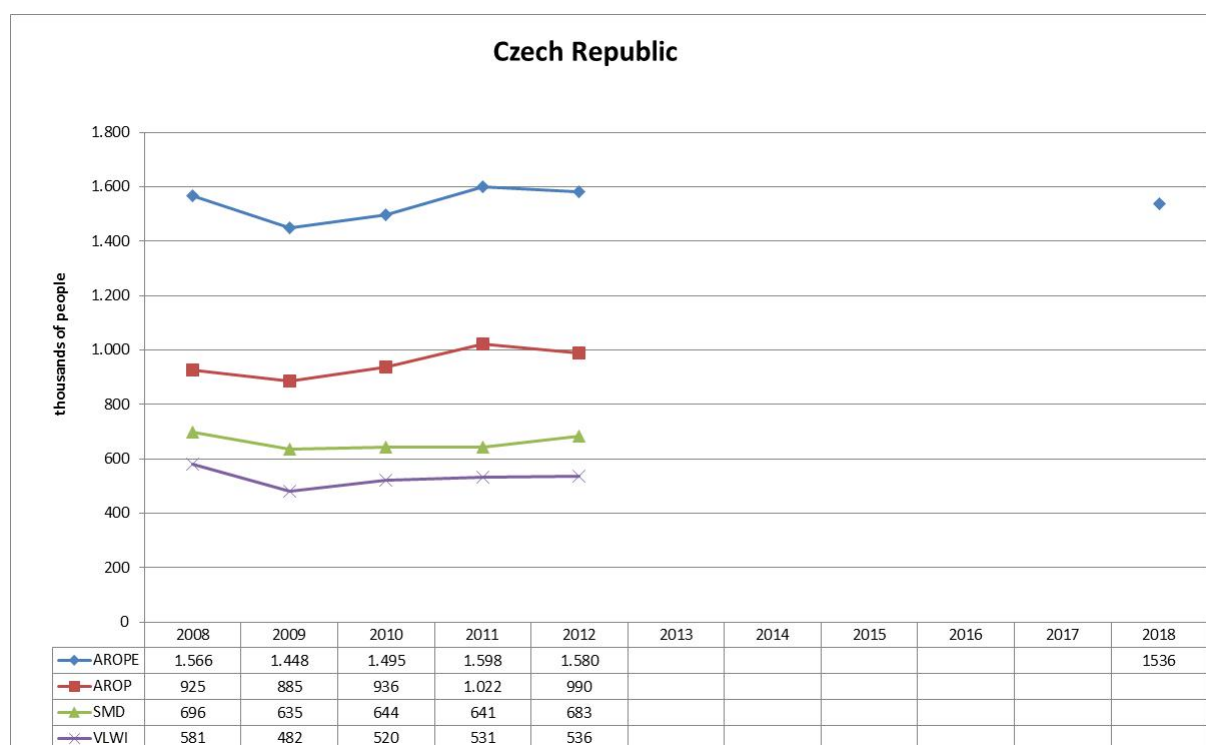
## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"- to keep the number of people at risk of poverty, material deprivation, or living in jobless households in 2020 at the same level as in 2008;

- to reduce the number of people at risk of poverty, material deprivation, or living in jobless households by 30, 000."

Source: National Reform Programme (2011)

## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

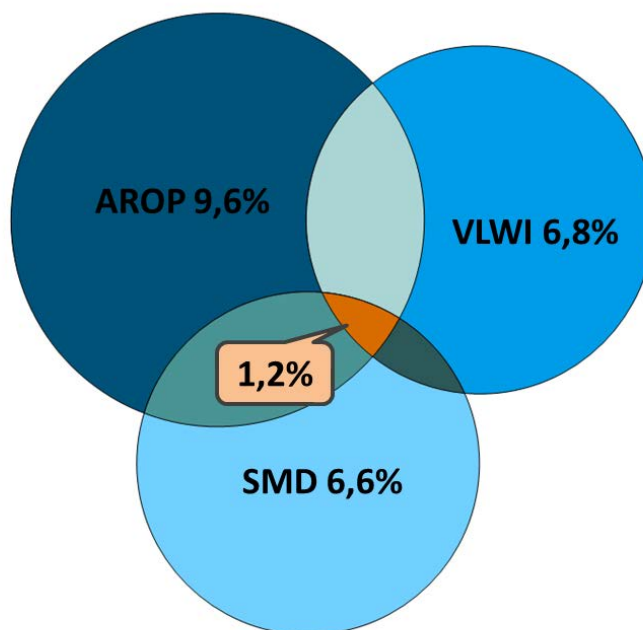


Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2018; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income

reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

### COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

CZ	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	9,0	8,6	9,0	9,8	9,6	-0,2	0,6	16,9	17,0
	1000 persons	925	885	936	1.022	990	-3,1	7,0	84.586	84.999
<b>VLWI total</b>	% of total pln	7,2	6,0	6,4	6,6	6,8	0,2	-0,4	10,3	10,4
	1000 persons	581	482	520	531	536	0,9	-7,7	39.465	39.431
<b>SMD total</b>	% of total pln	6,8	6,1	6,2	6,1	6,6	0,5	-0,2	8,9	9,9
	1000 persons	696	635	644	641	683	6,6	-1,9	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	1,8	1,6	1,5	1,7	1,6	-0,1	-0,2	2,9	2,7
	1000 persons	183	162	156	177	164	-7,3	-10,4	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	1,4	1,4	1,3	1,1	1,6	0,5	0,2	2,6	2,9
	1000 persons	140	144	138	115	163	41,7	16,4	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	1,4	1,1	1,4	1,3	1,2	-0,1	-0,2	1,7	1,9
	1000 persons	139	113	143	132	129	-2,3	-7,2	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,3	0,2	0,2	0,4	0,4	0,0	0,1	0,6	0,6
	1000 persons	35	21	24	39	45	15,4	28,6	2.785	3.236

Source: Eurostat (EU-SILC)

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

CZ						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	3,1	-4,5	2,5	1,8	-1,0	1,6	-0,4
Employment growth (y-on-y % change)	2,3	-1,8	-1,0	0,0	0,4	0,2	-0,5
Unemployment rate	4,4	6,7	7,3	6,7	7,0	9,7	10,5
Long-term unemployment rate	2,2	2,0	3,0	2,7	3,0	4,2	4,7
Social protection expenditure (% of GDP)	17,5	19,7	19,5	19,8	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

CZ		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	17,5	19,7	19,5	19,8	28,1	27,8
	Sickness/Health care	5,8	6,4	6,3	6,3	8,3	8,2
	Disability	1,4	1,5	1,5	1,5	2,2	2,1
	Old age	7,3	8,3	8,5	8,9	11,1	11,1
	Survivors	0,7	0,8	0,7	0,7	1,7	1,6
	Family/Children	1,4	1,4	1,3	1,2	2,3	2,2
	Unemployment	0,6	1,0	0,8	0,7	1,7	1,6
	Housing	0,1	0,1	0,1	0,1	0,6	0,6
	Social exclusion n.e.c.	0,2	0,2	0,2	0,3	0,4	0,4
	<b>Means-tested</b>						
	Total	0,4	0,4	0,4	0,4	3,0	3,0
	Sickness/Health care	0,0	0,0	0,0	0,0	0,1	0,1
	Disability	0,0	0,0	0,0	0,0	0,4	0,4
	Old age	0,0	0,0	0,0	0,0	0,5	0,5
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1
	Family/Children	0,2	0,2	0,2	0,1	0,6	0,6
	Unemployment	0,0	0,0	0,0	0,0	0,4	0,4
	Housing	0,1	0,1	0,1	0,1	0,6	0,6
	Social exclusion n.e.c.	0,1	0,1	0,1	0,1	0,4	0,4
	<b>Non-means tested</b>						
	Total	17,1	19,3	19,2	19,4	25,1	24,8
	Sickness/Health care	5,8	6,4	6,3	6,3	8,2	8,1
	Disability	1,4	1,5	1,5	1,5	1,8	1,7
	Old age	7,3	8,3	8,5	8,9	10,5	10,6
	Survivors	0,7	0,8	0,7	0,7	1,6	1,5
	Family/Children	1,1	1,2	1,2	1,1	1,7	1,6
	Unemployment	0,6	1,0	0,8	0,7	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
	Social exclusion n.e.c.	0,1	0,2	0,1	0,2	0,1	0,1

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

## INCOME AND LIVING CONDITIONS

CZ	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	15,3	14,0	14,4	15,3	15,4	0,1	0,1	24,3	24,8
	At-Risk-of-poverty rate	9,0	8,6	9,0	9,8	9,6	-0,2	0,6	16,9	17,0
	Value of threshold (single HH) - in PPS	5.835	5.666	5.803	5.915	6.109	3,3	4,7	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	12.254	11.898	12.186	12.422	12.830	3,3	4,7	22.673	22.752
	Severe material deprivation rate	6,8	6,1	6,2	6,1	6,6	0,5	-0,2	8,9	9,9
	Share of people living in very low work intensity households (0-59)	7,2	6,0	6,4	6,6	6,8	0,2	-0,4	10,3	10,4
	At-risk-of-poverty gap	18,5	18,8	21,1	17,2	19,1	1,9	0,6	23,4	23,5
	Anchored at-risk-of-poverty rate	9,0	8,1	7,8	8,6	8,7	0,1	-0,3	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	55,0	52,0	50,3	45,6	45,5	-0,1	-9,5	35,7	34,4
	S80/S20	3,4	3,5	3,5	3,5	3,5	0,0	0,1	5,1	5,1
	Persistent at-risk-of-poverty rate	3,9	3,7	5,5	4,2	:	-1,3	0,3	:	10,0
	Housing cost overburden rate	12,8	8,9	9,7	9,5	10,0	0,5	-2,8	11,6	11,3



CZ	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	18,6	17,2	18,9	20,0	18,8	-1,2	0,2	27,3	28,1
	At-risk-of-poverty rate	13,2	13,3	14,3	15,2	13,9	-1,3	0,7	20,8	20,8
	Severe material deprivation rate	8,3	7,4	8,6	8,0	8,5	0,5	0,2	10,1	11,8
	Share of people living in very low work intensity households	7,6	6,1	7,0	6,9	6,6	-0,3	-1,0	9,2	9,0
	At-risk-of-poverty gap	21,4	22,2	25,5	17,7	20,5	2,8	-0,9	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	55,6	47,4	45,0	43,7	46,5	2,8	-9,0	40,6	39,4
	Overcrowding rate	43,0	39,3	34,4	32,6	32,4	-0,2	-10,6	23,2	23,4
CZ	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	17,4	16,6	16,1	18,3	18,9	0,6	1,5	30,0	31,5
	At-risk-of-poverty rate	11,6	11,0	11,2	12,7	13,4	0,7	1,8	21,7	23,1
	Severe material deprivation rate	8,0	7,9	7,4	6,1	7,3	1,2	-0,7	10,8	12,0
	Share of people living in very low work intensity households	4,8	3,6	4,7	4,6	5,1	0,5	0,3	9,4	10,0
	In-work at-risk-of-poverty rate	4,4	3,4	2,6	2,4	5,2	2,8	0,8	11,2	11,9
	Youth unemployment ratio (15-24)	3,1	5,3	5,7	5,4	6,1	0,7	3,0	9,1	9,7
	NEET rate	8,9	11,2	11,4	10,7	11,3	0,6	2,4	16,7	17,1
	Housing cost overburden rate	9,2	7,6	9,1	9,3	10,1	0,8	0,9	13,6	14,3

CZ	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	15,0	13,7	14,1	15,1	15,5	0,4	0,5	24,5	25,4
	At-risk-of-poverty rate	8,3	7,6	8,1	9,1	9,3	0,2	1,0	16,1	16,5
	Severe material deprivation rate	6,5	5,9	6,0	5,8	6,3	0,5	-0,2	9,0	10,0
	Share of people living in very low work intensity households (18-59)	7,1	5,9	6,2	6,4	6,8	0,4	-0,3	10,7	10,8
	In-work at-risk-of poverty rate	3,6	3,2	3,7	4,1	4,6	0,5	1,0	8,9	9,1
	At-risk-of-poverty gap	19,8	21,5	22,2	19,4	21,5	2,1	1,7	25,9	26,0
	Overcrowding rate	29,5	26,6	22,2	20,9	21,3	0,4	-8,2	18,3	18,2
	Housing cost overburden rate	11,5	8,0	8,8	8,8	9,1	0,3	-2,4	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	55,4	54,5	52,6	47,7	47,2	-0,5	-8,2	37,1	35,0
CZ	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	12,5	11,7	10,1	10,7	10,8	0,1	-1,7	20,4	19,3
	At-Risk-of-Poverty rate	7,4	7,2	6,8	6,6	6,0	-0,6	-1,4	15,9	14,5
	Severe Material Deprivation rate	6,4	5,7	4,3	5,4	6,0	0,6	-0,4	7,3	7,6
	Relative median income ratio of elderly	0,79	0,78	0,82	0,82	0,84	0,02	0,05	0,89	0,91
	Aggregate replacement ratio	0,51	0,51	0,54	0,53	0,55	0,02	0,04	0,54	0,54
	Overcrowding rate	14,6	11,6	9,4	8,2	7,4	-0,8	-7,2	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

Note: ratio indicators are not expressed in %; all changes are in percentage points' difference with the exception of the poverty threshold, S80/S20

## INVESTING IN CHILDREN

CZ	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	18,6	17,2	18,9	20,0	18,8	-1,2	0,2	27,3	28,1
	At-risk-of-poverty rate (0-17)	13,2	13,3	14,3	15,2	13,9	-1,3	0,7	20,8	20,8
	Severe material deprivation rate (0-17)	8,3	7,4	8,6	8,0	8,5	0,5	0,2	10,1	11,8
	Share of children (0-17) living in very low work intensity households	7,6	6,1	7,0	6,9	6,6	-0,3	-1,0	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	6,1	6,2	10,3	4,7	:			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	5,0	4,6	5,1	5,7	5,9	0,2	0,9	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	74,6	85,5	82,8	79,3	74,0	-5,3	-0,6	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	8,1	8,6	9,2	10,5	9,6	-0,9	1,5	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	1	3	2	4	:	:	:	14	15
	Child care (0-3), 30h and more	0	0	0	1	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	33	28	32	29	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	36	36	39	45	:	:	:	45	46
	Relative median poverty gap for children (0-17)	21,4	22,2	25,5	17,7	20,5	2,8	-0,9	24,5	23,9
	Part-time employment due to care responsibilities (total)	18,4	16,5	20,1	16,1	17,4	1,3	-1,0	23,1	22,7
	Part-time employment due to care responsibilities (male)	:	:	1,3	:	:			3,9	3,9
	Part-time employment due to care responsibilities (female)	23,1	21,6	26,2	20,9	23,7	2,8	0,6	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	55,6	47,4	45,0	43,7	46,5	2,8	-9,0	40,6	39,4
	Housing cost overburden rate (0-17)	14,5	8,7	9,9	8,8	9,0	0,2	-5,5	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	2,6	3,5	3,7	3,6	3,8	0,2	1,2	7,0	6,9
	Early leavers from education and training (18-24)	5,6	5,4	4,9	4,9	5,5	0,6	-0,1	13,4	12,7
	Self-declared unmet need for medical care (16-24)	0,3	0,0	0,4	:	:			1,6	1,4
	Infant mortality	338	341	313	298	285	-13	-53	20.509	:
	Severe housing deprivation (0-17)	9,8	10,3	7,1	8,4	6,7	-1,7	-3,1	7,9	7,7
	Overcrowding (0-17)	43,0	39,3	34,4	32,6	32,4	-0,2	-10,6	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	70,6	43,1	-27,5	55,1 (100/0/0)*	33,4 (100/0/0)*	-21,6
Low income	87,2	54,9	-32,3	72,1 (100/0/0)*	45 (100/0/0)*	-27,1
High income	42,5	26,6	-15,9	31,5 (100/0/0)*	19,5 (100/0/0)*	-12,0
Lower / higher future rates of return		43,1 / 43,1			33,4 / 33,4	
Lower / higher future wage growth		43,1 / 43,1			33,4 / 33,4	
38 years career: average income	60,3	34,2	-26,1	47	26,5	-20,5
Low / high income	74,9 / 35,4	44 / 20,8	(-30,8/-14,6)	61,9 / 26,1	36,1 / 15,2	(-25,8/-10,9)
42 years career: average income	80,2	53,9	-26,3	63,1	41,8	-21,3
Low / high income	94,3 / 46,3	68 / 33,6	(-26,3/-12,8)	77,2 / 34,7	55,7 / 24,6	(-21,5/-10,1)
10 years after retirement	61,1	37,9	-23,2	47,3	29,4	-17,9
Female worker with 3 years of career break for childcare	51,5	59,5	8,0	33,8	46,1	12,3
3 years of career break for unemployment	57,6	58,8	1,2	43,8	45,6	1,8
10 years out of the labour market	50,1	28,9	-21,2	39,1	22,4	-16,7
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	26,2	25,2	-1,0	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	28,5	25,4	-3,2	48,0	39,1	-8,9

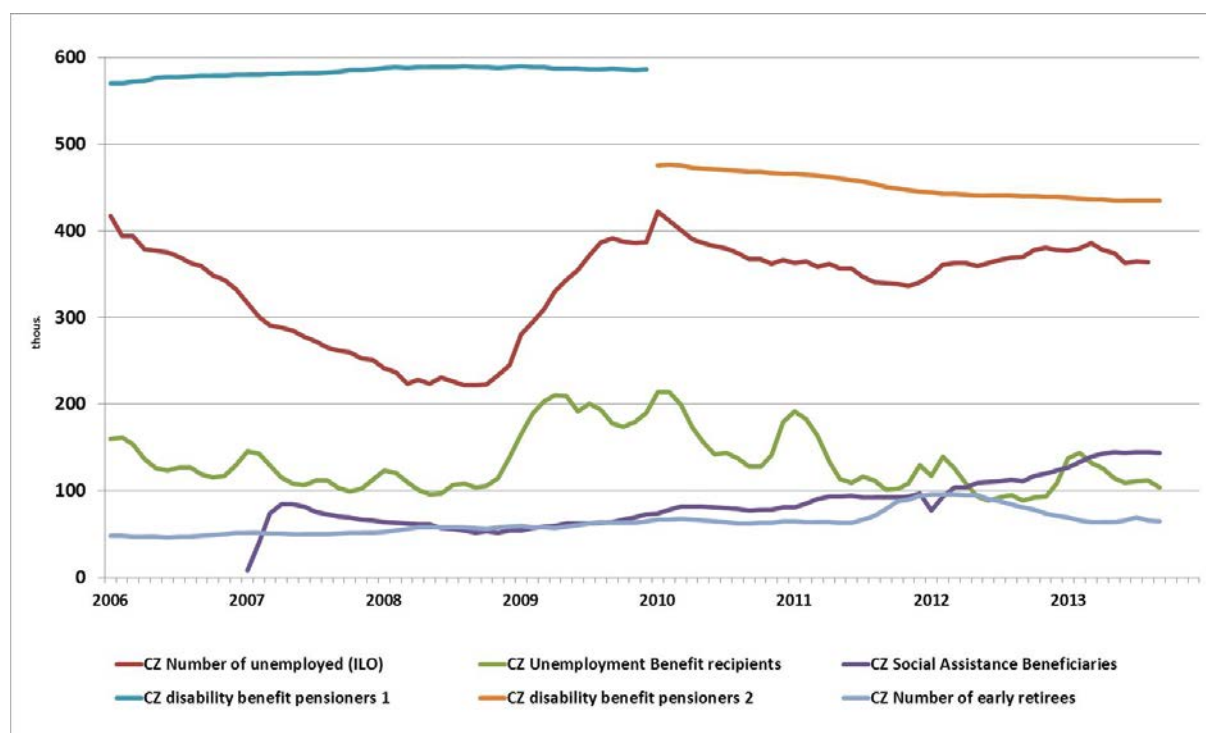
Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

## HEALTH CARE SYSTEMS

CZ						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	61,2	61,1	62,2	62,2	62,3	61,7	61,3
Healthy life years at birth (female)	63,4	62,7	64,5	63,6	64,1	62,2	61,9
Healthy life years at 65 (male)	7,5	8,1	8,5	8,4	8,3	8,6	8,4
Healthy life years at 65 (female)	8,2	8,5	8,8	8,7	8,9	8,6	8,5
Life expectancy at birth (male)	74,1	74,2	74,5	74,8	75,1	77,4	:
Life expectancy at birth (female)	80,5	80,5	80,9	81,1	81,2	83,2	:
Life expectancy at 65 (male)	15,3	15,2	15,5	15,6	15,7	17,8	:
Life expectancy at 65 (female)	18,8	18,8	19	19,2	19,2	21,3	:
Self-reported unmet need for medical care	0,7	0,6	1,0	1,1	1,0	3,4	3,4
Self-percieved general health	61,40	61,30	62,20	59,5	60,4	67,9	68,2
Total health care expenditure (PPS)	1.433,78	1.588,23	1.451,44	:	:	:	:
Total health care expenditure (% of GDP)	7,11	8,24	7,41	:	:	:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>198</sup>



CZ	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	eurostat
<b>comment</b>	Eurostat
	Unemployment benefit
<b>definition</b>	Unemployment Benefits recipients
<b>unit</b>	thousands of recipients
<b>source</b>	<a href="http://www.mpsv.cz">www.mpsv.cz</a>
<b>comment</b>	Unemployment benefits - due to worse economic situation, there was a significant growth of number of unemployment benefits recipients at the end of 2008 (e.g. from the reason of mass laying-off) and during the 1st quarter of 2009. The declines in summer months of the following years were induced mainly by the impact of traditional element – seasonal works. On the other hand, increased numbers at the turn of years have been connected rather with layoffs at the end of the year. Since June 2011, the numbers of beneficiaries have been nearly similar to those ones in before-crisis years. Annual decrease in 2012 was partly caused by relevant legislative changes. On the other hand, annual increase of recipients in 2013 has related with higher number of newly registered job seekers.

<sup>198</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) are given as a background.

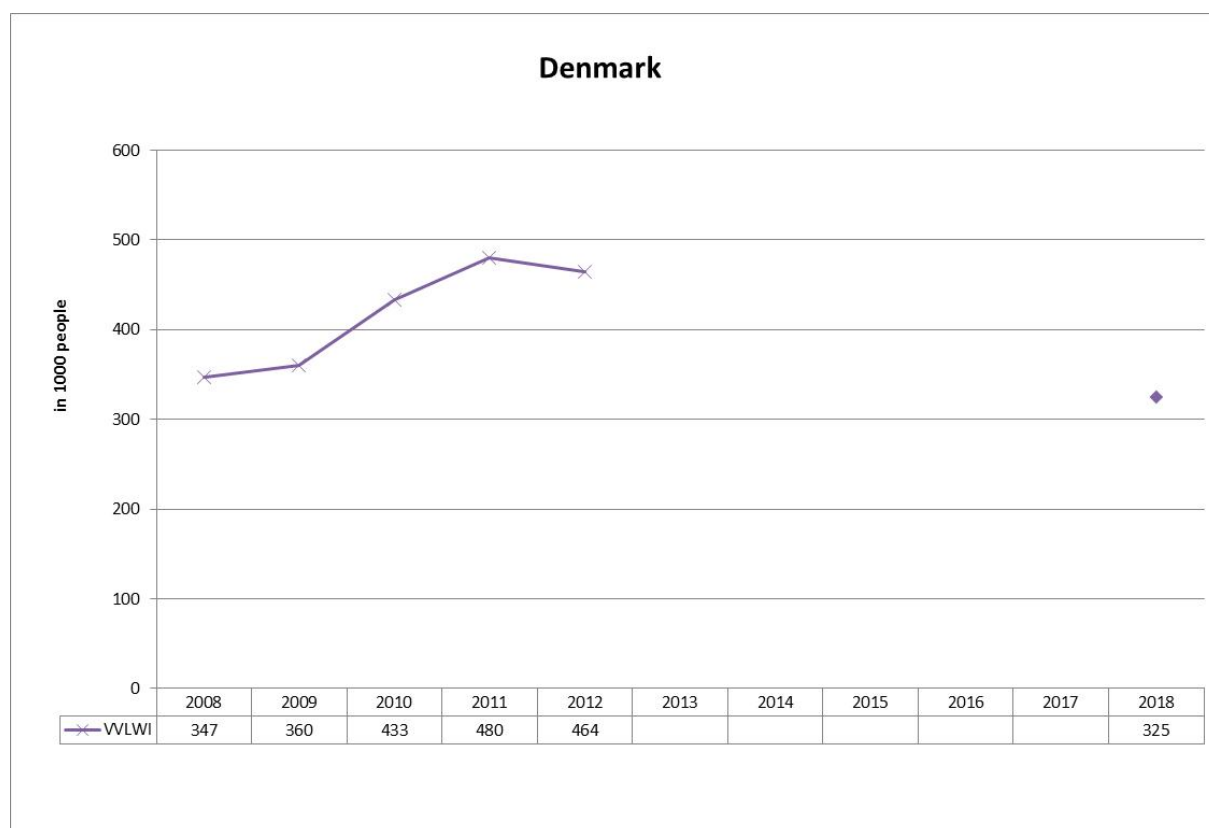
Social assistance benefit	
<b>definition</b>	Social assistance beneficiaries
<b>unit</b>	thousands of beneficiaries
<b>source</b>	MoLSA
<b>comment</b>	<p>After the introduction of the new System of Assistance in Material Need (starting 2007), there was a slight decrease of the number of beneficiaries of assistance in material need benefits (or more precisely of allowance for living) since the 2nd quarter of 2007 mainly due to favourable economic development. The impact of global economic crisis became evident in this statistics since the end of 2008, more intensively during 2009 and in the 1st half of 2010. After stagnation in the 2nd half of 2010, there has been another significant increase since February 2011. It may be explained by legislative changes in the system of State Social Support (the reduction of entitlement to social allowance affected the System of Assistance in Material Need in the form of growth of its number of beneficiaries). With regard to full cancelation of social allowance in State Social Support since 2012 and increase of amounts of the subsistence minimum and the existence minimum, number of beneficiaries has increased significantly (except specific situation in January 2012 when new IS was introduced). Following increase has been affected mainly by income situation of households and by higher number of job-seekers without entitlement to unemployment benefit.</p> <p>The curve for „social assistance beneficiaries“ is in the graph provided only for the period of time 2007-2013 and reflects the development of the number of allowance for living recipients (see the Act No. 111/2006 Coll., on Assistance in material need, as amended, that has been in effect since 01/01/2007); till the end of 2006 the system of social assistance benefits was regulated in absolutely different way. Because of this fact, there is no reasonable comparability.</p>
Disability benefit	
<b>definition</b>	Number of pensioners (disability benefits 1st, 2nd and 3rd degree)
<b>unit</b>	thousands of persons
<b>source</b>	MoLSA
<b>comment</b>	<p>From the beginning of 2010 the new types of disability were implemented to the social system. Currently three levels of disability are differentiated (the 1st, 2nd , 3rd ) instead of the former two levels (full disability, partial disability). The 3rd level is equal to the full disability while the partial disability was split in the current 1st and 2nd level. From January 2010 all receivers of disability pension older than 65 years of age are no more implicated in the number of disability pensioners. They are implicated in the number of old age pensioners. This change is displayed in the drop of number of disability pensioners in January 2010. According to these changes, new data (starting January 2010) are being presented separately.</p>

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"Reduce the number of people in households with low work intensity by 22,000 towards 2020."

Source: National Reform Programme (2011)

## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

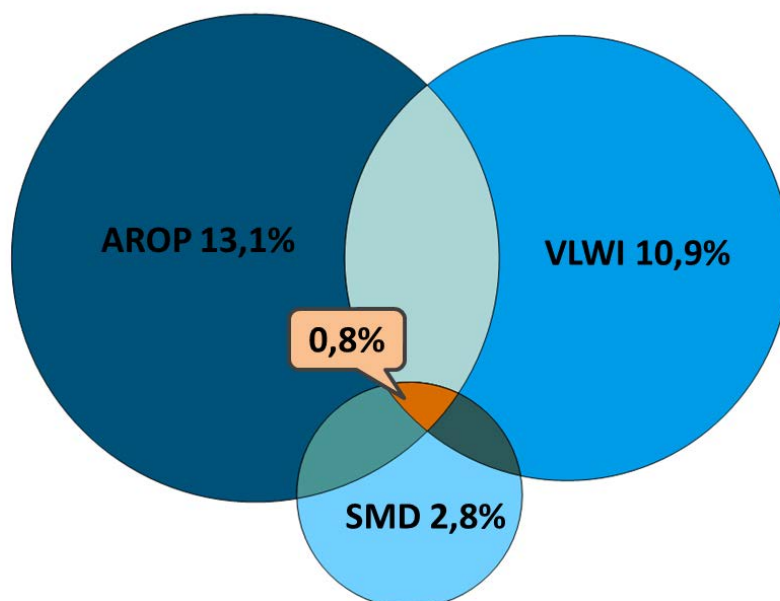


Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2020; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).



## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

DK	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	11,8	13,1	13,3	13,0	13,1	0,1	1,3	16,9	17,0
	1000 persons	643	716	728	715	731	2,2	13,7	84.586	84.999
<b>VLWI total</b>	% of total pln	8,3	8,5	10,3	11,4	10,9	-0,5	2,6	10,3	10,4
	1000 persons	347	360	433	480	464	-3,3	33,7	39.465	39.431
<b>SMD total</b>	% of total pln	2,0	2,3	2,7	2,6	2,8	0,2	0,8	8,9	9,9
	1000 persons	107	124	145	146	157	7,5	46,7	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	2,3	2,4	2,7	3,1	2,6	-0,5	0,3	2,9	2,7
	1000 persons	125	129	148	172	147	-14,5	17,6	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	0,4	0,5	0,4	0,6	0,7	0,1	0,3	2,6	2,9
	1000 persons	21	29	22	34	39	14,7	85,7	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	0,3	0,5	0,8	0,5	0,8	0,3	0,5	1,7	1,9
	1000 persons	19	29	44	27	43	59,3	126,3	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,5	0,4	0,8	0,8	0,4	-0,4	-0,1	0,6	0,6
	1000 persons	26	22	41	42	23	-45,2	-11,5	2.785	3.236

Source: Eurostat (EU-SILC)

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

DK						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	-0,8	-5,7	1,4	1,1	-0,4	1,6	-0,4
Employment growth (y-on-y % change)	1,7	-3,4	-2,5	-0,2	-0,3	0,2	-0,5
Unemployment rate	3,5	6,0	7,5	7,6	7,5	9,7	10,5
Long-term unemployment rate	0,5	0,6	1,5	1,8	2,1	4,2	4,7
Social protection expenditure (% of GDP)	29,2	33,1	32,8	32,8	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

DK		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	29,2	33,1	32,8	32,8	28,1	27,8
	Sickness/Health care	6,5	7,3	7,0	6,9	8,3	8,2
	Disability	3,7	4,1	4,2	4,1	2,2	2,1
	Old age	12,7	14,0	13,8	14,2	11,1	11,1
	Survivors	0,0	0,0	0,0	0,0	1,7	1,6
	Family/Children	4,0	4,5	4,3	4,1	2,3	2,2
	Unemployment	0,9	1,6	1,8	1,8	1,7	1,6
	Housing	0,6	0,7	0,7	0,7	0,6	0,6
	Social exclusion n.e.c.	0,8	0,9	1,0	1,0	0,4	0,4
	<b>Means-tested</b>						
	Total	1,4	1,6	1,6	1,7	3,0	3,0
	Sickness/Health care	0,0	0,0	0,0	0,0	0,1	0,1
	Disability	0,1	0,2	0,1	0,1	0,4	0,4
	Old age	0,1	0,1	0,1	0,1	0,5	0,5
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1
	Family/Children	0,1	0,1	0,1	0,1	0,6	0,6
	Unemployment	0,0	0,0	0,0	0,0	0,4	0,4
	Housing	0,6	0,7	0,7	0,7	0,6	0,6
	Social exclusion n.e.c.	0,4	0,5	0,5	0,6	0,4	0,4
	<b>Non-means tested</b>						
	Total	27,8	31,5	31,2	31,1	25,1	24,8
	Sickness/Health care	6,5	7,3	7,0	6,9	8,2	8,1
	Disability	3,6	4,0	4,0	3,9	1,8	1,7
	Old age	12,6	13,9	13,8	14,2	10,5	10,6
	Survivors	0,0	0,0	0,0	0,0	1,6	1,5
	Family/Children	3,9	4,4	4,2	3,9	1,7	1,6
	Unemployment	0,9	1,6	1,8	1,8	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
	Social exclusion n.e.c.	0,4	0,4	0,4	0,4	0,1	0,1

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

## INCOME AND LIVING CONDITIONS

DK	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	16,3	17,6	18,3	18,9	19,0	0,1	2,7	24,3	24,8
	At-Risk-of-poverty rate	11,8	13,1	13,3	13,0	13,1	0,1	1,3	16,9	17,0
	Value of threshold (single HH) - in PPS	10.561	10.751	10.783	11.208	11.117	-0,8	5,3	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	22.177	22.577	22.644	23.537	23.346	-0,8	5,3	22.673	22.752
	Severe material deprivation rate	2,0	2,3	2,7	2,6	2,8	0,2	0,8	8,9	9,9
	Share of people living in very low work intensity households (0-59)	8,3	8,5	10,3	11,4	10,9	-0,5	2,6	10,3	10,4
	At-risk-of-poverty gap	18,0	18,4	21,6	21,4	22,8	1,4	4,8	23,4	23,5
	Anchored at-risk-of-poverty rate	11,8	13,1	12,6	12,2	13,0	0,8	1,2	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	57,6	58,0	54,3	54,2	53,7	-0,5	-3,8	35,7	34,4
	S80/S20	3,6	4,6	4,4	4,4	4,5	0,1	0,9	5,1	5,1
	Persistent at-risk-of-poverty rate	4,9	2,7	6,3	6,4	5,7	0,1	1,5	:	10,0
	Housing cost overburden rate	17,1	24,2	21,9	19,9	17,8	-2,1	0,7	11,6	11,3

DK	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	12,7	14,0	15,1	16,0	15,3	-0,7	2,6	27,3	28,1
	At-risk-of-poverty rate	9,1	10,6	10,9	10,2	10,2	0,0	1,1	20,8	20,8
	Severe material deprivation rate	2,5	2,1	3,1	3,3	3,6	0,3	1,1	10,1	11,8
	Share of people living in very low work intensity households	4,3	5,4	7,3	8,9	5,7	-3,2	1,4	9,2	9,0
	At-risk-of-poverty gap	19,3	22,0	19,6	20,2	25,3	5,1	6,0	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	58,8	56,4	54,6	60,3	58,4	-1,9	-0,5	40,6	39,4
	Overcrowding rate	10,8	10,7	9,9	10,8	9,9	-0,9	-0,9	23,2	23,4
DK	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	36,0	37,6	42,3	45,6	44,7	-0,9	8,7	30,0	31,5
	At-risk-of-poverty rate	34,0	34,4	39,1	42,4	39,4	-3,0	5,4	21,7	23,1
	Severe material deprivation rate	3,4	5,6	4,1	5,1	6,0	0,9	2,6	10,8	12,0
	Share of people living in very low work intensity households	6,7	6,5	8,8	10,5	8,1	-2,4	1,4	9,4	10,0
	In-work at-risk-of-poverty rate	17,0	19,5	24,5	27,1	25,8	-1,3	8,8	11,2	11,9
	Youth unemployment ratio (15-24)	5,8	8,4	9,4	9,6	9,1	-0,5	3,3	9,1	9,7
	NEET rate	5,7	7,0	8,3	8,4	8,8	0,4	3,1	16,7	17,1
	Housing cost overburden rate	29,9	34,5	36,1	42,1	40,0	-2,1	10,1	13,6	14,3

DK	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	17,1	18,1	19,5	20,5	21,5	1,0	4,4	24,5	25,4
	At-risk-of-poverty rate	11,3	12,2	12,9	13,1	13,9	0,8	2,6	16,1	16,5
	Severe material deprivation rate	2,0	2,7	2,9	2,9	3,2	0,3	1,2	9,0	10,0
	Share of people living in very low work intensity households (18-59)	9,8	9,8	11,4	12,3	12,9	0,6	3,1	10,7	10,8
	In-work at-risk-of poverty rate	5,0	5,9	6,3	6,3	5,7	-0,6	0,7	8,9	9,1
	At-risk-of-poverty gap	25,1	29,2	29,3	31,7	29,8	-1,9	4,7	25,9	26,0
	Overcrowding rate	7,7	8,4	8,1	8,5	8,4	-0,1	0,7	18,3	18,2
	Housing cost overburden rate	17,7	23,1	21,6	19,7	18,3	-1,4	0,6	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	59,4	58,9	56,1	56,5	55,4	-1,0	-3,9	37,1	35,0
DK	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	18,6	20,6	18,4	16,6	14,6	-2,0	-4,0	20,4	19,3
	At-Risk-of-Poverty rate	18,1	20,1	17,7	16,0	14,1	-1,9	-4,0	15,9	14,5
	Severe Material Deprivation rate	0,9	0,9	0,9	1,1	0,6	-0,5	-0,3	7,3	7,6
	Relative median income ratio of elderly	0,70	0,71	0,71	0,72	0,75	0,03	0,05	0,89	0,91
	Aggregate replacement ratio	0,41	0,42	0,44	0,42	0,42	0,00	0,01	0,54	0,54
	Overcrowding rate	0,5	1,1	0,6	0,7	0,6	-0,1	0,1	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

## INVESTING IN CHILDREN

DK	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	12,7	14,0	15,1	16,0	15,3	-0,7	2,6	27,3	28,1
	At-risk-of-poverty rate (0-17)	9,1	10,6	10,9	10,2	10,2	0,0	1,1	20,8	20,8
	Severe material deprivation rate (0-17)	2,5	2,1	3,1	3,3	3,6	0,3	1,1	10,1	11,8
	Share of children (0-17) living in very low work intensity households	4,3	5,4	7,3	8,9	5,7	-3,2	1,4	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	3,5	0,8	10,1	5,0	:			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	4,7	4,8	5,9	5,0	4,4	-0,6	-0,3	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	38,2	50,3	54,9	41,5	32,1	-9,4	-6,1	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	7,6	7,9	6,8	7,1	7,5	0,4	-0,1	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	8	10	10	5	:	:	:	14	15
	Child care (0-3), 30h and more	65	63	68	69	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	13	12	15	11	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	83	72	75	87	:	:	:	45	46
	Relative median poverty gap for children (0-17)	19,3	22,0	19,6	20,2	25,3	5,1	6,0	24,5	23,9
	Part-time employment due to care responsibilities (total)	3,9	3,0	3,1	2,9	2,9	0,0	-1,0	23,1	22,7
	Part-time employment due to care responsibilities (male)	:	:	:	:	:	:	:	3,9	3,9
	Part-time employment due to care responsibilities (female)	5,3	4,1	4,2	3,9	4,2	0,3	-1,1	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	58,8	56,4	54,6	60,3	58,4	-1,9	-0,5	40,6	39,4
	Housing cost overburden rate (0-17)	12,6	22,0	18,3	13,6	11,0	-2,6	-1,6	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	2,5	3,6	3,7	3,8	3,8	0,0	1,3	7,0	6,9
	Early leavers from education and training (18-24)	12,5	11,3	11,0	9,6	9,1	-0,5	-3,4	13,4	12,7
	Self-declared unmet need for medical care (16-24)	0,7	1,3	1,8	1,3	1,0	-0,3	0,3	1,6	1,4
	Infant mortality	262	193	216	208	197	-11	-65	20.509	:
	Severe housing deprivation (0-17)	1,6	1,6	1,9	5,1	2,8	-2,3	1,2	7,9	7,7
	Overcrowding (0-17)	10,8	10,7	9,9	10,8	9,9	-0,9	-0,9	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross 2010	Gross 2050	Difference
40 years career: average income earner (basecase)	69,4	67,3	-2,1	48,8 (72/14/14)*	56,2 (45/8/47)*	7,4
Low income	97,3	89,9	-7,4	70,9 (76/15/9)*	75,1 (56/9/35)*	4,2
High income	44,5	43,7	-0,8	26,5 (64/13/23)*	32,4 (34/7/60)*	5,9
Lower / higher future rates of return		64,1 / 71,2			53,3 / 59,9	
Lower / higher future wage growth		75,4 / 62,8			61,5 / 52,1	
38 years career: average income	68,8	63,3	-5,5	53,1	52,6	-0,5
Low / high income	97,2 / 43,6	89,4 / 38,8	(-7,8 / -4,8)	78,3 / 27,7	74,5 / 28,4	(-3,8 / 0,7)
42 years career: average income	73,2	73,4	0,2	53	61,9	8,9
Low / high income	102,9 / 46,8	97,3 / 48,4	(-5,6 / 1,6)	77,2 / 28,6	82,2 / 36,1	5,0 / 7,5
10 years after retirement	65,9	66,4	0,5	46,5	54,7	8,2
Female worker with 3 years of career break for childcare		68,4			57,3	
3 years of career break for unemployment		68,3			57,1	
10 years out of the labour market		61,9			51,3	
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	35,8	30,5	-0,9	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	:	:	:	48,0	39,1	-8,9

Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

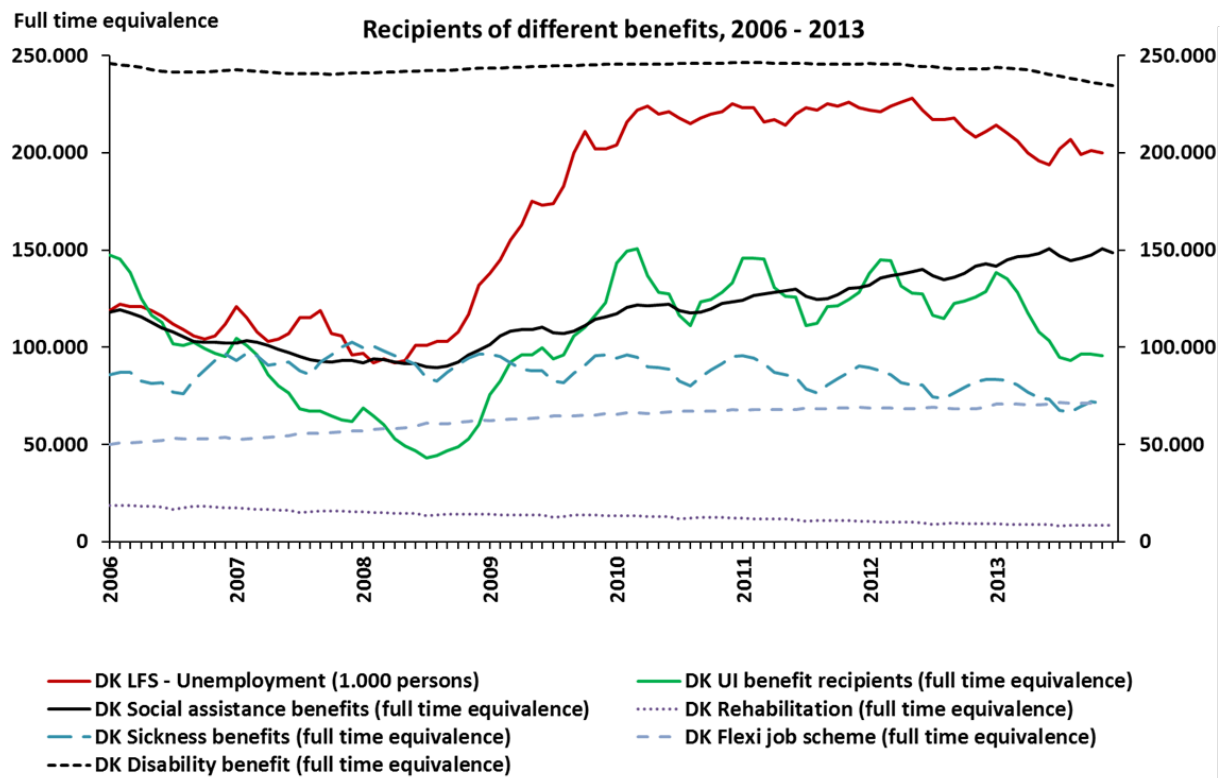
## HEALTH CARE SYSTEMS

DK						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	62,1	61,8	62,3	63,6	60,6	61,7	61,3
Healthy life years at birth (female)	61	60,4	61,4	59,4	61,4	62,2	61,9
Healthy life years at 65 (male)	12	11,3	11,8	12,4	10,6	8,6	8,4
Healthy life years at 65 (female)	12,4	12,1	12,8	13	12,9	8,6	8,5
Life expectancy at birth (male)	76,5	76,9	77,2	77,8	78,1	77,4	:
Life expectancy at birth (female)	81	81,1	81,4	81,9	82,1	83,2	:
Life expectancy at 65 (male)	16,6	16,8	17	17,3	17,5	17,8	:
Life expectancy at 65 (female)	19,5	19,5	19,7	20,1	20,2	21,3	:
Self-reported unmet need for medical care (%)	0,6	1,5	1,1	0,9	1,2	3,4	3,4
Self-perceived general health (%)	74,1	72,3	71,0	70,8	70,8	67,9	68,2
Total health care expenditure (PPS) per capita	3.158,94	3.273,28	3.462,39	:	:	:	:
Total health care expenditure (% of GDP)	10,26	11,53	11,08	:	:	:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)



## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>199</sup>



Note: numbers of benefit recipients are not seasonally adjusted.

<sup>199</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) is given as a background.

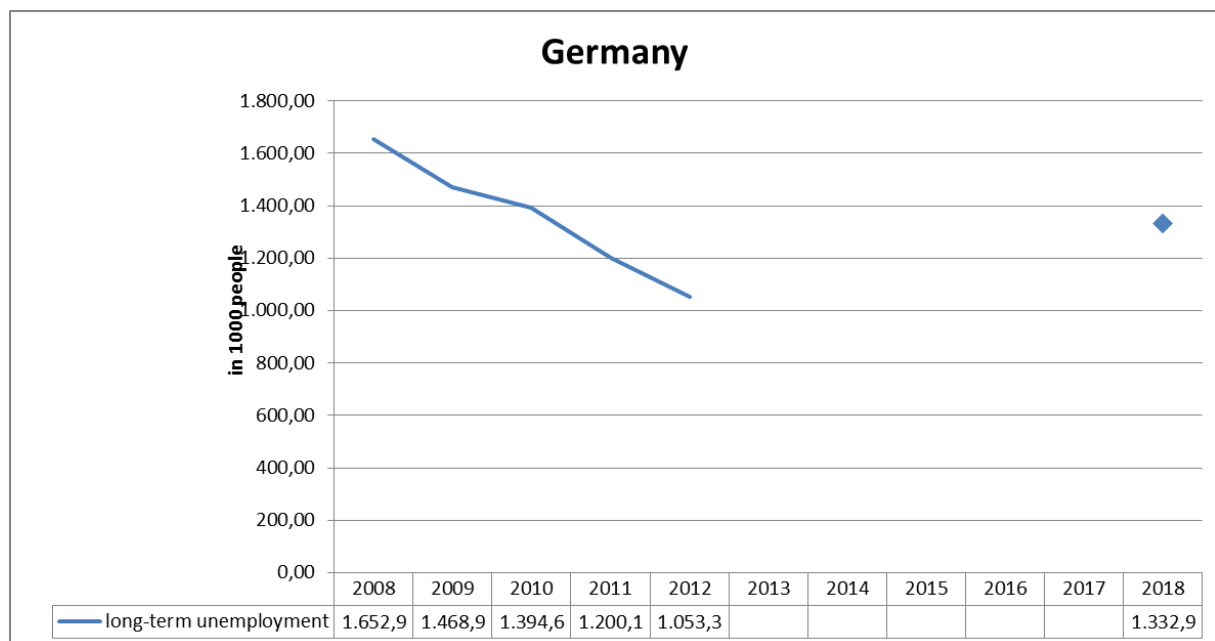
DK	Number of unemployed
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	Eurostat
	Unemployment recipients
<b>definition</b>	U benefits recipients, full time recipients.
<b>unit</b>	full time persons recipients (both passive and active recipients)
<b>source</b>	<a href="http://www.jobindsats.dk/sw167.asp">http://www.jobindsats.dk/sw167.asp</a>
<b>comment</b>	The monthly recipients of 2012 are also listed. If the recipients are only to be based on a whole year basis, these can be ignored and only 2011 data be used.
	Social assistance benefit
<b>definition</b>	numbers of recipients of cash benefits
<b>unit</b>	both passive and active recipients
<b>source</b>	<a href="http://www.jobindsats.dk/sw9990.asp">http://www.jobindsats.dk/sw9990.asp</a>
<b>comment</b>	Both recipients and full time recipients are listed as the numbers can then be compared (with unemployment benefits) as these are measured in full time recipients. The update includes a change in the numbers back in time due to the abolishment of the lowest cash benefits by January 1st 2012. As it is a headcount, all recipients of the lowest cash benefits are now listed as recipients of the same cash benefit back in time as it would otherwise mean a change in the level of recipients as from 1/1 2012 when all recipients became recipients of the same level of benefit.
	Disability benefit
<b>definition</b>	Number of pensioners (disability benefits full+partial )
<b>unit</b>	thousands of pensioners
<b>comment</b>	Figures do not include people who reached statutory retirement age due to comparability reasons; the data until January 2011 represent an estimation, because the calculation of the accurate share of disability pensioners only existed for one month (December).

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"Germany has defined the quantitative target related to the number of people living in households affected by long-term unemployment. The number of long-term unemployed people (unemployed for more than one year) shall be reduced by 20% until 2020 (taking the 2008 average as a basis). Taking the current data this corresponds to a reduction of 320.000 long-term unemployed (annual average 2008:1.62 million). If there are two people living in a job-less household- in a conservative approach- the number of people at- risk-of-poverty will be reduced by 640.000 people."

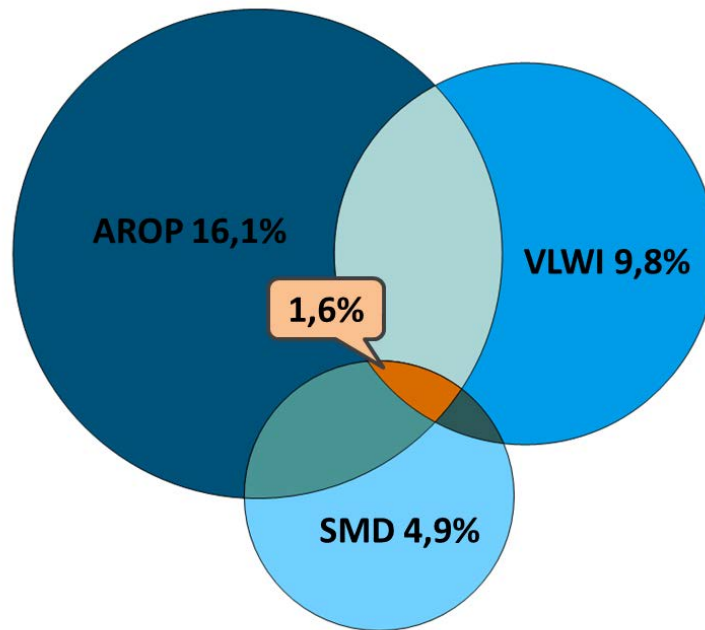
Source: National Reform Programme (2012)

## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION



Source: Eurostat (LFS)

## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

DE	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	15,2	15,5	15,6	15,8	16,1	0,3	0,9	16,9	17,0
	1000 persons	12.389	12.590	12.648	12.814	13.030	1,7	5,2	84.586	84.999
<b>VLWI total</b>	% of total pln	11,6	10,8	11,1	11,1	9,8	-1,3	-1,8	10,3	10,4
	1000 persons	7.044	6.538	6.695	6.637	5.866	-11,6	-16,7	39.465	39.431
<b>SMD total</b>	% of total pln	5,5	5,4	4,5	5,3	4,9	-0,4	-0,6	8,9	9,9
	1000 persons	4.442	4.360	3.672	4.323	3.937	-8,9	-11,4	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	3,8	3,6	3,9	3,7	3,4	-0,3	-0,4	2,9	2,7
	1000 persons	3.113	2.944	3.183	3.026	2.762	-8,7	-11,3	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	1,4	1,3	1,1	1,7	1,6	-0,1	0,2	2,6	2,9
	1000 persons	1.142	1.024	917	1.349	1.292	-4,2	13,1	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	1,7	1,8	1,6	1,9	1,6	-0,3	-0,1	1,7	1,9
	1000 persons	1.408	1.450	1.333	1.542	1.279	-17,1	-9,2	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,6	0,5	0,4	0,3	0,4	0,1	-0,2	0,6	0,6
	1000 persons	460	402	286	242	312	28,9	-32,2	2.785	3.236

Source: Eurostat (EU-SILC),

Note: change 2011-2012 and 2008-2012 is calculated as difference in percentage points (pp) for % of total population and for values in 1000 persons the change is indicated in percentage change (%).

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

DE						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	1,1	-5,1	4,0	3,3	0,7	1,6	-0,4
Employment growth (y-on-y % change)	1,2	0,1	0,5	1,4	1,1	0,2	-0,5
Unemployment rate	7,5	7,8	7,1	5,9	5,5	9,7	10,5
Long-term unemployment rate	4,0	3,5	3,4	2,8	2,5	4,2	4,7
Social protection expenditure (% of GDP)	27,0	30,2	29,4	28,3	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

DE		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	27,0	30,2	29,4	28,3	28,1	27,8
	Sickness/Health care	8,3	9,8	9,6	9,4	8,3	8,2
	Disability	2,2	2,3	2,3	2,2	2,2	2,1
	Old age	9,4	10,0	9,7	9,4	11,1	11,1
	Survivors	2,1	2,2	2,1	2,0	1,7	1,6
	Family/Children	2,8	3,2	3,2	3,1	2,3	2,2
	Unemployment	1,4	1,9	1,7	1,3	1,7	1,6
	Housing	0,6	0,7	0,7	0,6	0,6	0,6
	Social exclusion n.e.c.	0,1	0,1	0,1	0,1	0,4	0,4
	<b>Means-tested</b>						
	Total	3,3	3,6	3,5	3,4	3,0	3,0
	Sickness/Health care	0,1	0,1	0,1	0,1	0,1	0,1
	Disability	0,6	0,6	0,6	0,6	0,4	0,4
	Old age	0,0	0,0	0,0	0,0	0,5	0,5
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1
	Family/Children	1,0	1,1	1,1	1,2	0,6	0,6
	Unemployment	0,8	0,8	0,8	0,7	0,4	0,4
	Housing	0,6	0,7	0,7	0,6	0,6	0,6
	Social exclusion n.e.c.	0,1	0,1	0,1	0,1	0,4	0,4
	<b>Non-means tested</b>						
	Total	23,7	26,6	25,9	24,9	25,1	24,8
	Sickness/Health care	8,2	9,6	9,4	9,3	8,2	8,1
	Disability	1,6	1,7	1,6	1,6	1,8	1,7
	Old age	9,3	10,0	9,7	9,3	10,5	10,6
	Survivors	2,1	2,2	2,1	2,0	1,6	1,5
	Family/Children	1,8	2,1	2,1	2,0	1,7	1,6
	Unemployment	0,7	1,1	0,9	0,7	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
	Social exclusion n.e.c.	0,0	0,0	0,0	0,0	0,1	0,1

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

## INCOME AND LIVING CONDITIONS

DE	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	20,1	20,0	19,7	19,9	19,6	-0,3	-0,5	24,3	24,8
	At-Risk-of-poverty rate	15,2	15,5	15,6	15,8	16,1	0,3	0,9	16,9	17,0
	Value of threshold (single HH) - in PPS	10.804	10.770	10.557	10.945	11.398	4,1	5,5	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	22.689	22.617	22.170	22.985	23.935	4,1	5,5	22.673	22.752
	Severe material deprivation rate	5,5	5,4	4,5	5,3	4,9	-0,4	-0,6	8,9	9,9
	Share of people living in very low work intensity households (0-59)	11,6	10,8	11,1	11,1	9,8	-1,3	-1,8	10,3	10,4
	At-risk-of-poverty gap	22,2	21,5	20,7	21,4	21,1	-0,3	-1,1	23,4	23,5
	Anchored at-risk-of-poverty rate	15,2	16,0	15,8	15,9	16,0	0,1	0,8	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	37,2	35,7	35,5	37,1	33,7	-3,3	-3,4	35,7	34,4
	S80/S20	4,8	4,5	4,5	4,5	4,3	-0,2	-0,5	5,1	5,1
	Persistent at-risk-of-poverty rate	7,2	8,1	9,1	10,4	:	1,3	3,2	:	10,0
	Housing cost overburden rate	:	:	14,5	16,1	16,6	0,5		11,6	11,3

DE	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	20,1	20,4	21,7	19,9	18,4	-1,5	-1,7	27,3	28,1
	At-risk-of-poverty rate	15,2	15,0	17,5	15,6	15,2	-0,4	0,0	20,8	20,8
	Severe material deprivation rate	6,9	7,1	5,2	5,4	4,8	-0,6	-2,1	10,1	11,8
	Share of people living in very low work intensity households	9,0	9,0	8,9	8,6	6,7	-1,9	-2,3	9,2	9,0
	At-risk-of-poverty gap	19,3	19,8	17,8	17,2	17,4	0,2	-1,9	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	50,3	50,8	46,6	52,7	50,6	-2,1	0,3	40,6	39,4
	Overcrowding rate	9,6	9,5	10,2	9,6	9,6	0,0	0,0	23,2	23,4
DE	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	25,1	25,5	23,8	24,2	25,3	1,1	0,2	30,0	31,5
	At-risk-of-poverty rate	20,2	21,1	18,9	19,0	20,7	1,7	0,5	21,7	23,1
	Severe material deprivation rate	7,0	6,9	5,3	6,2	5,6	-0,6	-1,4	10,8	12,0
	Share of people living in very low work intensity households	8,1	6,0	8,5	8,8	7,9	-0,9	-0,2	9,4	10,0
	In-work at-risk-of-poverty rate	10,5	11,6	10,6	9,6	10,3	0,7	-0,2	11,2	11,9
	Youth unemployment ratio (15-24)	5,5	5,8	5,1	4,5	4,1	-0,4	-1,4	9,1	9,7
	NEET rate	11,8	12,1	11,4	10,2	9,8	-0,4	-2,0	16,7	17,1
	Housing cost overburden rate	:	:	14,3	15,2	17,7	2,5		13,6	14,3

DE	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	21,5	21,1	20,8	21,3	21,2	-0,1	-0,3	24,5	25,4
	At-risk-of-poverty rate	15,4	15,8	15,6	16,4	16,6	0,2	1,2	16,1	16,5
	Severe material deprivation rate	6,1	5,8	5,2	6,0	5,5	-0,5	-0,6	9,0	10,0
	Share of people living in very low work intensity households (18-59)	12,3	11,3	11,8	11,8	10,7	-1,1	-1,6	10,7	10,8
	In-work at-risk-of poverty rate	7,1	6,8	7,1	7,7	7,7	0,0	0,6	8,9	9,1
	At-risk-of-poverty gap	25,0	23,8	22,7	24,5	23,1	-1,4	-1,9	25,9	26,0
	Overcrowding rate	7,9	8,1	8,0	7,5	7,3	-0,2	-0,6	18,3	18,2
	Housing cost overburden rate	:	:	13,6	15,7	16,3	0,6		11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	38,2	36,3	37,3	37,2	34,1	-3,0	-4,0	37,1	35,0
DE	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	15,5	16,0	14,8	15,3	15,8	0,5	0,3	20,4	19,3
	At-Risk-of-Poverty rate	14,9	15,0	14,1	14,2	15,0	0,8	0,1	15,9	14,5
	Severe Material Deprivation rate	2,1	2,5	2,1	3,2	2,8	-0,4	0,7	7,3	7,6
	Relative median income ratio of elderly	0,87	0,88	0,89	0,90	0,88	-0,02	0,01	0,89	0,91
	Aggregate replacement ratio	0,44	0,47	0,49	0,51	0,47	-0,04	0,03	0,54	0,54
	Overcrowding rate	1,8	1,5	1,6	1,8	2,0	0,2	0,2	6,9	6,8

Source: Eurostat (EU-SILC, LFS)



## INVESTING IN CHILDREN

DE	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	20,1	20,4	21,7	19,9	18,4	-1,5	-1,7	27,3	28,1
	At-risk-of-poverty rate (0-17)	15,2	15,0	17,5	15,6	15,2	-0,4	0,0	20,8	20,8
	Severe material deprivation rate (0-17)	6,9	7,1	5,2	5,4	4,8	-0,6	-2,1	10,1	11,8
	Share of children (0-17) living in very low work intensity households	9,0	9,0	8,9	8,6	6,7	-1,9	-2,3	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	4,6	5,4	8,0	9,7	:			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	8,3	7,5	8,8	8,1	7,7	-0,4	-0,6	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	70,4	67,5	76,1	68,8	71,7	2,9	1,3	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	9,6	9,7	11,7	10,5	10,8	0,3	1,2	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	10	7	7	9	:	:	:	14	15
	Child care (0-3), 30h and more	9	12	13	15	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	54	48	46	46	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	36	40	46	44	:	:	:	45	46
	Relative median poverty gap for children (0-17)	19,3	19,8	17,8	17,2	17,4	0,2	-1,9	24,5	23,9
	Part-time employment due to care responsibilities (total)	22,3	23,6	23,6	22,8	22,1	-0,7	-0,2	23,1	22,7
	Part-time employment due to care responsibilities (male)	:	:	3,9	3,2	3,1	-0,1		3,9	3,9
	Part-time employment due to care responsibilities (female)	26,6	27,6	27,5	26,9	26,3	-0,6	-0,3	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	50,3	50,8	46,6	52,7	50,6	-2,1	0,3	40,6	39,4
	Housing cost overburden rate (0-17)	:	:	11,7	12,5	13,2	0,7		11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	3,8	3,9	3,7	3,3	3,0	-0,3	-0,8	7,0	6,9
	Early leavers from education and training (18-24)	11,8	11,1	11,9	11,7	10,6	-1,1	-1,2	13,4	12,7
	Self-declared unmet need for medical care (16-24)	1,8	1,3	0,9	0,6	0,6	0,0	-1,2	1,6	1,4
	Infant mortality	2.414	2.334	2.322	2.408	2.300	-108	-114	20.509	:
	Severe housing deprivation (0-17)	3,3	3,1	3,6	3,5	3,4	-0,1	0,1	7,9	7,7
	Overcrowding (0-17)	9,6	9,5	10,2	9,6	9,6	0,0	0,0	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	59,1	63,7	4,6	41,9 (100/0/0)*	45,7 (73/0/27)*	3,8
Low income	53,9	59,7	5,8	41,9 (100/0/0)*	45,7 (73/0/27)*	3,8
High income	51,1	49,5	-1,6	31,4 (100/0/0)*	34,3 (73/0/27)*	2,9
Lower / higher future rates of return		61,2 / 66,5			43,8 / 47,9	
Lower / higher future wage growth		67,7 / 60,6			48,8 / 43,3	
38 years career: average income	52,1	57,2	5,1	37	40,1	3,1
Low / high income	47,5 / 45,8	56,9 / 45	9,4 / -0,8	37 / 28	43,2 / 30,2	6,2 / 2,2
42 years career: average income	69,5	70,6	1,1	49,3	51,7	2,4
Low / high income	63,4 / 60,1	67,7 / 54,7	4,3 / -5,4	49,3 / 37,6	51,7 / 38,9	2,4 / 1,3
10 years after retirement	59,1	61,2	2,1	41,9	43,7	1,8
Female worker with 3 years of career break for childcare	62,1	72,5	10,4	44,0	53,7	9,7
3 years of career break for unemployment	57	68	11,0	40,5	49,5	9,0
10 years out of the labour market	44,3	47,7	3,4	31,4	33,5	2,1
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	47,0	38,1	-8,9	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	40,5	34,5	-6,0	48,0	39,1	-8,9

Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

## HEALTH CARE SYSTEMS

DE						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	56,3	57,1	57,9	57,9	57,4	61,7	61,3
Healthy life years at birth (female)	57,7	58,1	58,7	58,7	57,9	62,2	61,9
Healthy life years at 65 (male)	6,3	6,5	6,9	6,7	6,7	8,6	8,4
Healthy life years at 65 (female)	6,7	6,7	7,1	7,3	6,9	8,6	8,5
Life expectancy at birth (male)	77,6	77,8	78	78,4	78,6	77,4	:
Life expectancy at birth (female)	82,7	82,8	83	83,2	83,3	83,2	:
Life expectancy at 65 (male)	17,5	17,6	17,8	18,2	18,2	17,8	:
Life expectancy at 65 (female)	20,7	20,8	20,9	21,2	21,2	21,3	:
Self-reported unmet need for medical care (%)	2,2	2,1	1,8	1,7	1,6	3,4	3,4
Self-perceived general health (%)	64,4	65,1	65,2	64,8	65,3	67,9	68,2
Total health care expenditure (PPS) per capita	3.131,92	3.197,47	3.386,97	3.499,25	:	:	:
Total health care expenditure (% of GDP)	10,69	11,73	11,51	11,26	:	:	:

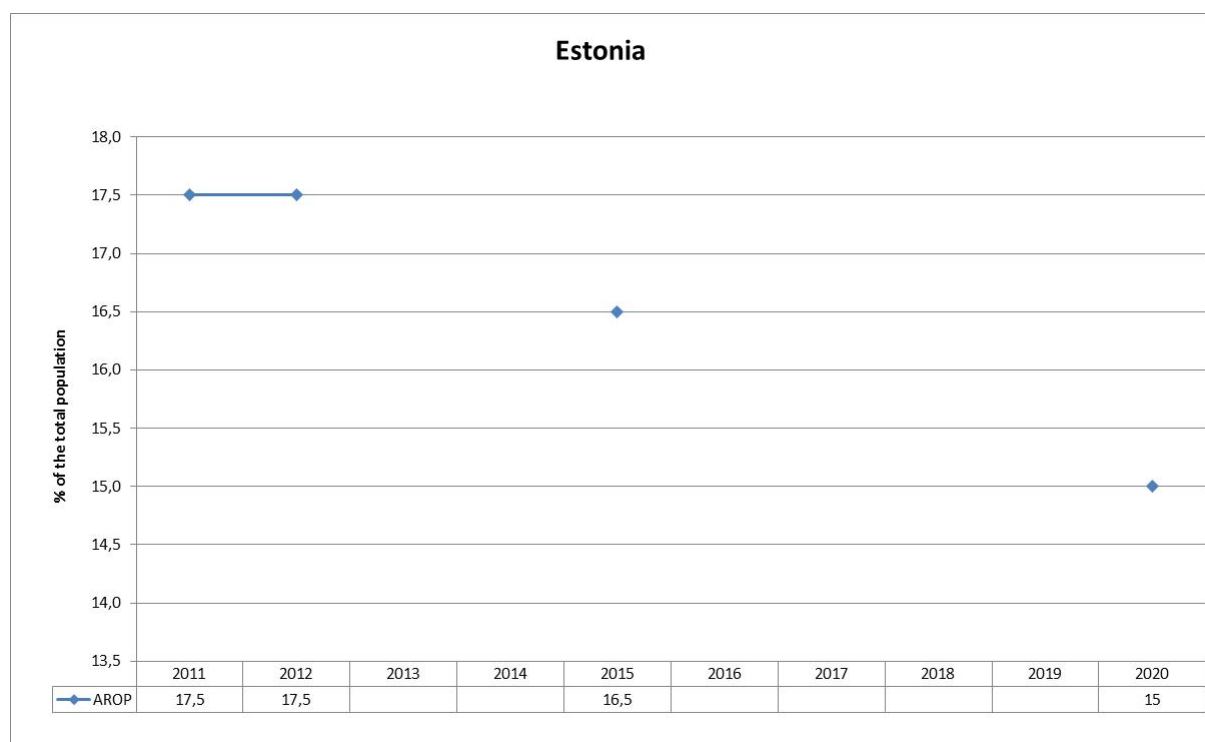
Source: Eurostat (EU-SILC, Mortality data, SHA)

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"Reducing the at-risk-of-poverty rate after social transfers to 16.5% by 2015 and to 15% by 2020."

Source: National Reform Programme (2011)

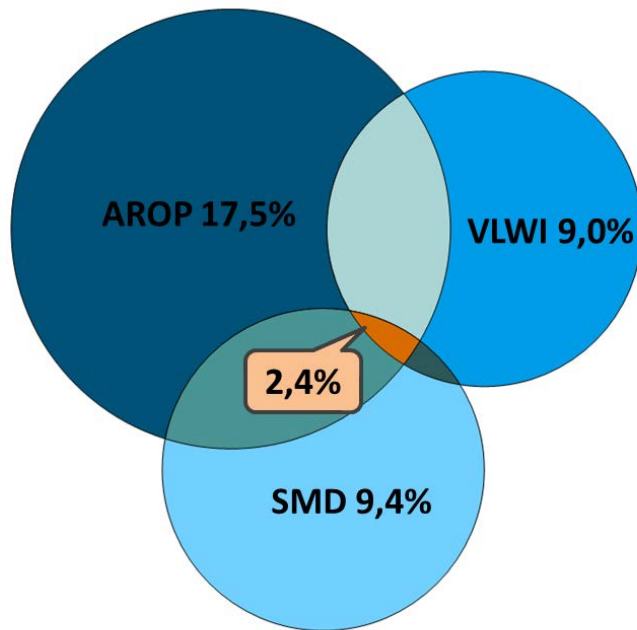
## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION



Source: Eurostat (EU-SILC)

Note: For the at-risk-of-poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011).

## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

EE	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	19,5	19,7	15,8	17,5	17,5	0,0	-2,0	16,9	17,0
	1000 persons	259	262	211	232	233	0,4	-10,0	84.586	84.999
<b>VLWI total</b>	% of total pln	5,3	5,6	8,9	9,9	9,0	-0,9	3,7	10,3	10,4
	1000 persons	55	58	92	102	93	-8,8	69,1	39.465	39.431
<b>SMD total</b>	% of total pln	4,9	6,2	9,0	8,7	9,4	0,7	4,5	8,9	9,9
	1000 persons	65	83	119	115	124	7,8	90,8	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	2,2	1,8	2,9	3,2	2,7	-0,5	0,5	2,9	2,7
	1000 persons	30	24	39	43	36	-16,3	20,0	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	2,0	2,1	2,8	2,3	2,7	0,4	0,7	2,6	2,9
	1000 persons	26	28	38	31	36	16,1	38,5	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	1,1	1,4	1,9	2,4	2,4	0,0	1,3	1,7	1,9
	1000 persons	15	19	26	32	31	-3,1	106,7	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,1	0,1	0,4	0,4	0,3	-0,1	0,2	0,6	0,6
	1000 persons	1	1	5	6	4	-33,3	300,0	2.785	3.236

Source: Eurostat (EU-SILC)

Note: change 2011-2012 and 2008-2012 is calculated as difference in percentage points (pp) for % of total population and for values in 1000 persons the changes are indicated in percentage change (%).

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

EE						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	-4,2	-14,1	2,6	9,6	3,9	1,6	-0,4
Employment growth (y-on-y % change)	0,2	-9,9	-4,8	7,0	2,1	0,2	-0,5
Unemployment rate	5,5	13,8	16,9	12,5	10,2	9,7	10,5
Long-term unemployment rate	1,7	3,8	7,7	7,1	5,5	4,2	4,7
Social protection expenditure (% of GDP)	14,8	18,8	17,8	15,9	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

Note: social protection expenditure does not include administrative costs

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

EE		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	14,8	18,8	17,8	15,9	28,1	27,8
	Sickness/Health care	4,8	5,3	4,8	4,4	8,3	8,2
	Disability	1,5	1,9	1,9	1,8	2,2	2,1
	Old age	6,2	7,9	7,8	6,9	11,1	11,1
	Survivors	0,1	0,1	0,1	0,1	1,7	1,6
	Family/Children	1,8	2,2	2,3	2,0	2,3	2,2
	Unemployment	0,3	1,2	0,8	0,5	1,7	1,6
	Housing	0,0	0,0	0,0	0,0	0,6	0,6
	Social exclusion n.e.c.	0,1	0,1	0,1	0,1	0,4	0,4
	<b>Means-tested</b>						
	Total	0,1	0,1	0,2	0,2	3,0	3,0
	Sickness/Health care	0,0	0,0	0,0	0,0	0,1	0,1
	Disability	0,0	0,0	0,0	0,0	0,4	0,4
	Old age	0,0	0,0	0,0	0,0	0,5	0,5
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1
	Family/Children	0,0	0,0	0,0	0,0	0,6	0,6
	Unemployment	0,0	0,0	0,0	0,0	0,4	0,4
	Housing	0,0	0,0	0,0	0,0	0,6	0,6
	Social exclusion n.e.c.	0,0	0,1	0,1	0,1	0,4	0,4
	<b>Non-means tested</b>						
	Total	14,7	18,7	17,7	15,7	25,1	24,8
	Sickness/Health care	4,8	5,3	4,8	4,4	8,2	8,1
	Disability	1,5	1,9	1,9	1,8	1,8	1,7
	Old age	6,2	7,9	7,8	6,9	10,5	10,6
	Survivors	0,1	0,1	0,1	0,1	1,6	1,5
	Family/Children	1,8	2,2	2,3	2,0	1,7	1,6
	Unemployment	0,3	1,2	0,8	0,5	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
Social exclusion n.e.c.	0,0	0,0	0,0	0,0	0,1	0,1	

Source: Eurostat (ESSPROS) - Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

## INCOME AND LIVING CONDITIONS

EE	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	21,8	23,4	21,7	23,1	23,4	0,3	1,6	24,3	24,8
	At-Risk-of-poverty rate	19,5	19,7	15,8	17,5	17,5	0,0	-2,0	16,9	17,0
	Value of threshold (single HH) - in PPS	4.538	4.860	4.453	4.403	4.612	4,7	1,6	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	9.530	10.206	9.352	9.245	9.684	4,7	1,6	22.673	22.752
	Severe material deprivation rate	4,9	6,2	9,0	8,7	9,4	0,7	4,5	8,9	9,9
	Share of people living in very low work intensity households (0-59)	5,3	5,6	8,9	9,9	9,0	-0,9	3,7	10,3	10,4
	At-risk-of-poverty gap	20,3	17,0	23,2	26,0	23,8	-2,2	3,5	23,4	23,5
	Anchored at-risk-of-poverty rate	19,5	18,9	19,7	23,9	24,2	0,3	4,7	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	21,1	23,9	36,5	29,7	29,4	-0,3	8,4	35,7	34,4
	S80/S20	5,0	5,0	5,0	5,3	5,4	0,1	0,4	5,1	5,1
	Persistent at-risk-of-poverty rate	13,6	12,9	9,9	10,5	:	0,6	-3,1	:	10,0
	Housing cost overburden rate	3,6	4,4	6,0	7,4	7,9	0,5	4,3	11,6	11,3

EE	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	19,4	24,5	24,0	24,8	22,4	-2,4	3,0	27,3	28,1
	At-risk-of-poverty rate	17,1	20,6	17,3	19,5	17,0	-2,5	-0,1	20,8	20,8
	Severe material deprivation rate	5,3	7,0	10,7	9,1	9,2	0,1	3,9	10,1	11,8
	Share of people living in very low work intensity households	3,8	4,5	8,4	9,1	6,8	-2,3	3,0	9,2	9,0
	At-risk-of-poverty gap	24,4	19,7	28,1	26,7	24,6	-2,1	0,2	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	35,0	30,6	44,4	35,9	40,6	4,7	5,6	40,6	39,4
	Overcrowding rate	55,2	55,1	53,9	24,0	23,1	-0,9	-32,1	23,2	23,4
EE	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	17,8	21,8	25,6	29,4	27,8	-1,6	10,0	30,0	31,5
	At-risk-of-poverty rate	15,3	15,6	18,7	22,4	20,9	-1,5	5,6	21,7	23,1
	Severe material deprivation rate	3,9	7,4	9,2	11,7	10,9	-0,8	7,0	10,8	12,0
	Share of people living in very low work intensity households	3,7	2,7	7,1	6,7	7,2	0,5	3,5	9,4	10,0
	In-work at-risk-of-poverty rate	3,3	3,0	4,3	10,3	9,3	-1,0	6,0	11,2	11,9
	Youth unemployment ratio (15-24)	5,0	11,0	12,6	9,1	8,7	-0,4	3,7	9,1	9,7
	NEET rate	11,1	19,4	19,1	14,7	15,3	0,6	4,2	16,7	17,1
	Housing cost overburden rate	6,4	4,9	7,8	9,1	12,6	3,5	6,2	13,6	14,3



EE	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	17,5	19,9	21,8	24,2	24,2	0,0	6,7	24,5	25,4
	At-risk-of-poverty rate	15,0	15,8	15,6	18,0	17,7	-0,3	2,7	16,1	16,5
	Severe material deprivation rate	4,5	6,1	9,1	9,3	10,0	0,7	5,5	9,0	10,0
	Share of people living in very low work intensity households (18-59)	5,8	5,9	9,0	10,2	9,7	-0,5	3,9	10,7	10,8
	In-work at-risk-of poverty rate	7,4	8,3	6,7	8,2	8,5	0,3	1,1	8,9	9,1
	At-risk-of-poverty gap	26,5	23,1	25,9	29,7	29,9	0,2	3,4	25,9	26,0
	Overcrowding rate	42,1	41,6	39,9	14,0	13,6	-0,4	-28,5	18,3	18,2
	Housing cost overburden rate	4,0	4,6	6,4	8,3	8,6	0,3	4,6	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	24,6	28,2	37,6	30,2	28,9	-1,3	4,3	37,1	35,0
EE	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	40,9	35,6	19,0	17,0	21,8	4,8	-19,1	20,4	19,3
	At-Risk-of-Poverty rate	39,0	33,9	15,1	13,1	17,2	4,1	-21,8	15,9	14,5
	Severe Material Deprivation rate	5,8	5,6	6,6	5,8	7,1	1,3	1,3	7,3	7,6
	Relative median income ratio of elderly	0,62	0,66	0,73	0,75	0,72	-0,03	0,10	0,89	0,91
	Aggregate replacement ratio	0,45	0,52	0,55	0,54	0,50	-0,04	0,05	0,54	0,54
	Overcrowding rate	25,4	24,2	23,6	5,5	5,5	0,0	-19,9	6,9	6,8

Source: Eurostat (EU-SILC, LFS),

Note: Anchored at-risk-of-poverty rate uses 2008 as a fixed year.

## INVESTING IN CHILDREN

EE	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	19,4	24,5	24,0	24,8	22,4	-2,4	3,0	27,3	28,1
	At-risk-of-poverty rate (0-17)	17,1	20,6	17,3	19,5	17,0	-2,5	-0,1	20,8	20,8
	Severe material deprivation rate (0-17)	5,3	7,0	10,7	9,1	9,2	0,1	3,9	10,1	11,8
	Share of children (0-17) living in very low work intensity households	3,8	4,5	8,4	9,1	6,8	-2,3	3,0	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	13,5	13,2	9,5	15,5	:			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	9,4	11,6	8,5	9,5	9,4	-0,1	0,0	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	82,8	74,2	73,2	77,5	73,4	-4,1	-9,4	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	14,3	17,8	12,1	13,7	12,8	-0,9	-1,5	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	1	4	2	4	:	:	:	14	15
	Child care (0-3), 30h and more	16	21	19	15	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	4	9	6	9	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	84	84	86	83	:	:	:	45	46
	Relative median poverty gap for children (0-17)	24,4	19,7	28,1	26,7	24,6	-2,1	0,2	24,5	23,9
	Part-time employment due to care responsibilities (total)	11,5	9,8	7,3	8,3	9,9	1,6	-1,6	23,1	22,7
	Part-time employment due to care responsibilities (male)	:	:	:	:	:			3,9	3,9
	Part-time employment due to care responsibilities (female)	15,9	14,3	10,2	11,3	12,9	1,6	-3,0	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty									
	Housing cost overburden rate (0-17)	3,2	5,5	6,2	7,3	7,1	-0,2	3,9	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	5,4	7,1	5,7	6,2	6,7	0,5	1,3	7,0	6,9
	Early leavers from education and training (18-24)	14,0	13,9	11,6	10,9	10,5	-0,4	-3,5	13,4	12,7
	Self-declared unmet need for medical care (16-24)	2,3	2,2	1,5	3,3	4,5	1,2	2,2	1,6	1,4
	Infant mortality	80	57	53	36	50	14	-30	20.509	:
	Severe housing deprivation (0-17)	14,4	18,6	16,8	8,4	8,5	0,1	-5,9	7,9	7,7
	Overcrowding (0-17)	55,2	55,1	53,9	24,0	23,1	-0,9	-32,1	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	46,2	50,1	3,9	36,4 (100/0/0)*	40,2 (55/45/0)*	3,8
Low income	64,9	56,4	-8,5	52,6 (100/0/0)*	46,3 (61/39/0)*	-6,3
High income	26,6	34,5	7,9	20,4 (100/0/0)*	27,1 (50/50/0)*	6,7
Lower / higher future rates of return		47,8 / 52,6			38,5 / 42,3	
Lower / higher future wage growth		51,6 / 49,9			41,9 / 39,7	
38 years career: average income	40,5	44,8	4,3	31,9	36	4,1
Low / high income	57,5 / 22,9	50,6 / 31,1	(-6,9 / 8,2)	46,6 / 17,5	41,5 / 24,5	(-5,1 / 7)
42 years career: average income	57,9	58,9	1,0	45,6	47,4	1,8
Low / high income	83,5 / 35,3	66 / 40,7	(-17,5 / 5,4)	67,7 / 27,1	54,2 / 31,9	(-13,5 / 4,8)
10 years after retirement	40,9	39,6	-1,3	32,8	32,3	-0,5
Female worker with 3 years of career break for childcare	43,9	48,4	4,5	34,6	38,9	4,3
3 years of career break for unemployment	44,1	47,4	3,3	34,8	38,1	3,3
10 years out of the labour market	39,2	41,2	2,0	30,9	33,1	2,2
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	38,7	23,0	-15,8	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	36,0	22,4	-13,6	48,0	39,1	-8,9

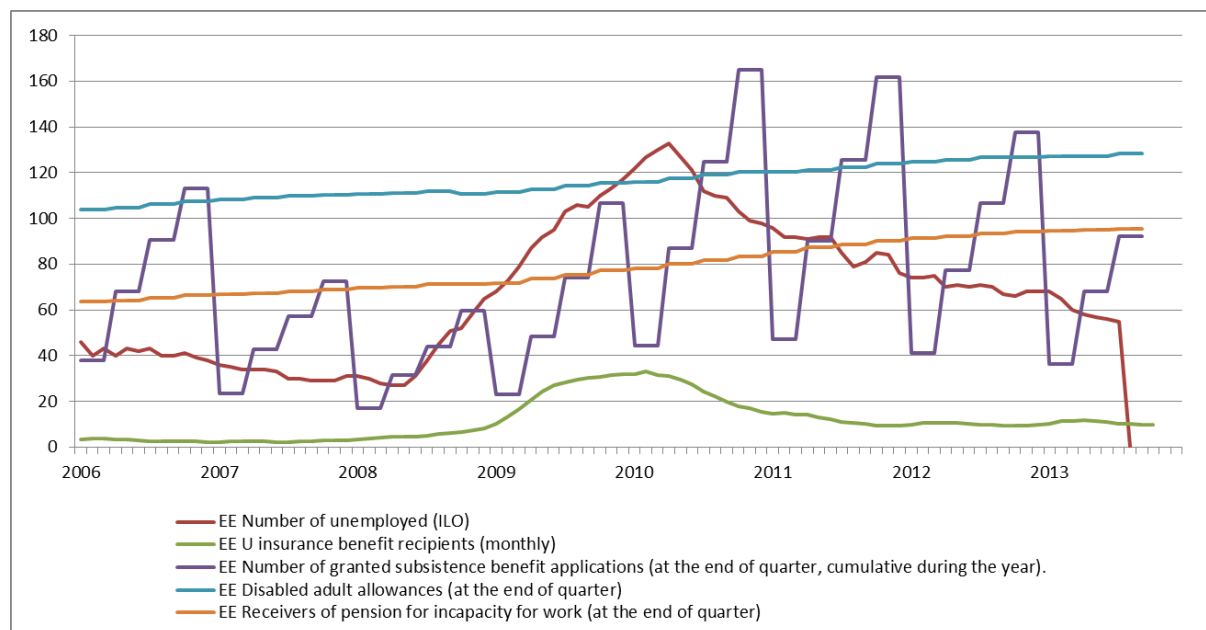
Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

## HEALTH CARE SYSTEMS

EE						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	53	55	54,1	54,3	53,1	61,7	61,3
Healthy life years at birth (female)	57,5	59,2	58,2	57,9	57,2	62,2	61,9
Healthy life years at 65 (male)	4	5,6	5,3	5,6	5,4	8,6	8,4
Healthy life years at 65 (female)	4,2	5,4	5,5	5,7	5,5	8,6	8,5
Life expectancy at birth (male)	68,7	69,8	70,6	71,4	71,5	77,4	:
Life expectancy at birth (female)	79,5	80,2	80,8	81,3	81,6	83,2	:
Life expectancy at 65 (male)	13,6	14	14,2	14,8	14,9	17,8	:
Life expectancy at 65 (female)	18,9	19,2	19,4	20,1	20,3	21,3	:
Self-reported unmet need for medical care (%)	7,3	4,3	4,8	7,3	8,3	3,4	3,4
Self-perceived general health (%)	54,5	51,5	52,7	51,8	52,4	67,9	68,2
Total health care expenditure (PPS) per capita	1.038,12	1.030,83	979,91	998,79		:	:
Total health care expenditure (% of GDP)	6,06	6,93	6,32	5,83		:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>200</sup>



EE	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	Eurostat
	Unemployment benefit
<b>definition</b>	Unemployment insurance benefit recipients
<b>unit</b>	thousands of recipients (monthly)
<b>source</b>	Estonian Unemployment Insurance Fund
<b>link</b>	<a href="http://www.tootukassa.ee/sites/tootukassa.ee/files/TKH_0.xls">http://www.tootukassa.ee/sites/tootukassa.ee/files/TKH_0.xls</a>
<b>comment</b>	Definition: Unemployment insurance benefit recipients - unemployed persons who received a payment of unemployment insurance benefit during the specified period. Unemployment insurance is a type of compulsory insurance, unemployment insurance is financed from unemployment insurance premiums paid by the insured persons (employees) and the employers. The unemployment insurance benefit is paid to unemployed persons whose unemployment insurance period in the three preceding years is at least 12 months and whose last relationship did not end on their own initiative or mutual agreement.

<sup>200</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

Social assistance benefit	
<b>definition</b>	Subsistence benefit (to maintain subsistence level) receivers
<b>unit</b>	Number of granted applications (thousands, cumulative during the year)
<b>source</b>	Ministry of Social Affairs
<b>link</b>	<a href="http://www.sm.ee/meie/statistika/sotsiaalvaldkond/sotsiaalhoolekanne/toimetulekutoetus.html">http://www.sm.ee/meie/statistika/sotsiaalvaldkond/sotsiaalhoolekanne/toimetulekutoetus.html</a> <a href="http://pub.stat.ee/px-web.2001/I_Databas/Social_life/15Social_protection/02Social_assistance/05Subsistence_benefits/05Subsistence_benefits.asp">http://pub.stat.ee/px-web.2001/I_Databas/Social_life/15Social_protection/02Social_assistance/05Subsistence_benefits/05Subsistence_benefits.asp</a>
<b>comment</b>	<p>A person living alone or a family whose monthly disposable income, after deduction of the fixed expenses connected with permanent dwelling during the current month, is below the subsistence level has right to receive a subsistence benefit. The subsistence level increased (by 20%) from the beginning of 2011. The subsistence level will increase also in 2014.</p> <p>Note: In April 2010, a new social services and benefit register was introduced. Therefore the data from the 2nd quarter 2010 is not fully comparable with the previous data.</p>
Disability benefit	
<b>definition</b>	Recipients of benefits for disabled persons
<b>unit</b>	Thousands of recipients at the end of quarter
<b>source</b>	Source: Social Insurance Fund
<b>link</b>	<a href="http://www.ensib.ee/?lang=en">http://www.ensib.ee/?lang=en</a>
<b>comment</b>	<p>Disability is the loss of or an abnormality in an anatomical, physiological or mental structure of function of a person, which in conjunction with different relational and environmental restrictions prevents participation in social life on equal bases with others. From 2008 the disabled adult allowance was replaced by disability allowance for a person of working age and disability allowance for a person of retirement age. Therefore the indicator since 2008 includes recipients of three types of benefits: recipients of the allowance for disabled persons of at least 16 years of age, for disabled persons of working age and for disabled persons of retirement age.</p>
Incapacity for work	
<b>definition</b>	Receivers of pension for incapacity for work
<b>unit</b>	Thousands of recipients at the end of quarter
<b>source</b>	Social Insurance Board
<b>link</b>	<a href="http://www.ensib.ee/?lang=en">http://www.ensib.ee/?lang=en</a>
<b>comment</b>	<p>The right for the pension for incapacity for work has a person, who is at least 16 years of age and has been declared to be permanently incapable to work, loss of whose working capacity is 40 to 100 per cent and who by the initial date of granting of the pension has acquired the following pensionable service or accumulation period in Estonia.</p>

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

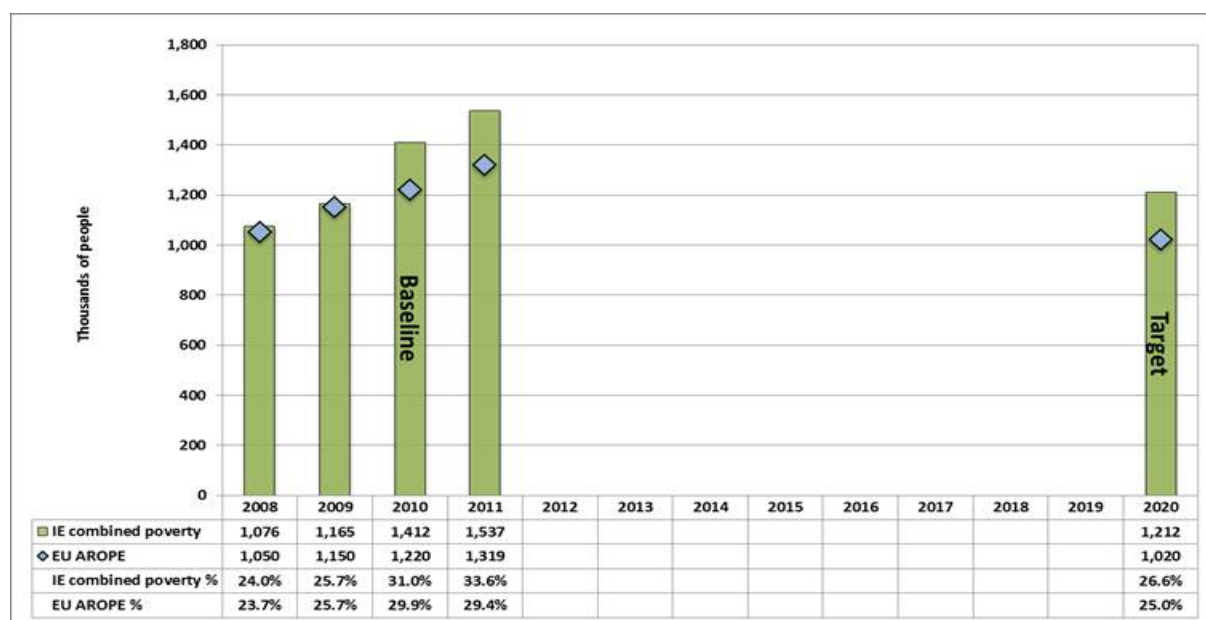
Revised Headline Target<sup>201</sup>: To reduce consistent poverty to 4% by 2016 (interim target) and to 2% or less by 2020, from the 2010 baseline rate of 6.3%.

The Irish contribution to the Europe 2020 poverty target is to reduce by a minimum of 200,000 the population in combined poverty (either consistent poverty, at-risk-of-poverty or basic deprivation).

*Note: The IE combined poverty population is defined by combining two national poverty indicators: at-risk-of-poverty and basic deprivation. This approach captures a similar percentage of the population as the EU 'at risk of poverty or social exclusion' measure. There is an overlap of c80 per cent.*

*Source: National Reform Programme (2013)*

## PROGRESS TOWARDS THE EUROPE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION 2008-2011 (IE AND EU INDICATORS)

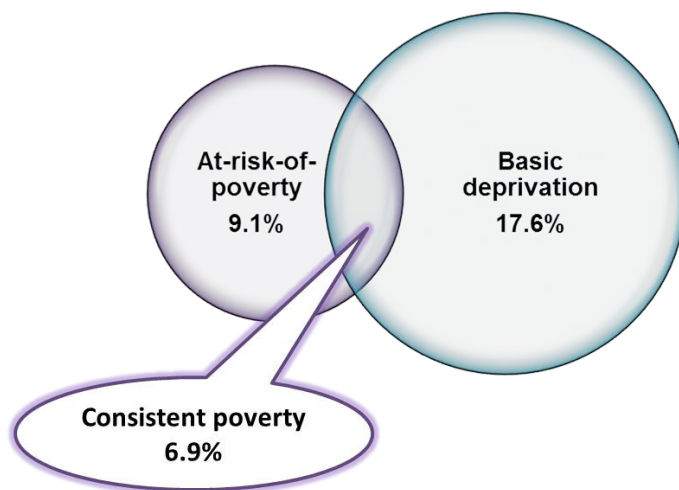


*Source: Social Inclusion Monitor 2011 (CSO),*

*Note: For further analysis of the two methodologies, see Watson, D and Maître, B (2012) Technical Paper on Poverty Indicators, Dublin: Department of Social Protection. The EU AROPE target figure in 2020 is indicative. The percentage targets are also indicative and based on 2010 population figures.*

<sup>201</sup> Ireland's Former Headline Target: To reduce the number experiencing consistent poverty to between 2-4% by 2012, with the aim of eliminating consistent poverty by 2016, which will lift at least 186,000 people out of the risk of poverty and exclusion.

**COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION USING IRISH INDICATORS (2011)**

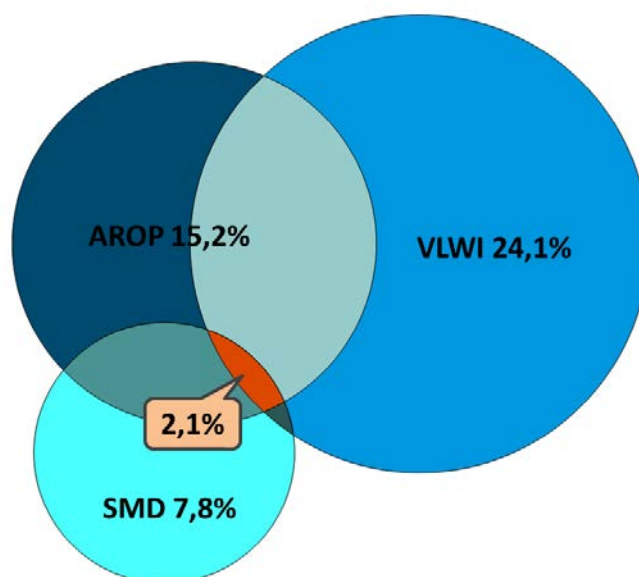


*Source: Social Inclusion Monitor (CSO SILC)*

IE	%	2008	2009	2010	2011
<b>Combined poverty</b>	% of total population	24.0	25.7	31.0	33.6
	1,000 persons	1,076	1,165	1,412	1,537
<b>Consistent poverty</b>	% of total population	4.2	5.5	6.3	6.9
	1,000 persons	188	249	287	316
<b>At-risk-of-poverty</b>	% of total population	14.4	14.1	14.7	16.0
	1,000 persons	646	639	670	732
<b>Basic deprivation</b>	% of total population	13.8	17.1	22.6	24.5
	1,000 persons	619	775	1,029	1,121



**COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION USING EU INDICATORS  
(2011)**



Source: Eurostat (EU-SILC)

Note: AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; the red overlap indicates the share of the population which accumulates all three conditions. For the at-risk-of-poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

IE	%					change	EU28	
		2008	2009	2010	2011	2008-2011	2011	2012
<b>AROP total</b>	% of total pln	15,5	15,0	15,2	15,2	-0,3	16,9	17,0
	1000 persons	686	670	682	680	-0,9	-100	-100
<b>VLWI total</b>	% of total pln	13,6	19,8	22,8	24,1	10,5	10,3	10,4
	1000 persons	509	739	846	886	74,1	-92	39.431
<b>SMD total</b>	% of total pln	5,5	6,1	5,7	7,8	2,3	8,9	9,9
	1000 persons	245	274	256	352	43,7	-88	49.671
<b>AROP+ VLWI</b>	% of total pln	3,8	5,8	6,1	6,5	2,7	2,9	2,7
	1000 persons	168	260	271	291	73,2	-75	13.456
<b>AROP+ SMD</b>	% of total pln	0,6	0,6	0,4	0,4	-0,2	2,6	2,9
	1000 persons	26	26	17	19	-26,9	-242	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	1,6	1,9	2,1	2,1	0,5	1,7	1,9
	1000 persons	69	86	94	94	36,2	-61	9.294
<b>SMD+ VLWI</b>	% of total pln	1,3	1,7	2,0	2,3	1,0	0,6	0,6
	1000 persons	58	75	89	101	74,1	-27	3.236

Source: Eurostat (EU-SILC)

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

IE						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	-2,2	-6,4	-1,1	2,2	0,2	1,6	-0,4
Employment growth (y-on-y % change)	-0,6	-7,8	-4,1	-1,8	-0,6	0,2	-0,5
Unemployment rate	6,4	12,0	13,9	14,7	14,7	9,7	10,5
Long-term unemployment rate	1,7	3,5	6,8	8,7	9,1	4,2	4,7
Social protection expenditure (% of GDP)	20,3	25,1	27,3	28,3	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

IE		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	20,3	25,1	27,3	28,3	28,1	27,8
	Sickness/Health care	7,9	9,8	11,4	12,8	8,3	8,2
	Disability	1,1	1,3	1,3	1,2	2,2	2,1
	Old age	4,6	5,3	5,5	5,6	11,1	11,1
	Survivors	0,9	1,1	1,1	1,1	1,7	1,6
	Family/Children	3,1	3,6	3,6	3,4	2,3	2,2
	Unemployment	1,8	3,0	3,5	3,3	1,7	1,6
	Housing	0,4	0,4	0,4	0,4	0,6	0,6
	Social exclusion n.e.c.	0,4	0,6	0,6	0,6	0,4	0,4
	<b>Means-tested</b>						
	Total	5,3	6,7	7,6	7,8	3,0	3,0
	Sickness/Health care	1,2	1,5	1,7	1,8	0,1	0,1
	Disability	0,6	0,7	0,7	0,7	0,4	0,4
	Old age	0,8	0,9	1,0	1,0	0,5	0,5
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1
	Family/Children	1,1	1,3	1,4	1,4	0,6	0,6
	Unemployment	0,7	1,3	1,8	1,9	0,4	0,4
	Housing	0,4	0,4	0,4	0,4	0,6	0,6
	Social exclusion n.e.c.	0,4	0,6	0,6	0,6	0,4	0,4
	<b>Non-means tested</b>						
	Total	15,1	18,4	19,8	20,6	25,1	24,8
	Sickness/Health care	6,7	8,3	9,7	10,9	8,2	8,1
	Disability	0,5	0,6	0,6	0,6	1,8	1,7
	Old age	3,8	4,4	4,5	4,6	10,5	10,6
	Survivors	0,9	1,1	1,1	1,1	1,6	1,5
	Family/Children	2,0	2,3	2,2	2,0	1,7	1,6
	Unemployment	1,1	1,7	1,7	1,4	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
	Social exclusion n.e.c.	0,0	0,0	0,0	0,0	0,1	0,1

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

INCOME AND LIVING CONDITIONS

IE	%						EU28	
		2008	2009	2010	2011	change 2008- 2011	2011	2012
Total population	At risk of poverty or social exclusion	23,7	25,7	27,3	29,4	5,7	24,3	24,8
	At-Risk-of-poverty rate	15,5	15,0	15,2	15,2	-0,3	16,9	17,0
	Value of threshold (single HH) - in PPS	10.901	10.386	9.649	10.097	-7,4	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	22.893	21.810	20.263	21.203	-7,4	22.673	22.752
	Severe material deprivation rate	5,5	6,1	5,7	7,8	2,3	8,9	9,9
	Share of people living in very low work intensity households (0-59)	13,6	19,8	22,8	24,1	10,5	10,3	10,4
	At-risk-of-poverty gap	17,7	16,2	15,5	17,5	-0,2	23,4	23,5
	Anchored at-risk-of-poverty rate	15,5	15,4	20,0	21,7	6,2	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	54,4	60,0	61,9	61,6	7,2	35,7	34,4
	S80/S20	4,4	4,2	4,7	4,6	0,2	5,1	5,1
	Persistent at-risk-of-poverty rate	:	:	:	:	:	:	10,0
	Housing cost overburden rate	3,3	4,0	4,9	6,1	2,8	11,6	11,3

IE	%						EU28	
		2008	2009	2010	2011	change 2008-2011	2011	2012
Children (0-17)	At risk of poverty or social exclusion	26,6	31,4	34,1	34,1	7,5	27,3	28,1
	At-risk-of-poverty rate	18,0	18,8	18,9	17,1	-0,9	20,8	20,8
	Severe material deprivation rate	6,8	8,4	8,2	10,0	3,2	10,1	11,8
	Share of people living in very low work intensity households	15,0	23,4	25,6	25,9	10,9	9,2	9,0
	At-risk-of-poverty gap	19,2	14,7	14,3	14,7	-4,5	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	55,2	59,7	62,9	65,2	9,9	40,6	39,4
	Overcrowding rate	5,2	5,3	5,4	4,2	-1,0	23,2	23,4
IE	%						EU28	
		2008	2009	2010	2011	change 2008-2011	2011	2012
Youth (18-24)	At risk of poverty or social exclusion	23,7	26,4	32,1	41,8	18,1	30,0	31,5
	At-risk-of-poverty rate	13,7	14,7	19,9	26,8	13,1	21,7	23,1
	Severe material deprivation rate	6,7	6,7	5,5	10,1	3,4	10,8	12,0
	Share of people living in very low work intensity households	11,5	16,9	22,2	24,8	13,3	9,4	10,0
	In-work at-risk-of-poverty rate	2,9	5,7	5,6	10,4	7,5	11,2	11,9
	Youth unemployment ratio (15-24)	6,7	11,7	12,0	12,1	5,4	9,1	9,7
	NEET rate	17,4	23,1	24,1	24,0	6,6	16,7	17,1
	Housing cost overburden rate	3,4	6,7	9,3	13,9	10,5	13,6	14,3

IE	%						EU28	
		2008	2009	2010	2011	change 2008-2011	2011	2012
Working age (18-64)	At risk of poverty or social exclusion	22,6	24,8	27,2	30,5	7,9	24,5	25,4
	At-risk-of-poverty rate	13,4	13,2	14,6	15,1	1,7	16,1	16,5
	Severe material deprivation rate	5,6	5,8	5,4	7,9	2,3	9,0	10,0
	Share of people living in very low work intensity households (18-59)	13,0	18,2	21,5	23,2	10,2	10,7	10,8
	In-work at-risk-of poverty rate	6,3	4,9	5,5	5,3	-1,0	8,9	9,1
	At-risk-of-poverty gap	20,5	17,3	15,4	18,2	-2,3	25,9	26,0
	Overcrowding rate	5,2	3,5	3,0	2,3	-2,9	18,3	18,2
	Housing cost overburden rate	3,4	4,2	5,4	6,7	3,3	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	56,6	61,4	61,8	61,4	4,7	37,1	35,0
IE	%						EU28	
		2008	2009	2010	2011	change 2008-2011	2011	2012
Elderly (65+)	At risk of poverty or social exclusion	22,5	17,9	11,3	13,8	-8,7	20,4	19,3
	At-Risk-of-Poverty rate	21,1	16,2	9,9	11,0	-10,1	15,9	14,5
	Severe Material Deprivation rate	2,2	2,6	1,5	3,0	0,8	7,3	7,6
	Relative median income ratio of elderly	0,74	0,78	0,85	0,86	0,1	0,89	0,91
	Aggregate replacement ratio	0,49	0,48	0,47	0,43	-0,1	0,54	0,54
	Overcrowding rate	0,4	0,7	0,6	0,4	0,0	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

## INVESTING IN CHILDREN

IE	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	26,6	31,4	34,1	34,1	:	:	:	27,3	28,1
	At-risk-of-poverty rate (0-17)	18,0	18,8	18,9	17,1	:	:	:	20,8	20,8
	Severe material deprivation rate (0-17)	6,8	8,4	8,2	10,0	:	:	:	10,1	11,8
	Share of children (0-17) living in very low work intensity households	15,0	23,4	25,6	25,9	:	:	:	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	:	:	:	:	:	:	:	12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	8,5	5,3	6,2	4,4	:	:	:	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	55,5	53,9	46,7	48,0	:	:	:	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	11,0	7,5	9,3	6,3	:	:	:	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	16	15	21	10	:	:	:	14	15
	Child care (0-3), 30h and more	8	5	8	11	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	72	74	73	68	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	13	13	17	14	:	:	:	45	46
	Relative median poverty gap for children (0-17)	19,2	14,7	14,3	14,7	:	:	:	24,5	23,9
	Part-time employment due to care responsibilities (total)	14,5	19,6	16,3	14,8	14,8	0,0	0,3	23,1	22,7
	Part-time employment due to care responsibilities (male)	:	:	:	:	:	:	:	3,9	3,9
	Part-time employment due to care responsibilities (female)	18,6	24,9	21,5	19,8	20,3	0,5	1,7	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	55,2	59,7	62,9	65,2	n.a.	:	:	40,6	39,4
	Housing cost overburden rate (0-17)	3,6	4,4	4,6	5,7	:	:	:	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	11,0	11,5	11,5	10,5	11,3	0,8	0,3	7,0	6,9
	Early leavers from education and training (18-24)	11,3	11,7	11,5	10,8	9,7	-1,1	-1,6	13,4	12,7
	Self-declared unmet need for medical care (16-24)	1,3	1,0	1,0	1,9	:	:	:	1,6	1,4
	Infant mortality	284	247	271	262	:	:	:	20.509	:
	Severe housing deprivation (0-17)	1,2	1,9	0,7	1,1	:	:	:	7,9	7,7
	Overcrowding (0-17)	5,2	5,3	5,4	4,2	:	:	:	23,2	23,4

Source: Eurostat (EU-SILC, LFS); CSO for Infant mortality data

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	85,8	69,0	-16,8	73,1 (38/0/62)*	58,6 (47/0/53)*	-14,5
Low income	99,1	83,8	-15,3	88,3 (48/0/52)*	72,9 (58/0/42)*	-15,4
High income	61,9	49,6	-12,3	46,4 (30/0/70)*	37,1 (38/0/62)*	-9,3
Lower / higher future rates of return		65,4 / 73,3			54/64,2	
Lower / higher future wage growth		75 / 64,5			66,4 / 52,7	
38 years career: average income	82	67,5	-14,5	71,2	56,6	-14,6
Low / high income	96,1 / 60,8	82,4 / 47,7	(-13,7/-13,1)	86,8 / 45,6	70,9 / 35,6	(-15,9/-10)
42 years career: average income	87,7	71,4	-16,3	75,2	61,7	-13,5
Low / high income	99 / 61,4	85,9 / 52,4	(-13 / -9)	89,7 / 47,2	76 / 39,4	(-13,6/-7,8)
10 years after retirement	78,7	65,5	-13,2	66,6	54,1	-12,5
Female worker with 3 years of career break for childcare	81,3	66,8	-14,5	69	55,7	-13,3
3 years of career break for unemployment	79,7	66,8	-12,9	67,1	55,7	-11,4
10 years out of the labour market	74,1	61,8	-12,3	62,3	49,2	-13,1
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	:	:	:	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	37,3	38,0	0,7	48,0	39,1	-8,9

Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

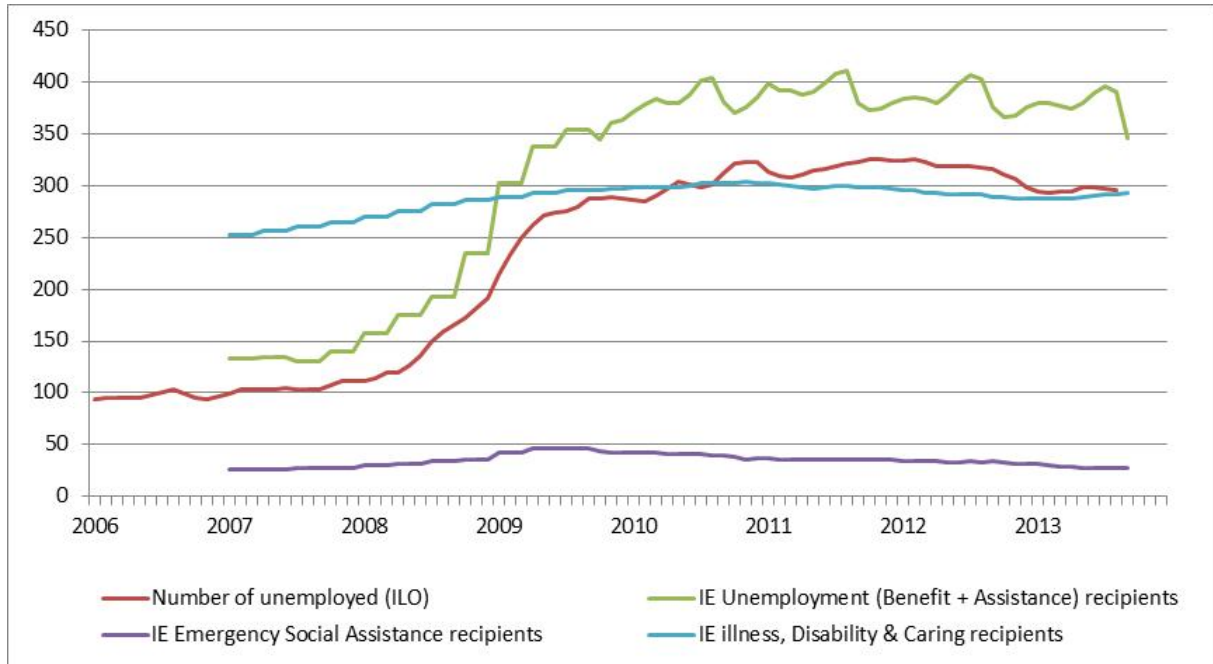
## HEALTH CARE SYSTEMS

IE						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	63,5	63,9	65,9	66,1	66,1	61,7	61,3
Healthy life years at birth (female)	65	65,2	67	68,3	68,3	62,2	61,9
Healthy life years at 65 (male)	9,3	10,2	11,1	10,9	10,9	8,6	8,4
Healthy life years at 65 (female)	10,3	10,5	11,2	11,8	11,9	8,6	8,5
Life expectancy at birth (male)	77,8	77,7	78,7	78,6	78,7	77,4	:
Life expectancy at birth (female)	82,4	82,7	83,2	83	83,2	83,2	:
Life expectancy at 65 (male)	16,8	17,4	18,1	17,9	18	17,8	:
Life expectancy at 65 (female)	20,3	20,8	21,1	20,9	21,1	21,3	:
Self-reported unmet need for medical care (%)	1,8	2,0	2,1	2,2	:	3,4	3,4
Self-perceived general health (%)	84,3	83,1	82,8	83,1	:	67,9	68,2
Total health care expenditure (PPS) per capita	:	:	:	:	:	:	:
Total health care expenditure (% of GDP)	:	:	:	:	:	:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)



## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>202</sup>



IE	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	Eurostat
Unemployment benefit	
<b>definition</b>	Unemployment Benefit and Assistance recipients
<b>unit</b>	thousands of recipients
<b>source</b>	The Department of Social Protection
Social assistance benefit	
<b>definition</b>	Emergency Social Assistance recipients
<b>unit</b>	thousands of beneficiaries
<b>source</b>	Social Welfare Quarterly Statistical Reports
Disability benefit	
<b>definition</b>	Illness, Disability & Caring recipients
<b>unit</b>	thousands of beneficiaries
<b>source</b>	Social Welfare Quarterly Statistical Reports

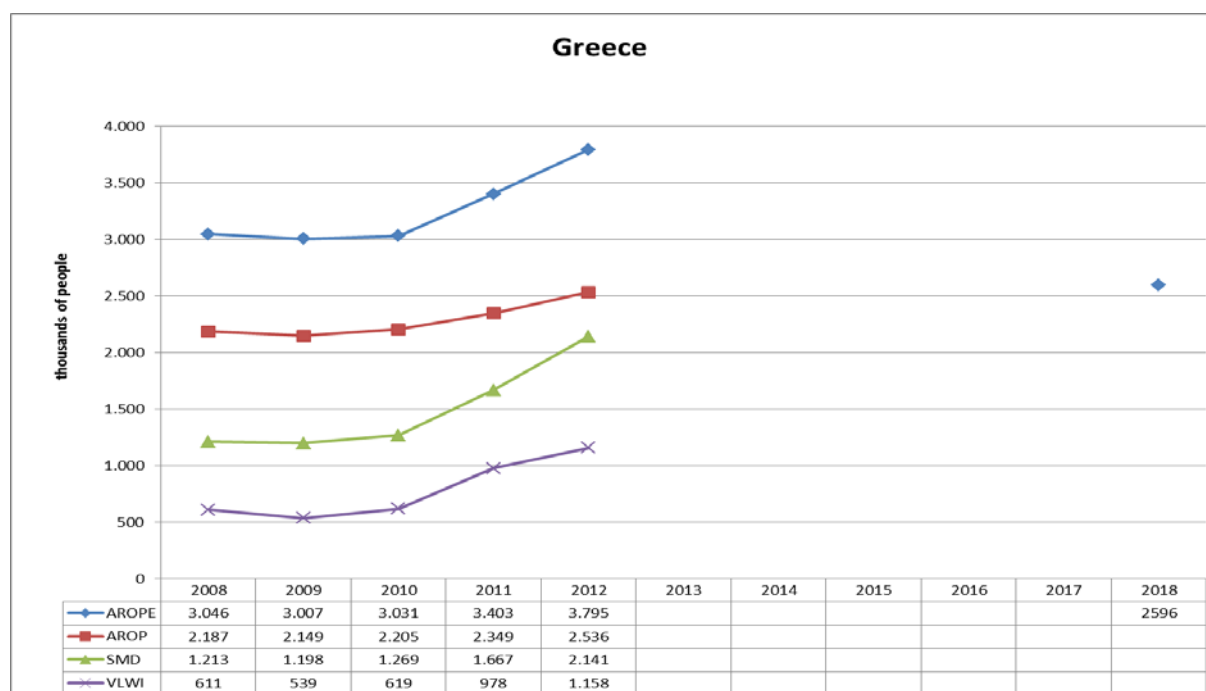
<sup>202</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"Greece sets a target of reducing the number of people at risk of poverty and/or social exclusion by 450.000 by 2020" (Source: National Reform Programme (2011))

the tendency is to diverge rather than to converge to the targets set in the end of 2010 within the framework of the Europe 2020 Strategy, as far as the reduction of poverty and/or social exclusion is concerned, indicating that efforts should be made to reverse this situation, but also that a revision of the targets is required. (Source: National Reform Programme (2013))

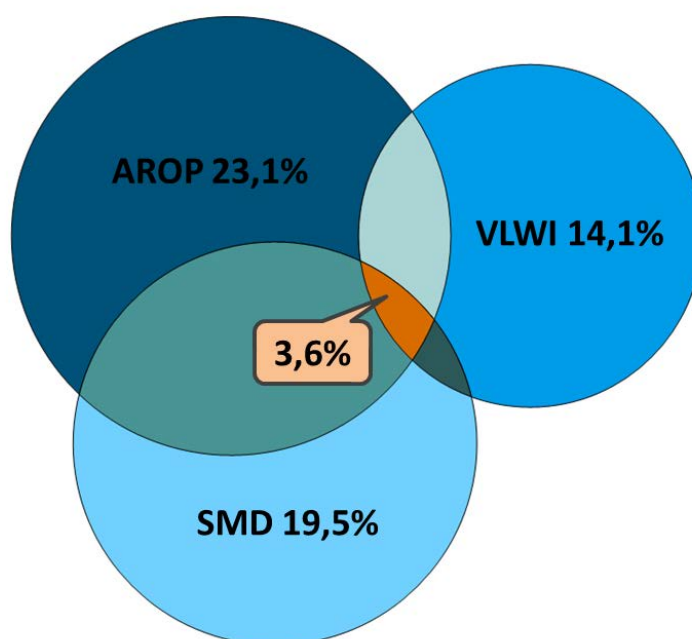
## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION



Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2018; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

EL	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	20,1	19,7	20,1	21,4	23,1	1,7	3,0	16,9	17,0
	1000 persons	2.187	2.149	2.205	2.349	2.536	8,0	16,0	84.586	84.999
<b>VLWI total</b>	% of total pln	7,4	6,5	7,5	11,8	14,1	2,3	6,7	10,3	10,4
	1000 persons	611	539	619	978	1.158	18,4	89,5	39.465	39.431
<b>SMD total</b>	% of total pln	11,2	11,0	11,6	15,2	19,5	4,3	8,3	8,9	9,9
	1000 persons	1.213	1.198	1.269	1.667	2.141	28,4	76,5	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	1,1	1,0	1,2	2,1	2,4	0,3	1,3	2,9	2,7
	1000 persons	122	107	134	226	260	15,0	113,1	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	5,2	5,3	6,1	6,3	8,2	1,9	3,0	2,6	2,9
	1000 persons	564	576	669	693	900	29,9	59,6	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	1,1	0,8	1,0	2,8	3,6	0,8	2,5	1,7	1,9
	1000 persons	124	85	108	303	396	30,7	219,4	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,3	0,2	0,4	0,6	0,8	0,2	0,5	0,6	0,6
	1000 persons	31	26	43	67	86	28,4	177,4	2.785	3.236

Source: Eurostat (EU-SILC),

Note: change 2011-2012 and 2008-2012 is calculated as difference in percentage points (pp) for % of total population and for values in 1000 persons the change is indicated in percentage change (%).

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

EL						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	-0,2	-3,1	-4,9	-7,1	-6,4	1,6	-0,4
Employment growth (y-on-y % change)	1,2	-0,6	-2,6	-5,6	-8,3	0,2	-0,5
Unemployment rate	7,7	9,5	12,6	17,7	24,3	9,7	10,5
Long-term unemployment rate	3,6	3,9	5,7	8,8	14,4	4,2	4,7
Social protection expenditure (% of GDP)	25,4	27,4	28,2	28,9	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

EL		2008	2009	2010	2011	EU28	
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	25,4	27,4	28,2	28,9	28,1	27,8
	Sickness/Health care	7,4	8,0	8,2	7,5	8,3	8,2
	Disability	1,2	1,3	1,3	1,4	2,2	2,1
	Old age	10,8	11,3	11,9	12,7	11,1	11,1
	Survivors	2,1	2,2	2,2	2,3	1,7	1,6
	Family/Children	1,6	1,8	1,8	1,8	2,3	2,2
	Unemployment	1,3	1,6	1,7	2,1	1,7	1,6
	Housing	0,5	0,5	0,4	0,4	0,6	0,6
	Social exclusion n.e.c.	0,6	0,6	0,6	0,7	0,4	0,4
	<b>Means-tested</b>						
	Total	1,9	2,0	1,9	1,8	3,0	3,0
	Sickness/Health care	0,0	0,0	0,0	0,0	0,1	0,1
	Disability	0,2	0,2	0,2	0,2	0,4	0,4
	Old age	0,3	0,3	0,3	0,3	0,5	0,5
	Survivors	0,1	0,1	0,1	0,1	0,1	0,1
	Family/Children	0,5	0,6	0,6	0,6	0,6	0,6
	Unemployment	0,0	0,0	0,0	0,0	0,4	0,4
	Housing	0,5	0,5	0,4	0,4	0,6	0,6
	Social exclusion n.e.c.	0,1	0,1	0,2	0,2	0,4	0,4
	<b>Non-means tested</b>						
	Total	23,5	25,4	26,3	27,0	25,1	24,8
	Sickness/Health care	7,4	8,0	8,2	7,4	8,2	8,1
	Disability	1,0	1,1	1,1	1,2	1,8	1,7
	Old age	10,4	11,0	11,6	12,4	10,5	10,6
	Survivors	2,0	2,1	2,0	2,2	1,6	1,5
	Family/Children	1,0	1,3	1,2	1,2	1,7	1,6
	Unemployment	1,3	1,6	1,7	2,1	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
	Social exclusion n.e.c.	0,4	0,4	0,5	0,5	0,1	0,1

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

INCOME AND LIVING CONDITIONS

EL	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	28,1	27,6	27,7	31,0	34,6	3,6	6,5	24,3	24,8
	At-Risk-of-poverty rate	20,1	19,7	20,1	21,4	23,1	1,7	3,0	16,9	17,0
	Value of threshold (single HH) - in PPS	7.219	7.521	7.568	6.889	5.969	-13,4	-17,3	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	15.160	15.794	15.894	14.466	12.536	-13,3	-17,3	22.673	22.752
	Severe material deprivation rate	11,2	11,0	11,6	15,2	19,5	4,3	8,3	8,9	9,9
	Share of people living in very low work intensity households (0-59)	7,4	6,5	7,5	11,8	14,1	2,3	6,7	10,3	10,4
	At-risk-of-poverty gap	24,7	24,1	23,4	26,1	29,9	3,8	5,2	23,4	23,5
	Anchored at-risk-of-poverty rate	20,1	18,9	18,0	24,9	35,8	10,9	15,7	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	13,7	13,2	15,5	13,7	13,8	0,1	0,1	35,7	34,4
	S80/S20	5,9	5,8	5,6	6,0	6,6	0,6	0,7	5,1	5,1
	Persistent at-risk-of-poverty rate	13,0	16,1	17,6	10,5	:	-7,1	-2,5	:	10,0
	Housing cost overburden rate	22,2	21,8	18,1	24,2	33,1	8,9	10,9	11,6	11,3

EL	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	28,7	30,0	28,7	30,4	35,4	5,0	6,7	27,3	28,1
	At-risk-of-poverty rate	23,0	23,7	23,0	23,7	26,9	3,2	3,9	20,8	20,8
	Severe material deprivation rate	10,4	12,2	12,2	16,4	20,9	4,5	10,5	10,1	11,8
	Share of people living in very low work intensity households	3,9	2,7	3,9	7,2	7,6	0,4	3,7	9,2	9,0
	At-risk-of-poverty gap	26,0	26,4	26,0	27,4	36,0	8,6	10,0	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	10,9	6,0	10,9	10,6	9,7	-0,8	-1,1	40,6	39,4
	Overcrowding rate	30,6	27,9	29,0	28,9	27,3	-1,6	-3,3	23,2	23,4
EL	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	34,0	31,6	38,4	40,3	48,3	8,0	14,3	30,0	31,5
	At-risk-of-poverty rate	23,0	22,3	27,6	26,9	33,1	6,2	10,1	21,7	23,1
	Severe material deprivation rate	13,8	14,8	18,0	22,5	29,0	6,5	15,2	10,8	12,0
	Share of people living in very low work intensity households	7,3	5,7	9,7	12,1	17,2	5,1	9,9	9,4	10,0
	In-work at-risk-of-poverty rate	15,5	11,6	11,9	12,9	13,3	0,4	-2,2	11,2	11,9
	Youth unemployment ratio (15-24)	6,7	8,0	10,0	13,0	16,1	3,1	9,4	9,1	9,7
	NEET rate	15,9	17,3	20,6	24,4	28,4	4,0	12,5	16,7	17,1
	Housing cost overburden rate	30,5	32,8	33,1	35,2	48,2	13,0	17,7	13,6	14,3

EL	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	27,9	27,1	27,7	31,6	37,7	6,1	9,8	24,5	25,4
	At-risk-of-poverty rate	18,7	18,1	19,0	20,0	23,8	3,8	5,1	16,1	16,5
	Severe material deprivation rate	10,4	10,3	11,2	15,4	20,7	5,3	10,3	9,0	10,0
	Share of people living in very low work intensity households (18-59)	8,4	7,7	8,5	13,2	16,1	2,9	7,7	10,7	10,8
	In-work at-risk-of poverty rate	14,2	13,7	13,9	11,9	15,1	3,2	0,9	8,9	9,1
	At-risk-of-poverty gap	25,9	26,1	24,8	28,8	32,5	3,7	6,6	25,9	26,0
	Overcrowding rate	29,2	27,8	28,4	28,8	30,2	1,4	1,0	18,3	18,2
	Housing cost overburden rate	22,9	22,4	18,6	23,5	34,4	10,9	11,5	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	13,8	13,0	14,4	13,0	14,4	1,3	0,6	37,1	35,0
EL	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	28,1	26,8	26,7	29,3	23,5	-5,8	-4,6	20,4	19,3
	At-Risk-of-Poverty rate	22,3	21,4	21,3	23,6	17,2	-6,4	-5,1	15,9	14,5
	Severe Material Deprivation rate	14,8	12,1	12,4	13,1	14,3	1,2	-0,5	7,3	7,6
	Relative median income ratio of elderly	0,86	0,86	0,84	0,81	1,01	0,20	0,15	0,89	0,91
	Aggregate replacement ratio	0,41	0,41	0,42	0,45	0,52	0,07	0,11	0,54	0,54
	Overcrowding rate	14,2	12,8	12,5	13,2	14,1	0,9	-0,1	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

## INVESTING IN CHILDREN

EL	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	28,7	30,0	28,7	30,4	35,4	5,0	6,7	27,3	28,1
	At-risk-of-poverty rate (0-17)	23,0	23,7	23,0	23,7	26,9	3,2	3,9	20,8	20,8
	Severe material deprivation rate (0-17)	10,4	12,2	12,2	16,4	20,9	4,5	10,5	10,1	11,8
	Share of children (0-17) living in very low work intensity households	3,9	2,7	3,9	7,2	7,6	0,4	3,7	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	14,2	19,8	21,4	11,7	:			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	16,9	17,0	17,2	14,4	18,5	4,1	1,6	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	60,3	54,0	56,0	79,2	84,4	5,2	24,1	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	21,4	22,8	21,6	19,2	22,1	2,9	0,7	15,7	16,0



<b>Access to adequate resources</b>	Child care (0-3), less than 30h	5	4	3	4	:	:	:	14	15
	Child care (0-3), 30h and more	7	7	5	15	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	29	33	46	43	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	26	25	23	32	:	:	:	45	46
	Relative median poverty gap for children (0-17)	26,0	26,4	26,0	27,4	36,0	8,6	10,0	24,5	23,9
	Part-time employment due to care responsibilities (total)	11,4	9,1	7,2	5,8	5,5	-0,3	-5,9	23,1	22,7
	Part-time employment due to care responsibilities (male)	:	:	:	:	:			3,9	3,9
	Part-time employment due to care responsibilities (female)	15,8	12,8	10,5	9,1	8,6	-0,5	-7,2	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	10,9	6,0	10,9	10,6	9,7	-0,8	-1,1	40,6	39,4
	Housing cost overburden rate (0-17)	27,4	26,5	20,2	27,4	38,4	11,0	11,0	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	6,9	6,9	7,9	8,6	9,9	1,3	3,0	7,0	6,9
	Early leavers from education and training (18-24)	14,8	14,5	13,7	13,1	11,4	-1,7	-3,4	13,4	12,7
	Self-declared unmet need for medical care (16-24)	1,2	2,0	1,3	2,4	1,9	-0,5	0,7	1,6	1,4
	Infant mortality	314	371	436	357	:			20.509	:
	Severe housing deprivation (0-17)	9,3	8,3	7,9	7,1	5,8	-1,3	-3,5	7,9	7,7
	Overcrowding (0-17)	30,6	27,9	29,0	28,9	27,3	-1,6	-3,3	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	121,3	87,0	-34,3	100,8	67,9 (100/0/0)*	-32,9
Low income	130,8	93,0	-37,8	109,3	74,4 (100/0/0)*	-34,9
High income	101,8	64,6	-37,2	83,1	47,8 (100/0/0)*	-35,3
Lower / higher future rates of return		87 / 87			67.9 / 67.9	
Lower / higher future wage growth		76,5 / 99,1			58,5 / 80	
38 years career: average income	126,4	81,5	-44,9	108,8	63,2	-45,6
Low / high income	133,5 / 110,9	88,4 / 60	- 45,1 / -50,9	111,1 / 91,1	69,9 / 43,5	- 41,2 / -47,6
42 years career: average income	126,1	88,9	-37,2	105	69,9	-35,1
Low / high income	141,2 / 105,3	92,7 / 64,3	( - 48,5 / -41)	114,2 / 86,3	86,3 / 47,5	- 27,9 / - 26,7
10 years after retirement	114,6	71,6	-43,0	93,7	53,7	-40,0
Female worker with 3 years of career break for childcare	121,3	87	-34,3	100,8	68	-32,9
3 years of career break for unemployment	121,3	87	-34,3	100,8	68	-32,9
10 years out of the labour market	96,7	63,8	-32,9	76,4	47,3	-29,1
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	35,9	29,0	-6,9	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	59,3	52,4	-6,9	48,0	39,1	-8,9

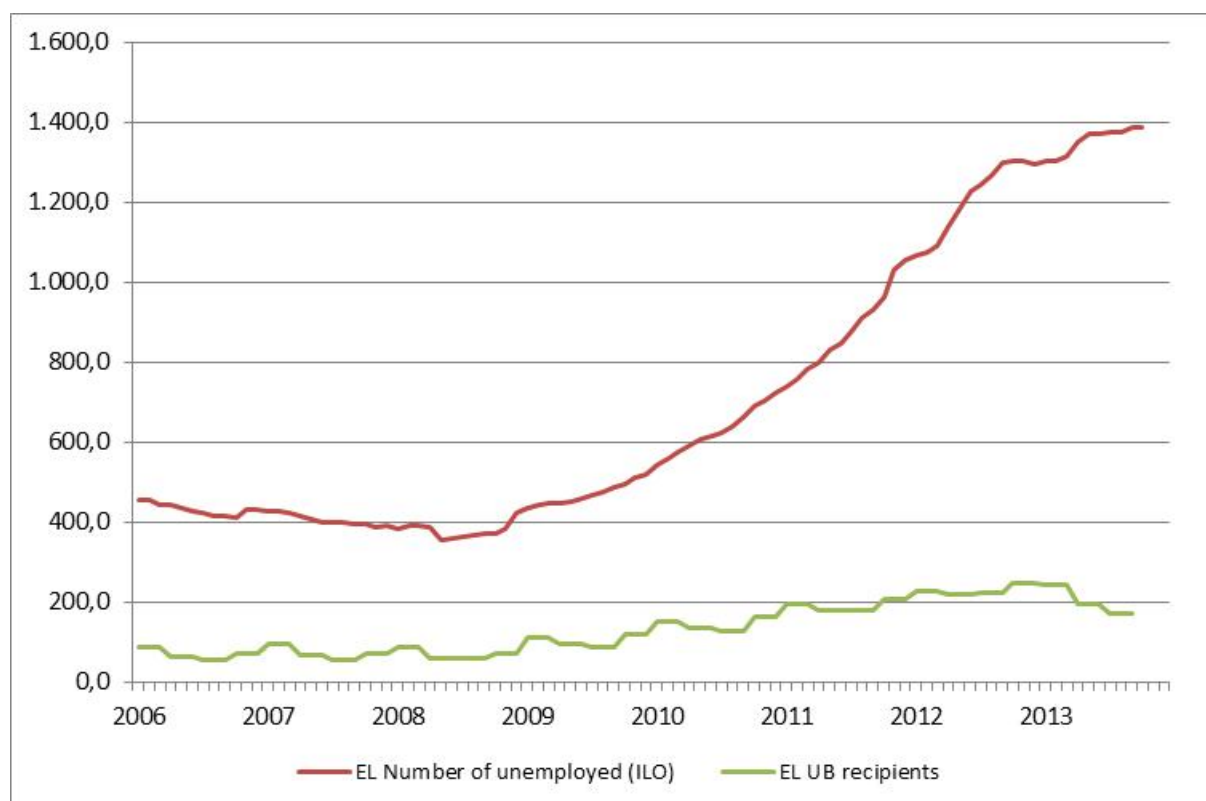
Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

## HEALTH CARE SYSTEMS

EL						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	65,8	66,1	66,3	66,2	64,8	61,7	61,3
Healthy life years at birth (female)	66,1	66,8	67,7	66,9	64,9	62,2	61,9
Healthy life years at 65 (male)	9	7,9	8,8	9	8,6	8,6	8,4
Healthy life years at 65 (female)	8,3	7,3	8,1	7,9	7,3	8,6	8,5
Life expectancy at birth (male)	77,7	77,8	78,4	78	78	77,4	:
Life expectancy at birth (female)	82,3	82,7	82,8	83,6	83,4	83,2	:
Life expectancy at 65 (male)	17,8	18,1	18,5	18,2	18,1	17,8	:
Life expectancy at 65 (female)	19,8	20,2	20,4	21,2	21	21,3	:
Self-reported unmet need for medical care (%)	5,4	5,5	5,5	7,5	8,0	3,4	3,4
Self-perceived general health (%)	76,0	75,4	75,5	76,4	74,8	67,9	68,2
Total health care expenditure (PPS) per capita	:	:	:	:	:	:	:
Total health care expenditure (% of GDP)	:	:	:	:	:	:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>203</sup>



EL	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	Eurostat
EL	Unemployment benefit
<b>definition</b>	Registered at the National Manpower Agency (OAED) receiving an unemployment benefit
<b>unit</b>	thousands of receivers
<b>source</b>	National Statistical Service of Greece (NSSG), Labour Force Survey
<b>comment</b>	Note on the unemployed receiving or not an unemployment benefit: In the above data, the unemployed are defined according to the Eurostat definition. Therefore, it should be underlined that the above figures for the registered unemployed (receiving or not an unemployment benefit) are lower enough than the figures of the National Manpower Agency for the registered unemployed, largely due to the fact that only recipients classified as “unemployment” according to the Eurostat definition are taken into account. ”

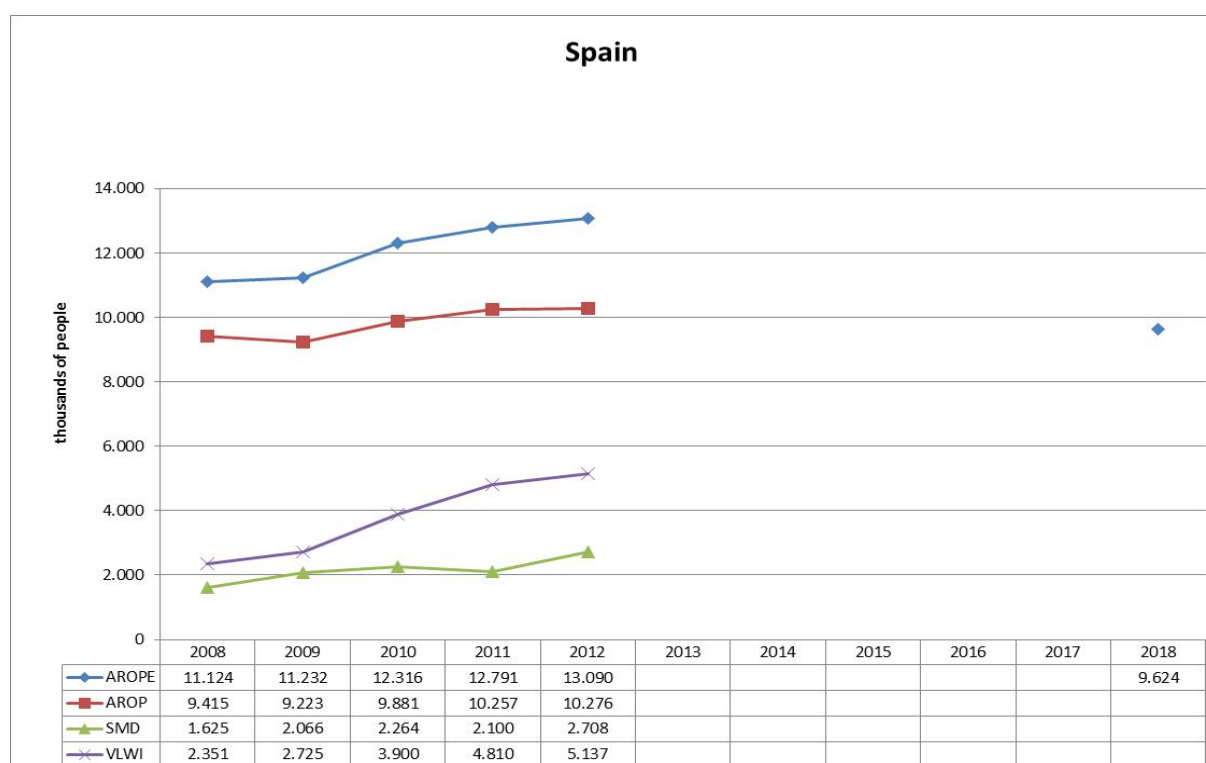
<sup>203</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"Spain has adopted the objective of reducing by 1.4-1.5 million (in 2009-2019) the number of people at risk of poverty or social exclusion on the basis of an aggregate indicator that includes people living below the relative poverty threshold, people suffering severe material deprivation and people in households with low or zero work intensity"

Source: National Reform Programme (2011)

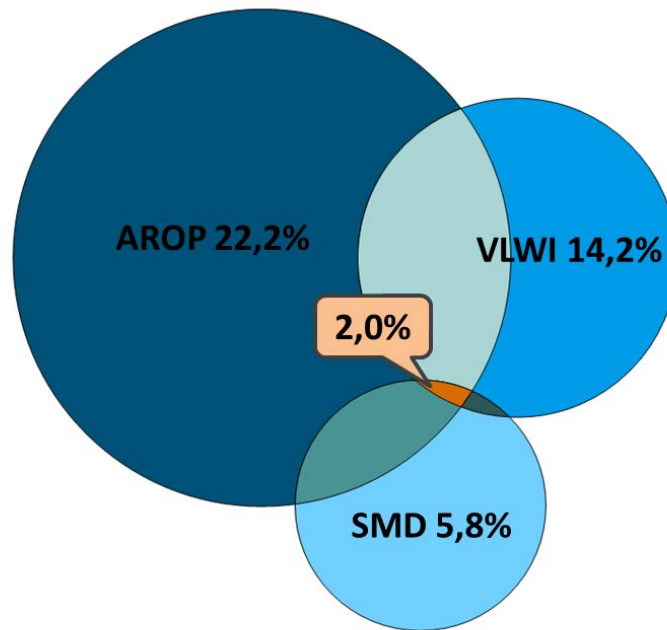
## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION



Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2018; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

ES	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	20,8	20,1	21,4	22,2	22,2	0,0	1,4	16,9	17,0
	1000 persons	9.415	9.223	9.881	10.257	10.276	0,2	9,1	84.586	84.999
<b>VLWI total</b>	% of total pln	6,6	7,6	10,8	13,3	14,2	0,9	7,6	10,3	10,4
	1000 persons	2.351	2.725	3.900	4.810	5.137	6,8	118,5	39.465	39.431
<b>SMD total</b>	% of total pln	3,6	4,5	4,9	4,5	5,8	1,3	2,2	8,9	9,9
	1000 persons	1.625	2.066	2.264	2.100	2.708	29,0	66,6	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	2,4	2,6	4,0	5,2	5,0	-0,2	2,6	2,9	2,7
	1000 persons	1.089	1.180	1.822	2.407	2.340	-2,8	114,9	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	1,5	1,4	1,9	1,1	1,5	0,4	0,0	2,6	2,9
	1000 persons	673	659	868	511	711	39,1	5,6	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	0,5	1,0	1,0	1,3	2,0	0,7	1,5	1,7	1,9
	1000 persons	229	450	475	624	925	48,2	303,9	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,1	0,1	0,2	0,5	0,3	-0,2	0,2	0,6	0,6
	1000 persons	47	41	88	210	129	-38,6	174,5	2.785	3.236

Source: Eurostat (EU-SILC)

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

ES						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	0,9	-3,8	-0,2	0,1	-1,6	1,6	-0,4
Employment growth (y-on-y % change)	-0,1	-6,5	-2,2	-1,9	-4,2	0,2	-0,5
Unemployment rate	11,3	18,0	20,1	21,7	25,0	9,7	10,5
Long-term unemployment rate	2,0	4,3	7,3	9,0	11,1	4,2	4,7
Social protection expenditure (% of GDP)	21,7	24,9	25,3	25,6	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

ES		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	21,7	24,9	25,3	25,6	28,1	27,8
	Sickness/Health care	6,8	7,3	7,2	7,0	8,3	8,2
	Disability	1,6	1,7	1,8	1,8	2,2	2,1
	Old age	7,1	8,1	8,6	8,9	11,1	11,1
	Survivors	2,0	2,1	2,2	2,3	1,7	1,6
	Family/Children	1,4	1,5	1,5	1,4	2,3	2,2
	Unemployment	2,5	3,7	3,6	3,7	1,7	1,6
	Housing	0,2	0,2	0,2	0,2	0,6	0,6
	Social exclusion n.e.c.	0,2	0,2	0,2	0,2	0,4	0,4
	<b>Means-tested</b>						
	Total	2,9	3,6	4,0	4,2	3,0	3,0
	Sickness/Health care	0,0	0,0	0,0	0,0	0,1	0,1
	Disability	0,4	0,4	0,5	0,5	0,4	0,4
	Old age	1,1	1,4	1,5	1,6	0,5	0,5
	Survivors	0,3	0,3	0,3	0,3	0,1	0,1
	Family/Children	0,3	0,4	0,4	0,3	0,6	0,6
	Unemployment	0,4	0,6	0,9	1,1	0,4	0,4
	Housing	0,2	0,2	0,2	0,2	0,6	0,6
	Social exclusion n.e.c.	0,2	0,2	0,2	0,2	0,4	0,4
	<b>Non-means tested</b>						
	Total	18,8	21,3	21,3	21,4	25,1	24,8
	Sickness/Health care	6,8	7,3	7,2	7,0	8,2	8,1
	Disability	1,2	1,3	1,3	1,3	1,8	1,7
	Old age	6,0	6,6	7,1	7,4	10,5	10,6
	Survivors	1,7	1,9	1,9	2,0	1,6	1,5
	Family/Children	1,0	1,1	1,1	1,0	1,7	1,6
	Unemployment	2,1	3,1	2,7	2,7	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
	Social exclusion n.e.c.	0,0	0,0	0,0	0,0	0,1	0,1

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

## INCOME AND LIVING CONDITIONS

ES	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	24,5	24,5	26,7	27,7	28,2	0,5	3,7	24,3	24,8
	At-Risk-of-poverty rate	20,8	20,1	21,4	22,2	22,2	0,0	1,4	16,9	17,0
	Value of threshold (single HH) - in PPS	8.161	8.114	7.789	7.500	7.392	-1,4	-9,4	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	17.138	17.040	16.358	15.750	15.522	-1,4	-9,4	22.673	22.752
	Severe material deprivation rate	3,6	4,5	4,9	4,5	5,8	1,3	2,2	8,9	9,9
	Share of people living in very low work intensity households (0-59)	6,6	7,6	10,8	13,3	14,2	0,9	7,6	10,3	10,4
	At-risk-of-poverty gap	24,4	28,9	32,3	30,9	31,4	0,5	7,0	23,4	23,5
	Anchored at-risk-of-poverty rate	20,8	21,2	22,9	26,4	28,1	1,7	7,3	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	17,5	20,2	25,7	26,0	25,0	-1,0	7,5	35,7	34,4
	S80/S20	5,7	6,4	7,2	7,1	7,2	0,1	1,5	5,1	5,1
	Persistent at-risk-of-poverty rate	11,7	11,4	11,0	11,2	:	0,2	-0,5	:	10,0
	Housing cost overburden rate	10,1	12,8	13,2	13,8	14,3	0,5	4,2	11,6	11,3

ES	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
Children (0-17)	At risk of poverty or social exclusion	30,6	30,0	33,1	33,2	33,8	0,6	3,2	27,3	28,1
	At-risk-of-poverty rate	28,2	26,8	29,2	29,5	29,9	0,4	1,7	20,8	20,8
	Severe material deprivation rate	5,5	6,7	7,4	5,2	7,6	2,4	2,1	10,1	11,8
	Share of people living in very low work intensity households	4,2	6,1	9,5	11,6	12,3	0,7	8,1	9,2	9,0
	At-risk-of-poverty gap	26,2	33,5	35,1	35,8	33,9	-1,9	7,7	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	13,0	16,0	20,0	20,3	18,8	-1,5	5,8	40,6	39,4
	Overcrowding rate	9,0	8,2	7,5	9,5	8,5	-1,0	-0,5	23,2	23,4
ES	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
Youth (18-24)	At risk of poverty or social exclusion	26,2	26,4	29,9	31,7	35,6	3,9	9,4	30,0	31,5
	At-risk-of-poverty rate	21,1	20,9	23,7	24,8	28,4	3,6	7,3	21,7	23,1
	Severe material deprivation rate	4,4	5,9	6,5	7,0	6,9	-0,1	2,5	10,8	12,0
	Share of people living in very low work intensity households	7,8	7,3	9,9	13,0	15,2	2,2	7,4	9,4	10,0
	In-work at-risk-of-poverty rate	10,7	13,2	15,9	10,8	12,4	1,6	1,7	11,2	11,9
	Youth unemployment ratio (15-24)	11,7	17,1	17,8	19,0	20,6	1,6	8,9	9,1	9,7
	NEET rate	17,0	22,6	22,4	23,1	23,8	0,7	6,8	16,7	17,1
	Housing cost overburden rate	11,2	13,6	14,9	14,1	16,5	2,4	5,3	13,6	14,3



ES	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	22,1	23,0	26,3	27,8	29,7	1,9	7,6	24,5	25,4
	At-risk-of-poverty rate	17,3	17,5	19,5	20,8	21,9	1,1	4,6	16,1	16,5
	Severe material deprivation rate	3,5	4,5	4,9	4,8	6,1	1,3	2,6	9,0	10,0
	Share of people living in very low work intensity households (18-59)	7,3	8,0	11,2	13,8	14,8	1,0	7,5	10,7	10,8
	In-work at-risk-of poverty rate	11,1	11,6	12,6	12,1	12,3	0,2	1,2	8,9	9,1
	At-risk-of-poverty gap	26,1	33,0	35,5	34,2	34,0	-0,2	7,9	25,9	26,0
	Overcrowding rate	5,6	5,2	5,1	6,8	5,7	-1,1	0,1	18,3	18,2
	Housing cost overburden rate	10,3	13,4	13,9	14,5	15,3	0,8	5,0	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	22,1	24,2	29,9	29,7	28,0	-1,8	5,9	37,1	35,0
ES	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	27,7	24,3	21,4	20,9	16,6	-4,3	-11,1	20,4	19,3
	At-Risk-of-Poverty rate	26,9	23,1	20,5	19,5	14,8	-4,7	-12,1	15,9	14,5
	Severe Material Deprivation rate	1,9	2,3	2,2	2,7	2,9	0,2	1,0	7,3	7,6
	Relative median income ratio of elderly	0,79	0,82	0,86	0,86	0,93	0,07	0,14	0,89	0,91
	Aggregate replacement ratio	0,49	0,50	0,53	0,56	0,58	0,02	0,09	0,54	0,54
	Overcrowding rate	1,8	2,0	2,1	2,4	1,9	-0,5	0,1	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

Note: ratio indicators are not expressed in %; all changes are in percentage points' difference with the exception of the poverty threshold, S80/S20

## INVESTING IN CHILDREN

ES	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	30,6	30,0	33,1	33,2	33,8	0,6	3,2	27,3	28,1
	At-risk-of-poverty rate (0-17)	28,2	26,8	29,2	29,5	29,9	0,4	1,7	20,8	20,8
	Severe material deprivation rate (0-17)	5,5	6,7	7,4	5,2	7,6	2,4	2,1	10,1	11,8
	Share of children (0-17) living in very low work intensity households	4,2	6,1	9,5	11,6	12,3	0,7	8,1	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	17,3	14,8	16,7	13,9	:	:	:	12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	15,5	15,1	16,0	15,1	16,0	0,9	0,5	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	76,4	83,0	78,4	80,8	83,7	2,9	7,3	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	26,1	23,2	23,9	22,7	22,3	-0,4	-3,8	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	22	18	20	20	:	:	:	14	15
	Child care (0-3), 30h and more	16	18	18	19	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	50	50	45	45	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	45	44	50	41	:	:	:	45	46
	Relative median poverty gap for children (0-17)	26,2	33,5	35,1	35,8	33,9	-1,9	7,7	24,5	23,9
	Part-time employment due to care responsibilities (total)	16,9	14,7	14,6	13,8	11,3	-2,5	-5,6	23,1	22,7
	Part-time employment due to care responsibilities (male)	0,8	1,8	1,4	2,7	1,3	-1,4	0,5	3,9	3,9
	Part-time employment due to care responsibilities (female)	21,0	18,1	18,1	17,3	14,7	-2,6	-6,3	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	13,0	16,0	20,0	20,3	18,8	-1,5	5,8	40,6	39,4
	Housing cost overburden rate (0-17)	14,7	18,9	18,3	19,5	20,5	1,0	5,8	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	11,4	12,6	11,7	11,1	10,5	-0,6	-0,9	7,0	6,9
	Early leavers from education and training (18-24)	31,9	31,2	28,4	26,5	24,9	-1,6	-7,0	13,4	12,7
	Self-declared unmet need for medical care (16-24)	0,2	0,2	0,1	0,2	0,2	0,0	0,0	1,6	1,4
	Infant mortality	1.717	1.578	1.531	1.477	1.620	143	-97	20.509	:
	Severe housing deprivation (0-17)	2,5	3,1	2,9	3,3	2,1	-1,2	-0,4	7,9	7,7
	Overcrowding (0-17)	9,0	8,2	7,5	9,5	8,5	-1,0	-0,5	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	94,5	86,5	-8,0	86,5 (100/0/0)*	79,1 (100/0/0)*	-7,4
Low income	94,6	86,5	-8,1	86,5 (100/0/0)*	79,1 (100/0/0)*	-7,4
High income	77,7	68,0	-9,7	69,2 (100/0/0)*	59,3 (100/0/0)*	-9,9
Lower / higher future rates of return		86 / 86			80,4 / 80,4	
Lower / higher future wage growth		96 / 77,5			91,2 / 71,1	
38 years career: average income	83	63,4	-19,6	74,2	55,4	-18,8
Low / high income	88,5 / 71,7	65,2 / 51,2	(-23,4/-20,4)	75,2 / 63	55,4 / 41,5	(-19,9/-21,5)
42 years career: average income	98,2	92,3	-5,9	90,9	85,4	-5,5
Low / high income	99,7 / 81,3	92,9 / 72,5	(-6,8/-8,8)	91,6 / 73,4	85,4 / 64	(-6,2/-9,4)
10 years after retirement	86	78,2	-7,8	78,6	71,5	-7,1
Female worker with 3 years of career break for childcare	94,5	86,5	-8,0	86,5	79,1	-7,4
3 years of career break for unemployment	92,3	84,7	-7,6	84,4	77,5	-6,9
10 years out of the labour market	86,1			77,8		
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	55,3	46,4	-8,8	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	72,4	56,6	-15,9	48,0	39,1	-8,9

Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions

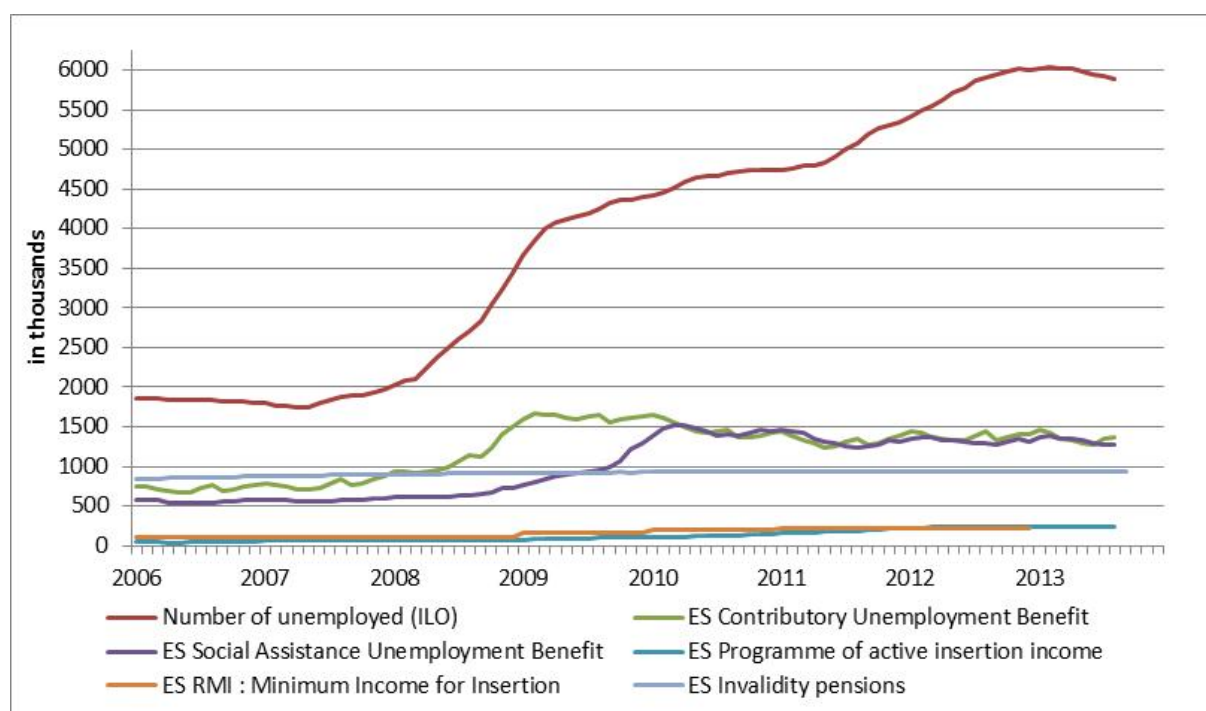
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

## HEALTH CARE SYSTEMS

ES						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	64,1	62,9	64,4	65,4	64,7	61,7	61,3
Healthy life years at birth (female)	63,6	62,2	63,9	65,8	65,7	62,2	61,9
Healthy life years at 65 (male)	9,9	9,2	9,6	9,7	9,2	8,6	8,4
Healthy life years at 65 (female)	8,7	8,4	8,9	9,3	9	8,6	8,5
Life expectancy at birth (male)	78,2	78,7	79,1	79,5	79,5	77,4	:
Life expectancy at birth (female)	84,5	84,9	85,3	85,6	85,4	83,2	:
Life expectancy at 65 (male)	18,1	18,3	18,6	18,8	18,6	17,8	:
Life expectancy at 65 (female)	22,1	22,4	22,7	23	22,8	21,3	:
Self-reported unmet need for medical care	0,4	0,4	0,3	0,6	0,7	3,4	3,4
Self-percieved general health	72,80	71,10	71,90	75,10	74,3	67,9	68,2
Total health care expenditure (PPS)	2.228,99	2.239,30	2.244,58	2.195,16		:	:
Total health care expenditure (% of GDP)	8,94	9,64	9,64	9,45		:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>204</sup>



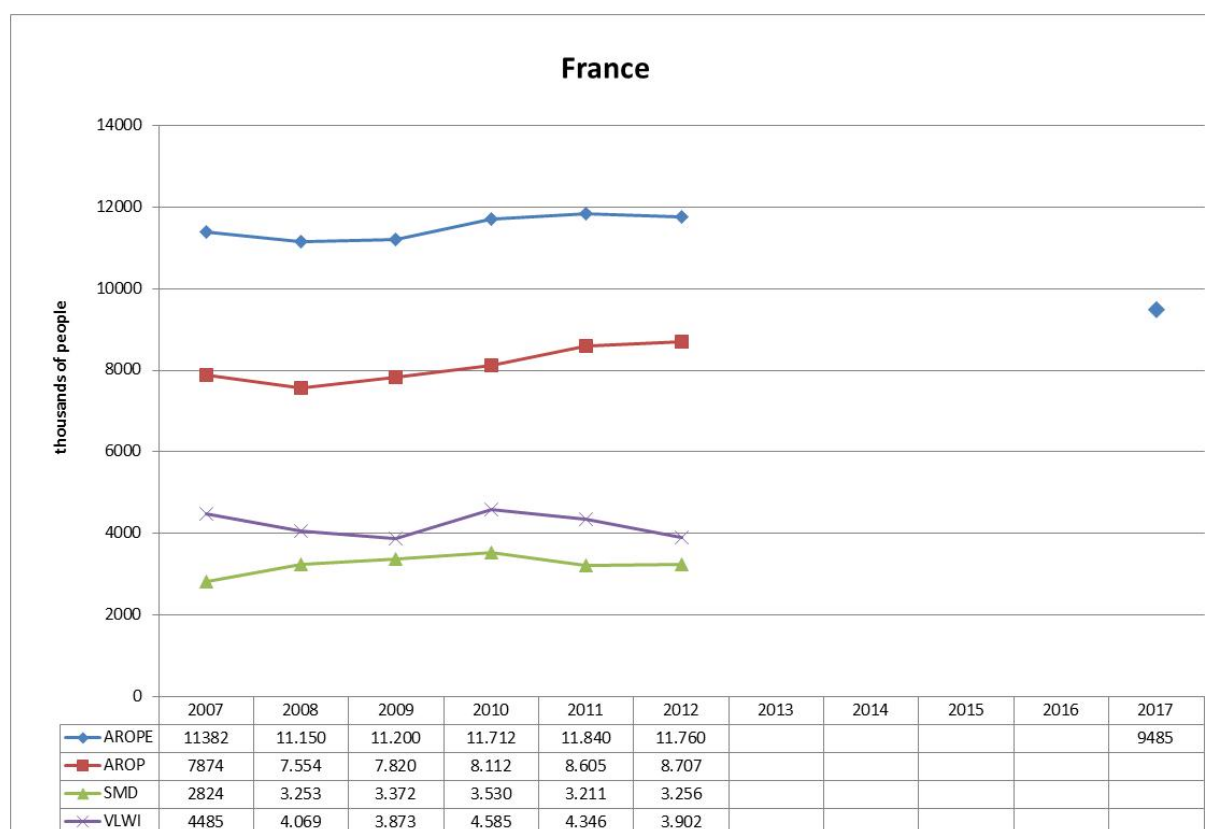
ES	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	Eurostat
Unemployment benefit	
<b>definition</b>	Number of Unemployment Benefits Total (In Thousands) 1) Contributory Unemployment Benefit 2) Social Assistance Unemployment Benefit 3) Programme of active insertion income
<b>unit</b>	thousands of recipients
<b>source</b>	Ministry of Employment and Social Security
Social assistance benefit/means-tested minimum income	
<b>definition</b>	RMI : Minimum Income for Insertion (holders)
<b>unit</b>	thousands of beneficiaries
<b>source</b>	Ministry of Health, Social Services and Equality
Disability benefit	
<b>definition</b>	Number of invalidity pensions
<b>unit</b>	thousands of recipients
<b>source</b>	Ministry of Employment and Social Security

<sup>204</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

The national poverty target is fully aligned with the objective at the European level and aims at reducing by 1/6<sup>th</sup> the population living in poverty or social exclusion by 2020 which represents 1.9 million fewer people living in poverty or social exclusion (baseline year: 2007)

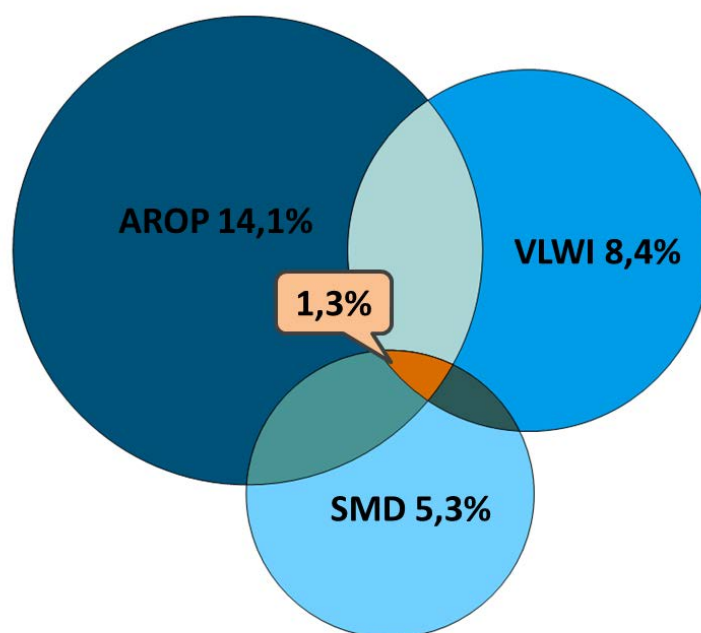
## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION



Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2007 and target data year 2017; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

FR	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	12,5	12,9	13,3	14,0	14,1	0,1	1,6	16,9	17,0
	1000 persons	7.554	7.820	8.112	8.605	8.707	1,2	15,3	84.586	84.999
<b>VLWI total</b>	% of total pln	8,8	8,3	9,8	9,3	8,4	-0,9	-0,4	10,3	10,4
	1000 persons	4.069	3.873	4.585	4.346	3.902	-10,2	-4,1	39.465	39.431
<b>SMD total</b>	% of total pln	5,4	5,6	5,8	5,2	5,3	0,1	-0,1	8,9	9,9
	1000 persons	3.253	3.372	3.530	3.211	3.256	1,4	0,1	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	2,1	2,0	2,6	2,6	2,3	-0,3	0,2	2,9	2,7
	1000 persons	1.282	1.213	1.559	1.573	1.426	-9,3	11,2	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	1,1	1,6	1,5	1,6	1,3	-0,3	0,2	2,6	2,9
	1000 persons	662	944	903	960	816	-15,0	23,3	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	1,2	1,2	1,5	1,3	1,3	0,0	0,1	1,7	1,9
	1000 persons	745	721	922	789	815	3,3	9,4	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,5	0,4	0,3	0,3	0,4	0,1	-0,1	0,6	0,6
	1000 persons	292	265	209	211	232	10,0	-20,5	2.785	3.236

Source: Eurostat (EU-SILC),

Note: change 2011-2012 and 2008-2012 is calculated as difference in percentage points (pp) for % of total population and for values in 1000 persons the change is indicated in percentage change (%).

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

FR						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	-0,1	-3,1	1,7	2,0	0,0	1,6	-0,4
Employment growth (y-on-y % change)	0,5	-1,3	0,1	0,6	0,0	0,2	-0,5
Unemployment rate	7,8	9,5	9,7	9,6	10,2	9,7	10,5
Long-term unemployment rate	2,9	3,4	3,9	4,0	4,1	4,2	4,7
Social protection expenditure (% of GDP)	29,7	31,9	32,0	31,9	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

FR		2008	2009	2010	2011	EU28	
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	29,7	31,9	32,0	31,9	28,1	27,8
	Sickness/Health care	8,6	9,2	9,2	9,1	8,3	8,2
	Disability	1,8	1,9	2,0	2,0	2,2	2,1
	Old age	11,5	12,4	12,5	12,6	11,1	11,1
	Survivors	1,8	1,9	1,9	1,9	1,7	1,6
	Family/Children	2,6	2,7	2,7	2,6	2,3	2,2
	Unemployment	1,9	2,1	2,2	2,1	1,7	1,6
	Housing	0,8	0,8	0,8	0,8	0,6	0,6
	Social exclusion n.e.c.	0,6	0,7	0,8	0,8	0,4	0,4
	<b>Means-tested</b>						
	Total	3,3	3,6	3,6	3,6	3,0	3,0
	Sickness/Health care	0,1	0,1	0,1	0,1	0,1	0,1
	Disability	0,3	0,4	0,4	0,4	0,4	0,4
	Old age	0,5	0,5	0,5	0,5	0,5	0,5
	Survivors	0,3	0,3	0,4	0,4	0,1	0,1
	Family/Children	0,6	0,6	0,5	0,5	0,6	0,6
	Unemployment	0,2	0,2	0,1	0,1	0,4	0,4
	Housing	0,8	0,8	0,8	0,8	0,6	0,6
	Social exclusion n.e.c.	0,6	0,7	0,8	0,8	0,4	0,4
	<b>Non-means tested</b>						
	Total	26,4	28,3	28,5	28,4	25,1	24,8
	Sickness/Health care	8,6	9,1	9,1	9,0	8,2	8,1
	Disability	1,5	1,6	1,6	1,6	1,8	1,7
	Old age	11,1	11,9	12,0	12,1	10,5	10,6
	Survivors	1,5	1,6	1,6	1,5	1,6	1,5
	Family/Children	2,0	2,1	2,1	2,1	1,7	1,6
	Unemployment	1,7	2,0	2,1	2,0	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
	Social exclusion n.e.c.	0,0	0,0	0,0	0,0	0,1	0,1

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.



## INCOME AND LIVING CONDITIONS

FR	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	18,5	18,5	19,2	19,3	19,1	-0,2	0,6	24,3	24,8
	At-Risk-of-poverty rate	12,5	12,9	13,3	14,0	14,1	0,1	1,6	16,9	17,0
	Value of threshold (single HH) - in PPS	10.496	10.644	10.682	10.835	11.217	3,5	6,9	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	22.041	22.353	22.433	22.753	23.557	3,5	6,9	22.673	22.752
	Severe material deprivation rate	5,4	5,6	5,8	5,2	5,3	0,1	-0,1	8,9	9,9
	Share of people living in very low work intensity households (0-59)	8,8	8,3	9,8	9,3	8,4	-0,9	-0,4	10,3	10,4
	At-risk-of-poverty gap	14,5	18,2	19,5	17,1	16,2	-0,9	1,7	23,4	23,5
	Anchored at-risk-of-poverty rate	12,5	12,5	12,3	13,7	13,8	0,1	1,3	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	46,8	46,3	46,6	43,3	40,8	-2,6	-6,1	35,7	34,4
	S80/S20	4,4	4,4	4,4	4,6	4,5	-0,1	0,1	5,1	5,1
	Persistent at-risk-of-poverty rate	:	:	:	:	:			:	10,0
	Housing cost overburden rate	4,2	4,0	5,1	5,2	5,2	0,0	1,0	11,6	11,3

FR	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
Children (0-17)	At risk of poverty or social exclusion	21,2	21,2	22,9	23,0	23,2	0,2	2,0	27,3	28,1
	At-risk-of-poverty rate	15,6	16,8	18,1	18,8	19,0	0,2	3,4	20,8	20,8
	Severe material deprivation rate	6,6	6,5	7,0	7,0	7,2	0,2	0,6	10,1	11,8
	Share of people living in very low work intensity households	7,4	6,5	8,8	8,2	7,2	-1,0	-0,2	9,2	9,0
	At-risk-of-poverty gap	14,5	18,2	17,2	16,7	15,4	-1,3	0,9	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	55,3	51,4	50,0	47,5	44,3	-3,2	-11,0	40,6	39,4
	Overcrowding rate	13,6	14,1	13,2	11,6	11,3	-0,3	-2,3	23,2	23,4
FR	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
Youth (18-24)	At risk of poverty or social exclusion	27,4	26,6	30,3	29,1	27,8	-1,3	0,4	30,0	31,5
	At-risk-of-poverty rate	21,0	21,1	24,3	22,4	23,0	0,6	2,0	21,7	23,1
	Severe material deprivation rate	8,4	8,6	8,1	6,9	7,3	0,4	-1,1	10,8	12,0
	Share of people living in very low work intensity households	9,0	8,0	10,1	10,3	8,8	-1,5	-0,2	9,4	10,0
	In-work at-risk-of-poverty rate	12,2	10,7	12,2	11,2	12,0	0,8	-0,2	11,2	11,9
	Youth unemployment ratio (15-24)	7,1	9,2	8,9	8,4	9,0	0,6	1,9	9,1	9,7
	NEET rate	13,5	16,5	16,3	15,8	16,2	0,4	2,7	16,7	17,1
	Housing cost overburden rate	10,0	9,1	11,7	11,3	12,8	1,5	2,8	13,6	14,3

FR	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	18,8	18,9	19,9	20,1	19,8	-0,3	1,0	24,5	25,4
	At-risk-of-poverty rate	11,6	11,8	12,7	13,5	13,7	0,2	2,1	16,1	16,5
	Severe material deprivation rate	5,5	5,9	6,0	5,2	5,4	0,2	-0,1	9,0	10,0
	Share of people living in very low work intensity households (18-59)	9,3	9,0	10,2	9,7	8,8	-0,9	-0,5	10,7	10,8
	In-work at-risk-of poverty rate	6,5	6,6	6,5	7,6	8,0	0,4	1,5	8,9	9,1
	At-risk-of-poverty gap	18,5	19,8	21,7	18,3	17,6	-0,7	-0,9	25,9	26,0
	Overcrowding rate	10,1	9,7	9,5	8,2	8,5	0,3	-1,6	18,3	18,2
	Housing cost overburden rate	4,9	4,3	5,9	6,1	6,3	0,2	1,4	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	47,3	47,8	48,0	43,8	40,9	-2,8	-6,3	37,1	35,0
FR	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	14,1	13,4	11,8	11,5	11,1	-0,4	-3,0	20,4	19,3
	At-Risk-of-Poverty rate	11,9	11,9	9,4	9,7	9,4	-0,3	-2,5	15,9	14,5
	Severe Material Deprivation rate	3,3	3,2	3,4	2,9	2,4	-0,5	-0,9	7,3	7,6
	Relative median income ratio of elderly	0,95	0,96	0,98	1,01	1,00	-0,01	0,05	0,89	0,91
	Aggregate replacement ratio	0,65	0,66	0,65	0,64	0,65	0,01	0,00	0,54	0,54
	Overcrowding rate	3,3	3,0	3,0	2,4	2,4	0,0	-0,9	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

## INVESTING IN CHILDREN

FR	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	21,2	21,2	22,9	23,0	23,2	0,2	1,8	27,3	28,1
	At-risk-of-poverty rate (0-17)	15,6	16,8	18,1	18,8	19,0	0,2	3,1	20,8	20,8
	Severe material deprivation rate (0-17)	6,6	6,5	7,0	7,0	7,2	0,2	0,6	10,1	11,8
	Share of children (0-17) living in very low work intensity households	7,4	6,5	8,8	8,2	7,2	-1,0	-0,2	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	:	:	:	:	:			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	7,5	7,7	7,4	8,6	9,1	0,5	1,6	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	65,3	72,9	75,3	75,9	77,9	2,0	12,6	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	11,8	12,8	12,3	13,6	14,3	0,7	2,5	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	17	16	17	18	:	:	:	14	15
	Child care (0-3), 30h and more	23	25	26	26	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	52	48	47	43	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	44	47	47	52	:	:	:	45	46
	Relative median poverty gap for children (0-17)	14,5	18,2	17,2	16,7	15,4	-1,3	0,6	24,5	23,9
	Part-time employment due to care responsibilities (total)	30,4	30,5	28,7	29,1	29,2	0,1	-1,2	23,1	22,7
	Part-time employment due to care responsibilities (male)	6,5	6,6	6,3	6,9	6,7	-0,2	0,2	3,9	3,9
	Part-time employment due to care responsibilities (female)	35,2	35,3	33,6	33,9	34,2	0,3	-1,0	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	55,3	51,4	50,0	47,5	44,3	-3,2	-11,0	40,6	39,4
	Housing cost overburden rate (0-17)	1,6	1,7	3,3	4,4	3,8	-0,6	2,2	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	5,2	6,5	6,4	6,1	6,3	0,2	1,1	7,0	6,9
	Early leavers from education and training (18-24)	11,5	12,2	12,6	12,0	11,6	-0,4	0,1	13,4	12,7
	Self-declared unmet need for medical care (16-24)	1,6	2,0	1,5	2,8	2,2	-0,6	0,6	1,6	1,4
	Infant mortality	3.149	3.180	3.022	2.846	2.902	56	-247	20.509	:
	Severe housing deprivation (0-17)	5,0	4,7	4,4	3,6	3,9	0,3	-1,1	7,9	7,7
	Overcrowding (0-17)	13,6	14,1	13,2	11,6	11,3	-0,3	-2,3	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	77,6	58,8	-18,8	63,9 (100/0/0)*	47,3 (100/0/0)*	-16,6
Low income	78,5	59,0	-19,5	64,3 (100/0/0)*	47,3 (100/0/0)*	-17,0
High income	63	48,0	-15,0	47,9 (100/0/0)*	37,4 (100/0/0)*	-10,5
Lower / higher future rates of return		58,8 / 58,8			47,3 / 47,3	
Lower / higher future wage growth		69,4 / 50,8			56,7 / 40,2	
38 years career: average income	66,6	51,3	-15,3	53,9	40,6	-13,3
Low / high income	66,9 / 54,5	50,5 / 43,6	(-16,4 / -10,9)	54,4 / 41,4	40,6 / 32,6	(-13,8 / -8,8)
42 years career: average income	80,9	65,4	-15,5	66,9	53,2	-13,7
Low / high income	82 / 66,1	66,9 / 55,1	(-15,1 / -11)	67,3 / 50,5	53,7 / 41,7	(-13,6 / -8,8)
10 years after retirement	65,5	51	-14,5	53,6	40,4	-13,2
Female worker with 3 years of career break for childcare	76,4	61,2	-15,2	62,9	49,4	-13,5
3 years of career break for unemployment	76,9	58,5	-18,4	63,3	46,8	-16,5
10 years out of the labour market	56,5	42,3	-14,2	45,2	33,3	-11,9
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	39,8	32,3	-7,5	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	58,8	53,2	-5,6	48,0	39,1	-8,9

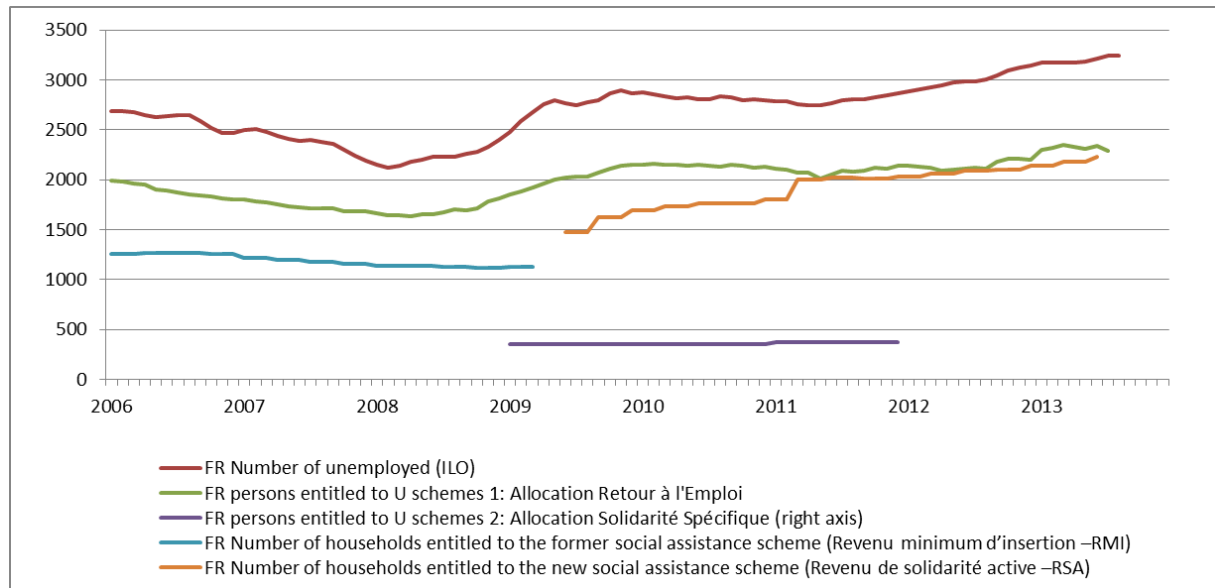
Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

## HEALTH CARE SYSTEMS

FR						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	62,7	62,8	61,8	62,7	62,6	61,7	61,3
Healthy life years at birth (female)	64,6	63,5	63,4	63,6	63,9	62,2	61,9
Healthy life years at 65 (male)	8,7	9	9	9,7	9,5	8,6	8,4
Healthy life years at 65 (female)	10,1	9,5	9,8	9,9	10,4	8,6	8,5
Life expectancy at birth (male)	77,8	78	78,2	78,7	:	77,4	:
Life expectancy at birth (female)	84,8	85	85,3	85,7	:	83,2	:
Life expectancy at 65 (male)	18,5	18,7	18,9	19,3	:	17,8	:
Life expectancy at 65 (female)	23	23,2	23,4	23,8	:	21,3	:
Self-reported unmet need for medical care (%)	1,9	1,9	1,9	2,3	2,2	3,4	3,4
Self-perceived general health (%)	69,1	68,6	67,3	67,6	68,1	67,9	68,2
Total health care expenditure (PPS) per capita	2.980,35	3.033,01	3.115,69	3.195,62	:	:	:
Total health care expenditure (% of GDP)	11,02	11,73	11,68	11,61	:	:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>205</sup>



<sup>205</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

FR	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	Eurostat
	<b>Unemployment benefit 1</b>
<b>definition</b>	persons entitled to U unemployment insurance scheme : ARE (Allocation de Retour à l'Emploi)
<b>unit</b>	thousands of beneficiaries Seasonnaly adjusted (France Métropolitaine)
<b>source</b>	Fichier National des Assédics (FNA)
<b>link</b>	<a href="http://www.unedic.org/etude-et-prevision/situations-detaillees-de-l-assurance-chomage-pour-l-annee-2013">http://www.unedic.org/etude-et-prevision/situations-detaillees-de-l-assurance-chomage-pour-l-annee-2013</a>
	<b>Unemployment benefit 2</b>
<b>definition</b>	persons entitled to U assistance scheme ASS PER YEAR: (Allocation de Solidarité Spécifique)
<b>unit</b>	thousands of beneficiaries - Seasonally adjusted (the whole of France)
<b>source</b>	Cnamts, Cnaf, MSA, Drees, Pôle Emploi, FSV, Cnav, CDC, régime des caisses des DOM
	SHEET RSA
<b>link</b>	<a href="http://www.insee.fr/fr/themes/tableau.asp?reg_id=0&amp;ref_id=natsos04604">http://www.insee.fr/fr/themes/tableau.asp?reg_id=0&amp;ref_id=natsos04604</a>
	<a href="http://www.drees.sante.gouv.fr/IMG/pdf/minima_sociaux_2013.pdf">http://www.drees.sante.gouv.fr/IMG/pdf/minima_sociaux_2013.pdf</a>
<b>comment</b>	na: not available with the same filed (the whole of France)
	<b>Social assistance benefit</b>
<b>definition</b>	Households entitled to social assistance Benefit (RSA since Q2/2009) RSA Socle & RSA Activité
<b>unit</b>	thousands of beneficiaries (the whole of France)
<b>source</b>	CNAF
<b>link</b>	<a href="http://www.caf.fr/etudes-et-statistiques/donnees-statistiques/solidarite-et-insertion">http://www.caf.fr/etudes-et-statistiques/donnees-statistiques/solidarite-et-insertion</a>
<b>comment</b>	<p>RSA definition: A new social assistance scheme, revenu de solidarité active (RSA), has been introduced in June 2009. It replaces two former social assistance benefits, the former minimum income scheme (revenu minimum d'insertion, RMI), and the lone parents benefit (allocation de parent isolé, API), and the various in-work benefits which were related to these two social assistance benefits. Notably for these reasons, the data on RMI and the data on RSA are not fully comparable. Moreover, only one part of RSA (<b>RSA socle</b>) is a social assistance scheme. Within the attached data, the whole of beneficiaries are covered:</p> <ul style="list-style-type: none"> <li>- « RSA socle » only</li> <li>- « RSA activité » only. This case (RSA activité) completes the amount of ARE in the case of a low income.</li> <li>- and « RSA socle + activité ». This case represents the beneficiaries who receive only the RSA socle (when they have not work income) or beneficiaries who are in a situation of full cumulation RSA socle+activité for 3 months following the resumption of employment during the last twelve months.</li> </ul>

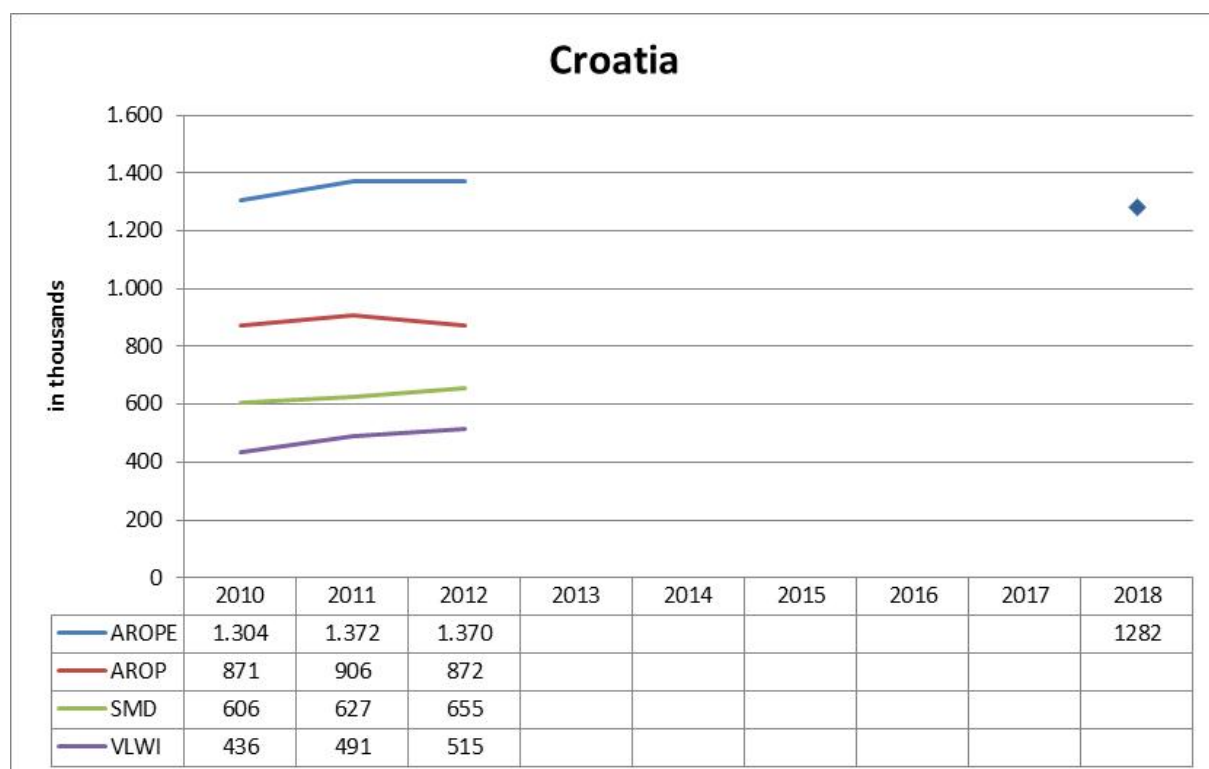


## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

Number of people in poverty and social exclusion (2011)	Number of people in poverty and social exclusion (2020)
1,382,000	1,282,000

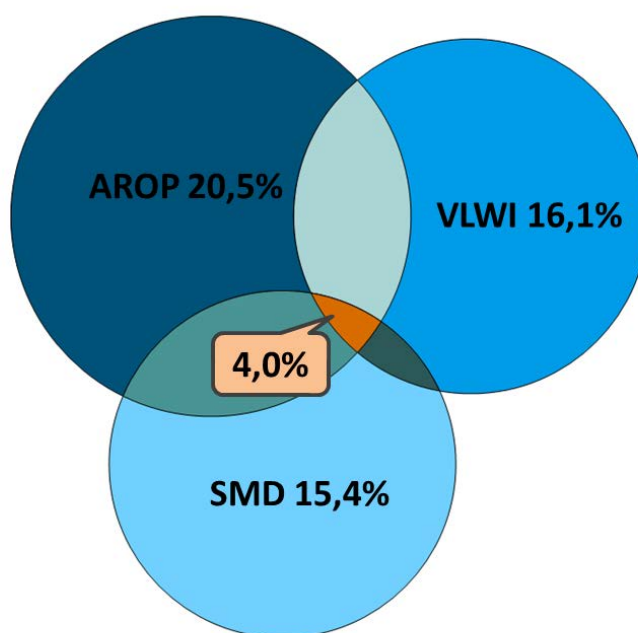
*Source: Economic Programme (2012)*

## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION



Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2018; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

HR	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	17,3	17,9	20,5	21,3	20,5	-0,8	3,2	16,9	17,0
	1000 persons	:	:	871	906	872	-3,8	:	84.586	84.999
<b>VLWI total</b>	% of total pln	:	:	13,7	15,4	16,1	0,7	:	10,3	10,4
	1000 persons	:	:	436	491	515	4,9	:	39.465	39.431
<b>SMD total</b>	% of total pln	:	:	14,3	14,8	15,4	0,6	:	8,9	9,9
	1000 persons	:	:	606	627	655	4,5	:	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	:	:	4,1	3,9	3,6	-0,3	:	2,9	2,7
	1000 persons	:	:	174	164	152	-7,3	:	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	:	:	3,6	3,8	3,5	-0,3	:	2,6	2,9
	1000 persons	:	:	152	160	148	-7,5	:	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	:	:	3,1	3,5	4,0	0,5	:	1,7	1,9
	1000 persons	:	:	134	149	170	14,1	:	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	:	:	0,4	0,7	0,7	0,0	:	0,6	0,6
	1000 persons	:	:	16	32	31	-3,1	:	2.785	3.236

Source: Eurostat (EU-SILC)

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

HR						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	2,1	-6,9	-2,3	0,0	-2,0	1,6	-0,4
Employment growth (y-on-y % change)	3,1	-1,8	-5,1	-2,3	-3,9	0,2	-0,5
Unemployment rate	8,4	9,1	11,8	13,5	15,9	9,7	10,5
Long-term unemployment rate	5,3	5,1	6,7	8,6	10,3	4,2	4,7
Social protection expenditure (% of GDP)	18,2	20,2	20,5	20,2	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

HR		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	18,2	20,2	20,5	20,2	28,1	27,8
	Sickness/Health care	6,3	7,1	7,0	6,8	8,3	8,2
	Disability	3,2	3,5	3,6	3,5	2,2	2,1
	Old age	4,9	5,4	5,6	5,6	11,1	11,1
	Survivors	2,0	2,1	2,1	2,1	1,7	1,6
	Family/Children	1,5	1,6	1,7	1,6	2,3	2,2
	Unemployment	0,2	0,4	0,5	0,5	1,7	1,6
	Housing	0,0	0,0	0,0	0,0	0,6	0,6
	Social exclusion n.e.c.	0,1	0,1	0,1	0,1	0,4	0,4
	<b>Means-tested</b>						
	Total	1,2	1,3	1,3	1,4	3,0	3,0
	Sickness/Health care	0,0	0,0	0,0	0,0	0,1	0,1
	Disability	0,3	0,3	0,3	0,3	0,4	0,4
	Old age	0,0	0,1	0,1	0,1	0,5	0,5
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1
	Family/Children	0,8	0,9	0,9	0,9	0,6	0,6
	Unemployment	0,0	0,0	0,0	0,0	0,4	0,4
	Housing	0,0	0,0	0,0	0,0	0,6	0,6
	Social exclusion n.e.c.	0,1	0,1	0,0	0,0	0,4	0,4
	<b>Non-means tested</b>						
	Total	17,0	18,9	19,2	18,8	25,1	24,8
	Sickness/Health care	6,3	7,1	7,0	6,8	8,2	8,1
	Disability	2,9	3,2	3,3	3,2	1,8	1,7
	Old age	4,9	5,4	5,6	5,5	10,5	10,6
	Survivors	2,0	2,1	2,1	2,1	1,6	1,5
	Family/Children	0,6	0,7	0,7	0,7	1,7	1,6
	Unemployment	0,2	0,4	0,5	0,5	1,3	1,2
Housing	0,0	0,0	0,0	0,0	0,0	0,0	
Social exclusion n.e.c.	0,0	0,0	0,0	0,0	0,1	0,1	

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

INCOME AND LIVING CONDITIONS

HR	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	:	:	30,7	32,3	32,3	0,0		24,3	24,8
	At-Risk-of-poverty rate	17,3	17,9	20,5	21,3	20,5	-0,8	3,2	16,9	17,0
	Value of threshold (single HH) - in PPS	:	:	4.540	4.423	4.425	0,0	n.a	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	:	:	9.534	9.288	9.292	0,0	n.a.	22.673	22.752
	Severe material deprivation rate	:	:	14,3	14,8	15,4	0,6		8,9	9,9
	Share of people living in very low work intensity households (0-59)	:	:	13,7	15,4	16,1	0,7		10,3	10,4
	At-risk-of-poverty gap	25,0	24,4	28,1	27,9	28,8	0,9	3,8	23,4	23,5
	Anchored at-risk-of-poverty rate						0,0	0,0	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	31,6	29,8	30,7	29,5	32,6	3,1	0,9	35,7	34,4
	S80/S20	4,5	4,3	5,5	5,4	5,4	0,0	0,9	5,1	5,1
	Persistent at-risk-of-poverty rate								:	10,0
	Housing cost overburden rate	:	:	14,2	8,0	6,8	-1,2		11,6	11,3

HR	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	:	:	28,9	31,4	33,8	2,4		27,3	28,1
	At-risk-of-poverty rate	15,8	18,7	19,6	21,9	22,3	0,4	6,5	20,8	20,8
	Severe material deprivation rate	:	:	14,6	13,8	17,6	3,8		10,1	11,8
	Share of people living in very low work intensity households	:	:	11,6	13,3	14,9	1,6		9,2	9,0
	At-risk-of-poverty gap	23,0	25,4	28,2	28,2	31,8	3,6	8,8	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	45,7	35,3	35,7	33,8	34,0	0,2	-11,7	40,6	39,4
	Overcrowding rate	:	:	58,9	59,4	59,4	0,0		23,2	23,4
HR	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	:	:	34,7	34,7	32,0	-2,7		30,0	31,5
	At-risk-of-poverty rate	:	:	24,2	22,8	20,7	-2,1		21,7	23,1
	Severe material deprivation rate	:	:	16,3	16,5	15,4	-1,1		10,8	12,0
	Share of people living in very low work intensity households	:	:	14,3	14,8	13,7	-1,1		9,4	10,0
	In-work at-risk-of-poverty rate	:	:	8,3	8,3	5,6	-2,7		11,2	11,9
	Youth unemployment ratio (15-24)	7,6	8,5	11,2	11,3	12,7	1,4	5,1	9,1	9,7
	NEET rate	13,3	15,5	19,3	20,6	22,2	1,6	8,9	16,7	17,1
	Housing cost overburden rate	:	:	12,9	8,6	6,7	-1,9		13,6	14,3

HR	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	:	:	29,5	31,7	31,5	-0,2		24,5	25,4
	At-risk-of-poverty rate	12,8	13,5	18,0	18,8	18,0	-0,8	5,2	16,1	16,5
	Severe material deprivation rate	:	:	13,7	14,8	14,9	0,1		9,0	10,0
	Share of people living in very low work intensity households (18-59)	:	:	14,3	16,1	16,6	0,5		10,7	10,8
	In-work at-risk-of poverty rate	:	:	6,0	6,9	6,2	-0,7		8,9	9,1
	At-risk-of-poverty gap	27,2	22,1	28,2	28,8	31,3	2,5	4,1	25,9	26,0
	Overcrowding rate	:	:	46,0	47,7	47,0	-0,7		18,3	18,2
	Housing cost overburden rate	:	:	12,2	7,7	6,5	-1,2		11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	37,6	35,7	31,8	31,6	34,8	3,1	-2,8	37,1	35,0
HR	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	:	:	36,2	35,1	33,2	-1,9		20,4	19,3
	At-Risk-of-Poverty rate	31,2	31,3	29,1	28,5	26,5	-2,0	-4,7	15,9	14,5
	Severe Material Deprivation rate	:	:	15,7	15,7	15,0	-0,7		7,3	7,6
	Relative median income ratio of elderly	0,75	0,76	0,80	0,84	0,86	0,02	0,11	0,89	0,91
	Aggregate replacement ratio	0,47	0,49	0,32	0,36	0,36	0,00	-0,11	0,54	0,54
	Overcrowding rate	:	:	23,1	21,3	20,9	-0,4		6,9	6,8

Source: Eurostat (EU-SILC, LFS)

## INVESTING IN CHILDREN

HR	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	:	:	28,9	31,4	33,8	2,4		27,3	28,1
	At-risk-of-poverty rate (0-17)	15,8	18,7	19,6	21,9	22,3	0,4	6,5	20,8	20,8
	Severe material deprivation rate (0-17)	:	:	14,6	13,8	17,6	3,8	:	10,1	11,8
	Share of children (0-17) living in very low work intensity households	:	:	11,6	13,3	14,9	1,6	:	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)						0,0	0	12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	:	:	7,4	8,5	7,7	-0,8	:	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	:	:	83,6	73,1	73,8	0,7	:	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	:	:	11,2	14,0	13,2	-0,8	:	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	:	:	1	1	:	:	:	14	15
	Child care (0-3), 30h and more	:	:	7	14	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	:	:	13	10	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	:	:	29	41	:	:	:	45	46
	Relative median poverty gap for children (0-17)	23,0	25,4	28,2	28,2	31,8	3,6	8,8	24,5	23,9
	Part-time employment due to care responsibilities (total)	5,4	5,1	4,8	4,3	2,9	-1,4	-2,5	23,1	22,7
	Part-time employment due to care responsibilities (male)	:	:	:	:	:	:	:	3,9	3,9
	Part-time employment due to care responsibilities (female)	8,3	7,7	7,0	6,0	4,8	-1,2	-3,5	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	45,7	35,3	35,7	33,8	34,0	0,2	-11,7	40,6	39,4
	Housing cost overburden rate (0-17)	:	:	10,8	8,2	5,8	-2,4	:	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	8,0	8,9	10,5	11,1	11,0	-0,1	3,0	7,0	6,9
	Early leavers from education and training (18-24)	3,7	3,9	3,7	4,1	4,2	0,1	0,5	13,4	12,7
	Self-declared unmet need for medical care (16-24)	:	:	:	:	0,2	:	:	1,6	1,4
	Infant mortality	195	235	192	192	:	:	:	20.509	:
	Severe housing deprivation (0-17)	:	:	17,7	13,2	12,2	-1,0	:	7,9	7,7
	Overcrowding (0-17)	:	:	58,9	59,4	59,4	0,0	:	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

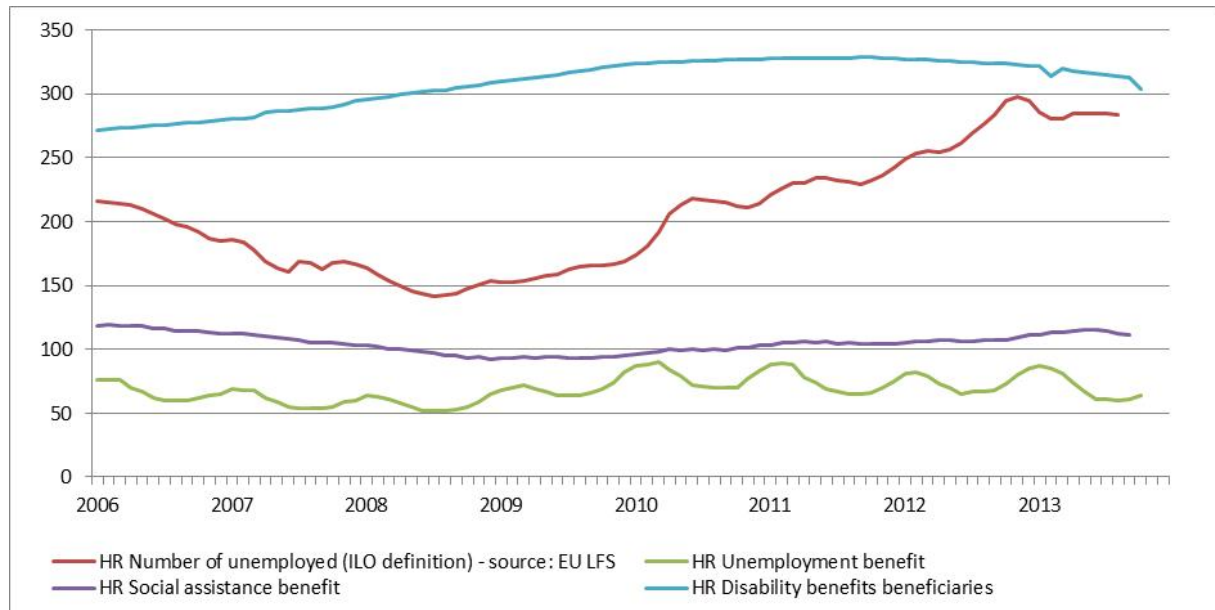


## HEALTH CARE SYSTEMS

HR						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	:	:	57,3	59,9	62	61,7	61,3
Healthy life years at birth (female)	:	:	60,7	61,8	64,5	62,2	61,9
Healthy life years at 65 (male)	:	:	6,4	7,5	7,7	8,6	8,4
Healthy life years at 65 (female)	:	:	6,4	7,1	8,2	8,6	8,5
Life expectancy at birth (male)	:	73	73,5	73,8	73,9	77,4	:
Life expectancy at birth (female)	:	79,7	79,9	80,4	80,6	83,2	:
Life expectancy at 65 (male)	:	14,5	14,6	15,1	15	17,8	:
Life expectancy at 65 (female)	:	17,9	18,2	18,6	18,7	21,3	:
Self-reported unmet need for medical care (%)	:	:	6,1	5,1	3,6	3,4	3,4
Self-perceived general health (%)			46,5	45,0	47,2	67,9	68,2
Total health care expenditure (PPS) per capita	:	:	:	:		:	:
Total health care expenditure (% of GDP)						:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>206</sup>



<sup>206</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

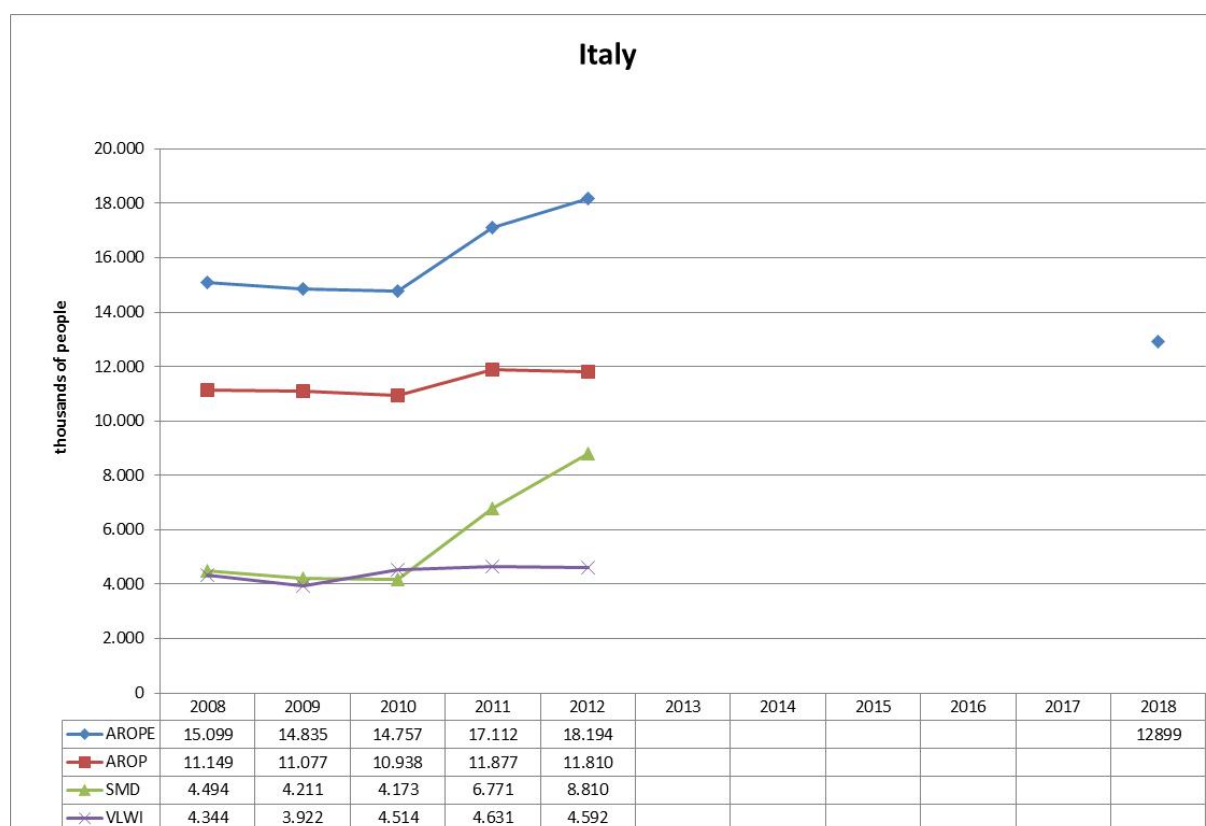
HR	Unemployment
<b>definition</b>	According to the Act on Employment Mediation and Unemployment Rights an unemployed person is a person fully or partly capable of work, aged between 15 and 65, not employed and actively seeks employment and is available for employment.
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	Croatian Employment Service
Unemployment benefit	
<b>definition</b>	Unemployed persons on the CES register are entitled to unemployment benefit in the reporting month based on the stipulations of the Act on Employment Mediation and Unemployment Rights.
<b>unit</b>	thousands of beneficiaries
<b>source</b>	Croatian Employment Service
<b>link</b>	<a href="http://www.hzz.hr">http://www.hzz.hr</a>
Social assistance benefit/means-tested minimum income	
<b>definition</b>	Social assistance is a means-tested social benefit which is granted to single persons or household members for satisfaction of basic living needs in the amount identified in the Social Welfare Act (Official Gazette RC no. 33/12) , who do not have funds for such purposes for reasons which they could not or may not influence, and they are unable to earn them by work, income, assets, benefits or receipts, funds of the persons obliged to support them or income earned in other ways. On guaranteed minimum income, have the right to a social benefit, depending on the family structure.
<b>unit</b>	number of persons of social assistance beneficiaries, in thousands
<b>source</b>	Ministry of Social Policy and Youth of the Republic of Croatia
<b>link</b>	<a href="http://www.mspm.hr">www.mspm.hr</a>
<b>comment</b>	Social assistance may be granted wholly or partially as allowance in kind, when it establishes that it is more favourable for the beneficiary or that beneficiary does not use, or it is very probable that the allowance will not be used for intended purposes.
Disability benefit	
<b>definition</b>	Disability benefit is a personal disability allowance, allowance for assistance and care, jobseekers allowance under the Social Welfare Act (Official Gazette RC no. 33/12) that are a means - tested.
<b>unit</b>	number of persons , in thousands
<b>source</b>	Ministry of Social Policy and Youth of the Republic of Croatia
<b>link</b>	<a href="http://www.mspm.hr">www.mspm.hr</a>
<b>comment</b>	Personal disability allowance is a cash benefit is provided to persons with severe disability or other severe permanent changes in their health condition, for the purpose of satisfying their living needs to be included in the life of the community. Allowance for assistance and care is a cash benefit for persons who cannot satisfy their basic living needs independently and thus indispensably require assistance and care from another person. Jobseekers allowance is provided to persons with disabilities under the conditions of the Social Welfare Act, after graduation (elementary, secondary and tertiary education) to the employment.

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"To reduce the number of people at-risk-of-poverty or social exclusion by 2.2 million by 2020"

Source: National Reform Programme (2011)

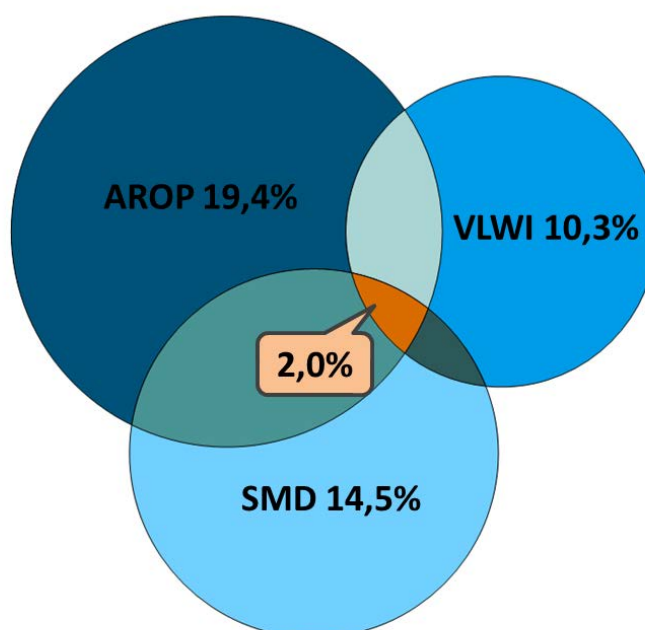
## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION



Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2018; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

IT	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	18,7	18,4	18,2	19,6	19,4	-0,2	0,7	16,9	17,0
	1000 persons	11.149	11.077	10.938	11.877	11.810	-0,6	5,9	84.586	84.999
<b>VLWI total</b>	% of total pln	9,8	8,8	10,2	10,4	10,3	-0,1	0,5	10,3	10,4
	1000 persons	4.344	3.922	4.514	4.631	4.592	-0,8	5,7	39.465	39.431
<b>SMD total</b>	% of total pln	7,5	7,0	6,9	11,2	14,5	3,3	7,0	8,9	9,9
	1000 persons	4.494	4.211	4.173	6.771	8.810	30,1	96,0	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	2,6	2,1	2,7	2,8	2,2	-0,6	-0,4	2,9	2,7
	1000 persons	1.553	1.284	1.641	1.718	1.355	-21,1	-12,7	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	2,7	2,7	2,3	3,6	4,7	1,1	2,0	2,6	2,9
	1000 persons	1.635	1.596	1.369	2.208	2.881	30,5	76,2	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	1,3	1,0	1,4	1,6	2,0	0,4	0,7	1,7	1,9
	1000 persons	752	623	836	944	1.187	25,7	57,8	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,3	0,4	0,3	0,6	0,7	0,1	0,4	0,6	0,6
	1000 persons	197	248	187	352	408	15,9	107,1	2.785	3.236

Source: Eurostat (EU-SILC)

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

IT						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	-1,2	-5,5	1,7	0,5	-2,5	1,6	-0,4
Employment growth (y-on-y % change)	0,3	-1,6	-0,7	0,3	-0,3	0,2	-0,5
Unemployment rate	6,7	7,8	8,4	8,4	10,7	9,7	10,5
Long-term unemployment rate	3,1	3,5	4,1	4,4	5,7	4,2	4,7
Social protection expenditure (% of GDP)	26,4	28,5	28,6	28,4	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

IT		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	26,4	28,5	28,6	28,4	28,1	27,8
	Sickness/Health care	6,9	7,3	7,3	7,1	8,3	8,2
	Disability	1,6	1,7	1,7	1,6	2,2	2,1
	Old age	13,6	14,5	14,8	14,8	11,1	11,1
	Survivors	2,4	2,6	2,6	2,6	1,7	1,6
	Family/Children	1,3	1,4	1,3	1,4	2,3	2,2
	Unemployment	0,5	0,8	0,8	0,8	1,7	1,6
	Housing	0,0	0,0	0,0	0,0	0,6	0,6
	Social exclusion n.e.c.	0,1	0,1	0,1	0,1	0,4	0,4
	<b>Means-tested</b>						
	Total	1,8	2,0	1,8	1,8	3,0	3,0
	Sickness/Health care	0,0	0,0	0,0	0,0	0,1	0,1
	Disability	0,3	0,4	0,4	0,3	0,4	0,4
	Old age	0,4	0,4	0,4	0,4	0,5	0,5
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1
	Family/Children	0,9	1,1	0,9	1,0	0,6	0,6
	Unemployment	0,0	0,0	0,0	0,0	0,4	0,4
	Housing	0,0	0,0	0,0	0,0	0,6	0,6
	Social exclusion n.e.c.	0,1	0,1	0,1	0,1	0,4	0,4
	<b>Non-means tested</b>						
	Total	24,7	26,5	26,8	26,6	25,1	24,8
	Sickness/Health care	6,9	7,3	7,3	7,1	8,2	8,1
	Disability	1,2	1,4	1,3	1,3	1,8	1,7
	Old age	13,2	14,1	14,3	14,4	10,5	10,6
	Survivors	2,4	2,6	2,6	2,6	1,6	1,5
	Family/Children	0,4	0,4	0,4	0,4	1,7	1,6
	Unemployment	0,5	0,8	0,8	0,8	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
	Social exclusion n.e.c.	0,0	0,0	0,0	0,0	0,1	0,1

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

INCOME AND LIVING CONDITIONS

IT	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	25,3	24,7	24,5	28,2	29,9	1,7	4,6	24,3	24,8
	At-Risk-of-poverty rate	18,7	18,4	18,2	19,6	19,4	-0,2	0,7	16,9	17,0
	Value of threshold (single HH) - in PPS	9.157	9.158	9.135	9.308	9.210	-1,1	0,6	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	19.231	19.233	19.183	19.548	19.341	-1,1	0,6	22.673	22.752
	Severe material deprivation rate	7,5	7,0	6,9	11,2	14,5	3,3	7,0	8,9	9,9
	Share of people living in very low work intensity households (0-59)	9,8	8,8	10,2	10,4	10,3	-0,1	0,5	10,3	10,4
	At-risk-of-poverty gap	23,0	22,6	24,5	26,0	25,4	-0,6	2,4	23,4	23,5
	Anchored at-risk-of-poverty rate	18,7	19,9	19,3	21,4	22,7	1,3	4,0	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	20,1	20,7	21,9	19,7	20,5	0,8	0,4	35,7	34,4
	S80/S20	5,1	5,2	5,2	5,6	5,5	-0,1	0,4	5,1	5,1
	Persistent at-risk-of-poverty rate	12,7	13,0	11,6	11,8		0,2	-0,9	:	10,0
	Housing cost overburden rate	8,1	7,5	7,5	8,4	7,9	-0,5	-0,2	11,6	11,3

IT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	29,1	28,8	28,9	32,2	33,8	1,6	4,7	27,3	28,1
	At-risk-of-poverty rate	24,7	24,4	24,7	26,3	26,0	-0,3	1,3	20,8	20,8
	Severe material deprivation rate	9,3	8,3	8,0	12,2	16,9	4,7	7,6	10,1	11,8
	Share of people living in very low work intensity households	6,5	5,8	7,3	7,6	6,8	-0,8	0,3	9,2	9,0
	At-risk-of-poverty gap	24,0	23,9	29,0	30,4	29,1	-1,3	5,1	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	22,6	23,3	24,5	20,3	21,5	1,1	-1,1	40,6	39,4
	Overcrowding rate	34,4	34,4	35,2	36,5	38,8	2,3	4,4	23,2	23,4
IT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	30,0	29,5	30,7	34,3	36,7	2,4	6,7	30,0	31,5
	At-risk-of-poverty rate	21,3	21,6	23,0	24,9	25,4	0,5	4,1	21,7	23,1
	Severe material deprivation rate	10,2	9,9	8,0	12,6	16,0	3,4	5,8	10,8	12,0
	Share of people living in very low work intensity households	10,5	9,5	10,0	11,1	11,8	0,7	1,3	9,4	10,0
	In-work at-risk-of-poverty rate	8,6	13,4	13,2	14,7	12,8	-1,9	4,2	11,2	11,9
	Youth unemployment ratio (15-24)	6,6	7,4	7,9	8,0	10,1	2,1	3,5	9,1	9,7
	NEET rate	20,7	22,4	24,2	25,2	27,0	1,8	6,3	16,7	17,1
	Housing cost overburden rate	8,5	8,0	7,0	9,1	8,7	-0,4	0,2	13,6	14,3



IT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	24,5	24,1	24,7	28,4	30,4	2,0	5,9	24,5	25,4
	At-risk-of-poverty rate	16,3	16,4	16,9	18,5	18,6	0,1	2,3	16,1	16,5
	Severe material deprivation rate	7,3	7,1	6,8	11,0	14,3	3,3	7,0	9,0	10,0
	Share of people living in very low work intensity households (18-59)	10,8	9,7	11,1	11,2	11,4	0,2	0,6	10,7	10,8
	In-work at-risk-of poverty rate	9,0	10,2	9,5	10,8	11,1	0,3	2,1	8,9	9,1
	At-risk-of-poverty gap	25,8	25,4	28,0	30,2	28,6	-1,6	2,8	25,9	26,0
	Overcrowding rate	26,3	25,1	25,9	26,9	28,4	1,5	2,1	18,3	18,2
	Housing cost overburden rate	7,8	7,4	7,3	8,6	8,2	-0,4	0,4	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	22,4	23,0	23,9	21,6	22,2	0,6	-0,2	37,1	35,0
IT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	24,4	22,8	20,3	24,1	25,2	1,1	0,8	20,4	19,3
	At-Risk-of-Poverty rate	20,9	19,6	16,6	17,0	16,3	-0,7	-4,6	15,9	14,5
	Severe Material Deprivation rate	6,7	5,7	6,3	10,9	13,0	2,1	6,3	7,3	7,6
	Relative median income ratio of elderly	0,88	0,89	0,92	0,92	0,95	0,03	0,07	0,89	0,91
	Aggregate replacement ratio	0,51	0,51	0,53	0,55	0,58	0,03	0,07	0,54	0,54
	Overcrowding rate	8,5	7,7	8,0	8,8	8,9	0,1	0,4	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

## INVESTING IN CHILDREN

IT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	29,1	28,8	28,9	32,2	33,8	1,6	4,7	27,3	28,1
	At-risk-of-poverty rate (0-17)	24,7	24,4	24,7	26,3	26,0	-0,3	1,3	20,8	20,8
	Severe material deprivation rate (0-17)	9,3	8,3	8,0	12,2	16,9	4,7	7,6	10,1	11,8
	Share of children (0-17) living in very low work intensity households	6,5	5,8	7,3	7,6	6,8	-0,8	0,3	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	17,7	16,4	14,9	18,0	:			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	12,5	13,6	13,2	14,6	14,4	-0,2	1,9	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	78,3	73,6	79,9	81,9	80,3	-1,6	2,0	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	20,9	21,3	20,3	21,7	22,1	0,4	1,2	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	12	9	6	9	:	:	:	14	15
	Child care (0-3), 30h and more	16	16	16	17	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	19	20	17	20	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	72	73	70	75	:	:	:	45	46
	Relative median poverty gap for children (0-17)	24,0	23,9	29,0	30,4	29,1	-1,3	5,1	24,5	23,9
	Part-time employment due to care responsibilities (total)	26,1	24,0	22,3	20,1	18,5	-1,6	-7,6	23,1	22,7
	Part-time employment due to care responsibilities (male)	1,6	1,4	1,4	1,2	1,1	-0,1	-0,5	3,9	3,9
	Part-time employment due to care responsibilities (female)	32,4	29,6	27,7	25,2	23,7	-1,5	-8,7	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	22,6	23,3	24,5	20,3	21,5	1,1	-1,1	40,6	39,4
	Housing cost overburden rate (0-17)	9,2	9,1	10,1	10,7	10,1	-0,6	0,9	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	11,4	10,9	11,9	11,7	11,9	0,2	0,5	7,0	6,9
	Early leavers from education and training (18-24)	19,7	19,2	18,8	18,2	17,6	-0,6	-2,1	13,4	12,7
	Self-declared unmet need for medical care (16-24)	2,7	3,5	2,5	2,5	1,8	-0,7	-0,9	1,6	1,4
	Infant mortality	1.896	1.947	1.773	1.762	1.786	24	-110	20.509	:
	Severe housing deprivation (0-17)	10,3	11,2	10,3	12,4	13,2	0,8	2,9	7,9	7,7
	Overcrowding (0-17)	34,4	34,4	35,2	36,5	38,8	2,3	4,4	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	89,5	69,1	-20,4	80,2	58,8	-21,4
Low income	89,8	70,5	-19,3	80,2	58,8	-21,4
High income	86,5	55,8	-30,7	76,1	44,5	-31,6
Lower / higher future rates of return		69,1/69,1			58,8/58,8	
Lower / higher future wage growth		81,7/59,8			71,3/49,3	
38 years career: average income	83,4	63,4	-20,0	73,8	52,9	-20,9
Low / high income	84/81,4	65,2/51,2	(-18,8 / -30,2)	73,8/70,3	52,9/40,4	(-20,9 / -29,9)
42 years career: average income	89,3	75,6	-13,7	80	65,6	-14,4
Low / high income	89,6 / 86,7	76,6 / 61,6	(-13 / -25,1)	80 / 76,4	65,6 / 49,8	(-14,4 / -26,6)
10 years after retirement	84,4	60,9	-23,5	74,9	50,3	-24,6
Female worker with 3 years of career break for childcare	78,7	69,6	-9,1	68,3	59,3	-9,0
3 years of career break for unemployment	85,6	76,1	-9,5	81,5	71,8	-9,7
10 years out of the labour market	70,5	55,1	-15,4	60,3	44,3	-16,0
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	48,5	45,4	-3,1	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	79,5	66,0	-13,6	48,0	39,1	-8,9

Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

## HEALTH CARE SYSTEMS

IT						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	63	63,4	67,6	63,4	62,1	61,7	61,3
Healthy life years at birth (female)	61,9	62,6	67,6	62,7	61,5	62,2	61,9
Healthy life years at 65 (male)	7,6	8	10,2	8,1	7,8	8,6	8,4
Healthy life years at 65 (female)	7,1	7,2	10	7	7,2	8,6	8,5
Life expectancy at birth (male)	79,1	79,4	79,8	80,1	:	77,4	:
Life expectancy at birth (female)	84,5	84,6	85	85,3	:	83,2	:
Life expectancy at 65 (male)	18,2	18,3	18,6	18,8	:	17,8	:
Life expectancy at 65 (female)	22	22,1	22,4	22,6	:	21,3	:
Self-reported unmet need for medical care (%)	5,2	5,3	5,0	5,9	5,6	3,4	3,4
Self-perceived general health (%)	63,5	63,8	66,8	64,7	68,4	67,9	68,2
Total health care expenditure (PPS) per capita	:	:	:	:	:	:	:
Total health care expenditure (% of GDP)	:	:	:	:	:	:	:

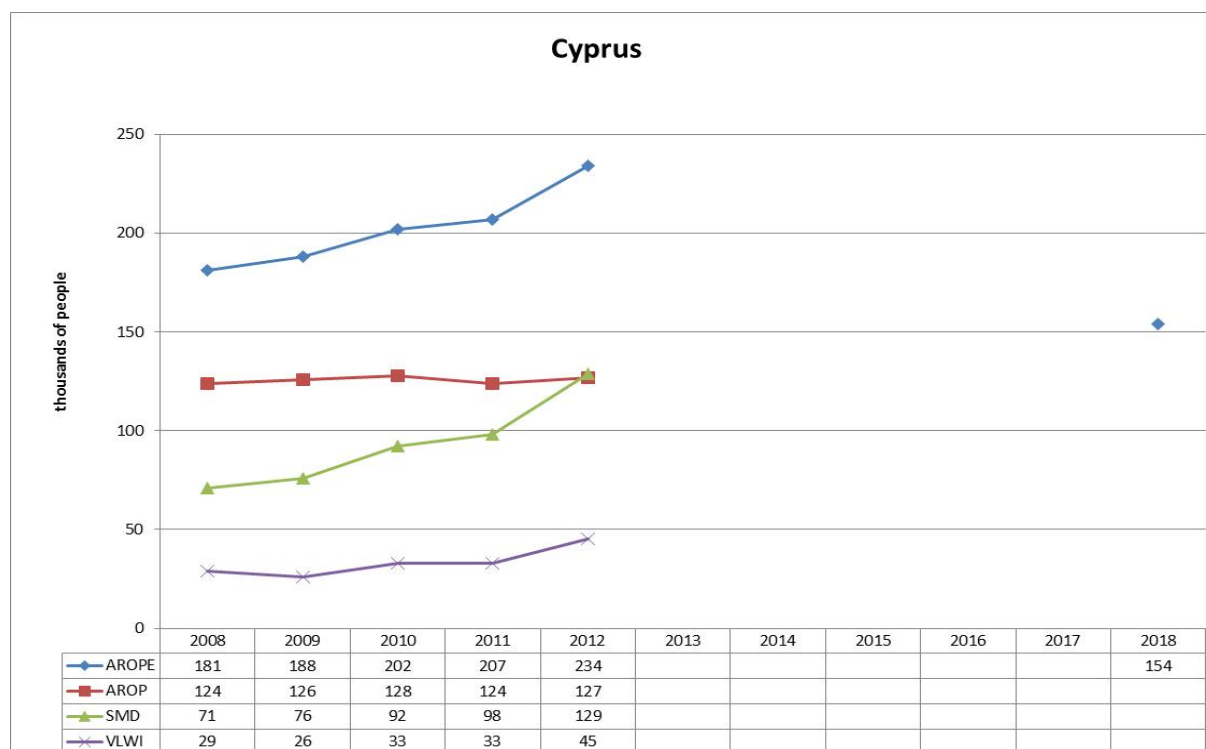
Source: Eurostat (EU-SILC, Mortality data, SHA)

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"Reduce the number of people at risk of poverty and social exclusion by 27.000 people or decrease the percentage of people at-risk-of-poverty and social exclusion from 23.3% in 2008 to 19,3% by 2020"

Source: National Reform Programme (2013)

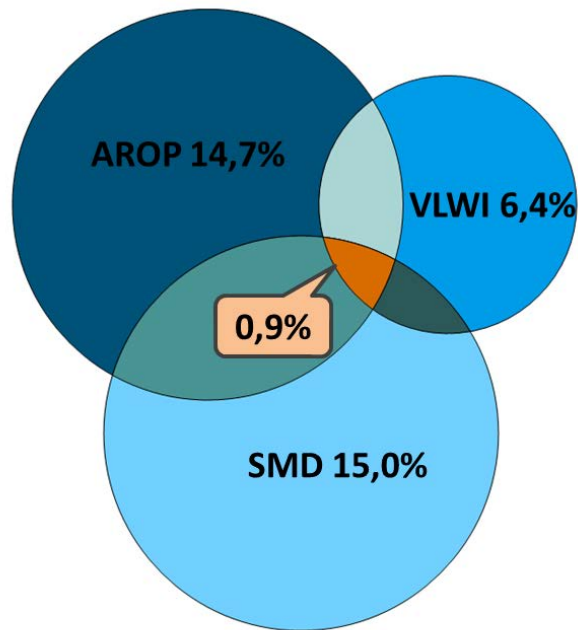
## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION



Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2018; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

CY	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	15,9	15,8	15,6	14,8	14,7	-0,1	-1,2	16,9	17,0
	1000 persons	124	126	128	124	127	2,4	2,4	84.586	84.999
<b>VLWI total</b>	% of total pln	4,5	4,0	4,8	4,9	6,4	1,5	1,9	10,3	10,4
	1000 persons	29	26	33	33	45	36,4	55,2	39.465	39.431
<b>SMD total</b>	% of total pln	9,1	9,5	11,2	11,7	15,0	3,3	5,9	8,9	9,9
	1000 persons	71	76	92	98	129	31,6	81,7	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	1,2	0,9	1,5	1,3	1,5	0,2	0,3	2,9	2,7
	1000 persons	9	7	12	11	13	18,2	44,4	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	2,5	2,3	3,4	3,2	3,8	0,6	1,3	2,6	2,9
	1000 persons	20	18	27	27	33	22,2	65,0	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	0,7	0,7	0,5	0,5	0,9	0,4	0,2	1,7	1,9
	1000 persons	5	6	4	4	8	100,0	60,0	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,5	0,3	0,4	0,4	0,8	0,4	0,3	0,6	0,6
	1000 persons	4	3	3	3	7	133,3	75,0	2.785	3.236

Source: Eurostat (EU-SILC)

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

CY						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	3,6	-1,9	1,3	0,4	-2,4	1,6	-0,4
Employment growth (y-on-y % change)	2,0	-0,4	-0,2	0,4	-4,2	0,2	-0,5
Unemployment rate	3,7	5,4	6,3	7,9	11,8	9,7	10,5
Long-term unemployment rate	0,5	0,6	1,3	1,6	3,6	4,2	4,7
Social protection expenditure (% of GDP)	19,5	21,1	22,1	22,8	:	27,8	:

Source: Eurostat (EU-SILC)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

CY		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	18,6	20,8	21,8	22,2	28,1	27,8
	Sickness/Health care	4,5	5,1	5,0	5,0	8,3	8,2
	Disability	0,7	0,8	0,7	0,7	2,2	2,1
	Old age	7,3	8,1	8,9	9,4	11,1	11,1
	Survivors	1,1	1,2	1,2	1,3	1,7	1,6
	Family/Children	2,1	2,2	2,1	2,0	2,3	2,2
	Unemployment	1,0	1,0	1,1	1,2	1,7	1,6
	Housing	0,8	1,1	1,1	1,0	0,6	0,6
	Social exclusion n.e.c.	1,1	1,4	1,5	1,6	0,4	0,4
	<b>Means-tested</b>						
	Total	2,2	2,8	3,0	2,9	3,0	3,0
	Sickness/Health care	0,0	0,0	0,0	0,0	0,1	0,1
	Disability	0,0	0,0	0,0	0,0	0,4	0,4
	Old age	0,6	0,7	0,9	0,8	0,5	0,5
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1
	Family/Children	0,0	0,0	0,0	0,0	0,6	0,6
	Unemployment	0,0	0,0	0,0	0,0	0,4	0,4
	Housing	0,8	1,1	1,1	1,0	0,6	0,6
	Social exclusion n.e.c.	0,8	1,0	1,0	1,1	0,4	0,4
	<b>Non-means tested</b>						
	Total	16,4	18,0	18,8	19,3	25,1	24,8
	Sickness/Health care	4,5	5,1	5,0	5,0	8,2	8,1
	Disability	0,7	0,8	0,7	0,7	1,8	1,7
	Old age	6,7	7,4	8,1	8,6	10,5	10,6
	Survivors	1,1	1,2	1,2	1,3	1,6	1,5
	Family/Children	2,1	2,2	2,1	2,0	1,7	1,6
	Unemployment	1,0	1,0	1,1	1,2	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
	Social exclusion n.e.c.	0,4	0,4	0,5	0,5	0,1	0,1

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

INCOME AND LIVING CONDITIONS

CY	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
Total population	At risk of poverty or social exclusion	23,3	23,5	24,6	24,6	27,1	2,5	3,8	24,3	24,8
	At-Risk-of-poverty rate	15,9	15,8	15,6	14,8	14,7	-0,1	-1,2	16,9	17,0
	Value of threshold (single HH) - in PPS	10.945	11.256	10.829	11.394	11.429	0,3	4,4	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	22.984	23.639	22.741	23.927	24.000	0,3	4,4	22.673	22.752
	Severe material deprivation rate	9,1	9,5	11,2	11,7	15,0	3,3	5,9	8,9	9,9
	Share of people living in very low work intensity households (0-59)	4,5	4,0	4,8	4,9	6,4	1,5	1,9	10,3	10,4
	At-risk-of-poverty gap	15,3	17,2	18,0	19,0	19,0	0,0	3,7	23,4	23,5
	Anchored at-risk-of-poverty rate	15,9	16,3	17,4	15,3	17,6	2,3	1,7	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	30,6	33,1	33,6	37,0	37,4	0,4	6,9	35,7	34,4
	S80/S20	4,3	4,4	4,5	4,3	4,7	0,4	0,4	5,1	5,1
	Persistent at-risk-of-poverty rate	10,4	10,5	10,3	10,6	:	0,3	0,2	:	10,0
	Housing cost overburden rate	1,8	2,4	3,1	3,1	3,3	0,2	1,5	11,6	11,3



CY	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	21,5	20,2	21,8	23,4	27,5	4,1	6,0	27,3	28,1
	At-risk-of-poverty rate	14,0	12,3	12,6	12,8	13,9	1,1	-0,1	20,8	20,8
	Severe material deprivation rate	9,7	9,3	12,5	14,8	18,1	3,3	8,4	10,1	11,8
	Share of people living in very low work intensity households	3,4	3,1	3,6	3,2	5,0	1,8	1,6	9,2	9,0
	At-risk-of-poverty gap	13,6	14,6	14,8	18,1	19,3	1,2	5,7	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	44,0	51,4	49,6	47,1	45,5	-1,6	1,5	40,6	39,4
	Overcrowding rate	5,1	3,5	4,5	3,9	3,7	-0,2	-1,4	23,2	23,4
CY	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	20,8	23,0	24,4	25,0	29,6	4,6	8,8	30,0	31,5
	At-risk-of-poverty rate	12,9	10,3	12,2	11,6	11,2	-0,4	-1,7	21,7	23,1
	Severe material deprivation rate	9,2	13,6	17,0	15,0	21,1	6,1	11,9	10,8	12,0
	Share of people living in very low work intensity households	3,9	3,1	4,9	4,5	7,0	2,5	3,1	9,4	10,0
	In-work at-risk-of-poverty rate	6,3	6,8	8,5	10,1	9,0	-1,1	2,7	11,2	11,9
	Youth unemployment ratio (15-24)	3,8	5,6	6,9	7,9	10,8	2,9	7,0	9,1	9,7
	NEET rate	13,4	14,5	16,7	20,7	22,4	1,7	9,0	16,7	17,1
	Housing cost overburden rate	2,2	2,9	3,9	2,7	2,2	-0,5	0,0	13,6	14,3

CY	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	18,9	19,9	22,1	22,1	25,8	3,7	6,9	24,5	25,4
	At-risk-of-poverty rate	10,8	11,2	11,9	11,5	12,2	0,7	1,4	16,1	16,5
	Severe material deprivation rate	8,6	9,5	11,5	11,6	15,5	3,9	6,9	9,0	10,0
	Share of people living in very low work intensity households (18-59)	4,9	4,3	5,3	5,4	6,9	1,5	2,0	10,7	10,8
	In-work at-risk-of poverty rate	6,3	6,8	7,4	7,3	8,0	0,7	1,7	8,9	9,1
	At-risk-of-poverty gap	14,0	18,6	20,1	20,4	20,5	0,1	6,5	25,9	26,0
	Overcrowding rate	3,1	2,6	3,6	2,9	2,8	-0,1	-0,3	18,3	18,2
	Housing cost overburden rate	1,8	2,6	3,4	3,3	3,6	0,3	1,8	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	36,5	38,1	37,4	42,5	41,9	-0,6	5,4	37,1	35,0
CY	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	49,3	48,6	42,6	39,8	33,4	-6,4	-15,9	20,4	19,3
	At-Risk-of-Poverty rate	46,3	46,4	39,9	35,5	29,3	-6,2	-17,0	15,9	14,5
	Severe Material Deprivation rate	10,9	9,5	7,3	7,1	7,5	0,4	-3,4	7,3	7,6
	Relative median income ratio of elderly	0,59	0,61	0,65	0,67	0,70	0,03	0,11	0,89	0,91
	Aggregate replacement ratio	0,33	0,37	0,37	0,39	0,39	0,00	0,06	0,54	0,54
	Overcrowding rate	1,4	1,0	1,2	1,1	1,1	0,0	-0,3	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

## INVESTING IN CHILDREN

CY	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	21,5	20,2	21,8	23,4	27,5	4,1	6,0	27,3	28,1
	At-risk-of-poverty rate (0-17)	14,0	12,3	12,6	12,8	13,9	1,1	-0,1	20,8	20,8
	Severe material deprivation rate (0-17)	9,7	9,3	12,5	14,8	18,1	3,3	8,4	10,1	11,8
	Share of children (0-17) living in very low work intensity households	3,4	3,1	3,6	3,2	5,0	1,8	1,6	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	5,8	6,5	4,4	10,7	:			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	6,0	5,7	6,0	6,5	6,8	0,3	0,8	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	57,2	63,3	67,1	61,6	55,7	-5,9	-1,5	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	12,5	10,6	10,6	11,2	11,6	0,4	-0,9	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	8	8	11	7	:	:	:	14	15
	Child care (0-3), 30h and more	18	14	13	16	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	34	40	35	35	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	44	41	46	38	:	:	:	45	46
	Relative median poverty gap for children (0-17)	13,6	14,6	14,8	18,1	19,3	1,2	5,7	24,5	23,9
	Part-time employment due to care responsibilities (total)	14,3	15,4	16,8	11,0	13,9	2,9	-0,4	23,1	22,7
	Part-time employment due to care responsibilities (male)	:	:	:	:	:			3,9	3,9
	Part-time employment due to care responsibilities (female)	19,5	21,3	24,6	16,7	20,9	4,2	1,4	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	44,0	51,4	49,6	47,1	45,5	-1,6	1,5	40,6	39,4
	Housing cost overburden rate (0-17)	1,5	2,4	2,8	2,9	3,1	0,2	1,6	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	5,6	5,1	6,8	7,1	8,7	1,6	3,1	7,0	6,9
	Early leavers from education and training (18-24)	13,7	11,7	12,7	11,3	11,4	0,1	-2,3	13,4	12,7
	Self-declared unmet need for medical care (16-24)	0,7	1,0	1,8	1,2	1,8	0,6	1,1	1,6	1,4
	Infant mortality	32	32	31	30	36	6,0	4,0	20.509	:
	Severe housing deprivation (0-17)	2,0	1,7	2,1	2,4	1,9	-0,5	-0,1	7,9	7,7
	Overcrowding (0-17)	5,1	3,5	4,5	3,9	3,7	-0,2	-1,4	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	57	70	13	50 (100/0/0)*	60 (100/0/0)*	10
Low income	60	66	6	56 (100/0/0)*	59 (100/0/0)*	3
High income	48	55	7	38 (100/0/0)*	44 (100/0/0)*	6
Lower / higher future rates of return		70 / 70			60 / 60	
Lower / higher future wage growth		70 / 70			60 / 60	
38 years career: average income	57	67	10	50	57	7
Low / high income	60 / 48	64 / 53	(4 / 5)	56 / 38	58 / 42	(2 / 4)
42 years career: average income	56	72	16	49	61	12
Low / high income	60 / 51	68 / 58	(8 / 7)	56 / 41	61 / 47	(5 / 6)
10 years after retirement	56	68	12	50	54	4
Female worker with 3 years of career break for childcare	53	64	11	49	56	7
3 years of career break for unemployment	53	66	13	46	56	10
10 years out of the labour market	42	54	12	37	46	9
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	43,3	45,2	1,9	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	45,3	52,3	7,0	48,0	39,1	-8,9

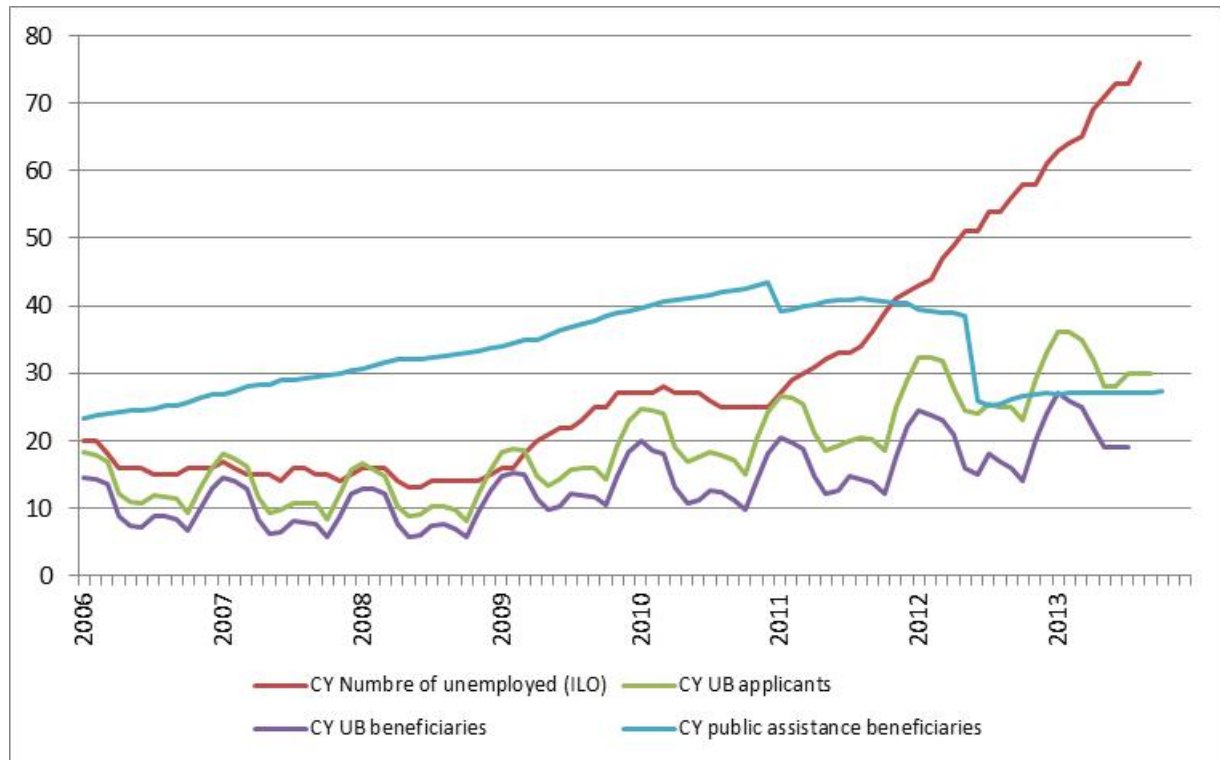
Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

## HEALTH CARE SYSTEMS

CY						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	64,5	64,9	65,1	61,6	63,4	61,7	61,3
Healthy life years at birth (female)	65,4	65,6	64,2	61	64	62,2	61,9
Healthy life years at 65 (male)	9,4	10,1	10,2	8	8,8	8,6	8,4
Healthy life years at 65 (female)	7,8	8,5	8,1	5,9	7,7	8,6	8,5
Life expectancy at birth (male)	78,2	78,5	79,2	79,3	78,9	77,4	:
Life expectancy at birth (female)	82,9	83,5	83,9	83,1	83,4	83,2	:
Life expectancy at 65 (male)	17,8	18,0	18,3	18,2	17,9	17,8	:
Life expectancy at 65 (female)	20,3	20,7	21	20,3	20,4	21,3	:
Self-reported unmet need for medical care (%)	2,8	3,4	3,9	4,4	3,5	3,4	3,4
Self-perceived general health (good and very good) (%)	75,7	74,9	73,8	74,9	76,5	67,9	68,2
Total health care expenditure (PPS) per capita	1.401,57	:	:	:	:	:	:
Total health care expenditure (% of GDP)	5,83	:	:	:	:	:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>207</sup>



<sup>207</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

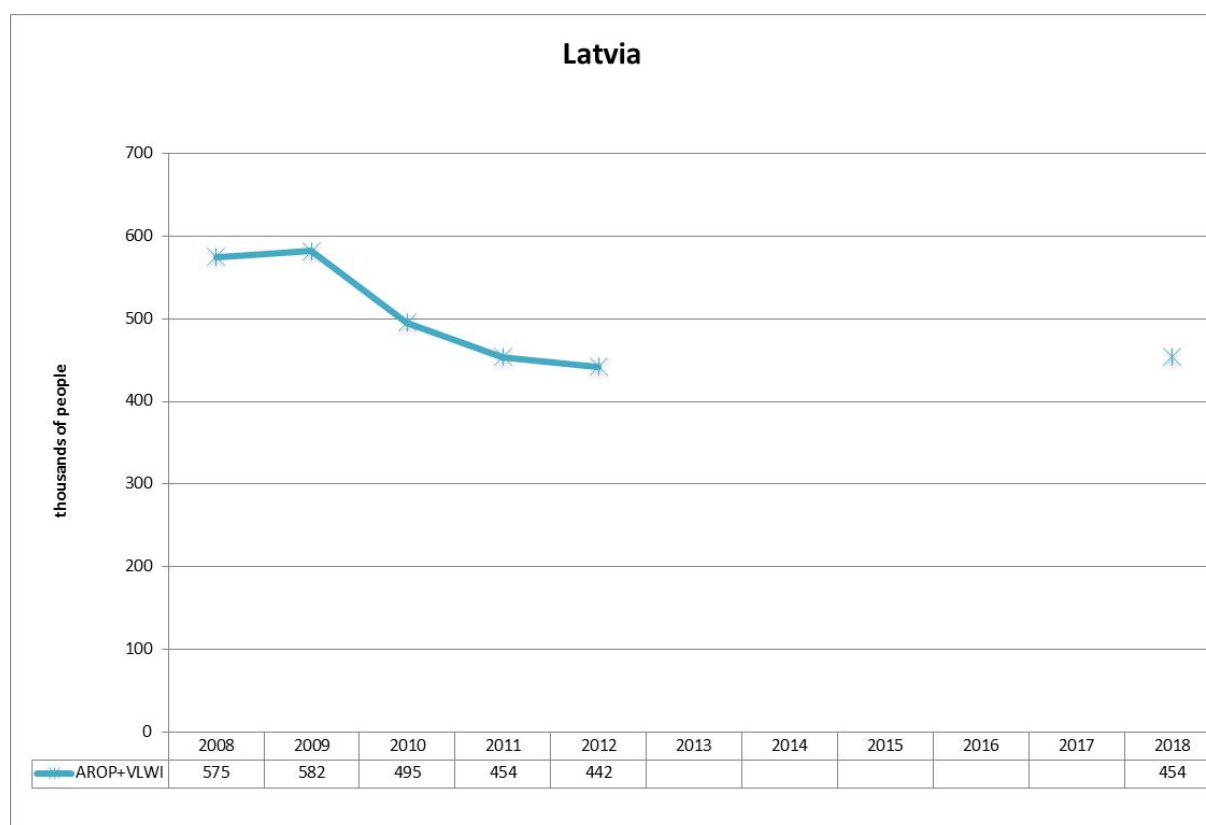
<b>CY</b>	<b>Unemployment</b>
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	Eurostat
	<b>Unemployment benefit (1)</b>
<b>definition</b>	Number of applicants for unemployment benefit
<b>unit</b>	thousands of applicants
<b>source</b>	Social Insurance Services, Ministry of Labour and Social Insurance, Cyprus
<b>comment</b>	CY UB applicants refer to the number of applicants for unemployment benefit from Social Insurance Services. Some of those applicants can be rejected due to the qualifying contribution conditions of the unemployment benefit. The unsmoothness of the number of applicants is due to the seasonality effect of the hospitality industry.
	<b>Unemployment benefit (2)</b>
<b>definition</b>	Number of beneficiaries for unemployment benefit
<b>unit</b>	thousands of applicants
<b>source</b>	Social Insurance Services, Ministry of Labour and Social Insurance, Cyprus
<b>comment</b>	CY UB beneficiaries refer to the number of beneficiaries for unemployment benefit from Social Insurance Services at the corresponding period. The unsmoothness of the number of beneficiaries is due to the seasonality effect of the hospitality industry.
	<b>Social assistance benefit</b>
<b>definition</b>	Number of public assistance beneficiaries
<b>unit</b>	thousands of beneficiaries
<b>source</b>	Social Welfare Services, Ministry of Labour and Social Insurance, Cyprus
<b>comment</b>	The decrease shown in the number of public assistance beneficiaries in June 2012 is due to a change of the relevant legislation. More specifically, until May 2012 financial assistance to lone parents was provided in the context of the Public Assistance Legislation and from June 2012 a single parent benefit has been introduced in the Child Benefit Law. In addition, the cases of public assistance with the nature of distress "unemployment" have been increased over the last years from 1.292 in August 2012 to 2.512 in September 2013.

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"To lift 121,000 people out of the risk of poverty or exclusion by 2020"

Source: National Reform Programme (2011)

## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

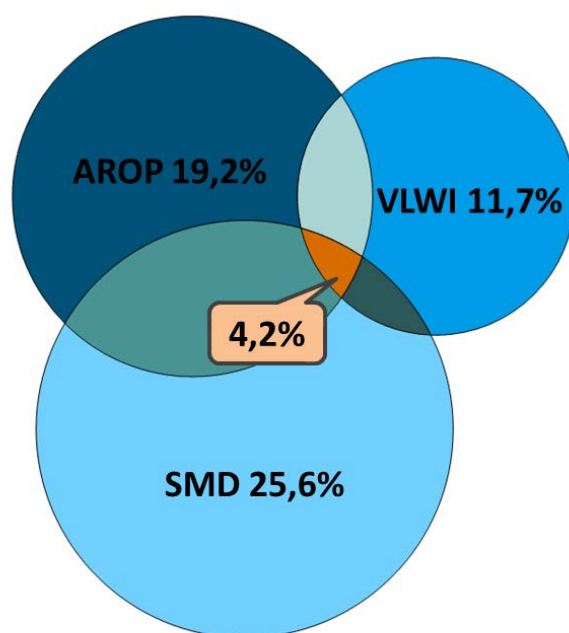


Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2020; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).



## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

LV	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	25,9	26,4	20,9	19,0	19,2	0,2	-6,7	16,9	17,0
	1000 persons	559	563	437	388	388	0,0	-30,6	84.586	84.999
<b>VLWI total</b>	% of total pln	5,4	7,4	12,5	12,5	11,7	-0,8	6,3	10,3	10,4
	1000 persons	91	122	200	195	178	-8,7	95,6	39.465	39.431
<b>SMD total</b>	% of total pln	19,3	22,1	27,6	31,0	25,6	-5,4	6,3	8,9	9,9
	1000 persons	416	472	578	634	518	-18,3	24,5	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	1,3	1,8	2,0	1,8	2,0	0,2	0,7	2,9	2,7
	1000 persons	29	39	41	36	40	11,1	37,9	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	9,3	8,3	7,2	7,1	6,1	-1,0	-3,2	2,6	2,9
	1000 persons	201	178	150	145	123	-15,2	-38,8	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	2,2	2,9	4,9	4,6	4,2	-0,4	2,0	1,7	1,9
	1000 persons	47	62	102	94	84	-10,6	78,7	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,1	0,3	1,1	1,4	1,0	-0,4	0,9	0,6	0,6
	1000 persons	3	6	23	28	21	-25,0	600,0	2.785	3.236

Source: Eurostat (EU-SILC)

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

LV						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	-2,8	-17,7	-1,3	5,3	5,2	1,6	-0,4
Employment growth (y-on-y % change)	0,9	-13,2	-13,9	1,5	1,4	0,2	-0,5
Unemployment rate	7,7	17,5	19,5	16,2	15,0	9,7	10,5
Long-term unemployment rate	2,0	4,7	8,8	8,8	7,8	4,2	4,7
Social protection expenditure (% of GDP)	12,5	16,7	17,6	14,8	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

LV		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	12,5	16,7	17,6	14,8	28,1	27,8
	Sickness/Health care	3,7	3,9	3,7	3,2	8,3	8,2
	Disability	0,9	1,3	1,3	1,3	2,2	2,1
	Old age	5,4	7,6	9,1	7,9	11,1	11,1
	Survivors	0,2	0,3	0,3	0,3	1,7	1,6
	Family/Children	1,4	1,7	1,5	1,1	2,3	2,2
	Unemployment	0,5	1,6	1,3	0,7	1,7	1,6
	Housing	0,2	0,1	0,1	0,1	0,6	0,6
	Social exclusion n.e.c.	0,1	0,1	0,2	0,3	0,4	0,4
	<b>Means-tested</b>						
	Total	0,2	0,3	0,7	0,7	3,0	3,0
	Sickness/Health care	0,0	0,0	0,2	0,2	0,1	0,1
	Disability	0,0	0,0	0,0	0,0	0,4	0,4
	Old age	0,0	0,0	0,0	0,0	0,5	0,5
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1
	Family/Children	0,0	0,0	0,0	0,0	0,6	0,6
	Unemployment	0,0	0,1	0,2	0,1	0,4	0,4
	Housing	0,2	0,1	0,1	0,1	0,6	0,6
	Social exclusion n.e.c.	0,0	0,1	0,2	0,2	0,4	0,4
	<b>Non-means tested</b>						
	Total	12,2	16,4	16,9	14,1	25,1	24,8
	Sickness/Health care	3,7	3,9	3,5	3,0	8,2	8,1
	Disability	0,9	1,3	1,3	1,3	1,8	1,7
	Old age	5,4	7,6	9,1	7,9	10,5	10,6
	Survivors	0,2	0,3	0,3	0,3	1,6	1,5
	Family/Children	1,4	1,7	1,5	1,1	1,7	1,6
	Unemployment	0,5	1,5	1,1	0,6	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
	Social exclusion n.e.c.	0,1	0,1	0,1	0,1	0,1	0,1

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

INCOME AND LIVING CONDITIONS

LV	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	34,2	37,9	38,2	40,1	36,2	-3,9	2,0	24,3	24,8
	At-Risk-of-poverty rate	25,9	26,4	20,9	19,0	19,2	0,2	-6,7	16,9	17,0
	Value of threshold (single HH) - in PPS	4.288	4.283	3.531	3.408	3.603	5,7	-16,0	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	9.004	8.995	7.415	7.157	7.566	5,7	-16,0	22.673	22.752
	Severe material deprivation rate	19,3	22,1	27,6	31,0	25,6	-5,4	6,3	8,9	9,9
	Share of people living in very low work intensity households (0-59)	5,4	7,4	12,5	12,5	11,7	-0,8	6,3	10,3	10,4
	At-risk-of-poverty gap	28,6	29,0	28,9	31,7	28,6	-3,1	0,0	23,4	23,5
	Anchored at-risk-of-poverty rate	25,9	27,2	32,8	35,2	35,0	-0,2	9,1	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	14,2	14,8	26,7	29,1	25,3	-3,8	11,1	35,7	34,4
	S80/S20	7,3	7,4	6,8	6,5	6,5	0,0	-0,8	5,1	5,1
	Persistent at-risk-of-poverty rate	12,6	17,1	11,0	9,3	:	-1,7	-3,3	:	10,0
	Housing cost overburden rate	8,7	9,3	9,8	12,5	11,2	-1,3	2,5	11,6	11,3

LV	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	32,4	38,4	42,2	44,1	40,0	-4,1	7,6	27,3	28,1
	At-risk-of-poverty rate	23,6	26,3	26,3	24,7	24,4	-0,3	0,8	20,8	20,8
	Severe material deprivation rate	19,2	24,6	30,7	32,4	27,3	-5,1	8,1	10,1	11,8
	Share of people living in very low work intensity households	4,6	6,8	12,3	12,5	10,3	-2,2	5,7	9,2	9,0
	At-risk-of-poverty gap	30,7	34,2	31,3	33,2	31,0	-2,2	0,3	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	22,9	22,0	28,5	32,3	28,4	-3,9	5,6	40,6	39,4
	Overcrowding rate	69,6	71,7	71,1	59,6	53,1	-6,5	-16,5	23,2	23,4
LV	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	25,2	31,8	38,7	43,7	37,4	-6,3	12,2	30,0	31,5
	At-risk-of-poverty rate	16,2	19,4	21,0	22,3	20,1	-2,2	3,9	21,7	23,1
	Severe material deprivation rate	15,7	20,8	28,0	35,4	27,1	-8,3	11,4	10,8	12,0
	Share of people living in very low work intensity households	2,8	4,8	10,2	9,6	9,5	-0,1	6,7	9,4	10,0
	In-work at-risk-of-poverty rate	8,2	9,6	8,0	8,3	5,6	-2,7	-2,6	11,2	11,9
	Youth unemployment ratio (15-24)	5,6	14,0	13,9	11,6	11,5	-0,1	5,9	9,1	9,7
	NEET rate	13,9	21,8	22,5	19,8	17,4	-2,4	3,5	16,7	17,1
	Housing cost overburden rate	4,5	5,2	8,0	11,7	9,8	-1,9	5,3	13,6	14,3

LV	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	28,0	32,8	37,4	41,1	35,9	-5,2	7,9	24,5	25,4
	At-risk-of-poverty rate	19,4	20,5	20,4	20,2	19,3	-0,9	-0,1	16,1	16,5
	Severe material deprivation rate	16,7	20,5	26,8	31,2	25,0	-6,2	8,3	9,0	10,0
	Share of people living in very low work intensity households (18-59)	5,7	7,6	12,6	12,6	12,1	-0,5	6,4	10,7	10,8
	In-work at-risk-of poverty rate	10,7	11,2	9,7	9,6	8,9	-0,7	-1,8	8,9	9,1
	At-risk-of-poverty gap	29,5	33,5	31,9	33,0	32,1	-0,9	2,6	25,9	26,0
	Overcrowding rate	58,6	57,0	56,4	44,2	36,7	-7,5	-21,9	18,3	18,2
	Housing cost overburden rate	7,1	7,8	10,1	13,1	11,3	-1,8	4,2	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	17,4	18,0	27,1	28,9	25,2	-3,7	7,7	37,1	35,0
LV	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	58,8	55,5	36,8	33,0	33,7	0,7	-25,1	20,4	19,3
	At-Risk-of-Poverty rate	52,0	47,6	17,2	9,1	13,9	4,8	-38,1	15,9	14,5
	Severe Material Deprivation rate	28,7	25,3	27,5	28,9	26,4	-2,5	-2,3	7,3	7,6
	Relative median income ratio of elderly	0,53	0,57	0,78	0,86	0,80	-0,06	0,27	0,89	0,91
	Aggregate replacement ratio	0,30	0,34	0,47	0,53	0,49	-0,04	0,19	0,54	0,54
	Overcrowding rate	40,1	37,9	37,8	26,5	20,4	-6,1	-19,7	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

Note: ratio indicators are not expressed in %; all changes are in percentage points' difference with the exception of the poverty threshold, S80/S20

## INVESTING IN CHILDREN

LV	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	32,4	38,4	42,2	44,1	40,0	-4,1	7,6	27,3	28,1
	At-risk-of-poverty rate (0-17)	23,6	26,3	26,3	24,7	24,4	-0,3	0,8	20,8	20,8
	Severe material deprivation rate (0-17)	19,2	24,6	30,7	32,4	27,3	-5,1	8,1	10,1	11,8
	Share of children (0-17) living in very low work intensity households	4,6	6,8	12,3	12,5	10,3	-2,2	5,7	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	12,1	17,5	13,0	12,7	:	:		12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	12,3	12,9	11,5	10,8	10,3	-0,5	-2,0	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	84,7	87,3	80,1	73,8	76,5	2,7	-8,2	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	21,3	21,5	18,7	17,4	18,4	1,0	-2,9	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	2	2	1	1	:	:	:	14	15
	Child care (0-3), 30h and more	12	13	15	14	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	3	7	5	7	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	67	67	59	66	:	:	:	45	46
	Relative median poverty gap for children (0-17)	30,7	34,2	31,3	33,2	31,0	-2,2	0,3	24,5	23,9
	Part-time employment due to care responsibilities (total)	6,7	4,5	3,0	3,8	2,8	-1,0	-3,9	23,1	22,7
	Part-time employment due to care responsibilities (male)	:	:	:	:	:			3,9	3,9
	Part-time employment due to care responsibilities (female)	10,4	7,4	4,9	6,1	:			28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty									
	Housing cost overburden rate (0-17)	7,2	7,3	8,7	12,4	10,6	-1,8	3,4	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	7,5	8,9	8,0	8,9	8,7	-0,2	1,2	7,0	6,9
	Early leavers from education and training (18-24)	15,5	13,9	13,3	11,6	10,6	-1,0	-4,9	13,4	12,7
	Self-declared unmet need for medical care (16-24)	3,0	2,5	5,8	4,7	3,0	-1,7	0,0	1,6	1,4
	Infant mortality	161	168	110	124	125	1	-36	20.509	:
	Severe housing deprivation (0-17)	29,9	30,2	29,4	24,9	24,8	-0,1	-5,1	7,9	7,7
	Overcrowding (0-17)	69,6	71,7	71,1	59,6	53,1	-6,3	-16,5	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	80,4	55,3	-25,1	63,9 (100/0/0)*	43,6 (61/39/0)*	-20,3
Low income	86,8	58,5	-28,3	63,9 (100/0/0)*	43,6 (61/39/0)*	-20,3
High income	57	39,8	-17,2	47,5 (100/0/0)*	32,8 (61/39/0)*	-14,7
Lower / higher future rates of return		52,8 / 58,3			41,2 / 46,5	
Lower / higher future wage growth		59,5 / 52,2			47,7 / 40,5	
38 years career: average income	65,9	50,2	-15,7	48,2	38,6	-9,6
Low / high income	65,6 / 46,7	51,7 / 35,9	(-13,9/-10,8)	48,2 / 36,2	38,6 / 29	(-9,6/-7,2)
42 years career: average income	77,6	61,2	-16,4	58,3	49,4	-8,9
Low / high income	82 / 54,9	65 / 44,3	(-17/-10,6)	58,3 / 43	49,4 / 37,1	(-8,9/-5,9)
10 years after retirement	68,8	47,5	-21,3	51,1	35,9	-15,2
Female worker with 3 years of career break for childcare	56,8	44,8	-12,0	40,3	33,2	-7,1
3 years of career break for unemployment	59,4	44,9	-14,5	42,3	33,4	-8,9
10 years out of the labour market	63,5	43,7	-19,8	47,5	32,2	-15,3
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	:	:	:	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	48,2	15,8	-32,4	48,0	39,1	-8,9

Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

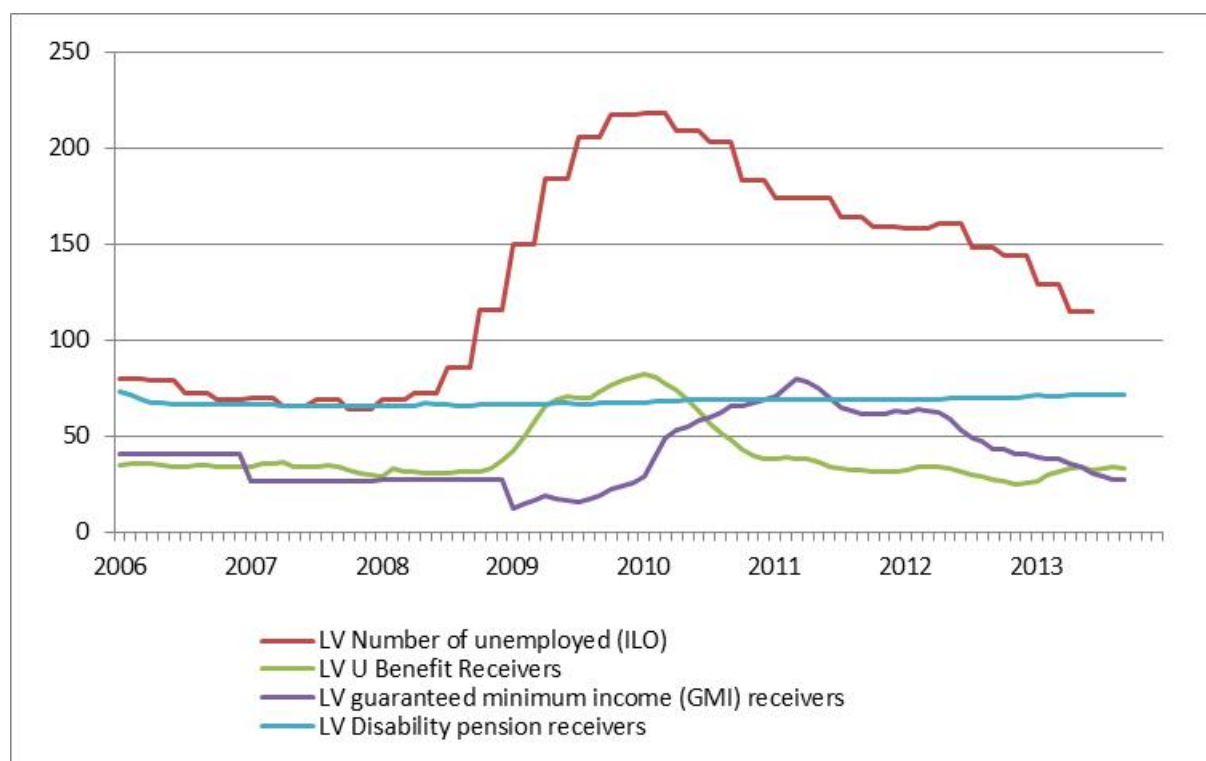
## HEALTH CARE SYSTEMS

LV						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	51,8	52,8	53,5	53,7	54,8	61,7	61,3
Healthy life years at birth (female)	54,6	56,2	56,7	56,6	59,1	62,2	61,9
Healthy life years at 65 (male)	4,9	4,8	4,9	4,8	5,3	8,6	8,4
Healthy life years at 65 (female)	5	5,7	5,6	5	6,4	8,6	8,5
Life expectancy at birth (male)	67	68,1	68,6	68,6	68,9	77,4	:
Life expectancy at birth (female)	77,8	78	78,4	78,8	78,9	83,2	:
Life expectancy at 65 (male)	13	13,4	13,3	13,4	13,6	17,8	:
Life expectancy at 65 (female)	17,9	18,2	18,2	18,7	18,5	21,3	:
Self-reported unmet need for medical care	9,7	9,6	14,8	16,1	12,3	3,4	3,4
Self-percieved general health	44,50	47,50	49,1	46,8	47,6	67,9	68,2
Total health care expenditure (PPS)	930,57	823,92	:	:		:	:
Total health care expenditure (% of GDP)	6,59	6,84	:	:		:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)



## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>208</sup>



LV	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	eurostat
	Unemployment benefit
<b>definition</b>	persons receiving unemployment benefit
<b>unit</b>	thousands of recipients
<b>source</b>	State Social Insurance Agency
	Social assistance benefit
<b>definition</b>	persons in household receiving municipal GMI benefit
<b>unit</b>	thousands of recipients
<b>source</b>	annual statistical reports from local municipalities
	Disability benefit
<b>definition</b>	persons receiving disability pension
<b>unit</b>	thousands of pensioners
<b>source</b>	State Social Insurance Agency

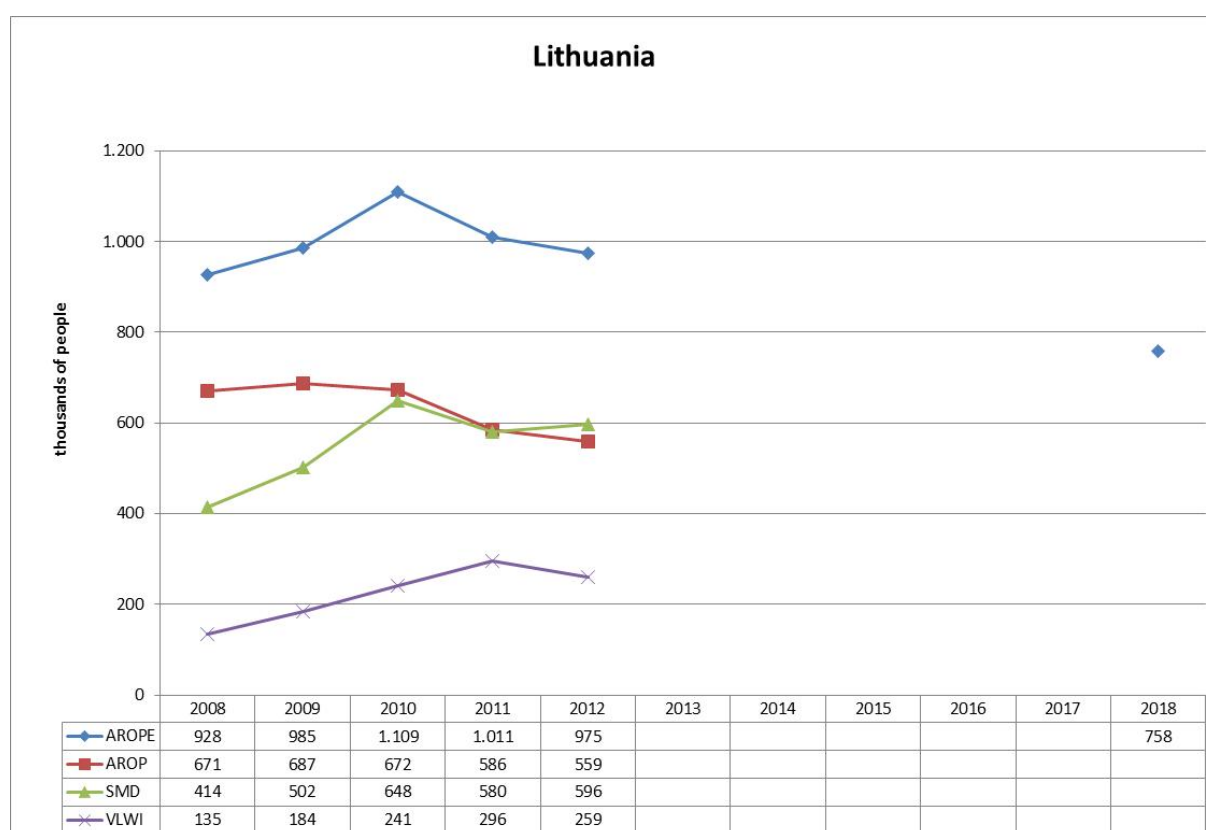
<sup>208</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"Lithuania commits to reduce the number of individuals living at risk of poverty or social exclusion from the current 984,000 to 814,000 by 2020, which constitutes 170,000 people."

Source: National Reform Programme (2011)

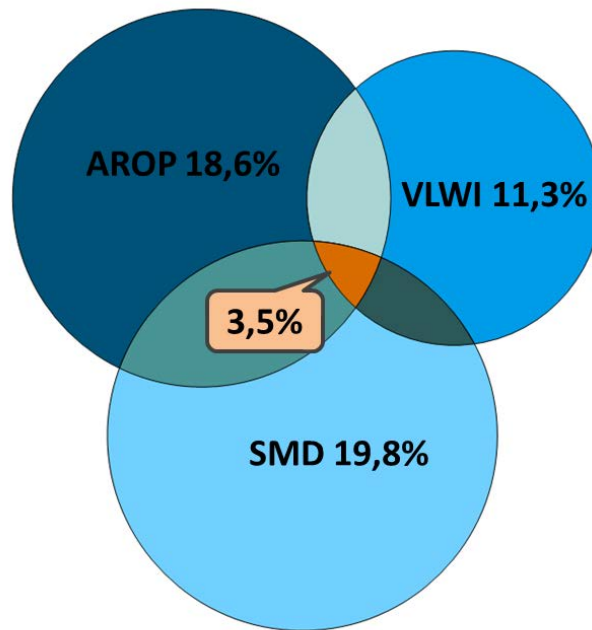
## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION



Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2018; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

LT	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	20,0	20,6	20,2	19,2	18,6	-0,6		16,9	17,0
	1000 persons	671	687	672	586	559	-4,6		84.586	84.999
<b>VLWI total</b>	% of total pln	5,1	6,9	9,2	12,6	11,3	-1,3		10,3	10,4
	1000 persons	135	184	241	296	259	-12,5		39.465	39.431
<b>SMD total</b>	% of total pln	12,3	15,1	19,5	19,0	19,8	0,8		8,9	9,9
	1000 persons	414	502	648	580	596	2,8		44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	1,4	1,9	2,1	3,1	2,1	-1,0		2,9	2,7
	1000 persons	47	64	71	94	63	-33,0		14.577	13.456
<b>AROP+ SMD</b>	% of total pln	4,6	5,0	5,2	4,0	4,1	0,1		2,6	2,9
	1000 persons	154	165	172	122	124	1,6		13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	1,3	2,1	2,6	3,2	3,5	0,3		1,7	1,9
	1000 persons	42	69	85	99	106	7,1		8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,2	0,6	1,2	1,3	1,3	0,0		0,6	0,6
	1000 persons	6	21	38	39	40	2,6		2.785	3.236

Source: Eurostat (EU-SILC),  
Note: breaks in series in 2011

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

LT						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	2,9	-14,8	1,6	6,0	3,7	1,6	-0,4
Employment growth (y-on-y % change)	-0,7	-6,8	-11,9	0,5	1,8	0,2	-0,5
Unemployment rate	5,8	13,8	17,8	15,4	13,4	9,7	10,5
Long-term unemployment rate	1,1	3,2	7,5	8,0	6,6	4,2	4,7
Social protection expenditure (% of GDP)	15,6	20,6	18,3	16,4	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS);

Note: breaks in series for 2011

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

LT		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	15,6	20,6	18,3	16,4	28,1	27,8
	Sickness/Health care	4,6	5,5	4,8	4,5	8,3	8,2
	Disability	1,6	2,1	1,8	1,6	2,2	2,1
	Old age	6,4	8,3	7,4	6,7	11,1	11,1
	Survivors	0,5	0,7	0,6	0,5	1,7	1,6
	Family/Children	1,8	2,8	2,2	1,7	2,3	2,2
	Unemployment	0,4	0,9	0,8	0,6	1,7	1,6
	Housing	0,0	0,0	0,0	0,0	0,6	0,6
	Social exclusion n.e.c.	0,2	0,4	0,7	0,8	0,4	0,4
	<b>Means-tested</b>						
	Total	0,3	0,5	1,0	1,0	3,0	3,0
	Sickness/Health care	0,0	0,0	0,0	0,0	0,1	0,1
	Disability	0,0	0,0	0,0	0,0	0,4	0,4
	Old age	0,0	0,0	0,0	0,0	0,5	0,5
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1
	Family/Children	0,1	0,1	0,3	0,2	0,6	0,6
	Unemployment	0,0	0,0	0,0	0,0	0,4	0,4
	Housing	0,0	0,0	0,0	0,0	0,6	0,6
	Social exclusion n.e.c.	0,1	0,3	0,7	0,7	0,4	0,4
	<b>Non-means tested</b>						
	Total	15,3	20,1	17,4	15,4	25,1	24,8
	Sickness/Health care	4,6	5,5	4,8	4,5	8,2	8,1
	Disability	1,6	2,1	1,8	1,6	1,8	1,7
	Old age	6,4	8,3	7,4	6,7	10,5	10,6
	Survivors	0,5	0,7	0,6	0,5	1,6	1,5
	Family/Children	1,7	2,7	1,9	1,5	1,7	1,6
	Unemployment	0,4	0,9	0,8	0,6	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
	Social exclusion n.e.c.	0,0	0,0	0,0	0,0	0,1	0,1

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

## INCOME AND LIVING CONDITIONS

LT	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	27,6	29,5	33,4	33,1	32,5	-0,6		24,3	24,8
	At-Risk-of-poverty rate	20,0	20,6	20,2	19,2	18,6	-0,6		16,9	17,0
	Value of threshold (single HH) - in PPS	4.170	4.381	3.642	3.563	3.957	11,1		10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	8.756	9.199	7.648	7.482	8.310	11,1		22.673	22.752
	Severe material deprivation rate	12,3	15,1	19,5	19,0	19,8	0,8		8,9	9,9
	Share of people living in very low work intensity households (0-59)	5,1	6,9	9,2	12,6	11,3	-1,3		10,3	10,4
	At-risk-of-poverty gap	25,7	23,1	32,6	29,0	22,6	-6,4		23,4	23,5
	Anchored at-risk-of-poverty rate	20,0	18,6	28,4	32,2	27,4	-4,8		17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	26,5	29,9	36,5	36,4	34,5	-1,9		35,7	34,4
	S80/S20	5,9	6,3	7,3	5,8	5,3	-0,5		5,1	5,1
	Persistent at-risk-of-poverty rate	10,9	11,7	7,6	7,5		-0,1		:	10,0
	Housing cost overburden rate	4,8	5,5	10,6	11,1	8,9	-2,2		11,6	11,3

LT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	29,4	31,0	34,3	34,6	31,9	-2,7		27,3	28,1
	At-risk-of-poverty rate	22,8	23,7	23,3	25,2	20,8	-4,4		20,8	20,8
	Severe material deprivation rate	12,3	14,8	19,7	16,7	16,9	0,2		10,1	11,8
	Share of people living in very low work intensity households	3,6	5,2	5,5	11,6	9,2	-2,4		9,2	9,0
	At-risk-of-poverty gap	28,1	25,4	35,5	29,0	24,3	-4,7		24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	29,8	36,5	46,6	37,3	41,1	3,8		40,6	39,4
	Overcrowding rate	64,3	65,8	62,3	31,7	30,4	-1,3		23,2	23,4
LT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	28,5	28,2	35,4	38,0	35,9	-2,1		30,0	31,5
	At-risk-of-poverty rate	17,8	17,8	22,7	24,4	20,2	-4,2		21,7	23,1
	Severe material deprivation rate	13,5	13,8	19,7	19,5	23,1	3,6		10,8	12,0
	Share of people living in very low work intensity households	2,8	6,2	8,6	11,7	10,4	-1,3		9,4	10,0
	In-work at-risk-of-poverty rate	6,4	5,4	11,3	6,1	5,8	-0,3		11,2	11,9
	Youth unemployment ratio (15-24)	4,1	8,9	10,2	9,2	7,8	-1,4		9,1	9,7
	NEET rate	12,3	16,9	18,1	16,1	14,9	-1,2		16,7	17,1
	Housing cost overburden rate	5,2	6,0	9,2	9,8	9,7	-0,1		13,6	14,3

LT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	24,5	27,5	34,0	33,3	31,7	-1,6		24,5	25,4
	At-risk-of-poverty rate	16,8	18,5	21,8	20,2	17,9	-2,3		16,1	16,5
	Severe material deprivation rate	11,3	14,3	18,5	18,0	19,5	1,5		9,0	10,0
	Share of people living in very low work intensity households (18-59)	5,5	7,5	10,3	13,0	12,0	-1,0		10,7	10,8
	In-work at-risk-of poverty rate	9,5	10,6	12,4	9,6	7,7	-1,9		8,9	9,1
	At-risk-of-poverty gap	30,6	28,4	33,6	30,7	26,6	-4,1		25,9	26,0
	Overcrowding rate	50,8	49,4	47,0	19,6	19,6	0,0		18,3	18,2
	Housing cost overburden rate	4,8	5,9	11,1	11,5	8,6	-2,9		11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	30,9	31,7	33,7	37,3	36,3	-1,0		37,1	35,0
LT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	38,1	35,8	30,0	30,9	35,7	4,8		20,4	19,3
	At-Risk-of-Poverty rate	29,5	25,2	10,2	9,7	18,7	9,0		15,9	14,5
	Severe Material Deprivation rate	16,5	18,6	23,7	25,1	24,1	-1,0		7,3	7,6
	Relative median income ratio of elderly	0,71	0,73	0,92	0,90	0,78	-0,12		0,89	0,91
	Aggregate replacement ratio	0,44	0,48	0,60	0,52	0,45	-0,07		0,54	0,54
	Overcrowding rate	27,5	26,8	24,7	6,2	5,5	-0,7		6,9	6,8

Source: Eurostat (EU-SILC, LFS),

Note: breaks in series in 2011

## INVESTING IN CHILDREN

LT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	29,4	31,0	34,3	34,6	31,9	-2,7		27,3	28,1
	At-risk-of-poverty rate (0-17)	22,8	23,7	23,3	25,2	20,8	-4,4		20,8	20,8
	Severe material deprivation rate (0-17)	12,3	14,8	19,7	16,7	16,9	0,2		10,1	11,8
	Share of children (0-17) living in very low work intensity households	3,6	5,2	5,5	11,6	9,2	-2,4		9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	12,0	14,3	7,7	10,9	:			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	12,2	12,8	13,7	11,6	9,8	-1,8		10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	69,1	77,0	70,0	73,9	72,2	-1,7		70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	20,9	20,5	20,3	18,5	15,5	-3,0		15,7	16,0



<b>Access to adequate resources</b>	Child care (0-3), less than 30h	1	1	2	1	:	:	:	14	15
	Child care (0-3), 30h and more	8	9	11	6	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	7	4	9	9	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	55	51	58	56	:	:	:	45	46
	Relative median poverty gap for children (0-17)	28,1	25,4	35,5	29,0	24,3	-4,7		24,5	23,9
	Part-time employment due to care responsibilities (total)	:	5,1	:	:	:			23,1	22,7
	Part-time employment due to care responsibilities (male)	:	:	:	:	:			3,9	3,9
	Part-time employment due to care responsibilities (female)	:	7,9	:	:	:			28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty									
	Housing cost overburden rate (0-17)	29,8	36,5	46,6	37,3	41,1	3,8	11,2	40,6	39,4
<b>Access to quality services</b>	NEET rate (15-19)	5,5	5,4	13,1	10,6	7,3	-3,3		11,5	11,0
	Early leavers from education and training (18-24)	2,9	3,9	4,1	3,6	3,4	-0,2		7,0	6,9
	Self-declared unmet need for medical care (16-24)	7,4	8,7	7,9	7,4	6,5	-0,9		13,4	12,7
	Infant mortality	1,1	2,0	0,3	1,4	0,4	-1,0		1,6	1,4
	Severe housing deprivation (0-17)	172	181	153	144	118	-26		20.509	:
	Overcrowding (0-17)	27,0	22,1	17,5	12,6	11,8	-0,8		7,9	7,7
	64,3	65,8	62,3	31,7	30,4	-1,3		23,2	23,4	

Source: Eurostat (EU-SILC, LFS, Mortality data)

Note: breaks in series for 2011

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	61,5	60,3	-1,2	47,7 (96/4/0)*	47,1 (87/13/0)*	-0,6
Low income	78,9	74,7	-4,2	63,1 (97/3/0)*	60,2 (90/10/0)*	-2,9
High income	39,2	38,1	-1,1	29,8 (94/6/0)*	29,1 (84/16/0)*	-0,7
Lower / higher future rates of return		59 / 62			46,3 / 48,2	
Lower / higher future wage growth		62,2 / 58,9			48,6 / 46	
38 years career: average income	54,4	52,3	-2,1	40,7	40,8	0,1
Low / high income	67,6 / 36,9	64,7 / 33	(-2,9 / -3,9)	52,3 / 26,8	52,1 / 25,2	(-0,2 / -1,6)
42 years career: average income	76,8	72,5	-4,3	59,7	56,7	-3,0
Low / high income	95,7 / 51,1	89,9 / 45,8	(-5,8 / -5,3)	76,8 / 38,8	72,5 / 34,9	(-4,3 / -3,9)
10 years after retirement	67,6	58,6	-9,0	52,6	45,7	-6,9
Female worker with 3 years of career break for childcare	49,8	58,6	8,8	36,3	45,8	9,5
3 years of career break for unemployment	51,1	56,1	5,0	38,2	43,8	5,6
10 years out of the labour market	48	46,2	-1,8	37,3	36,1	-1,2
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	38,7	34,9	-3,7	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	38,2	35,7	-2,5	48,0	39,1	-8,9

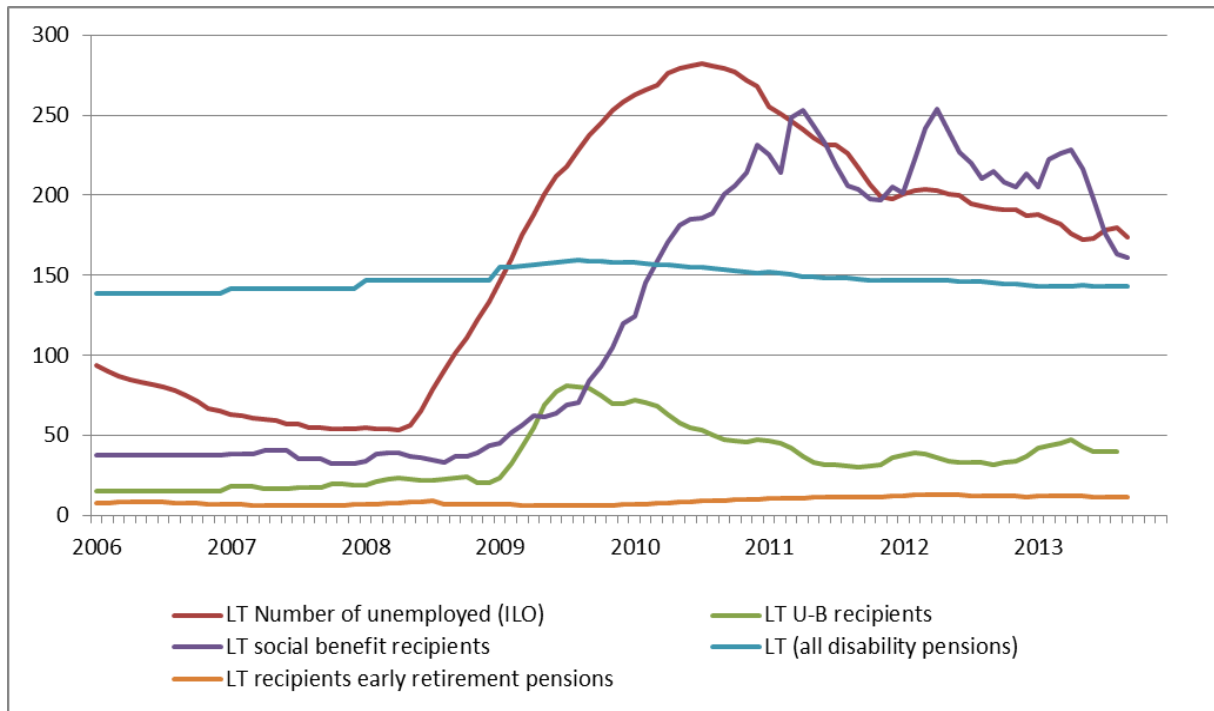
Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

## HEALTH CARE SYSTEMS

LT						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	54,8	57,2	57,8	57,0	56,6	61,7	61,3
Healthy life years at birth (female)	59,9	61,2	62,4	62,0	61,6	62,2	61,9
Healthy life years at 65 (male)	5,8	6,1	6,3	6,2	5,6	8,6	8,4
Healthy life years at 65 (female)	6,5	6,8	6,7	6,7	6,1	8,6	8,5
Life expectancy at birth (male)	65,9	67,1	67,6	68,1	68,4	77,4	:
Life expectancy at birth (female)	77,6	78,7	78,9	79,3	79,6	83,2	:
Life expectancy at 65 (male)	13,6	13,6	13,8	14,0	14,1	17,8	:
Life expectancy at 65 (female)	18,4	18,8	18,8	19,2	19,2	21,3	:
Self-reported unmet need for medical care (%)	5,5	3,1	2,5	2,8	2,3	3,4	3,4
Self-perceived general health (%)	48,3	49,6	51,9	43,9	44,3	67,9	68,2
Total health care expenditure (PPS) per capita	1107,5	1041,0	1074,9	1164,0		:	:
Total health care expenditure (% of GDP)	6,6	7,5	7,1	6,9		:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>209</sup>



<sup>209</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

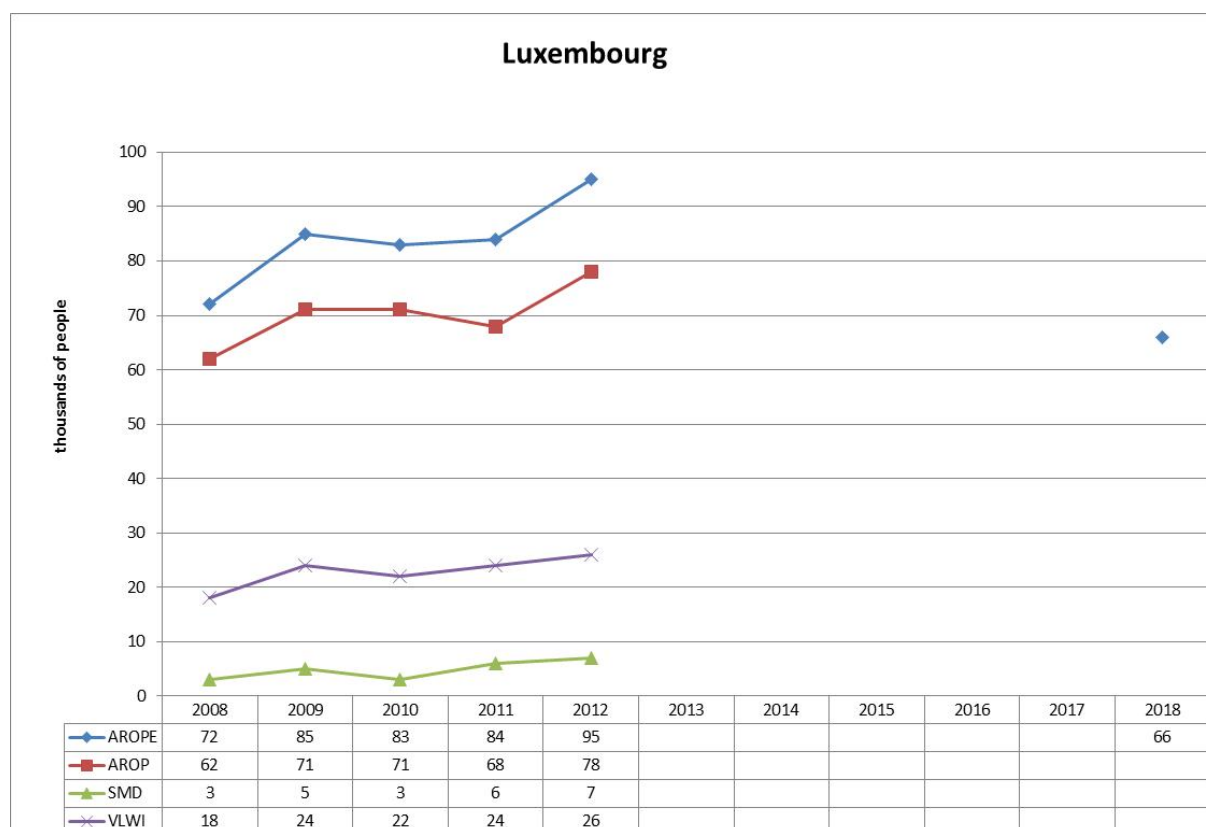
LT	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	eurostat
<b>link</b>	<a href="http://nui.epp.eurostat.ec.europa.eu/nui/show.do?dataset=lmhu_m&amp;lang=en">http://nui.epp.eurostat.ec.europa.eu/nui/show.do?dataset=lmhu_m&amp;lang=en</a>
	Unemployment benefit
<b>definition</b>	Unemployment benefit recipients
<b>unit</b>	thousands of recipients
<b>source</b>	National Labour Exchange.
<b>comment</b>	<p>The unemployed have possibility to receive unemployment benefit if he has a minimum period of insurance: 18 months within 3 years preceding unemployment. (there are exceptions for certain groups of unemployed people who contributed but have not acquired the necessary social insurance record due to important reasons). The duration of payment of Unemployment Insurance Benefit depends on the length of the insurance record: Service years Duration less than 25 years 6 months; 25 - 30 years -7 months, 30 - 35 years- 8 months; 35 years and over-9 months. The duration of payment is prolonged for additional 2 months for elderly persons within 5 years till pension age. Since 1 January 2013 unemployment benefits are paying from the State Social Insurance Fund ("Sodra").</p> <p>The statistical data of on the website at <a href="http://www.sodra.it">www.sodra.it</a> or on the special website at <a href="http://atvira.sodra.it">http://atvira.sodra.it</a></p>
	Social assistance benefit
<b>definition</b>	number of recipients of social benefit
<b>unit</b>	thousands of recipients
<b>source</b>	Ministry of Social Security and Labour, The Social Assistance Information System.
<b>comment</b>	Families and single residents are entitled to Social Benefit if either single resident or one spouse works or does not work because they are full-time students or pensioners, or individuals above retirement age, or disabled, or nursing a disabled or sick family member, or registered at the local office as unemployed and receiving Unemployment Benefit or are long-term unemployed (more than 6 months), or taking care of a child under the age of 3 years or under the age of 8 years, or family is raising three or more children, etc.
	Disability benefit
<b>definition</b>	All disability pensions
<b>unit</b>	thousands of pensioners
	Early Retirement
<b>definition</b>	The number of recipients of early retirement pensions, thousand
<b>unit</b>	thousands of pensioners
<b>comment</b>	Persons are eligible for early retirement pension if: they acquired an insurance period of 30 years, they are registered as unemployed for at least 12 months, the age is less than 5 years to retirement age, have no other incomes, do not receive any other pension or benefit. Since 2012, the requirement for pre-retirement age persons to be registered in the Labour Exchange has been cancelled.

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"Luxembourg aims to reduce the number of persons under the threat of poverty or social exclusion by 6,000 people by 2020"

Source: National Reform Programme (2012)

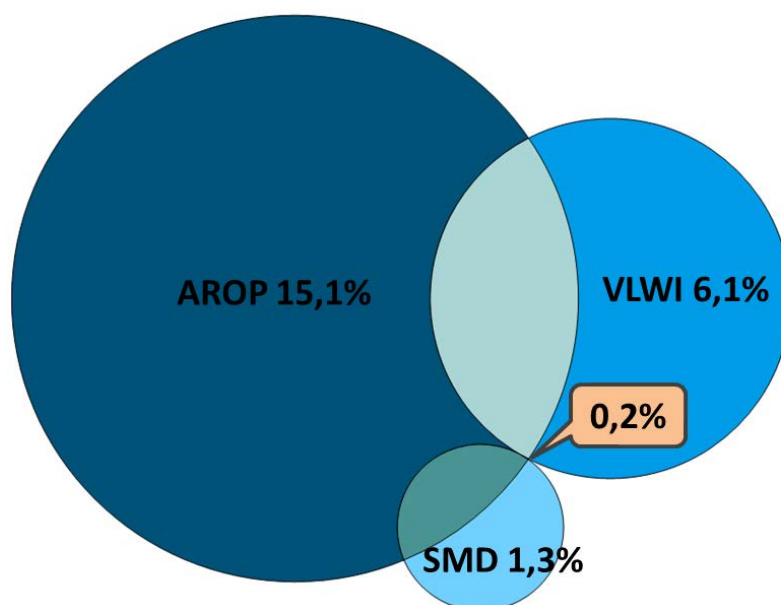
## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION



Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2018; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

LU	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	13,4	14,9	14,5	13,6	15,1	1,5	1,7	16,9	17,0
	1000 persons	62	71	71	68	78	14,7	25,8	84.586	84.999
<b>VLWI total</b>	% of total pln	4,7	6,3	5,5	5,8	6,1	0,3	1,4	10,3	10,4
	1000 persons	18	24	22	24	26	8,3	44,4	39.465	39.431
<b>SMD total</b>	% of total pln	0,7	1,1	0,5	1,2	1,3	0,1	0,6	8,9	9,9
	1000 persons	3	5	3	6	7	16,7	133,3	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	1,6	2,1	2,0	1,8	2,0	0,2	0,4	2,9	2,7
	1000 persons	8	10	10	9	10	11,1	25,0	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	0,3	0,5	0,3	0,6	0,5	-0,1	0,2	2,6	2,9
	1000 persons	1	2	1	3	3	0,0	200,0	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	0,2	0,3	0,1	0,1	0,2	0,1	0,0	1,7	1,9
	1000 persons	1	2	1	1	1	0,0	0,0	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,0	0,0	0,0	0,1	0,0	-0,1	0,0	0,6	0,6
	1000 persons	0	0	0	0	0			2.785	3.236

Source: Eurostat (EU-SILC)

Note: In Luxembourg, poverty risk rate has increased from 13.6% in 2011 to 15.1% in 2012. This statistic is an indicator of income inequality rather than actual poverty or precariousness. So, income inequality has indeed increased as a result of the evolution of specific income components. The weight of capital income (rents and income from financial investments) is much higher at the top than at the bottom of the income distribution (9.4% in the 10th decile vs. 2.5% in the 1st decile). Capital income has increased sharply between 2011 and 2012 (+26%). As to the income components that make most of the revenue of low-income households, they have very slightly increased or have even decreased.

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

LU						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	-0,7	-5,6	3,1	1,9	-0,2	1,6	-0,4
Employment growth (y-on-y % change)	5,0	0,9	1,8	2,9	2,5	0,2	-0,5
Unemployment rate	4,9	5,1	4,6	4,8	5,1	9,7	10,5
Long-term unemployment rate	1,6	1,2	1,3	1,4	1,6	4,2	4,7
Social protection expenditure (% of GDP)	21,0	23,9	22,6	22,2	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

LU		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	21,0	23,9	22,6	22,2	28,1	27,8
	Sickness/Health care	5,3	6,1	5,8	5,6	8,3	8,2
	Disability	2,4	2,7	2,6	2,6	2,2	2,1
	Old age	5,6	6,5	6,2	6,3	11,1	11,1
	Survivors	1,9	2,1	2,0	2,0	1,7	1,6
	Family/Children	4,2	4,3	4,0	3,6	2,3	2,2
	Unemployment	1,0	1,3	1,3	1,2	1,7	1,6
	Housing	0,2	0,4	0,3	0,3	0,6	0,6
	Social exclusion n.e.c.	0,4	0,5	0,5	0,5	0,4	0,4
	<b>Means-tested</b>						
	Total	0,6	0,9	0,8	0,8	3,0	3,0
	Sickness/Health care	0,0	0,0	0,0	0,0	0,1	0,1
	Disability	0,0	0,0	0,0	0,0	0,4	0,4
	Old age	0,0	0,0	0,0	0,0	0,5	0,5
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1
	Family/Children	0,0	0,0	0,0	0,0	0,6	0,6
	Unemployment	0,0	0,0	0,0	0,0	0,4	0,4
	Housing	0,2	0,4	0,3	0,3	0,6	0,6
	Social exclusion n.e.c.	0,4	0,5	0,5	0,5	0,4	0,4
	<b>Non-means tested</b>						
	Total	20,4	23,0	21,8	21,3	25,1	24,8
	Sickness/Health care	5,3	6,1	5,8	5,6	8,2	8,1
	Disability	2,4	2,7	2,6	2,6	1,8	1,7
	Old age	5,6	6,5	6,2	6,3	10,5	10,6
	Survivors	1,9	2,1	2,0	2,0	1,6	1,5
	Family/Children	4,2	4,3	4,0	3,6	1,7	1,6
	Unemployment	1,0	1,3	1,3	1,2	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
Social exclusion n.e.c.	0,0	0,0	0,0	0,0	0,1	0,1	

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

## INCOME AND LIVING CONDITIONS

LU	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	15,5	17,8	17,1	16,8	18,4	1,6	2,9	24,3	24,8
	At-Risk-of-poverty rate	13,4	14,9	14,5	13,6	15,1	1,5	1,7	16,9	17,0
	Value of threshold (single HH) - in PPS	16.166	16.265	15.981	16.001	15.996	0,0	-1,1	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	33.948	34.157	33.560	33.602	33.592	0,0	-1,0	22.673	22.752
	Severe material deprivation rate	0,7	1,1	0,5	1,2	1,3	0,1	0,6	8,9	9,9
	Share of people living in very low work intensity households (0-59)	4,7	6,3	5,5	5,8	6,1	0,3	1,4	10,3	10,4
	At-risk-of-poverty gap	16,6	17,6	18,6	15,7	15,0	-0,7	-1,6	23,4	23,5
	Anchored at-risk-of-poverty rate	13,4	15,5	14,4	14,6	17,5	2,9	4,1	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	43,2	44,8	50,2	50,0	47,9	-2,1	4,7	35,7	34,4
	S80/S20	4,1	4,3	4,1	4,0	4,1	0,1	0,0	5,1	5,1
	Persistent at-risk-of-poverty rate	8,4	8,8	6,0	6,5	:	0,5	-1,9	:	10,0
	Housing cost overburden rate	3,7	3,7	4,7	4,2	4,9	0,7	1,2	11,6	11,3



LU	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	20,9	23,7	22,3	21,7	24,6	2,9	3,7	27,3	28,1
	At-risk-of-poverty rate	19,8	22,3	21,4	20,3	22,6	2,3	2,8	20,8	20,8
	Severe material deprivation rate	0,9	1,2	0,2	1,2	1,7	0,5	0,8	10,1	11,8
	Share of people living in very low work intensity households	3,1	4,1	3,2	2,9	4,0	1,1	0,9	9,2	9,0
	At-risk-of-poverty gap	16,6	19,6	18,6	18,5	14,9	-3,6	-1,7	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	41,2	43,7	50,3	50,0	50,7	0,7	9,4	40,6	39,4
	Overcrowding rate	10,3	9,4	10,7	9,5	9,2	-0,3	-1,1	23,2	23,4
LU	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	17,4	27,3	19,1	20,8	21,9	1,1	4,5	30,0	31,5
	At-risk-of-poverty rate	15,5	21,2	16,5	17,1	18,7	1,6	3,2	21,7	23,1
	Severe material deprivation rate	0,5	1,9	0,9	2,4	1,4	-1,0	0,9	10,8	12,0
	Share of people living in very low work intensity households	3,9	10,6	5,2	5,0	4,5	-0,5	0,6	9,4	10,0
	In-work at-risk-of-poverty rate	10,9	13,3	9,1	11,8	10,2	-1,6	-0,7	11,2	11,9
	Youth unemployment ratio (15-24)	5,2	5,5	3,5	4,2	5,0	0,8	-0,2	9,1	9,7
	NEET rate	8,6	7,5	6,9	6,5	7,8	1,3	-0,8	16,7	17,1
	Housing cost overburden rate	3,8	4,8	5,2	5,0	4,1	-0,9	0,3	13,6	14,3

LU	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	15,8	18,2	17,5	17,6	18,8	1,2	3,0	24,5	25,4
	At-risk-of-poverty rate	12,9	14,2	13,9	13,1	14,5	1,4	1,6	16,1	16,5
	Severe material deprivation rate	0,7	1,3	0,7	1,4	1,4	0,0	0,7	9,0	10,0
	Share of people living in very low work intensity households (18-59)	5,2	7,1	6,4	6,9	6,8	-0,1	1,6	10,7	10,8
	In-work at-risk-of poverty rate	9,4	10,1	10,6	9,8	10,3	0,5	0,9	8,9	9,1
	At-risk-of-poverty gap	16,7	17,6	18,7	15,7	15,7	0,0	-1,0	25,9	26,0
	Overcrowding rate	8,3	6,3	7,8	6,8	7,3	0,5	-1,0	18,3	18,2
	Housing cost overburden rate	4,3	4,1	5,3	4,7	5,5	0,8	1,2	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	44,9	46,2	50,5	50,8	47,3	-3,5	2,4	37,1	35,0
LU	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	5,4	6,2	6,1	4,7	6,1	1,4	0,7	20,4	19,3
	At-Risk-of-Poverty rate	5,4	6,0	5,9	4,7	6,1	1,4	0,7	15,9	14,5
	Severe Material Deprivation rate	0,0	0,2	0,1	0,0	0,0	0,0	0,0	7,3	7,6
	Relative median income ratio of elderly	0,97	1,01	1,05	1,05	1,10	0,05	0,13	0,89	0,91
	Aggregate replacement ratio	0,58	0,62	0,68	0,74	0,79	0,05	0,21	0,54	0,54
	Overcrowding rate	2,9	2,2	2,9	1,8	1,7	-0,1	-1,2	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

Note: ratio indicators are not expressed in %; all changes are in percentage points' difference with the exception of the poverty threshold, S80/S20

## INVESTING IN CHILDREN

LU	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	20,9	23,7	22,3	21,7	24,6	2,9	3,7	27,3	28,1
	At-risk-of-poverty rate (0-17)	19,8	22,3	21,4	20,3	22,6	2,3	2,8	20,8	20,8
	Severe material deprivation rate (0-17)	0,9	1,2	0,2	1,2	1,7	0,5	0,8	10,1	11,8
	Share of children (0-17) living in very low work intensity households	3,1	4,1	3,2	2,9	4,0	1,1	0,9	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	14,3	14,6	10,3	11,1	:			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	12,2	13,5	14,5	12,5	13,5	1,0	1,3	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	68,8	69,2	73,4	64,9	66,9	2,0	-1,9	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	18,2	20,3	19,7	19,0	20,8	1,8	2,6	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	13	22	17	16	:	:	:	14	15
	Child care (0-3), 30h and more	13	12	19	28	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	54	46	42	46	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	23	26	37	27	:	:	:	45	46
	Relative median poverty gap for children (0-17)	16,6	19,6	18,6	18,5	14,9	-3,6	-1,7	24,5	23,9
	Part-time employment due to care responsibilities (total)	24,6	28,4	31,5	26,5	21,7	-4,8	-2,9	23,1	22,7
	Part-time employment due to care responsibilities (male)	:	:	:	10,0	10,2	0,2		3,9	3,9
	Part-time employment due to care responsibilities (female)	26,4	31,8	34,6	28,9	23,6	-5,3	-2,8	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	41,2	43,7	50,3	50,0	50,7	0,7	9,4	40,6	39,4
	Housing cost overburden rate (0-17)	3,6	4,1	4,1	3,7	5,1	1,4	1,5	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	2,6	3,5	3,2	1,7	2,9	1,2	0,3	7,0	6,9
	Early leavers from education and training (18-24)	13,4	7,7	7,1	6,2	8,1	1,9	-5,3	13,4	12,7
	Self-declared unmet need for medical care (16-24)	1,0	0,3	0,3	0,0	0,2	0,2	-0,8	1,6	1,4
	Infant mortality	10	14	20	24	15	-9	5	20.509	:
	Severe housing deprivation (0-17)	2,8	2,2	3,1	2,9	3,5	0,6	0,7	7,9	7,7
	Overcrowding (0-17)	10,3	9,4	10,7	9,5	9,2	-0,3	-1,1	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	99,9	83,0	-16,9	91,2 (100/0/0)*	71,7 (100/0/0)*	-19,5
Low income	105,6	86,4	-19,2	97,6 (100/0/0)*	76,9 (100/0/0)*	-20,7
High income	77,7	64,9	-12,8	65,5 (100/0/0)*	51,4 (100/0/0)*	-14,1
Lower / higher future rates of return		83,0/83,0			71,7/71,7	
Lower / higher future wage growth		83,0/83,0			71,7/71,7	
38 years career: average income	95,4	78,9	-16,5	85,7	67,4	-18,3
Low / high income	100,6 / 73,9	82,2 / 61,9	(-18,4 / -12)	92,0 / 61,3	72,5 / 48,2	(-19,5 / -13,1)
42 years career: average income	99,9	83,0	-16,9	91,2	71,7	-19,5
Low / high income	105,6/77,7	86,4 / 64,9	(-19,2 / -12,8)	97,6 / 65,6	76,9 / 51,4	(-20,7 / -14,2)
10 years after retirement	99,9	78,3	-21,6	91,2	66,6	-24,6
Female worker with 3 years of career break for childcare	99,9	83,0	-16,9	91,2	71,7	-19,5
3 years of career break for unemployment	97	80,4	-16,6	87,7	68,9	-18,8
10 years out of the labour market	86,9	71,5	-15,4	76,0	59,7	-16,3
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	58,7	53,7	-5,0	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	78,3	63,2	-15,1	48,0	39,1	-8,9

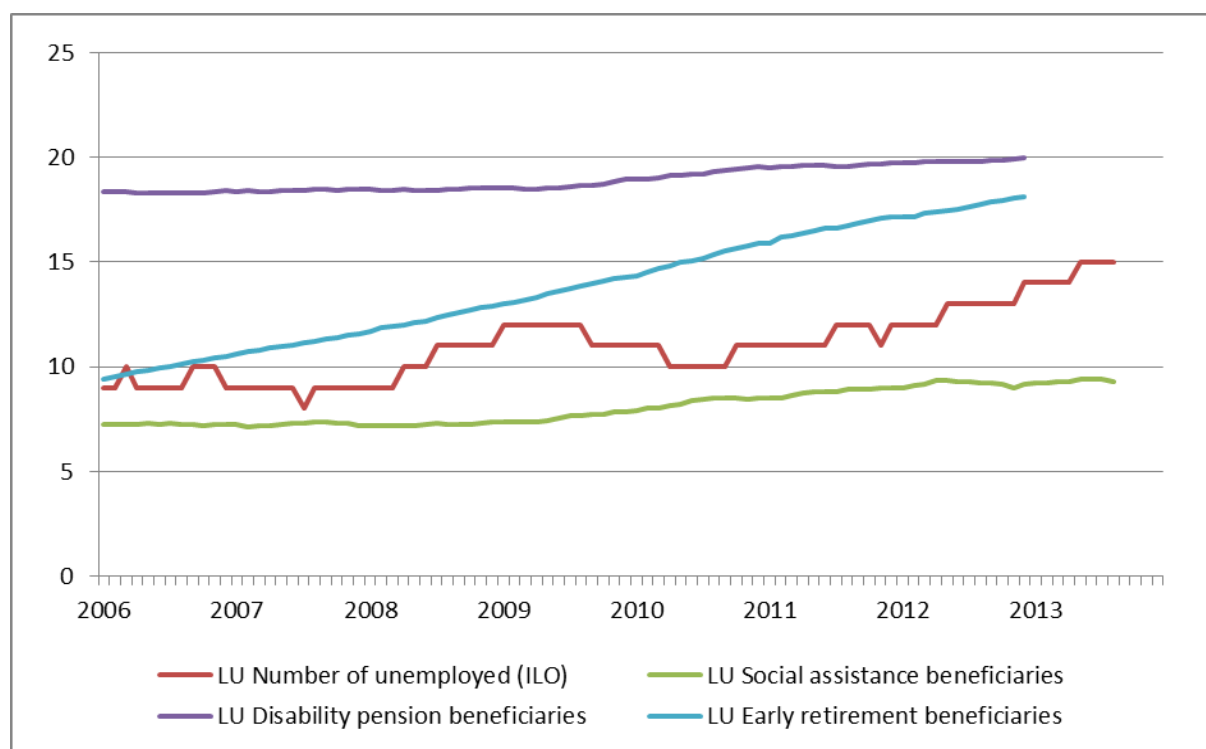
Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

## HEALTH CARE SYSTEMS

LU						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	64,8	65,1	64,4	65,8	65,8	61,7	61,3
Healthy life years at birth (female)	64,4	65,9	66,4	67,1	66,4	62,2	61,9
Healthy life years at 65 (male)	10,7	10,8	10,5	11,5	11,6	8,6	8,4
Healthy life years at 65 (female)	11,6	11,5	12,4	11,8	11,9	8,6	8,5
Life expectancy at birth (male)	78,1	78,1	77,9	78,5	79,1	77,4	:
Life expectancy at birth (female)	83,1	83,3	83,5	83,6	83,8	83,2	:
Life expectancy at 65 (male)	17,4	17,6	17,3	17,8	18,4	17,8	:
Life expectancy at 65 (female)	21	21,4	21,6	21,6	21,4	21,3	:
Self-reported unmet need for medical care	0,6	0,6	0,6	0,6	0,7	3,4	3,4
Self-percieved general health	74,00	74	75,2	72,5	73,8	67,9	68,2
Total health care expenditure (PPS)	4.678,93	:	:	:	:	:	:
Total health care expenditure (% of GDP)	6,75	:	:	:	:	:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>210</sup>



LU	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	Eurostat
Social assistance benefit/means-tested minimum income	
<b>definition</b>	Total of beneficiary households of the guaranteed minimum revenu (complementary allocation)
<b>unit</b>	thousands of beneficiaries
<b>source</b>	IGSS
Disability benefit	
<b>definition</b>	Total of disability pensions of the general pension scheme (permanent, transitory and "indemnité d'attente")
<b>unit</b>	thousands of beneficiaries
<b>source</b>	IGSS
Early retirement	
<b>definition</b>	Early retirement beneficiaries
<b>unit</b>	thousands of beneficiaries
<b>source</b>	IGSS

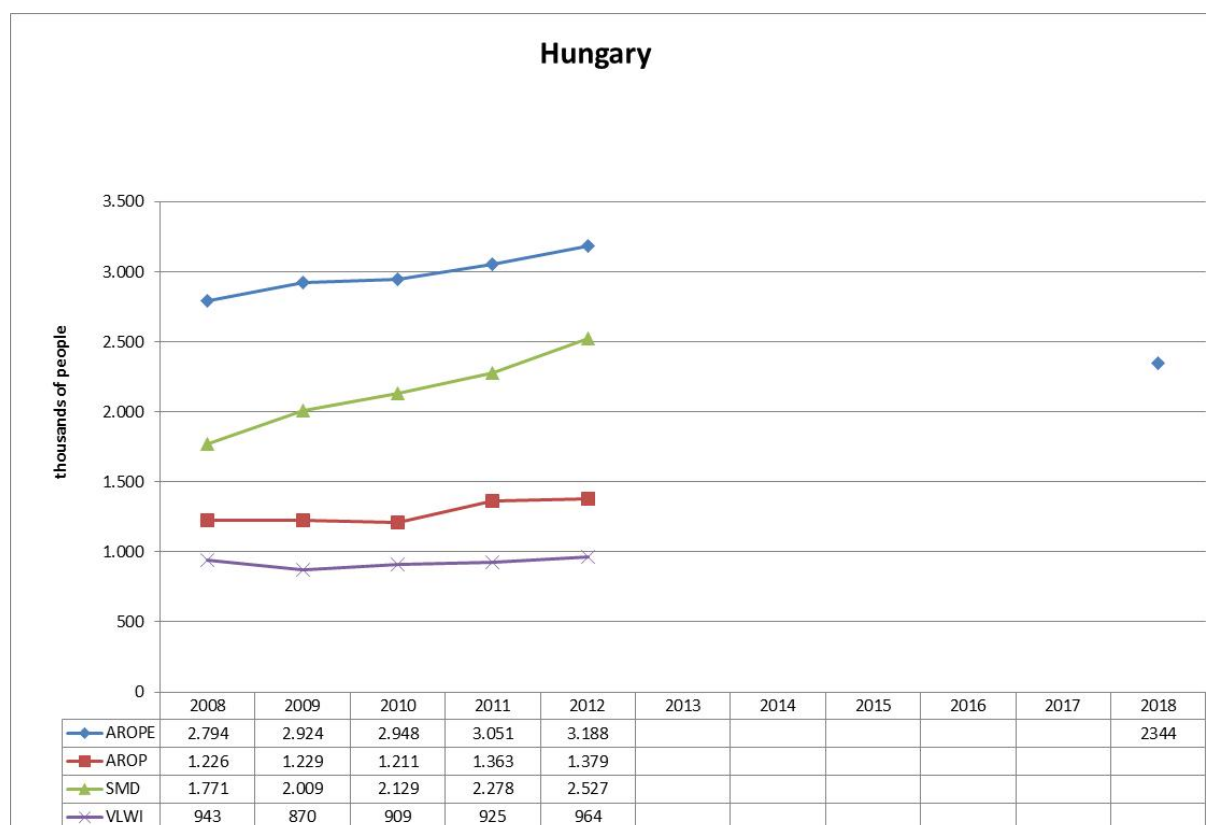
<sup>210</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"Hungary aims to reduce the level of poverty among families with children, the number of people living in severe material deprivation, and the number of people living in households with low work intensity by 20 per cent each. Taking the overlaps into consideration, this means that Hungary plans to reduce the number of those affected by the three indicators by approximately 5 percentage points, or by 450 thousand people, to 23.5 per cent by 2020."

Source: National Reform Programme (2011)

## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

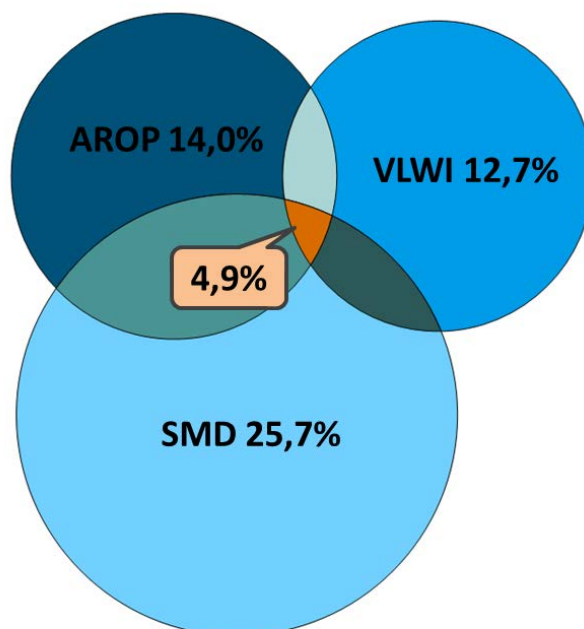


Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2020; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income

reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

HU	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	12,4	12,4	12,3	13,8	14,0	0,2	1,6	16,9	17,0
	1000 persons	1.226	1.229	1.211	1.363	1.379	1,2	12,5	84.586	84.999
<b>VLWI total</b>	% of total pln	12,0	11,3	11,8	12,1	12,7	0,6	0,7	10,3	10,4
	1000 persons	943	870	909	925	964	4,2	2,2	39.465	39.431
<b>SMD total</b>	% of total pln	17,9	20,3	21,6	23,1	25,7	2,6	7,8	8,9	9,9
	1000 persons	1.771	2.009	2.129	2.278	2.527	10,9	42,7	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	2,0	1,5	1,5	1,3	1,1	-0,2	-0,9	2,9	2,7
	1000 persons	195	152	149	125	113	-9,6	-42,1	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	2,8	3,4	3,3	4,6	4,6	0,0	1,8	2,6	2,9
	1000 persons	276	341	321	450	457	1,6	65,6	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	2,7	2,8	3,4	4,0	4,9	0,9	2,2	1,7	1,9
	1000 persons	263	273	331	396	481	21,5	82,9	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	1,5	1,5	1,7	1,5	1,5	0,0	0,0	0,6	0,6
	1000 persons	149	145	169	148	151	2,0	1,3	2.785	3.236

Source: Eurostat (EU-SILC)



## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

HU						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	0,9	-6,8	1,1	1,6	-1,7	1,6	-0,4
Employment growth (y-on-y % change)	-1,8	-2,5	0,8	0,3	0,1	0,2	-0,5
Unemployment rate	7,8	10,0	11,2	10,9	10,9	9,7	10,5
Long-term unemployment rate	3,6	4,2	5,5	5,2	4,9	4,2	4,7
Social protection expenditure (% of GDP)	22,5	23,9	22,6	22,8	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

HU		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	22,5	23,9	22,6	22,8	28,1	27,8
	Sickness/Health care	5,6	5,7	5,7	6,3	8,3	8,2
	Disability	2,1	2,1	1,9	1,7	2,2	2,1
	Old age	8,8	9,9	9,1	9,3	11,1	11,1
	Survivors	1,3	1,4	1,3	1,3	1,7	1,6
	Family/Children	2,9	3,0	3,0	2,9	2,3	2,2
	Unemployment	0,8	1,0	0,9	0,8	1,7	1,6
	Housing	0,7	0,7	0,5	0,4	0,6	0,6
	Social exclusion n.e.c.	0,1	0,1	0,1	0,1	0,4	0,4
	<b>Means-tested</b>						
	Total	1,2	1,2	1,1	1,0	3,0	3,0
	Sickness/Health care	0,1	0,1	0,1	0,1	0,1	0,1
	Disability	0,0	0,0	0,0	0,0	0,4	0,4
	Old age	0,0	0,0	0,0	0,0	0,5	0,5
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1
	Family/Children	0,1	0,1	0,1	0,1	0,6	0,6
	Unemployment	0,3	0,3	0,3	0,3	0,4	0,4
	Housing	0,7	0,7	0,5	0,4	0,6	0,6
	Social exclusion n.e.c.	0,0	0,0	0,0	0,0	0,4	0,4
	<b>Non-means tested</b>						
	Total	21,2	22,6	21,5	21,8	25,1	24,8
	Sickness/Health care	5,5	5,6	5,6	6,2	8,2	8,1
	Disability	2,1	2,1	1,9	1,7	1,8	1,7
	Old age	8,8	9,9	9,1	9,2	10,5	10,6
	Survivors	1,3	1,4	1,3	1,3	1,6	1,5
	Family/Children	2,8	2,9	2,9	2,7	1,7	1,6
	Unemployment	0,6	0,7	0,7	0,5	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
	Social exclusion n.e.c.	0,1	0,1	0,1	0,1	0,1	0,1

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

INCOME AND LIVING CONDITIONS

HU	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	28,2	29,6	29,9	31,0	32,4	1,4	4,2	24,3	24,8
	At-Risk-of-poverty rate	12,4	12,4	12,3	13,8	14,0	0,2	1,6	16,9	17,0
	Value of threshold (single HH) - in PPS	3.958	4.097	4.029	4.210	4.432	5,3	12,0	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	8.312	8.604	8.462	8.842	9.307	5,3	12,0	22.673	22.752
	Severe material deprivation rate	17,9	20,3	21,6	23,1	25,7	2,6	7,8	8,9	9,9
	Share of people living in very low work intensity households (0-59)	12,0	11,3	11,8	12,1	12,7	0,6	0,7	10,3	10,4
	At-risk-of-poverty gap	17,3	16,3	16,5	18,3	21,0	2,7	3,7	23,4	23,5
	Anchored at-risk-of-poverty rate	12,4	11,8	13,7	14,7	14,0	-0,7	1,6	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	59,2	57,1	56,7	52,2	48,3	-3,9	-10,9	35,7	34,4
	S80/S20	3,6	3,5	3,4	3,9	4,0	0,1	0,4	5,1	5,1
	Persistent at-risk-of-poverty rate	7,7	8,6	5,7	8,8		3,1	1,1	:	10,0
	Housing cost overburden rate	11,6	8,9	11,3	11,8	13,5	1,7	1,9	11,6	11,3

HU	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	33,4	37,2	38,7	39,6	40,9	1,3	7,5	27,3	28,1
	At-risk-of-poverty rate	19,7	20,6	20,3	23,0	22,6	-0,4	2,9	20,8	20,8
	Severe material deprivation rate	21,5	25,5	28,8	29,8	33,4	3,6	11,9	10,1	11,8
	Share of people living in very low work intensity households	11,1	11,9	13,8	14,1	15,7	1,6	4,6	9,2	9,0
	At-risk-of-poverty gap	16,8	16,7	16,5	18,8	22,5	3,7	5,7	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	57,7	55,5	57,2	51,6	47,6	-4,0	-10,2	40,6	39,4
	Overcrowding rate	64,4	64,8	66,5	66,7	67,5	0,8	3,1	23,2	23,4
HU	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	35,8	36,3	36,2	37,5	38,6	1,1	2,8	30,0	31,5
	At-risk-of-poverty rate	18,1	17,7	17,0	18,9	19,8	0,9	1,7	21,7	23,1
	Severe material deprivation rate	23,1	25,2	25,6	28,4	30,1	1,7	7,0	10,8	12,0
	Share of people living in very low work intensity households	10,8	9,5	8,6	9,7	12,2	2,5	1,4	9,4	10,0
	In-work at-risk-of-poverty rate	6,9	6,8	6,4	5,3	4,6	-0,7	-2,3	11,2	11,9
	Youth unemployment ratio (15-24)	5,0	6,5	6,6	6,4	7,3	0,9	2,3	9,1	9,7
	NEET rate	15,3	17,9	16,5	17,7	19,5	1,8	4,2	16,7	17,1
	Housing cost overburden rate	13,4	10,1	12,2	12,5	14,3	1,8	0,9	13,6	14,3

HU	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	29,1	30,2	30,5	31,7	32,9	1,2	3,8	24,5	25,4
	At-risk-of-poverty rate	12,0	11,9	11,9	13,6	13,6	0,0	1,6	16,1	16,5
	Severe material deprivation rate	17,6	20,1	21,3	23,1	25,6	2,5	8,0	9,0	10,0
	Share of people living in very low work intensity households (18-59)	12,3	11,1	11,2	11,5	11,8	0,3	-0,5	10,7	10,8
	In-work at-risk-of poverty rate	5,8	6,2	5,4	6,1	5,3	-0,8	-0,5	8,9	9,1
	At-risk-of-poverty gap	18,1	16,5	16,7	18,6	21,7	3,1	3,6	25,9	26,0
	Overcrowding rate	48,8	47,1	47,7	47,6	47,7	0,1	-1,1	18,3	18,2
	Housing cost overburden rate	11,8	9,0	11,6	12,1	13,9	1,8	2,1	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	60,3	58,0	57,0	52,3	49,3	-3,0	-11,0	37,1	35,0
HU	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	17,5	17,5	16,8	18,0	20,6	2,6	3,1	20,4	19,3
	At-Risk-of-Poverty rate	4,3	4,6	4,1	4,5	6,0	1,5	1,7	15,9	14,5
	Severe Material Deprivation rate	14,4	14,6	14,1	15,5	17,4	1,9	3,0	7,3	7,6
	Relative median income ratio of elderly	1,00	1,02	1,01	1,00	0,97	-0,03	-0,03	0,89	0,91
	Aggregate replacement ratio	0,61	0,62	0,60	0,59	0,58	-0,01	-0,03	0,54	0,54
	Overcrowding rate	24,5	22,9	21,8	22,6	21,5	-1,1	-3,0	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

Note: ratio indicators are not expressed in %; all changes are in percentage points' difference with the exception of the poverty threshold, S80/S20

## INVESTING IN CHILDREN

HU	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	33,4	37,2	38,7	39,6	40,9	1,3	7,5	27,3	28,1
	At-risk-of-poverty rate (0-17)	19,7	20,6	20,3	23,0	22,6	-0,4	2,9	20,8	20,8
	Severe material deprivation rate (0-17)	21,5	25,5	28,8	29,8	33,4	3,6	11,9	10,1	11,8
	Share of children (0-17) living in very low work intensity households	11,1	11,9	13,8	14,1	15,7	1,6	4,6	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	13,4	16,6	9,0	17,5	:			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	7,4	8,4	7,2	7,9	6,7	-1,2	-0,7	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	70,9	68,8	69,7	73,7	77,9	4,2	7,0	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	13,3	14,1	12,4	14,7	12,2	-2,5	-1,1	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	2	2	1	1	:	:	:	14	15
	Child care (0-3), 30h and more	5	5	8	7	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	23	17	14	16	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	52	57	65	59	:	:	:	45	46
	Relative median poverty gap for children (0-17)	16,8	16,7	16,5	18,8	22,5	3,7	5,7	24,5	23,9
	Part-time employment due to care responsibilities (total)	9,0	9,7	9,2	7,2	9,0	1,8	0,0	23,1	22,7
	Part-time employment due to care responsibilities (male)	:	:	:	:	:			3,9	3,9
	Part-time employment due to care responsibilities (female)	13,6	14,2	13,7	10,5	13,1	2,6	-0,5	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	57,7	55,5	57,2	51,6	47,6	-4,0	-10,2	40,6	39,4
	Housing cost overburden rate (0-17)	13,0	10,0	11,9	13,2	14,9	1,7	1,9	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	5,5	5,7	4,8	4,9	6,1	1,2	0,6	7,0	6,9
	Early leavers from education and training (18-24)	11,7	11,2	10,5	11,2	11,5	0,3	-0,2	13,4	12,7
	Self-declared unmet need for medical care (16-24)	1,3	0,4	0,6	0,8	1,0	0,2	-0,3	1,6	1,4
	Infant mortality	553	495	481	433	440	7	-113	20.509	:
	Severe housing deprivation (0-17)	28,7	17,5	27,4	24,6	27,5	2,9	-1,2	7,9	7,7
	Overcrowding (0-17)	64,4	64,8	66,5	66,7	67,5	0,8	3,1	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	100,1	75	-25	60,2 (100/0/0)*	62,3 (64/36/0)*	2,1
Low income	83	75	-8	59,5 (100/0/0)*	62,3 (64/36/0)*	2,8
High income	88,2	56,3	-31,9	49 (100/0/0)*	46,8 (64/36/0)*	-2,2
Lower / higher future rates of return		70,9 / 79,9			58,9 / 66,3	
Lower / higher future wage growth		83,7 / 68,7			69,4 / 57	
38 years career: average income	83,3	65,5	-17,8	50,1	54,4	4,3
Low / high income	71,8 / 76,7	65,5 / 49,3	(-6,3/-27,4)	51,5 / 42,6	54,4 / 40,9	(2,9/-1,7)
42 years career: average income	111,5	87,2	-24,3	67	72,4	5,4
Low / high income	96 / 102	87,2 / 65,4	(-8,8/-36,6)	68,8 / 56,7	72,4 / 54,4	(3,6/-2,3)
10 years after retirement	107,3	59,2	-48,1	70,2	49,1	-21,1
Female worker with 3 years of career break for childcare	66,1	70,8	4,7	41,9	58,7	16,8
3 years of career break for unemployment	81,0	72,5	-8,5	48,8	60,2	11,4
10 years out of the labour market	48,2	55	6,8	29,0	45,6	16,6
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	31,2	26,6	-4,6	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	38,4	40,3	1,9	48,0	39,1	-8,9

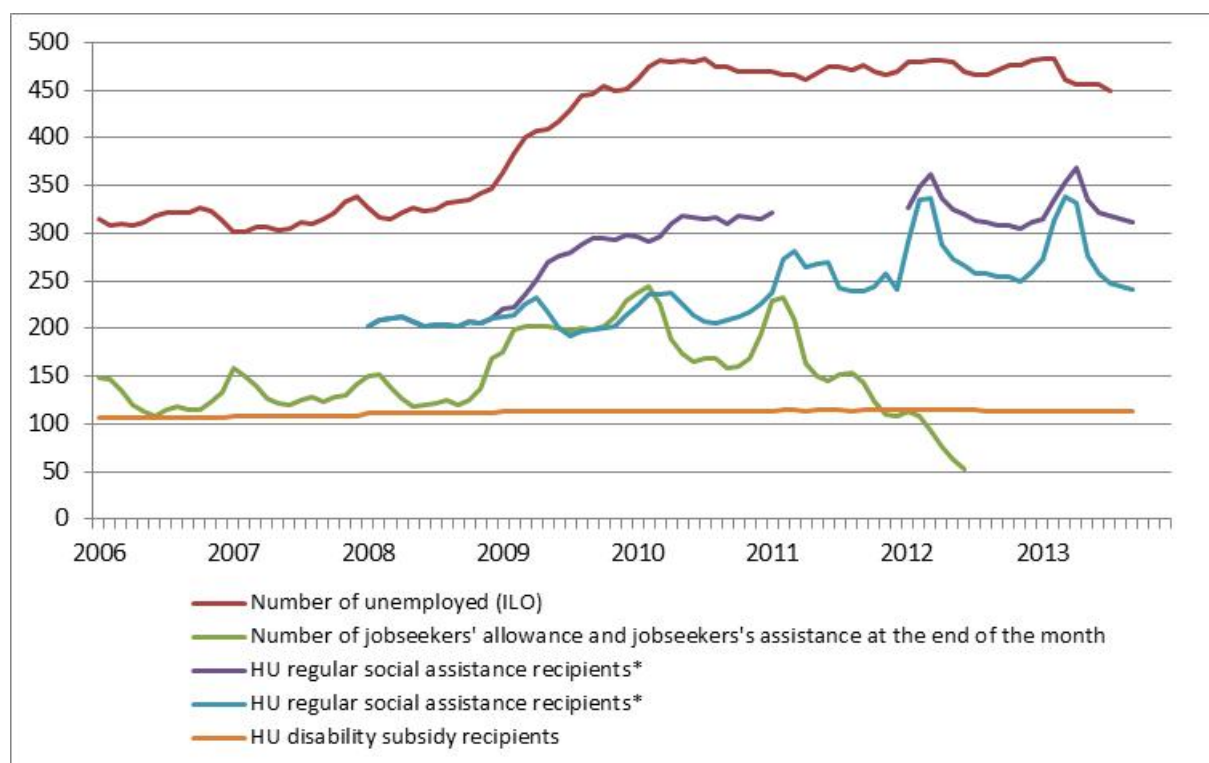
Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

## HEALTH CARE SYSTEMS

HU						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	54,8	55,9	56,3	57,6	59,2	61,7	61,3
Healthy life years at birth (female)	58,3	58,2	58,6	59,1	60,5	62,2	61,9
Healthy life years at 65 (male)	5,6	5,7	5,4	6	6,4	8,6	8,4
Healthy life years at 65 (female)	6,4	5,7	5,9	6	6,4	8,6	8,5
Life expectancy at birth (male)	70	70,3	70,7	71,2	71,6	77,4	:
Life expectancy at birth (female)	78,3	78,4	78,6	78,7	78,7	83,2	:
Life expectancy at 65 (male)	13,9	14	14,1	14,3	14,3	17,8	:
Life expectancy at 65 (female)	18,1	18,2	18,2	18,3	18,1	21,3	:
Self-reported unmet need for medical care	3,4	2,1	1,7	2,6	2,8	3,4	3,4
Self-percieved general health	55,10	55,90	55,00	55,90	57,6	67,9	68,2
Total health care expenditure (PPS)	1.224,26	1.218,47	1.318,59	1.346,95		:	:
Total health care expenditure (% of GDP)	7,46	7,74	8,06	7,96		:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>211</sup>



Note: Purple line - the number of people eligible to regular social assistance, from 1 January the number of people eligible to benefit for persons in active age (regular social assistance + employment substituting benefit + those whose benefit is suspended (e.g. because of taking part in public work)). In the period between February and December 2011, no data has been collected on the suspended benefits; Blue line - the number of people eligible to benefit for persons in active age, excluding those whose benefit is suspended.

HU	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	Eurostat
<b>link</b>	<a href="http://nui.epp.eurostat.ec.europa.eu/nui/show.do?dataset=lmhu_m&amp;lang=en">http://nui.epp.eurostat.ec.europa.eu/nui/show.do?dataset=lmhu_m&amp;lang=en</a>
	Unemployment benefit
<b>definition</b>	Unemployment Benefit recipients - Recipients of jobseekers' allowance and jobseekers' assistance
<b>unit</b>	thousands of recipients
<b>source</b>	National Employment Office ( <a href="http://www.munka.hu">www.munka.hu</a> )

<sup>211</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.



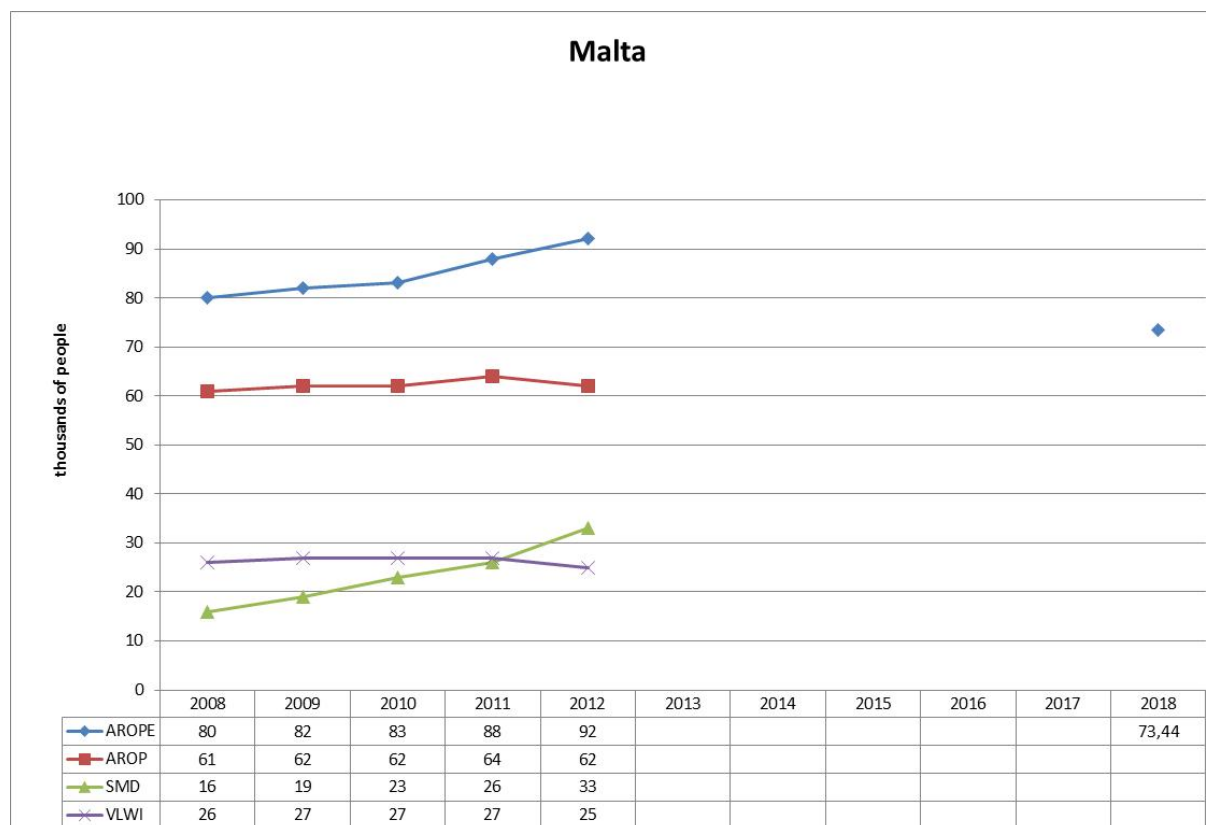
<b>comment</b>	<p>At the end of 2010 data from 2008 till 2010 about jobseekers' allowance were modified because of the changes in the functioning of the IT system, which revised the number of recipients of unemployment benefit.</p> <p>On the other hand data of 2006, 2007 were also modified because we have found significant differences between this number of HU jobseekers allowance, assistance receivers and number of recipients of jobseekers allowance, assistance (were registered by PES).</p>
<b>Social assistance benefit</b>	
<b>definition</b>	Recipients of regular social assistance
<b>unit</b>	thousands of recipients
<b>source</b>	Hungarian Treasury
<b>definition</b>	<p>Regular social assistance is an income supplement provision in the form of cash, provided by the local government of the settlement. Its aim to guarantee a minimal standard of living for those who have no income. From the 1 July 2006 the conditions of the provision and the way of calculation of the amount of support changed. Before that the local government awarded regular social assistance to a person who was over 18 years of age, was of active age, and had lost at least 67 per cent of his or her working ability or received blind persons' benefit, or to a person who was of active age but not in employment, in the case that their subsistence was not provided by other means.</p>
<b>comment</b>	<p>By the new terms for the support is entitled only one person in a family. The assessing of the entitlement and the amount of the assistance based on the income projected to the consumer unit instead of the previous income per capita. The consumer unit is the rate which shows the structure of consumption within a family. The first major member of the family and the disabled child's rate is 1,0 while the ratio of the companion (spouse) and a child is lower (0,9-0,7). The amount of support is variable and supplements the family's effective total income to the limit of the entitlement. The regular social assistance from 1 January 2009 was changed to benefit for active aged which consist of the regular social assistance and the "support for to be ready to work" (from 1st September 2011 employment substituting benefit). The change in the benefit system was built up completely until 31 March 2009. Persons capable of performing work are entitled to employment substituting benefit. Persons who belong to this scope are obliged to cooperate with the Public Employment Service and to take part in public work. The employment substituting benefit is paid, when the person is not involved into public work. The amount of the benefit is fixed it is equal to the 80 % of the minimum old-age pension.</p> <p>Persons incapable of performing work are entitled to regular social assistance (health impaired, people who have less than five years to the retirement age, as well as persons who bring up a child under 14, and the attendance of the child at an institution providing daily care is not ensured. Furthermore, the competent municipality may set other conditions in its local decree connected to the family circumstances, health or mental status of the claimant, in which case the person entitled to benefit for persons in active age is defined as a person incapable of performing work.). The calculation of regular social assistance is determined on the grounds of the composition and income of the family. Only one person in a family can be eligible to the benefit for persons in active age, except for the case when two claimants are entitled to different cash benefits (one person is entitled to employment substituting benefit, the other to regular social assistance).</p>
<b>Disability benefit</b>	
<b>definition</b>	Disability subsidy recipients
<b>unit</b>	thousands of recipients
<b>source</b>	Hungarian Treasury ( <a href="http://www.allamkincstar.gov.hu">www.allamkincstar.gov.hu</a> )
<b>definition</b>	Financial support for severely disabled persons over the age of 18, who are unable to care for themselves or need permanent assistance from others.

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"Malta's proposed national target will be to lift around 6,560 people out of risk of poverty and exclusion."

Source: National Reform Programme (2011)

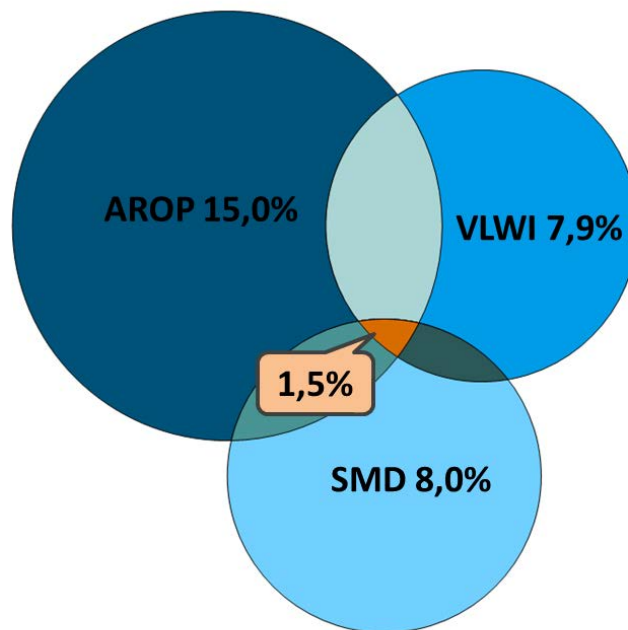
## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION



Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2018; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

MT	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	15,0	15,3	15,0	15,4	15,0	-0,4	0,0	16,9	17,0
	1000 persons	61	62	62	64	62	-3,1	1,6	84.586	84.999
<b>VLWI total</b>	% of total pln	8,2	8,4	8,4	8,3	7,9	-0,4	-0,3	10,3	10,4
	1000 persons	26	27	27	27	25	-7,4	-3,8	39.465	39.431
<b>SMD total</b>	% of total pln	4,0	4,7	5,7	6,3	8,0	1,7	4,0	8,9	9,9
	1000 persons	16	19	23	26	33	26,9	106,3	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	2,8	2,7	2,8	2,8	2,2	-0,6	-0,6	2,9	2,7
	1000 persons	11	11	11	12	9	-25,0	-18,2	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	0,4	1,0	1,2	1,4	1,2	-0,2	0,8	2,6	2,9
	1000 persons	2	4	5	6	5	-16,7	150,0	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	1,2	1,1	1,3	1,1	1,5	0,4	0,3	1,7	1,9
	1000 persons	5	5	6	5	6	20,0	20,0	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,4	0,5	0,3	0,3	0,5	0,2	0,1	0,6	0,6
	1000 persons	1	2	1	1	2	100,0	100,0	2.785	3.236

Source: Eurostat (EU-SILC)

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

MT						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	3,9	-2,8	3,3	1,7	0,9	1,6	-0,4
Employment growth (y-on-y % change)	2,5	-0,2	2,1	2,5	2,4	0,2	-0,5
Unemployment rate	6,0	6,9	6,9	6,5	6,4	9,7	10,5
Long-term unemployment rate	2,5	3,0	3,2	3,0	3,0	4,2	4,7
Social protection expenditure (% of GDP)	17,9	19,4	19,2	18,7	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

MT		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	17,9	19,4	19,2	18,7	28,1	27,8
	Sickness/Health care	5,3	6,0	5,6	5,5	8,3	8,2
	Disability	1,0	0,9	0,8	0,8	2,2	2,1
	Old age	7,6	8,3	8,7	8,4	11,1	11,1
	Survivors	1,7	1,8	1,8	1,8	1,7	1,6
	Family/Children	1,2	1,2	1,2	1,2	2,3	2,2
	Unemployment	0,5	0,6	0,5	0,5	1,7	1,6
	Housing	0,2	0,2	0,2	0,2	0,6	0,6
	Social exclusion n.e.c.	0,4	0,4	0,3	0,3	0,4	0,4
	<b>Means-tested</b>						
	Total	2,5	2,6	2,5	2,5	3,0	3,0
	Sickness/Health care	0,9	1,0	1,0	0,9	0,1	0,1
	Disability	0,2	0,2	0,2	0,2	0,4	0,4
	Old age	0,3	0,3	0,3	0,3	0,5	0,5
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1
	Family/Children	0,4	0,4	0,4	0,5	0,6	0,6
	Unemployment	0,3	0,4	0,4	0,4	0,4	0,4
	Housing	0,2	0,2	0,2	0,2	0,6	0,6
	Social exclusion n.e.c.	0,1	0,1	0,1	0,1	0,4	0,4
	<b>Non-means tested</b>						
	Total	15,4	16,8	16,6	16,1	25,1	24,8
	Sickness/Health care	4,4	5,0	4,7	4,6	8,2	8,1
	Disability	0,8	0,7	0,7	0,6	1,8	1,7
	Old age	7,3	8,0	8,4	8,1	10,5	10,6
	Survivors	1,7	1,8	1,8	1,8	1,6	1,5
	Family/Children	0,8	0,8	0,8	0,7	1,7	1,6
	Unemployment	0,2	0,2	0,2	0,2	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
	Social exclusion n.e.c.	0,2	0,3	0,2	0,2	0,1	0,1

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

## INCOME AND LIVING CONDITIONS

MT	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	19,6	20,2	20,3	21,4	22,2	0,8	2,6	24,3	24,8
	At-Risk-of-poverty rate	15,0	15,3	15,0	15,4	15,0	-0,4	0,0	16,9	17,0
	Value of threshold (single HH) - in PPS	7.994	8.262	7.987	8.420	8.780	4,3	9,8	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	16.788	17.351	16.772	17.683	18.439	4,3	9,8	22.673	22.752
	Severe material deprivation rate	4,0	4,7	5,7	6,3	8,0	1,7	4,0	8,9	9,9
	Share of people living in very low work intensity households (0-59)	8,2	8,4	8,4	8,3	7,9	-0,4	-0,3	10,3	10,4
	At-risk-of-poverty gap	20,4	16,2	17,2	17,7	16,0	-1,7	-4,4	23,4	23,5
	Anchored at-risk-of-poverty rate	15,0	14,3	16,5	15,9	14,0	-1,9	-1,0	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	33,9	33,8	33,6	32,8	36,2	3,4	2,2	35,7	34,4
	S80/S20	4,2	4,0	4,3	4,1	3,9	-0,2	-0,3	5,1	5,1
	Persistent at-risk-of-poverty rate	7,7	7,7	9,1	11,4	:	2,3	3,7	:	10,0
	Housing cost overburden rate	3,2	2,7	3,4	2,8	2,5	-0,3	-0,7	11,6	11,3

MT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	23,5	25,5	24,3	25,8	29,7	3,9	6,2	27,3	28,1
	At-risk-of-poverty rate	19,3	20,9	19,9	21,1	22,7	1,6	3,4	20,8	20,8
	Severe material deprivation rate	5,6	6,5	6,5	7,0	10,0	3,0	4,4	10,1	11,8
	Share of people living in very low work intensity households	9,2	8,9	8,6	8,3	8,6	0,3	-0,6	9,2	9,0
	At-risk-of-poverty gap	20,9	16,2	15,3	16,3	14,8	-1,5	-6,1	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	34,4	33,4	32,8	30,4	33,4	3,1	-0,9	40,6	39,4
	Overcrowding rate	5,0	5,2	5,5	5,8	5,8	0,0	0,8	23,2	23,4
MT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	11,9	14,5	18,8	19,8	19,3	-0,5	7,4	30,0	31,5
	At-risk-of-poverty rate	7,3	9,4	13,0	13,1	10,5	-2,6	3,2	21,7	23,1
	Severe material deprivation rate	3,9	4,8	7,1	7,0	9,1	2,1	5,2	10,8	12,0
	Share of people living in very low work intensity households	3,5	5,0	7,0	6,1	6,4	0,3	2,9	9,4	10,0
	In-work at-risk-of-poverty rate	3,0	2,9	4,8	4,6	3,5	-1,1	0,5	11,2	11,9
	Youth unemployment ratio (15-24)	6,4	7,4	6,7	7,1	7,2	0,1	0,8	9,1	9,7
	NEET rate	7,6	11,0	10,6	11,6	11,7	0,1	4,1	16,7	17,1
	Housing cost overburden rate	1,1	1,0	2,3	1,9	1,7	-0,2	0,6	13,6	14,3

MT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	17,0	17,9	18,8	20,1	20,1	0,0	3,1	24,5	25,4
	At-risk-of-poverty rate	11,8	12,5	12,9	13,1	12,2	-0,9	0,4	16,1	16,5
	Severe material deprivation rate	3,7	4,3	5,7	6,5	7,9	1,4	4,2	9,0	10,0
	Share of people living in very low work intensity households (18-59)	7,8	8,2	8,4	8,3	7,7	-0,6	-0,1	10,7	10,8
	In-work at-risk-of poverty rate	5,0	5,7	5,6	6,1	5,7	-0,4	0,7	8,9	9,1
	At-risk-of-poverty gap	20,9	16,6	17,7	18,3	16,5	-1,8	-4,4	25,9	26,0
	Overcrowding rate	3,8	4,2	4,3	4,5	4,4	-0,1	0,6	18,3	18,2
	Housing cost overburden rate	3,0	2,4	3,3	2,7	2,3	-0,4	-0,7	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	38,9	36,9	35,8	35,8	39,9	4,1	1,0	37,1	35,0
MT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	26,4	23,2	21,5	21,5	21,9	0,4	-4,5	20,4	19,3
	At-Risk-of-Poverty rate	24,7	20,9	18,0	18,1	17,4	-0,7	-7,3	15,9	14,5
	Severe Material Deprivation rate	3,0	4,1	4,7	4,6	6,0	1,4	3,0	7,3	7,6
	Relative median income ratio of elderly	0,73	0,76	0,81	0,80	0,80	0,00	0,07	0,89	0,91
	Aggregate replacement ratio	0,42	0,47	0,46	0,47	0,49	0,02	0,07	0,54	0,54
	Overcrowding rate	1,7	1,5	1,5	1,1	1,6	0,5	-0,1	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

## INVESTING IN CHILDREN

MT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	23,5	25,5	24,3	25,8	29,7	3,9	6,2	27,3	28,1
	At-risk-of-poverty rate (0-17)	19,3	20,9	19,9	21,1	22,7	1,6	3,4	20,8	20,8
	Severe material deprivation rate (0-17)	5,6	6,5	6,5	7,0	10,0	3,0	4,4	10,1	11,8
	Share of children (0-17) living in very low work intensity households	9,2	8,9	8,6	8,3	8,6	0,3	-0,6	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	11,5	8,6	10,7	15,9	:			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	7,2	8,8	8,5	8,9	9,2	0,3	2,0	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	76,9	68,4	77,2	75,2	72,9	-2,3	-4,0	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	13,4	16,3	14,5	16,2	17,9	1,7	4,5	15,7	16,0



<b>Access to adequate resources</b>	Child care (0-3), less than 30h	10	4	7	8	:	:	:	14	15
	Child care (0-3), 30h and more	5	4	4	3	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	26	30	25	29	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	49	47	49	44	:	:	:	45	46
	Relative median poverty gap for children (0-17)	20,9	16,2	15,3	16,3	14,8	-1,5	-6,1	24,5	23,9
	Part-time employment due to care responsibilities (total)	13,4	15,3	14,6	16,0	18,0	2,0	4,6	23,1	22,7
	Part-time employment due to care responsibilities (male)	:	:	:	:	:			3,9	3,9
	Part-time employment due to care responsibilities (female)	17,1	19,5	19,4	21,4	24,4	3,0	7,3	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	34,4	33,4	32,8	30,4	33,4	3,1	-0,9	40,6	39,4
	Housing cost overburden rate (0-17)	3,3	2,7	3,4	3,1	2,9	-0,2	-0,4	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	9,3	8,5	8,9	9,8	10,8	1,0	1,5	7,0	6,9
	Early leavers from education and training (18-24)	29,3	28,0	25,9	23,6	22,6	-1,0	-6,7	13,4	12,7
	Self-declared unmet need for medical care (16-24)	0,3	0,4	0,5	0,4	0,5	0,1	0,2	1,6	1,4
	Infant mortality	34	22	22	27	:			20.509	:
	Severe housing deprivation (0-17)	1,5	1,9	1,8	2,2	1,8	-0,4	0,3	7,9	7,7
	Overcrowding (0-17)	5,0	5,2	5,5	5,8	5,8	0,0	0,8	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	79,7	70,5	-9,2	67,3 (100/0/0)*	59,5 (100/0/0)*	-7,8
Low income	77,7	71,1	-6,6	67,3 (100/0/0)*	61,9 (100/0/0)*	-5,4
High income	43,2	39,6	-3,6	32,9 (100/0/0)*	29,8 (100/0/0)*	-3,1
Lower / higher future rates of return		70,5 / 70,5			59,5 / 59,5	
Lower / higher future wage growth		76,8 / 61,1			64,6 / 51,7	
38 years career: average income	79,7	67,4	-12,3	67,3	56,5	-10,8
Low / high income	77,7 / 43,2	67,6 / 37,9	(-10,1/-5,3)	67,3 / 32,9	58,8 / 28,3	(-8,5/-4,6)
42 years career: average income	79,7	70,5	-9,2	67,3	59,5	-7,8
Low / high income	77,7 / 43,2	71,1 / 39,6	(-6,6/-3,6)	67,3 / 32,9	61,9 / 29,8	(-5,4/-3,1)
10 years after retirement	73,8	68,2	-5,6	61,8	57,4	-4,4
Female worker with 3 years of career break for childcare	79,7	70,5	-9,2	67,3	59,5	-7,8
3 years of career break for unemployment	79,7	70,5	-9,2	67,3	59,5	-7,8
10 years out of the labour market	79,7			67,3		
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	51,2	47,6	-3,6	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	58,5	51,6	-6,9	48,0	39,1	-8,9

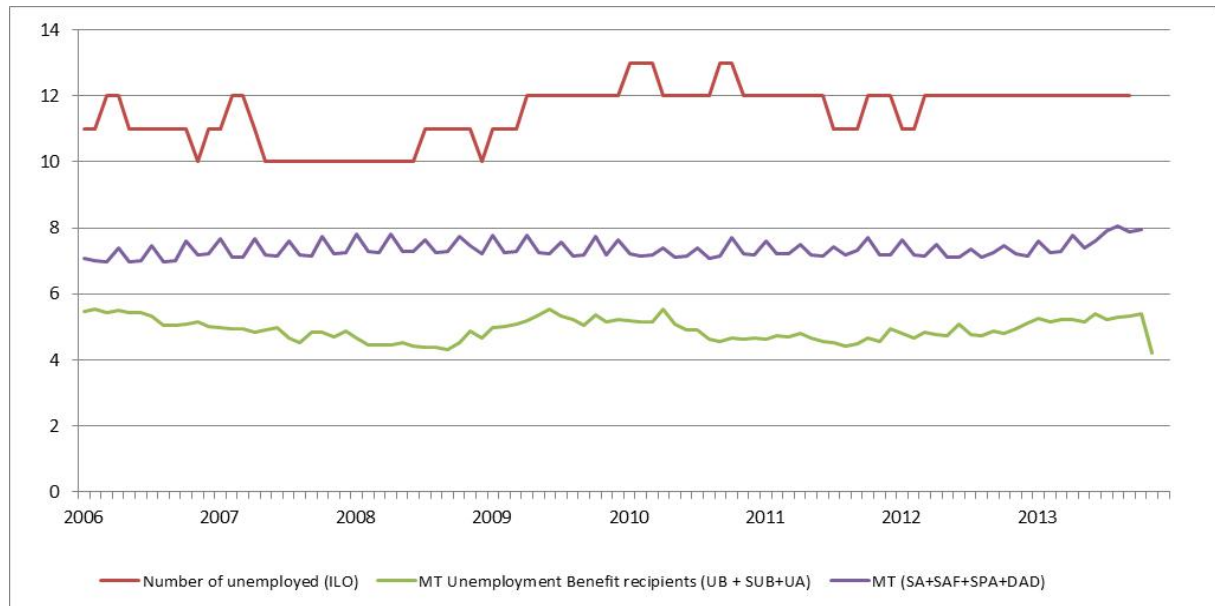
Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

## HEALTH CARE SYSTEMS

MT						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	69	69,4	70,2	70,3	71,8	61,7	61,3
Healthy life years at birth (female)	72,3	71	71,6	70,7	72,4	62,2	61,9
Healthy life years at 65 (male)	10,5	11,4	12	11,8	12,5	8,6	8,4
Healthy life years at 65 (female)	11,7	11,6	11,9	11	12,2	8,6	8,5
Life expectancy at birth (male)	77,1	77,9	79,2	78,6	78,6	77,4	:
Life expectancy at birth (female)	82,3	82,7	83,6	83	83	83,2	:
Life expectancy at 65 (male)	17	16,8	18,4	17,7	17,6	17,8	:
Life expectancy at 65 (female)	20,1	20,6	21,1	21	21	21,3	:
Self-reported unmet need for medical care (%)	0,7	1,3	1,6	1,0	1,1	3,4	3,4
Self-perceived general health (%)	74,1	69,2	68,1	70,8	73,7	67,9	68,2
Total health care expenditure (PPS) per capita	:	:	:	:	:	:	:
Total health care expenditure (% of GDP)	:	:	:	:	:	:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>212</sup>



MT	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	Eurostat
<b>link</b>	<a href="http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=une_nb_m&amp;lang=en">http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=une_nb_m&amp;lang=en</a>
<b>comment</b>	
	Unemployment benefit
<b>definition</b>	1) Unemployment Benefit - UB; 2) Special Unemployment Benefit - SUB; 3) Unemployment Assistance - UA
<b>unit</b>	thousands of recipients
<b>source</b>	Ministry of the Family and Social Solidarity
<b>link</b>	<a href="https://secure2.gov.mt/socialpolicy/socprot/mjdf_page/disclaimer.aspx">https://secure2.gov.mt/socialpolicy/socprot/mjdf_page/disclaimer.aspx</a>
<b>comment</b>	1) Unemployment benefit is paid to persons who are registering as unemployed under the Part 1 register as held by the Employment & Training Corporation who have paid or credited an accumulation of fifty (50) social security contributions in total and an average of twenty (20) social security contributions in the preceding two (2) years prior to their claim. The unemployment benefit rate which is paid for a maximum of six (6) months may be increased to a special unemployment benefit rate; 2) If a person who is in receipt of Unemployment Benefit satisfies the conditions for the award of unemployment assistance, his benefit is increased to a Special Unemployment Benefit.; 3) Head of household who is seeking employment and is registering for work under Part 1 of the register with ETC is eligible for this benefit.

<sup>212</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

MT	Social assistance benefit
<b>definition</b>	1) Social Assistance - SA; 2) Social Assistance for Carers - SAF; 3) Supplementary Allowance - SPA (only low income earners are being considered as related to the crisis); 4) Social Assistance for Drug Addicts - DAD
<b>unit</b>	thousands of beneficiaries
<b>source</b>	Ministry of the Family and Social Solidarity
<b>link</b>	<a href="https://secure2.gov.mt/socialpolicy/socprot/mjdf_page/disclaimer.aspx">https://secure2.gov.mt/socialpolicy/socprot/mjdf_page/disclaimer.aspx</a>
<b>comment</b>	1) Head of Households, who are incapable of work due to medical reasons, or are unemployed and seeking employment, given that they fulfill the means and capital resources tests; 2) ATo be entitled for this benefit, claimant must either be single or a widow (male or female), who are taking care of a sick relative by themselves on a full time basis. Relatives must be the parents, grand-parents, brothers, sisters, uncles, aunts, brothers or sisters' in-laws and father/mother in laws. Claimants and patients are to give proof that they are residing in the same residence. Case will be referred for a medical examination; 3) Supplementary Allowance is payable to households where the total income of the members falls below the limits outlined by the Social Security Act from time to time. In this regard, not all Supplementary Allowance beneficiaries here are related to the economic crisis but only beneficiaries on low household income. SPA is paid every 13 weeks (roughly each 3 months), being Dec/Jan, Mar/Apr, Jun/Jul, and Sep/Oct; 4) A person who is undergoing a drug or alcohol rehabilitation therapeutic programme is eligible for this benefit. An official document from the institution concerned is received by the Department confirming date when programme was initiated.
	Disability benefit
<b>definition</b>	1) Disability Pension - SHP; 2) Pension for the visually impaired - BLD; 3) Disablement Pension (termed as Injury Pension in Social Security Act CAP 318)- DP; 4) Invalidity Pension - IP
<b>source</b>	Ministry of the Family and Social Solidarity
<b>link</b>	<a href="https://secure2.gov.mt/socialpolicy/socprot/mjdf_page/disclaimer.aspx">https://secure2.gov.mt/socialpolicy/socprot/mjdf_page/disclaimer.aspx</a>
<b>comment</b>	1) Payable to citizens of Malta over 16 years of age. Various types of disabilities are listed under the Social Security Act; 2) Claimant must be 14 years of age or over, and provide a medical certificate from an ophthalmologist from Mater Dei Hospital explaining the patient's visual medical condition. This Benefit is means tested. Claimant's income, together with the rate of Pension for the Visually Impaired must not exceed the National Minimum Wage as applicable to an 18-year-old person; 3) Payable if injury or disease caused or contracted whilst at work is considered to cause a loss of physical or mental faculty calculated between 20% & 89%. Rates awarded according to degree of Disability. Where the degree of disablement is assessed at 90% and over, the person concerned is automatically awarded an Invalidity Pension at the full rate. 4) Payable to persons deemed permanently incapable for suitable full-time or regular part-time employment. Various rates according to different conditions.

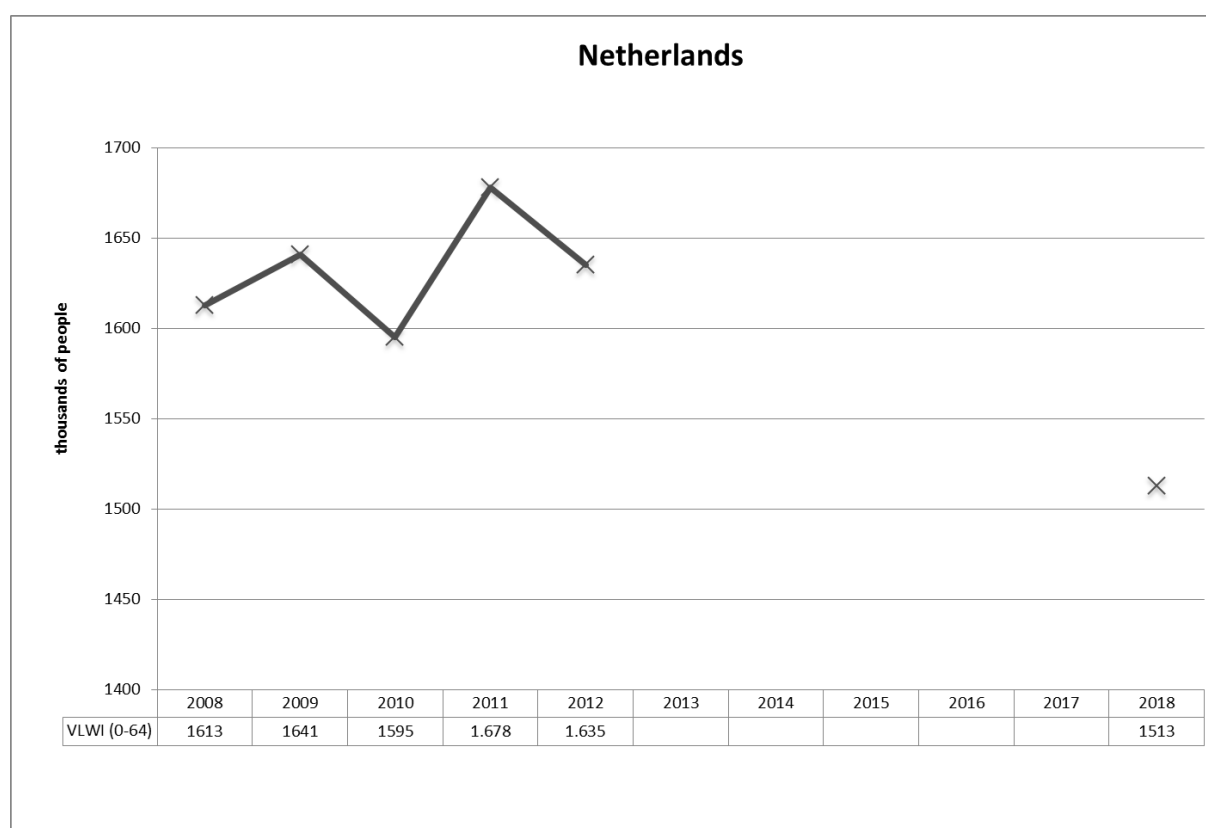
<p><b>comment</b></p>	<p>The Maltese economy recorded an increase of 0.9 per cent in real GDP during 2012 emanating mainly from the external side of the economy as the external sector contributed 2.8 percentage points towards overall growth while domestic demand contributed to 0.1 percentage points. On the other hand, the stock building component together with a significant statistical residual, acted as a drag on economic growth as it contributed negatively by 2.0 percentage points. According to latest data by NSO, real GDP growth expanded by 2.2 per cent in the first three quarters of 2013. According to the latest forecasts by the Ministry for Finance, the Maltese economy is expected to register positive growth rates, whereby for 2013, real GDP is expected to increase by around 1.2 per cent . The labour market continued to perform well during 2012, with the unemployment rate at 6.4 per cent, 0.1 p.p. lower than the rate recorded a year earlier. The latest data indicates that during the first three quarters of 2013, the seasonally adjusted unemployment rate stood on average at 6.4 per cent. According to the above-mentioned forecasts, the unemployment rate is expected at around 6.3 per cent in 2013.</p>
<p><b>comment</b></p>	<p>Due to the favourable conditions in the registered economic activity a declining trend in the number of unemployment benefit recipients was observed from the second quarter 2010 and continued well throughout 2011. As from the third quarter 2011 till the third quarter 2013, the number of persons eligible for unemployment related benefits gradually increased. Data from the EMployment and Training Corporation (ETC) indicates that the number of persons registered as unemployed, as at the end of December 2013 stood at 7,401, an increase of 590, or 9,0 per cent over the corresponding month in 2012. With regards to the numbers of persons in receipt of Social Assistance (SA) and other related benefits, there was a decline in benefits from 2010 to 2011, while in the twelve months to 2012 this non-contributory benefit recorded an increase.</p>

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"The government's aim is to have more people actively involved in society by reducing the number of people in households with low work intensity. This will reduce the number of people at risk of poverty and social exclusion. Based on a CPB estimate of labour participation in 2020, the government has set the following target: to reduce the number of people (aged 0 to 64) in a jobless household by 100,000 by 2020."

Source: National Reform Programme (2011)

## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

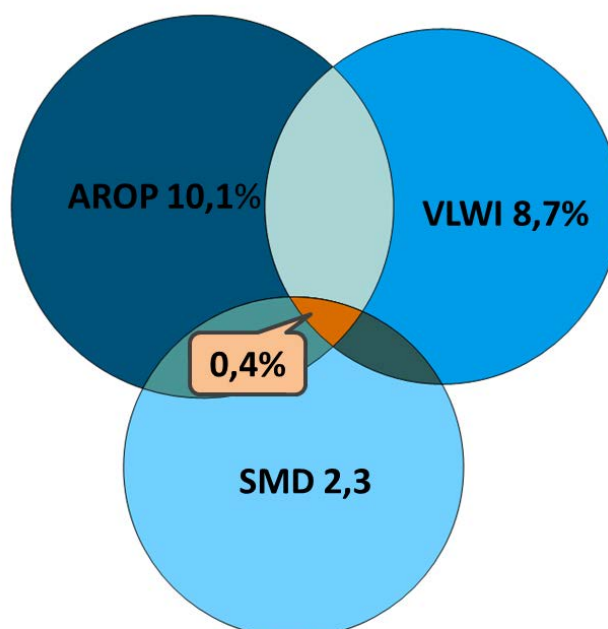


Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2018; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income

reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

NL	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	10,5	11,1	10,3	11,0	10,1	-0,9	-0,4	16,9	17,0
	1000 persons	1.713	1.816	1.694	1.816	1.678	-7,6	-2,0	84.586	84.999
<b>VLWI total</b>	% of total pln	8,1	8,3	8,2	8,7	8,7	0,0	0,6	10,3	10,4
	1000 persons	1.053	1.083	1.068	1.128	1.133	0,4	7,6	39.465	39.431
<b>SMD total</b>	% of total pln	1,5	1,4	2,2	2,5	2,3	-0,2	0,8	8,9	9,9
	1000 persons	252	237	366	407	387	-4,9	53,6	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	2,0	2,8	1,8	2,0	2,3	0,3	0,3	2,9	2,7
	1000 persons	332	456	292	337	391	16,0	17,8	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	0,2	0,3	0,2	0,4	0,6	0,2	0,4	2,6	2,9
	1000 persons	37	55	41	72	97	34,7	162,2	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	0,5	0,3	0,6	0,9	0,4	-0,5	-0,1	1,7	1,9
	1000 persons	85	50	100	144	70	-51,4	-17,6	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,3	0,3	0,7	0,3	0,5	0,2	0,2	0,6	0,6
	1000 persons	46	41	111	55	78	41,8	69,6	2.785	3.236

Source: Eurostat (EU-SILC)

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

NL						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	1,8	-3,7	1,5	0,9	-1,2	1,6	-0,4
Employment growth (y-on-y % change)	1,5	-0,7	-0,4	0,7	-0,2	0,2	-0,5
Unemployment rate	3,1	3,7	4,5	4,4	5,3	9,7	10,5
Long-term unemployment rate	1,1	0,9	1,2	1,5	1,8	4,2	4,7
Social protection expenditure (% of GDP)	26,9	29,7	30,3	30,5	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

NL		2008	2009	2010	2011	EU28	
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	26,9	29,7	30,3	30,5	28,1	27,8
	Sickness/Health care	9,4	10,4	10,7	10,9	8,3	8,2
	Disability	2,4	2,5	2,5	2,4	2,2	2,1
	Old age	9,7	10,4	10,7	10,8	11,1	11,1
	Survivors	1,2	1,2	1,2	1,2	1,7	1,6
	Family/Children	1,2	1,3	1,2	1,2	2,3	2,2
	Unemployment	1,0	1,4	1,6	1,5	1,7	1,6
	Housing	0,4	0,4	0,4	0,4	0,6	0,6
	Social exclusion n.e.c.	1,7	2,0	2,0	2,2	0,4	0,4
	<b>Means-tested</b>						
	Total	3,9	4,5	4,6	4,7	3,0	3,0
	Sickness/Health care	0,1	0,1	0,0	0,0	0,1	0,1
	Disability	0,4	0,5	0,5	0,5	0,4	0,4
	Old age	0,9	0,9	1,0	1,0	0,5	0,5
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1
	Family/Children	0,2	0,2	0,2	0,2	0,6	0,6
	Unemployment	0,3	0,4	0,5	0,5	0,4	0,4
	Housing	0,4	0,4	0,4	0,4	0,6	0,6
	Social exclusion n.e.c.	1,7	2,0	2,0	2,2	0,4	0,4
	<b>Non-means tested</b>						
	Total	23,0	25,2	25,7	25,7	25,1	24,8
	Sickness/Health care	9,3	10,3	10,6	10,8	8,2	8,1
	Disability	2,0	2,0	2,0	1,9	1,8	1,7
	Old age	8,8	9,5	9,6	9,8	10,5	10,6
	Survivors	1,2	1,2	1,2	1,2	1,6	1,5
	Family/Children	1,0	1,1	1,1	1,0	1,7	1,6
	Unemployment	0,7	1,0	1,1	1,0	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
	Social exclusion n.e.c.	0,0	0,0	0,0	0,0	0,1	0,1

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.



INCOME AND LIVING CONDITIONS

NL	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	14,9	15,1	15,1	15,7	15,0	-0,7	0,1	24,3	24,8
	At-Risk-of-poverty rate	10,5	11,1	10,3	11,0	10,1	-0,9	-0,4	16,9	17,0
	Value of threshold (single HH) - in PPS	11.485	11.618	11.302	11.251	11.404	1,4	-0,7	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	24.119	24.399	23.735	23.626	23.949	1,4	-0,7	22.673	22.752
	Severe material deprivation rate	1,5	1,4	2,2	2,5	2,3	-0,2	0,8	8,9	9,9
	Share of people living in very low work intensity households (0-59)	8,1	8,3	8,2	8,7	8,7	0,0	0,6	10,3	10,4
	At-risk-of-poverty gap	14,9	16,5	16,2	15,5	17,3	1,8	2,4	23,4	23,5
	Anchored at-risk-of-poverty rate	10,5	10,6	10,0	11,0	10,7	-0,3	0,2	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	47,2	45,9	51,2	47,4	51,0	3,6	3,7	35,7	34,4
	S80/S20	4,0	4,0	3,7	3,8	3,6	-0,2	-0,4	5,1	5,1
	Persistent at-risk-of-poverty rate	6,4	4,7	8,2	7,7	:	-0,5	1,3	:	10,0
	Housing cost overburden rate	13,7	13,1	14,0	14,5	14,4	-0,1	0,7	11,6	11,3

NL	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	15,5	17,5	16,9	18,0	16,9	-1,1	1,4	27,3	28,1
	At-risk-of-poverty rate	12,9	15,4	13,7	15,5	13,2	-2,3	0,3	20,8	20,8
	Severe material deprivation rate	2,2	1,5	2,0	2,9	3,3	0,4	1,1	10,1	11,8
	Share of people living in very low work intensity households	5,1	5,4	5,8	6,3	6,4	0,1	1,3	9,2	9,0
	At-risk-of-poverty gap	12,7	14,8	14,7	15,3	15,6	0,3	2,9	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	43,9	38,9	45,6	36,2	44,5	8,3	0,6	40,6	39,4
	Overcrowding rate	1,5	1,2	1,9	1,6	2,4	0,8	0,9	23,2	23,4
NL	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	25,5	26,5	27,9	27,1	24,1	-3,0	-1,4	30,0	31,5
	At-risk-of-poverty rate	20,0	20,1	19,4	21,8	19,8	-2,0	-0,2	21,7	23,1
	Severe material deprivation rate	1,0	1,2	4,6	3,7	2,1	-1,6	1,1	10,8	12,0
	Share of people living in very low work intensity households	9,7	10,5	9,8	7,7	6,9	-0,8	-2,8	9,4	10,0
	In-work at-risk-of-poverty rate	4,9	3,5	6,9	8,0	3,2	-4,8	-1,7	11,2	11,9
	Youth unemployment ratio (15-24)	3,9	4,8	6,0	5,3	6,6	1,3	2,7	9,1	9,7
	NEET rate	4,6	5,6	5,8	5,0	5,7	0,7	1,1	16,7	17,1
	Housing cost overburden rate	18,0	15,6	18,2	18,4	19,7	1,3	1,7	13,6	14,3

NL	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	15,8	15,9	16,5	17,0	16,5	-0,5	0,7	24,5	25,4
	At-risk-of-poverty rate	9,9	10,3	10,1	10,5	10,1	-0,4	0,2	16,1	16,5
	Severe material deprivation rate	1,6	1,6	2,7	2,8	2,4	-0,4	0,8	9,0	10,0
	Share of people living in very low work intensity households (18-59)	9,2	9,4	9,1	9,6	9,6	0,0	0,4	10,7	10,8
	In-work at-risk-of poverty rate	4,7	5,0	5,1	5,4	4,6	-0,8	-0,1	8,9	9,1
	At-risk-of-poverty gap	17,1	20,7	17,3	16,7	18,9	2,2	1,8	25,9	26,0
	Overcrowding rate	2,1	2,3	2,5	2,1	3,1	1,0	1,0	18,3	18,2
	Housing cost overburden rate	14,0	13,3	14,6	15,4	15,6	0,2	1,6	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	50,0	49,3	53,5	51,6	53,7	2,1	3,7	37,1	35,0
NL	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	9,7	8,1	6,2	6,9	6,2	-0,7	-3,5	20,4	19,3
	At-Risk-of-Poverty rate	9,4	7,7	5,9	6,5	5,5	-1,0	-3,9	15,9	14,5
	Severe Material Deprivation rate	0,4	0,4	0,3	0,4	0,7	0,3	0,3	7,3	7,6
	Relative median income ratio of elderly	0,84	0,86	0,87	0,87	0,90	0,03	0,06	0,89	0,91
	Aggregate replacement ratio	0,43	0,44	0,47	0,46	0,47	0,01	0,04	0,54	0,54
	Overcrowding rate	0,1	0,0	0,2	0,1	0,4	0,3	0,3	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

## INVESTING IN CHILDREN

NL	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	15,5	17,5	16,9	18,0	16,9	-1,1	1,4	27,3	28,1
	At-risk-of-poverty rate (0-17)	12,9	15,4	13,7	15,5	13,2	-2,3	0,3	20,8	20,8
	Severe material deprivation rate (0-17)	2,2	1,5	2,0	2,9	3,3	0,4	1,1	10,1	11,8
	Share of children (0-17) living in very low work intensity households	5,1	5,4	5,8	6,3	6,4	0,1	1,3	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	7,8	4,9	15,9	16,6	:	:	:	12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	5,8	6,8	6,0	6,7	5,5	-1,2	-0,3	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	62,6	69,7	53,7	70,2	54,0	-16,2	-8,6	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	10,1	12,2	11,2	11,8	10,1	-1,7	0,0	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	41	43	44	46	:	:	:	14	15
	Child care (0-3), 30h and more	6	6	6	6	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	77	75	76	76	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	12	12	15	13	:	:	:	45	46
	Relative median poverty gap for children (0-17)	12,7	14,8	14,7	15,3	15,6	0,3	2,9	24,5	23,9
	Part-time employment due to care responsibilities (total)	34,3	33,5	32,4	30,8	30,1	-0,7	-4,2	23,1	22,7
	Part-time employment due to care responsibilities (male)	10,1	9,8	9,8	7,8	8,6	0,8	-1,5	3,9	3,9
	Part-time employment due to care responsibilities (female)	41,9	41,0	39,8	38,3	37,1	-1,2	-4,8	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	43,9	38,9	45,6	36,2	44,5	8,3	0,6	40,6	39,4
	Housing cost overburden rate (0-17)	11,5	13,3	14,2	14,1	13,4	-0,7	1,9	11,5	11,0
	<b>Access to quality services</b>	NEET rate (15-19)	1,9	2,1	2,1	1,9	2,0	0,1	0,1	7,0
Early leavers from education and training (18-24)		11,4	10,9	10,0	9,1	8,8	-0,3	-2,6	13,4	12,7
Self-declared unmet need for medical care (16-24)		0,5	0,4	0,4	0,7	0,1	-0,6	-0,4	1,6	1,4
Infant mortality		698	711	695	654	:			20.509	:
Severe housing deprivation (0-17)		0,6	0,5	0,6	0,4	0,6	0,2	0,0	7,9	7,7
Overcrowding (0-17)		1,5	1,2	1,9	1,6	2,4	0,8	0,9	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	105	101	-4,0	84,5 (48/0/52)*	86,3 (48/0/52)*	1,8
Low income	106,9	103,3	-3,6	87,4 (69/0/31)*	92,7 (68/0/32)*	5,3
High income	97,2	73,1	-24,1	84,2 (25/0/75)*	61,8 (34/0/66)*	-22,4
Lower / higher future rates of return		101 / 101			86,3 / 86,3	
Lower / higher future wage growth		101 / 101			86,3 / 86,3	
38 years career: average income	98,1	98,7	0,6	77,9	84,1	6,2
Low / high income	105,5/87,9	101,9/71,4	(-3,6/-16,5)	83,4 / 74,7	91,2 / 59,8	7,8 / -14,9
42 years career: average income	109,6	108,3	-1,3	88,9	93,4	4,5
Low / high income	107,7/102,6	107,6/78,7	(-0,1/-23,9)	90,1 / 90,5	97,3 / 68,3	7,2 / -22,2
10 years after retirement	105	101	-4,0	84,5	86,3	1,8
Female worker with 3 years of career break for childcare	101,5	97,5	-4,0	81,2	83	1,8
3 years of career break for unemployment	102,7	97,5	-5,2	82,3	83	0,7
10 years out of the labour market	93,4	89,5	-3,9	73,5	75,2	1,7
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	:	:	:	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	:	:	:	48,0	39,1	-8,9

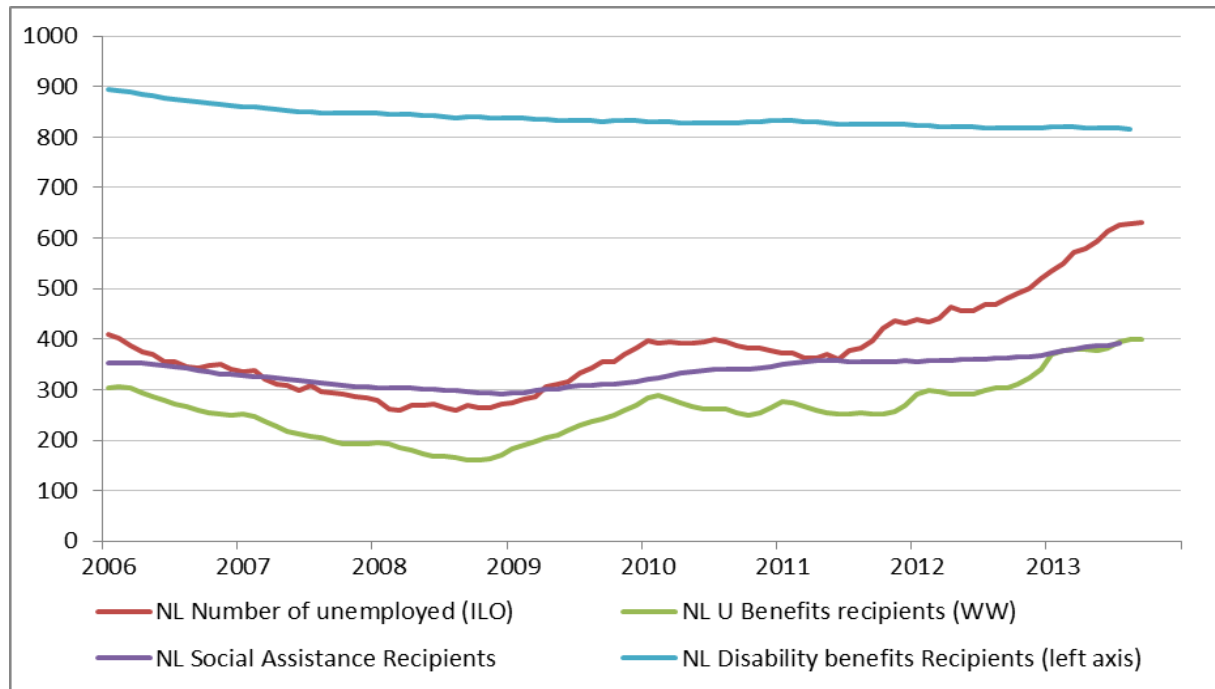
Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

## HEALTH CARE SYSTEMS

NL						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	62,4	61,7	61,3	64	63,5	61,7	61,3
Healthy life years at birth (female)	59,9	60,1	60,2	59	58,9	62,2	61,9
Healthy life years at 65 (male)	9,9	9,5	9,4	10,4	10	8,6	8,4
Healthy life years at 65 (female)	9,7	10,4	9,5	9,9	10,1	8,6	8,5
Life expectancy at birth (male)	78,4	78,7	78,9	79,4	79,3	77,4	:
Life expectancy at birth (female)	82,5	82,9	83	83,1	83	83,2	:
Life expectancy at 65 (male)	17,4	17,6	17,7	18,1	18	17,8	:
Life expectancy at 65 (female)	20,7	21	21	21,2	21	21,3	:
Self-reported unmet need for medical care (%)	0,3	0,3	0,4	0,4	0,5	3,4	3,4
Self-perceived general health (%)	77,3	77,7	78,0	76,3	75,6	67,9	68,2
Total health care expenditure (PPS) per capita	3.762,90	3.765,88	3.869,39	3.893,27	:	:	:
Total health care expenditure (% of GDP)	10,99	11,88	12,11	12,00	:	:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>213</sup>



<sup>213</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

NL	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	Statline
<b>link</b>	<a href="http://statline.cbs.nl/StatWeb/publication/?VW=T&amp;DM=SLNL&amp;PA=80590NED&amp;D1=12&amp;D2=0&amp;D3=0&amp;D4=39-50,52-63,65-76,78-89,91-102,104-115,117-128,130-138&amp;HD=131017-1043&amp;HDR=T&amp;STB=G1,G2,G3">http://statline.cbs.nl/StatWeb/publication/?VW=T&amp;DM=SLNL&amp;PA=80590NED&amp;D1=12&amp;D2=0&amp;D3=0&amp;D4=39-50,52-63,65-76,78-89,91-102,104-115,117-128,130-138&amp;HD=131017-1043&amp;HDR=T&amp;STB=G1,G2,G3</a>
<b>comment</b>	
Unemployment benefit	
<b>definition</b>	Unemployment Benefit recipients (uitkeringen Werkloosheidswet - WW)
<b>unit</b>	thousands of recipients, end of month
<b>source</b>	Institute for Employee Benefit Schemes (Uitvoeringsorganisatie werknemersverzekeringen - UWV)
<b>link</b>	<a href="http://statline.cbs.nl/StatWeb/publication/?VW=T&amp;DM=SLNL&amp;PA=37789KSZ&amp;D1=0,7,9&amp;D2=104-115,117-128,130-141,143-154,156-167,169-180,182-193,195-203&amp;HD=131017-1022&amp;HDR=T&amp;STB=G1">http://statline.cbs.nl/StatWeb/publication/?VW=T&amp;DM=SLNL&amp;PA=37789KSZ&amp;D1=0,7,9&amp;D2=104-115,117-128,130-141,143-154,156-167,169-180,182-193,195-203&amp;HD=131017-1022&amp;HDR=T&amp;STB=G1</a>
<b>comment</b>	
Social assistance benefit/means-tested minimum income	
<b>definition</b>	Social assistance recipients (uitkeringen Wet Werk en Bijstand - WWB en Wet Investeren in Jongeren - WIJ)
<b>unit</b>	thousands of recipients, end of month
<b>source</b>	Statistics Netherlands (Centraal Bureau voor de Statistiek - CBS)
<b>link</b>	<a href="http://statline.cbs.nl/StatWeb/publication/?VW=T&amp;DM=SLNL&amp;PA=37789KSZ&amp;D1=0,7,9&amp;D2=104-115,117-128,130-141,143-154,156-167,169-180,182-193,195-203&amp;HD=131017-1022&amp;HDR=T&amp;STB=G1">http://statline.cbs.nl/StatWeb/publication/?VW=T&amp;DM=SLNL&amp;PA=37789KSZ&amp;D1=0,7,9&amp;D2=104-115,117-128,130-141,143-154,156-167,169-180,182-193,195-203&amp;HD=131017-1022&amp;HDR=T&amp;STB=G1</a>
<b>comment</b>	
Disability benefit	
<b>definition</b>	Disability benefit recipients (uitkeringen Arbeidsongeschiktheidswetten - AO)
<b>unit</b>	thousands of recipients, end of month
<b>source</b>	Institute for Employee Benefit Schemes (Uitvoeringsorganisatie werknemersverzekeringen - UWV)
<b>link</b>	<a href="http://statline.cbs.nl/StatWeb/publication/?VW=T&amp;DM=SLNL&amp;PA=37789KSZ&amp;D1=0,7,9&amp;D2=104-115,117-128,130-141,143-154,156-167,169-180,182-193,195-203&amp;HD=131017-1022&amp;HDR=T&amp;STB=G1">http://statline.cbs.nl/StatWeb/publication/?VW=T&amp;DM=SLNL&amp;PA=37789KSZ&amp;D1=0,7,9&amp;D2=104-115,117-128,130-141,143-154,156-167,169-180,182-193,195-203&amp;HD=131017-1022&amp;HDR=T&amp;STB=G1</a>
<b>comment</b>	

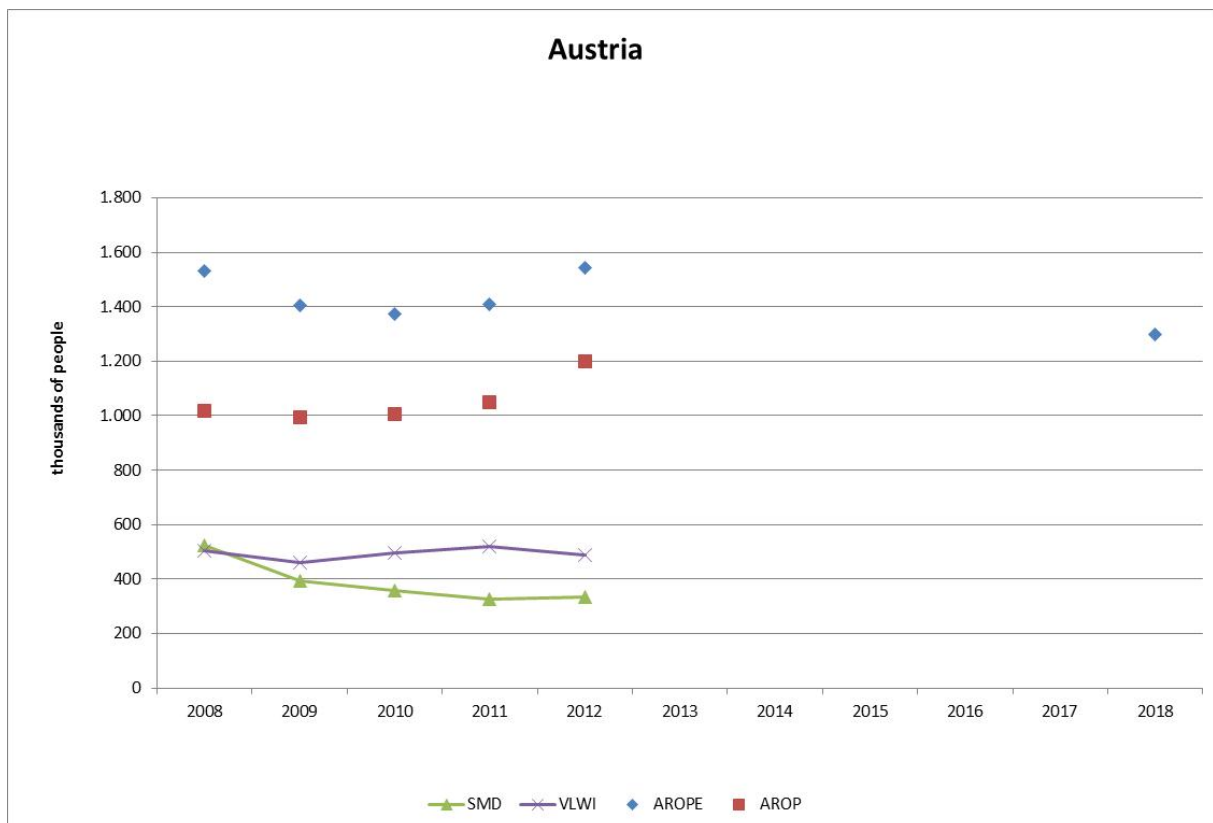


## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"To reduce the number of individuals living in poverty or at risk of poverty within the next ten years by at least 235,000."

Source: National Reform Programme (2012)

## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>AROPE</b>	1532	1406	1373	1407	1542						1297
<b>AROP</b>	1018	993	1004	1051	1201						
<b>SMD</b>	524	395	356	325	335						
<b>VLWI</b>	503	461	497	519	490						

Source: Eurostat (EU-SILC)

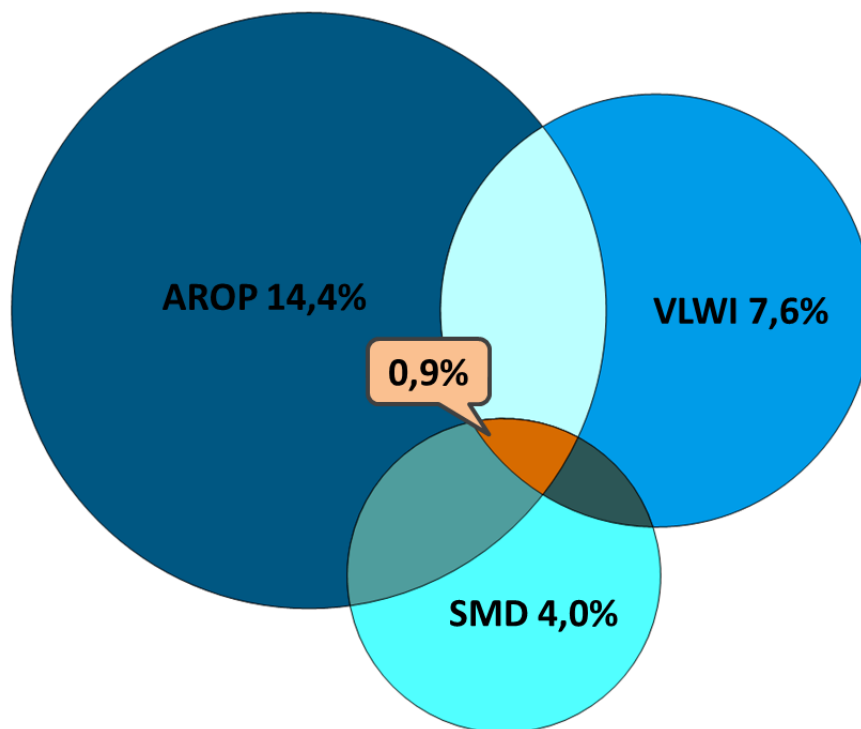
Note: i) AT has changed the source for income from survey to administrative data. As a result, income-related indicators and by definition the target indicator suffer a break in series for 2012 and are therefore not comparable to previous years. Austria will be able to provide a comprehensive back-calculation of the timeline until the base year 2008 at the end of 2014.

ii) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2018;

iii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate;

iv) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

#### COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

AT	%						EU28	
		2008	2009	2010	2011	2012	2011	2012
<b>AROP total</b>	% of total pln	12,4	12,0	12,1	12,6	14,4	16,9	17,0
	1000 persons	1.018	993	1.004	1.051	1.201	84.586	84.999
<b>VLWI total</b>	% of total pln	7,8	7,2	7,7	8,0	7,6	10,3	10,4
	1000 persons	503	461	497	519	490	39.465	39.431
<b>SMD total</b>	% of total pln	6,4	4,8	4,3	3,9	4,0	8,9	9,9
	1000 persons	524	395	356	325	335	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	1,6	1,5	2,0	2,2	2,2	2,9	2,7
	1000 persons	136	121	166	181	188	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	1,3	1,3	1,2	1,0	1,3	2,6	2,9
	1000 persons	103	106	97	80	111	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	1,4	1,2	1,2	1,2	0,9	1,7	1,9
	1000 persons	116	97	100	100	73	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,5	0,3	0,2	0,3	0,5	0,6	0,6
	1000 persons	42	21	20	26	39	2.785	3.236

Source: Eurostat (EU-SILC)

Note: change 2011-2012 and 2008-2012 is calculated as difference in percentage points (pp) for % of total population and for values in 1000 persons the change is indicated in percentage change (%).

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

AT						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	1,4	-3,8	1,8	2,8	0,9	1,6	-0,4
Employment growth (y-on-y % change)	2,0	-0,7	1,0	1,7	1,3	0,2	-0,5
Unemployment rate	3,8	4,8	4,4	4,2	4,3	9,7	10,5
Long-term unemployment rate	0,9	1,0	1,1	1,1	1,1	4,2	4,7
Social protection expenditure (% of GDP)	27,6	29,8	29,7	28,7	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

AT		EU28						
		2008	2009	2010	2011	2010	2011	
<b>Social protection expenditure (in % of GDP)</b>	Total	27,6	29,8	29,7	28,7	28,1	27,8	
	Sickness/Health care	7,3	7,7	7,6	7,2	8,3	8,2	
	Disability	2,1	2,2	2,2	2,2	2,2	2,1	
	Old age	11,7	12,7	12,8	12,6	11,1	11,1	
	Survivors	1,9	2,0	2,0	1,9	1,7	1,6	
	Family/Children	2,8	3,0	3,1	2,8	2,3	2,2	
	Unemployment	1,4	1,7	1,7	1,5	1,7	1,6	
	Housing	0,1	0,1	0,1	0,1	0,6	0,6	
	Social exclusion n.e.c.	0,3	0,3	0,3	0,3	0,4	0,4	
	<b>Means-tested</b>							
	Total	2,0	2,2	2,2	2,2	3,0	3,0	
	Sickness/Health care	0,1	0,1	0,1	0,0	0,1	0,1	
	Disability	0,4	0,5	0,5	0,5	0,4	0,4	
	Old age	0,6	0,7	0,7	0,7	0,5	0,5	
	Survivors	0,1	0,1	0,1	0,1	0,1	0,1	
	Family/Children	0,2	0,2	0,2	0,2	0,6	0,6	
	Unemployment	0,2	0,3	0,3	0,3	0,4	0,4	
	Housing	0,1	0,1	0,1	0,1	0,6	0,6	
	Social exclusion n.e.c.	0,2	0,2	0,2	0,3	0,4	0,4	
	<b>Non-means tested</b>							
	Total	25,7	27,6	27,5	26,5	25,1	24,8	
	Sickness/Health care	7,2	7,6	7,5	7,2	8,2	8,1	
	Disability	1,7	1,8	1,7	1,7	1,8	1,7	
	Old age	11,1	12,0	12,1	11,9	10,5	10,6	
	Survivors	1,8	1,9	1,9	1,8	1,6	1,5	
	Family/Children	2,6	2,8	2,8	2,6	1,7	1,6	
	Unemployment	1,2	1,5	1,4	1,2	1,3	1,2	
	Housing	0,0	0,0	0,0	0,0	0,0	0,0	
	Social exclusion n.e.c.	0,1	0,1	0,1	0,1	0,1	0,1	

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

INCOME AND LIVING CONDITIONS

AT	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	18,6	17,0	16,6	16,9	18,5			24,3	24,8
	At-Risk-of-poverty rate	12,4	12,0	12,1	12,6	14,4			16,9	17,0
	Value of threshold (single HH) - in PPS	11.124	11.350	11.479	12.150	12.300	1,2	10,6	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	23.359	23.836	24.106	25.516	25.829	1,2	10,6	22.673	22.752
	Severe material deprivation rate	6,4	4,8	4,3	3,9	4,0	0,1	-2,4	8,9	9,9
	Share of people living in very low work intensity households (0-59)	7,8	7,2	7,7	8,0	7,6	-0,4	-0,2	10,3	10,4
	At-risk-of-poverty gap	15,3	17,2	17,2	19,0	20,1			23,4	23,5
	Anchored at-risk-of-poverty rate	12,4	11,4	11,0	10,5	12,3			17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	49,4	50,2	49,8	49,4	44,2			35,7	34,4
	S80/S20	3,7	3,7	3,7	3,8	4,2	0,4	0,5	5,1	5,1
	Persistent at-risk-of-poverty rate	5,6	6,2	6,5	5,8	5,8			:	10,0
	Housing cost overburden rate	4,7	5,1	4,6	4,8	7,0	2,2	2,3	11,6	11,3

AT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	20,4	17,5	18,8	19,2	20,9			27,3	28,1
	At-risk-of-poverty rate	14,9	13,4	14,3	15,4	17,5			20,8	20,8
	Severe material deprivation rate	7,3	5,6	5,7	5,6	5,8	0,2	-1,5	10,1	11,8
	Share of people living in very low work intensity households	5,8	5,9	6,0	6,7	6,1	-0,6	0,3	9,2	9,0
	At-risk-of-poverty gap	16,3	18,6	20,2	16,7	16,3			24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	58,7	62,9	61,1	57,9	52,7			40,6	39,4
	Overcrowding rate	23,5	21,1	19,7	17,5	21,7	4,2	-1,8	23,2	23,4
AT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	17,2	18,0	17,6	15,0	20,2			30,0	31,5
	At-risk-of-poverty rate	11,2	11,9	13,7	12,2	17,3			21,7	23,1
	Severe material deprivation rate	6,9	5,9	5,0	3,5	3,3	-0,2	-3,6	10,8	12,0
	Share of people living in very low work intensity households	4,8	4,7	6,1	4,9	5,4	0,5	0,6	9,4	10,0
	In-work at-risk-of-poverty rate	4,8	5,1	5,4	5,1	12,5			11,2	11,9
	Youth unemployment ratio (15-24)	4,9	6,0	5,2	5,0	5,2	0,2	0,3	9,1	9,7
	NEET rate	8,7	9,5	8,8	8,3	7,8	-0,5	-0,9	16,7	17,1
	Housing cost overburden rate	5,7	7,9	6,8	6,8	11,6	4,8	5,9	13,6	14,3

AT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	18,4	17,1	16,1	16,2	18,4			24,5	25,4
	At-risk-of-poverty rate	10,9	10,8	10,7	11,0	13,3			16,1	16,5
	Severe material deprivation rate	6,6	5,0	4,5	3,9	4,1	0,2	-2,5	9,0	10,0
	Share of people living in very low work intensity households (18-59)	8,4	7,6	8,3	8,5	8,1	-0,4	-0,3	10,7	10,8
	In-work at-risk-of poverty rate	6,4	6,0	5,0	5,4	8,2			8,9	9,1
	At-risk-of-poverty gap	17,5	20,1	19,0	20,5	23,9			25,9	26,0
	Overcrowding rate	15,1	12,9	11,9	11,9	14,2	2,3	-0,9	18,3	18,2
	Housing cost overburden rate	5,1	5,7	5,3	5,3	7,6	2,3	2,5	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	52,4	51,1	51,8	52,8	45,5			37,1	35,0
AT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	17,3	16,4	15,8	17,1	16,2			20,4	19,3
	At-Risk-of-Poverty rate	15,0	15,1	15,2	16,0	15,1			15,9	14,5
	Severe Material Deprivation rate	4,4	2,8	2,0	2,0	1,9	-0,1	-2,5	7,3	7,6
	Relative median income ratio of elderly	0,92	0,91	0,91	0,93	0,93			0,89	0,91
	Aggregate replacement ratio	0,68	0,64	0,64	0,60	0,58			0,54	0,54
	Overcrowding rate	4,9	5,4	4,7	4,1	4,7	0,6	-0,2	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

Note: AT has changed the source for income from survey to administrative for EU-SILC. As a result, income-related indicators suffer a break in series for 2012 and are therefore not comparable to previous years and relevant changes have not been presented in the table above.

## INVESTING IN CHILDREN

AT	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	20,4	17,5	18,8	19,2	20,9			27,3	28,1
	At-risk-of-poverty rate (0-17)	14,9	13,4	14,3	15,4	17,5			20,8	20,8
	Severe material deprivation rate (0-17)	7,3	5,6	5,7	5,6	5,8	0,2	-1,5	10,1	11,8
	Share of children (0-17) living in very low work intensity households	5,8	5,9	6,0	6,7	6,1	-0,6	0,3	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	4,0	3,7	5,7	4,5	5,7			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	7,3	6,5	6,2	6,4	8,6			10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	66,0	64,4	59,9	69,7	69,9			70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	11,7	10,2	11,3	11,4	14,1			15,7	16,0



<b>Access to adequate resources</b>	Child care (0-3), less than 30h	4	7	6	11	:	:	:	14	15
	Child care (0-3), 30h and more	2	2	3	3	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	51	58	58	57	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	20	21	26	28	:	:	:	45	46
	Relative median poverty gap for children (0-17)	16,3	18,6	20,2	16,7	16,3			24,5	23,9
	Part-time employment due to care responsibilities (total)	34,5	33,8	33,2	33,0	32,8	-0,2	-1,7	23,1	22,7
	Part-time employment due to care responsibilities (male)	4,3	4,0	4,8	3,6	4,4	0,8	0,1	3,9	3,9
	Part-time employment due to care responsibilities (female)	40,5	39,7	39,1	39,1	38,6	-0,5	-1,9	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	58,7	62,9	61,1	57,9	52,7			40,6	39,4
	Housing cost overburden rate (0-17)	3,3	3,5	3,2	2,6	5,2	2,6	1,9	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	5,4	5,3	5,0	5,3	4,2	-1,1	-1,2	7,0	6,9
	Early leavers from education and training (18-24)	10,1	8,7	8,3	8,3	7,6	-0,7	-2,5	13,4	12,7
	Self-declared unmet need for medical care (16-24)	0,3	0,2	0,5	0,2	0,2	0,0	-0,1	1,6	1,4
	Infant mortality	287	289	307	281	252	-29	-35	20.509	:
	Severe housing deprivation (0-17)	7,4	7,0	7,0	5,5	6,4	0,9	-1,0	7,9	7,7
	Overcrowding (0-17)	23,5	21,1	19,7	17,5	21,7	4,2	-1,8	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

Note: AT has changed the source for income from survey to administrative for EU-SILC. As a result, income-related indicators suffer a break in series for 2012 and are therefore not comparable to previous years and relevant changes have not been presented in the table above.

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	85	88,7	3,7	69,9 (100/0/0)*	68,8 (100/0/0)*	-1,1
Low income	83,7	83,8	0,1	69,9 (100/0/0)*	68,8 (100/0/0)*	-1,1
High income	77,2	72,1	-5,1	63,9 (100/0/0)*	51,8 (100/0/0)*	-12,1
Lower / higher future rates of return		88,7 / 88,7			68,8 / 68,8	
Lower / higher future wage growth		87 / 89,4			69,1 / 68,2	
38 years career: average income	77,2	79,3	2,1	60,7	59,5	-1,2
Low / high income	73 / 68,2	75 / 64,8	( - 2 / -3,4)	59,7 / 54	59,9 / 45,5	( 0,2 / -8,5)
42 years career: average income	87,9	97,7	9,8	73,4	78,3	4,9
Low / high income	88 / 80,4	95,5 / 80,4	( - 7,5 / 0)	71,9 / 66,5	78,3 / 59,2	( - 6,4 / -7,3)
10 years after retirement	75,2	80,3	5,1	60,4	59,4	-1,0
Female worker with 3 years of career break for childcare	83	87,9	4,9	67,5	67,9	0,4
3 years of career break for unemployment	84,4	86,8	2,4	69,2	66,8	-2,4
10 years out of the labour market	70,1	70,7	0,6	52,5	51,6	-0,9
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	42,3	36,5	-5,8	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	47,7	40,3	-7,5	48,0	39,1	-8,9

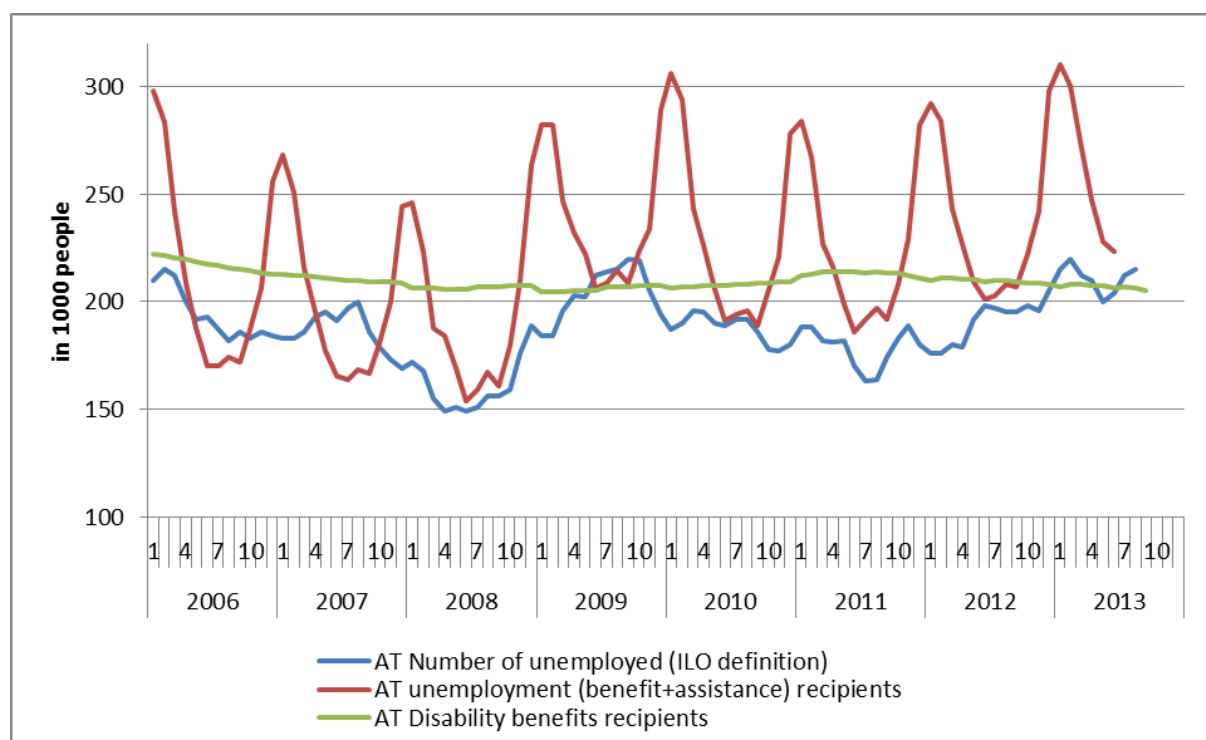
Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

## HEALTH CARE SYSTEMS

AT						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	58,3	59,5	59,5	59,8	60,2	61,7	61,3
Healthy life years at birth (female)	59,7	60,8	60,7	60,3	62,5	62,2	61,9
Healthy life years at 65 (male)	7,4	8,3	8,5	8,3	8,9	8,6	8,4
Healthy life years at 65 (female)	7,5	8,2	7,9	8,3	9,5	8,6	8,5
Life expectancy at birth (male)	77,8	77,6	77,9	78,3	78,4	77,4	:
Life expectancy at birth (female)	83,3	83,2	83,5	83,8	83,6	83,2	:
Life expectancy at 65 (male)	17,7	17,7	17,9	18,1	18,1	17,8	:
Life expectancy at 65 (female)	21,1	21,2	21,4	21,7	21,3	21,3	:
Self-reported unmet need for medical care (%)	0,7	0,5	0,6	0,4	0,3	3,4	3,4
Self-perceived general health (%)	69,6	70,0	69,5	69,4	70,0	67,9	68,2
Total health care expenditure (PPS) per capita	3.263,39	3.293,80	3.459,41	3.508,11		:	:
Total health care expenditure (% of GDP)	10,49	11,17	11,08	10,83		:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>214</sup>



Recipients of means-tested minimum income*			
	September		Change 09/2012-09/2013 in %
	2012	2013	
<b>Recipients</b>	149,729	<b>168,644</b>	<b>+12.6%</b>

Source: Federal Ministry of Labour, Social Affairs and Consumer Protection

\* Due to the nationwide introduction of the means-tested minimum income scheme, the comparison was started anew in 2012.

AT	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	Eurostat
	Unemployment benefit
<b>definition</b>	Unemployment Benefit recipients ; Unemployment assistance recipients
<b>unit</b>	thousands of recipients
<b>source</b>	Public Employment Service Austria (AMS)

<sup>214</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

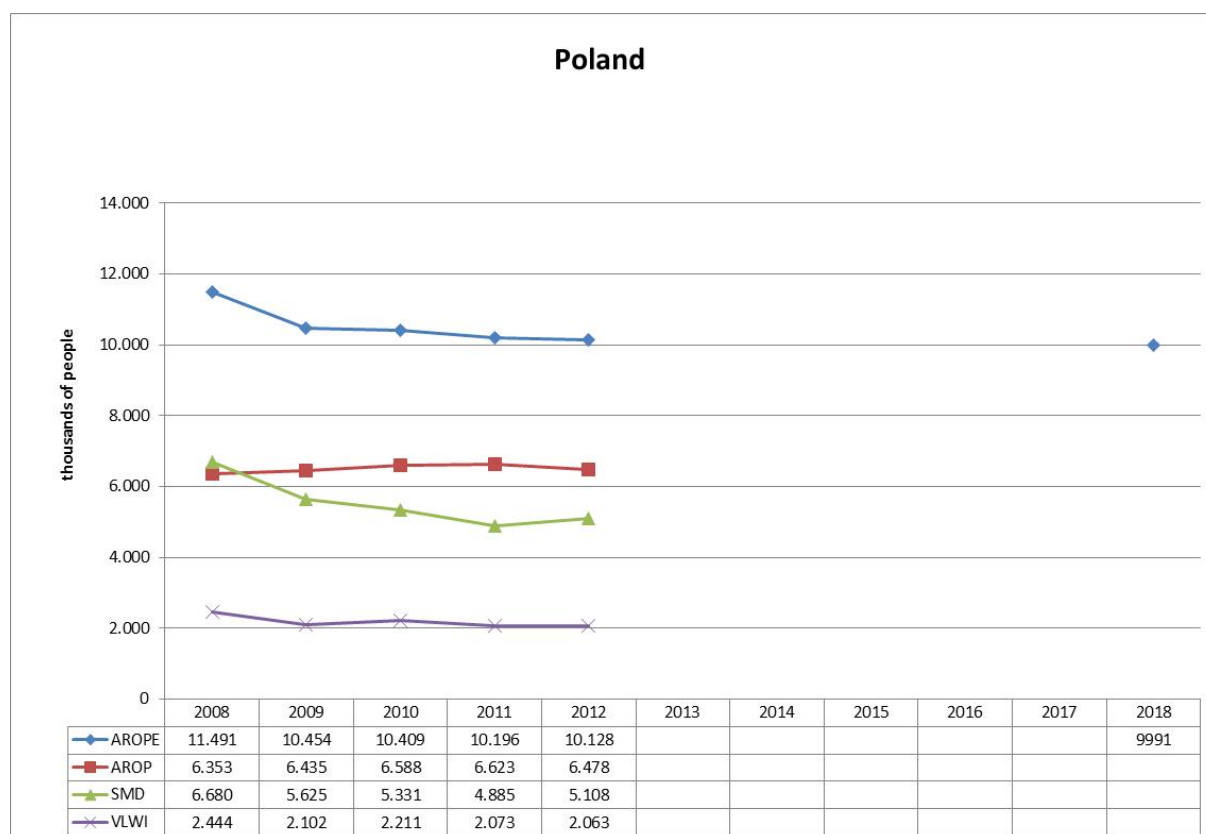
<b>comment</b>	An unemployed person is defined as someone without employment who has registered as seeking work with the public employment service (AMS) and is both willing and able to work. Claims for transfer payments can only be made by those who have made employment insurance contributions for an appropriate period. For example, those who have interrupted their working careers for a long period of time (in particular returners) and school leavers receive no unemployment insurance benefit. In order to receive benefit a person must be registered with the AMS. To be entitled to claim unemployment benefit, a person must be able and willing to work, available for work but unemployed and have been in insured employment for the appropriate qualifying period. Unemployment assistance, which is payable on expiry of entitlement to unemployment benefit, combines the principles of social insurance and welfare. Firstly, the rate of the income support is calculated on the basis of the unemployment benefit previously received. Secondly, applicants must be in serious need of financial support, after taking the income of the partner and exemption limits into account.
<b>Social assistance benefit/means-tested minimum income</b>	
<b>definition</b>	Number of recipients of Social Assistance Benefits/means-tested minimum income
<b>unit</b>	Quarterly data (changes in % to the previous year)
<b>source</b>	Social Departments of the Federal Provinces
<b>comment</b>	Figures include between six and nine Federal Provinces; the data of the cities with municipal departments is missing in one of them. The provinces register very diverse trends. - Social assistance is defined, implemented and administered by the Federal Provinces (Bundesländer); according to the Austrian Constitution each province has its own Social Assistance Act, but there are some common basic principles: social assistance is granted in individual situations of need if a person's own resources and payments from third parties are not longer sufficient to allow for a decent way of life. Eligibility depends on household resources, other relatives have a duty under family law to provide financial support. All resources are considered in the means and income test (apart from family benefits). In order to realize the objective of combating poverty in all relevant fields of policy, a means-tested minimum income has been introduced as a reform of the social assistance scheme. The federal government and the provincial governments laid down the salient points of a means-tested minimum income which has been subsequently implemented in the corresponding national and provincial legislation. Since the 1st of September 2010 the laws for the means-tested minimum income were introduced in in 7 of 9 federal provinces. The other two provinces have introduced the minimum income scheme until October 2011. - Due to the nationwide introduction of the means-tested minimum income scheme, the comparison was started anew in 2012.
<b>Disability benefit</b>	
<b>definition</b>	Disability benefit recipients
<b>unit</b>	thousands of recipients
<b>source</b>	Federal Ministry of Labour, Social Affairs and Consumer Protection
<b>comment</b>	Figures do not include people who reached statutory retirement age due to comparability reasons; the data until January 2011 represent an estimation, because the calculation of the accurate share of disability pensioners only existed for one month (December).

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"Lowering of people at risk of poverty and/or exclusion and/or living in households of working people or of low labour intensity by 1.5 million"

Source: National Reform Programme (2011)

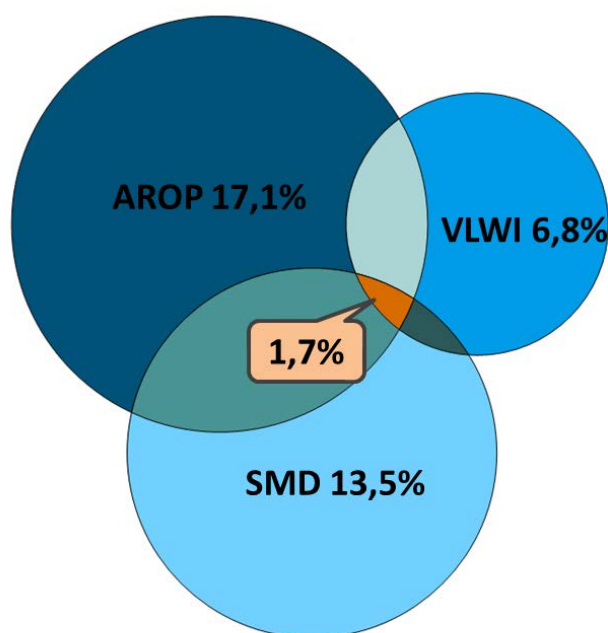
## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION



Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2018; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

PL	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	16,9	17,1	17,6	17,7	17,1	-0,6	0,2	16,9	17,0
	1000 persons	6.353	6.435	6.588	6.623	6.478	-2,2	2,0	84.586	84.999
<b>VLWI total</b>	% of total pln	7,9	6,9	7,3	6,9	6,8	-0,1	-1,1	10,3	10,4
	1000 persons	2.444	2.102	2.211	2.073	2.063	-0,5	-15,6	39.465	39.431
<b>SMD total</b>	% of total pln	17,7	15,0	14,2	13,0	13,5	3,8	-4,2	8,9	9,9
	1000 persons	6.680	5.625	5.331	4.885	5.108	4,6	-23,5	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	1,3	1,3	1,5	1,6	1,5	-6,3	0,2	2,9	2,7
	1000 persons	499	492	568	608	571	-6,1	14,4	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	4,7	4,6	4,3	4,0	3,9	-2,5	-0,8	2,6	2,9
	1000 persons	1.758	1.728	1.616	1.490	1.496	0,4	-14,9	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	1,9	1,7	1,8	1,5	1,7	13,3	-0,2	1,7	1,9
	1000 persons	704	655	684	571	651	14,0	-7,5	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,9	0,5	0,4	0,4	0,4	0,0	-0,5	0,6	0,6
	1000 persons	322	177	168	145	152	4,8	-52,8	2.785	3.236

Source: Eurostat (EU-SILC),

Note: change 2011-2012 and 2008-2012 is calculated as difference in percentage points (pp) for % of total population and for values in 1000 persons the change is indicated in percentage change (%).

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

PL						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	5,1	1,6	3,9	4,5	1,9	1,6	-0,4
Employment growth (y-on-y % change)	3,9	0,4	0,5	1,0	-3,4	0,2	-0,5
Unemployment rate	7,1	8,1	9,7	9,7	10,1	9,7	10,5
Long-term unemployment rate	2,4	2,5	3,0	3,6	4,1	4,2	4,7
Social protection expenditure (% of GDP)	18,2	18,8	18,8	18,7	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

PL		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	18,2	18,8	18,8	18,7	28,1	27,8
	Sickness/Health care	4,5	4,7	4,5	4,3	8,3	8,2
	Disability	1,5	1,3	1,5	1,7	2,2	2,1
	Old age	9,0	9,4	9,3	9,0	11,1	11,1
	Survivors	2,0	2,0	2,0	1,9	1,7	1,6
	Family/Children	0,7	0,8	0,8	1,3	2,3	2,2
	Unemployment	0,4	0,4	0,4	0,3	1,7	1,6
	Housing	0,1	0,1	0,1	0,1	0,6	0,6
	Social exclusion n.e.c.	0,2	0,2	0,1	0,2	0,4	0,4
	<b>Means-tested</b>						
	Total	0,8	0,7	0,7	1,2	3,0	3,0
	Sickness/Health care	0,0	0,0	0,0	0,0	0,1	0,1
	Disability	0,1	0,0	0,0	0,0	0,4	0,4
	Old age	0,0	0,0	0,0	0,0	0,5	0,5
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1
	Family/Children	0,5	0,4	0,5	0,4	0,6	0,6
	Unemployment	0,0	0,0	0,0	0,0	0,4	0,4
	Housing	0,1	0,1	0,1	0,1	0,6	0,6
	Social exclusion n.e.c.	0,1	0,1	0,1	0,1	0,4	0,4
	<b>Non-means tested</b>						
	Total	17,4	18,1	18,0	17,6	25,1	24,8
	Sickness/Health care	4,4	4,7	4,5	4,3	8,2	8,1
	Disability	1,5	1,3	1,5	1,6	1,8	1,7
	Old age	9,0	9,4	9,3	9,0	10,5	10,6
	Survivors	2,0	2,0	2,0	1,9	1,6	1,5
	Family/Children	0,3	0,3	0,3	0,9	1,7	1,6
	Unemployment	0,3	0,4	0,4	0,3	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
	Social exclusion n.e.c.	0,0	0,0	0,0	0,0	0,1	0,1

Source: Eurostat (ESSPROS)

Note: i) For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs; ii) from 2011 expenditure on public kindergartens has been added to the Family/Children benefits.

INCOME AND LIVING CONDITIONS

PL	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	30,5	27,8	27,8	27,2	26,7	-0,5	-3,8	24,3	24,8
	At-Risk-of-poverty rate	16,9	17,1	17,6	17,7	17,1	-0,6	0,2	16,9	17,0
	Value of threshold (single HH) - in PPS	4.039	4.417	4.552	4.924	5.117	3,9	26,7	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	8.482	9.275	9.560	10.341	10.746	3,9	26,7	22.673	22.752
	Severe material deprivation rate	17,7	15,0	14,2	13,0	13,5	0,5	-4,2	8,9	9,9
	Share of people living in very low work intensity households (0-59)	7,9	6,9	7,3	6,9	6,8	-0,1	-1,1	10,3	10,4
	At-risk-of-poverty gap	20,6	22,7	22,2	21,4	22,2	0,8	1,6	23,4	23,5
	Anchored at-risk-of-poverty rate	16,9	13,7	13,0	11,9	11,8	-0,1	-5,1	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	32,7	27,5	27,9	26,6	25,3	-1,2	-7,3	35,7	34,4
	S80/S20	5,1	5,0	5,0	5,0	4,9	-0,1	-0,2	5,1	5,1
	Persistent at-risk-of-poverty rate	10,4	10,2	10,5	10,1	:	-0,4	-0,3	:	10,0
	Housing cost overburden rate	9,7	8,2	9,1	10,2	10,5	0,3	0,8	11,6	11,3



PL	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	32,9	31,0	30,8	29,8	29,3	-0,5	-3,6	27,3	28,1
	At-risk-of-poverty rate	22,4	23,0	22,5	22,0	21,5	-0,5	-0,9	20,8	20,8
	Severe material deprivation rate	17,5	15,3	14,9	13,2	13,7	0,5	-3,8	10,1	11,8
	Share of people living in very low work intensity households	5,0	4,7	4,8	4,1	4,5	0,4	-0,5	9,2	9,0
	At-risk-of-poverty gap	21,9	23,7	24,2	22,6	21,5	-1,1	-0,4	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	31,1	23,6	26,7	26,9	25,6	-1,3	-5,5	40,6	39,4
	Overcrowding rate	63,3	62,1	60,6	59,8	60,1	0,3	-3,2	23,2	23,4
PL	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	34,4	29,9	30,4	29,1	31,2	2,1	-3,2	30,0	31,5
	At-risk-of-poverty rate	20,1	19,8	20,9	20,7	21,8	1,1	1,7	21,7	23,1
	Severe material deprivation rate	19,4	15,6	14,7	12,8	14,9	2,1	-4,5	10,8	12,0
	Share of people living in very low work intensity households	6,5	5,2	6,4	5,7	6,0	0,3	-0,5	9,4	10,0
	In-work at-risk-of-poverty rate	11,3	10,8	12,2	11,0	11,6	0,6	0,3	11,2	11,9
	Youth unemployment ratio (15-24)	5,7	7,0	8,2	8,6	8,9	0,3	3,2	9,1	9,7
	NEET rate	12,3	13,8	14,5	15,4	15,9	0,5	3,6	16,7	17,1
	Housing cost overburden rate	10,5	8,7	8,7	10,0	11,4	1,4	0,9	13,6	14,3

PL	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	30,6	27,3	27,6	27,0	26,7	-0,3	-3,9	24,5	25,4
	At-risk-of-poverty rate	16,3	16,0	16,9	17,1	16,5	-0,6	0,2	16,1	16,5
	Severe material deprivation rate	17,2	14,4	13,6	12,5	13,2	0,7	-4,0	9,0	10,0
	Share of people living in very low work intensity households (18-59)	8,9	7,6	8,1	7,8	7,5	-0,3	-1,4	10,7	10,8
	In-work at-risk-of poverty rate	11,5	11,0	11,5	11,2	10,4	-0,8	-1,1	8,9	9,1
	At-risk-of-poverty gap	21,5	24,0	23,0	22,4	24,0	1,6	2,5	25,9	26,0
	Overcrowding rate	50,9	49,2	47,6	47,2	46,2	-1,0	-4,7	18,3	18,2
	Housing cost overburden rate	9,8	7,9	8,8	9,9	10,3	0,4	0,5	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	34,5	30,4	29,9	28,2	27,0	-1,2	-7,5	37,1	35,0
PL	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	26,9	25,8	24,4	24,7	23,4	-1,3	-3,5	20,4	19,3
	At-Risk-of-Poverty rate	11,7	14,4	14,2	14,7	14,0	-0,7	2,3	15,9	14,5
	Severe Material Deprivation rate	20,8	17,3	16,5	15,4	14,8	-0,6	-6,0	7,3	7,6
	Relative median income ratio of elderly	0,97	0,92	0,93	0,94	0,95	0,01	-0,02	0,89	0,91
	Aggregate replacement ratio	0,56	0,56	0,57	0,55	0,58	0,03	0,02	0,54	0,54
	Overcrowding rate	32,0	30,1	29,2	29,9	28,2	-1,7	-3,8	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

Note: ratio indicators are not expressed in %; all changes are in percentage points' difference with the exception of the poverty threshold, S80/S20

## INVESTING IN CHILDREN

PL	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	32,9	31,0	30,8	29,8	29,3	-0,5	-3,6	27,3	28,1
	At-risk-of-poverty rate (0-17)	22,4	23,0	22,5	22,0	21,5	-0,5	-0,9	20,8	20,8
	Severe material deprivation rate (0-17)	17,5	15,3	14,9	13,2	13,7	0,5	-3,8	10,1	11,8
	Share of children (0-17) living in very low work intensity households	5,0	4,7	4,8	4,1	4,5	0,4	-0,5	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	15,8	15,8	14,8	12,5	:			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	14,4	13,9	13,9	13,1	12,6	-0,5	-1,8	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	72,5	78,8	83,0	76,2	79,0	2,8	6,5	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	19,8	20,3	19,4	19,7	18,8	-0,9	-1,0	15,7	16,0

<b>Access to adequate resources</b>	*Child care (0-3), less than 30h	0	0	0	0	:	:	:	14	15
	*Child care (0-3), 30h and more	3	2	2	3	:	:	:	14	15
	*Child care (3-mandatory school age), less than 30h	8	8	10	9	:	:	:	39	37
	*Child care (3-mandatory school age), 30h and more	27	31	32	34	:	:	:	45	46
	Relative median poverty gap for children (0-17)	21,9	23,7	24,2	22,6	21,5	-1,1	-0,4	24,5	23,9
	Part-time employment due to care responsibilities (total)	7,6	7,5	7,4	6,8	6,9	0,1	-0,7	23,1	22,7
	Part-time employment due to care responsibilities (male)	:	:	:	:	:			3,9	3,9
	Part-time employment due to care responsibilities (female)	11,7	11,3	11,0	10,2	10,1	-0,1	-1,6	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	31,1	23,6	26,7	26,9	25,6	-1,3	-5,5	40,6	39,4
	Housing cost overburden rate (0-17)	8,7	7,3	8,8	9,6	9,8	0,2	1,1	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	2,6	3,5	3,5	3,8	3,8	0,0	1,2	7,0	6,9
	Early leavers from education and training (18-24)	5,0	5,3	5,4	5,6	5,7	0,1	0,7	13,4	12,7
	Self-declared unmet need for medical care (16-24)	2,0	2,2	2,6	1,8	2,2	0,4	0,2	1,6	1,4
	Infant mortality	2.338	2.327	2.057	1.836	1.791	-45	-547	20.509	:
	Severe housing deprivation (0-17)	22,7	19,4	17,3	14,7	13,3	-1,4	-9,4	7,9	7,7
	Overcrowding (0-17)	63,3	62,1	60,6	59,8	60,1	0,3	-3,2	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

NOTE: In case of child care 3 to mandatory school age please note that the administrative data is different and it's higher;

\* for Child care, change is calculated for the reference period 2010-2011 as no 2012 data is available.

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	75,5	43,3	-32,2	65,2 (100/0/0)*	34,6 (54/46/0)*	-30,6
Low income	87,1	48,2	-38,9	75,8 (100/0/0)*	38,3 (59/41/0)*	-37,5
High income	60,7	32,2	-28,5	52,3 (100/0/0)*	26 (54/46/0)*	-26,3
Lower / higher future rates of return		41,7 / 45,3			33,2 / 36,3	
Lower / higher future wage growth		47,6 / 40,1			38,3 / 31,8	
38 years career: average income	70,5	41,2	-29,3	60,8	32,8	-28
Low / high income	81,7 / 56,4	48,2 / 30,6	(-33,5/-25,8)	71,1 / 48,4	38,3 / 24,6	(-32,8/-23,8)
42 years career: average income	78	48,6	-29,4	67,5	39,1	-28
Low / high income	89,7 / 63,1	49,3 / 36,2	(-40,4/-26,9)	78,1 / 54,4	39,1 / 29,4	(-39/-25)
10 years after retirement	58,4	35,1	-23,3	50,2	27,5	-22,7
Female worker with 3 years of career break for childcare	67,7	32,4	-35,3	58,4	25,3	-33,1
3 years of career break for unemployment	72,3	40,8	-31,5	62,4	32,4	-30,0
10 years out of the labour market	62,9	33,9	-29,0	54,1	26,5	-27,6
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	46,7	22,4	-24,3	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	49,1	19,6	-29,5	48,0	39,1	-8,9

Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

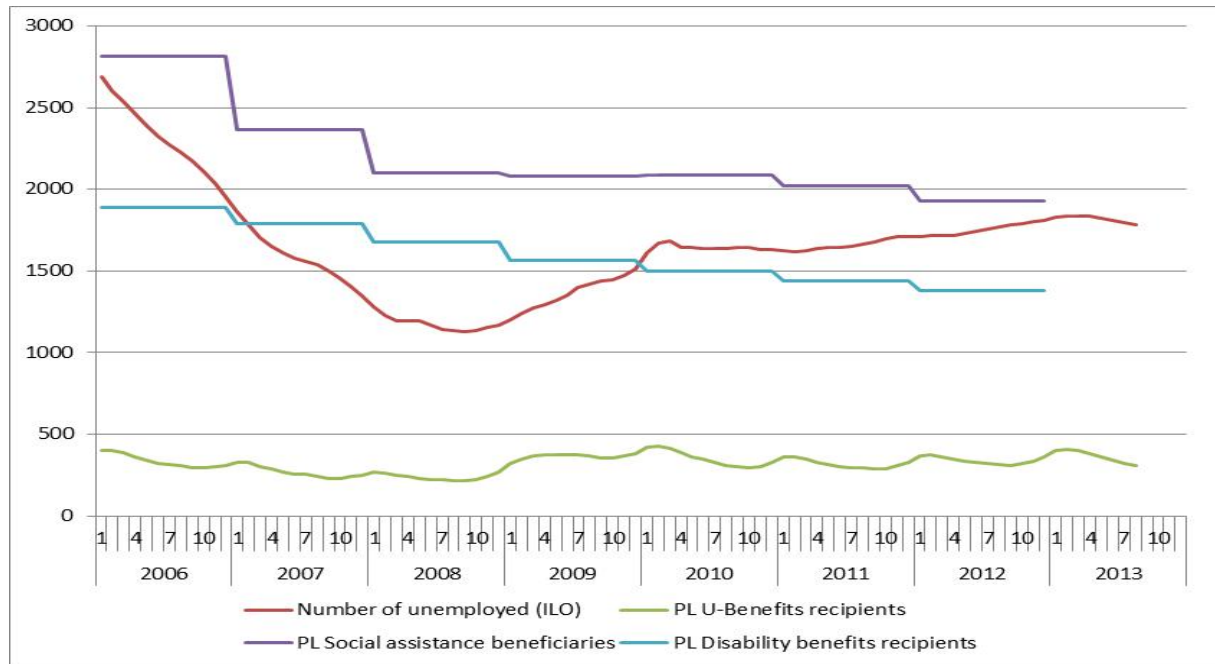
## HEALTH CARE SYSTEMS

PL						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	58,5	58,3	58,5	59,1	59,2	61,7	61,3
Healthy life years at birth (female)	63	62,5	62,3	63,3	62,9	62,2	61,9
Healthy life years at 65 (male)	7	6,9	6,7	7,6	7,4	8,6	8,4
Healthy life years at 65 (female)	7,7	7,7	7,5	8,3	7,8	8,6	8,5
Life expectancy at birth (male)	71,3	71,5	72,1	72,6	72,7	77,4	:
Life expectancy at birth (female)	80	80,1	80,7	81,1	81,1	83,2	:
Life expectancy at 65 (male)	14,8	14,8	15,1	15,4	15,4	17,8	:
Life expectancy at 65 (female)	19,1	19,2	19,5	19,9	19,9	21,3	:
Self-reported unmet need for medical care (%)	6,0	7,6	8,3	7,9	9,0	3,4	3,4
Self-perceived general health (%)	57,7	56,1	57,8	57,6	57,7	67,9	68,2
Total health care expenditure (PPS) per capita	1.026,54	1.095,18	1.152,83	1.198,07	:	:	:
Total health care expenditure (% of GDP)	6,89	7,21	7,02	6,87	:	:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)

Note: breaks in series for the Healthy life years indicator in 2009; breaks in series for total health care expenditure in 2010

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>215</sup>



<sup>215</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) are given as a background.

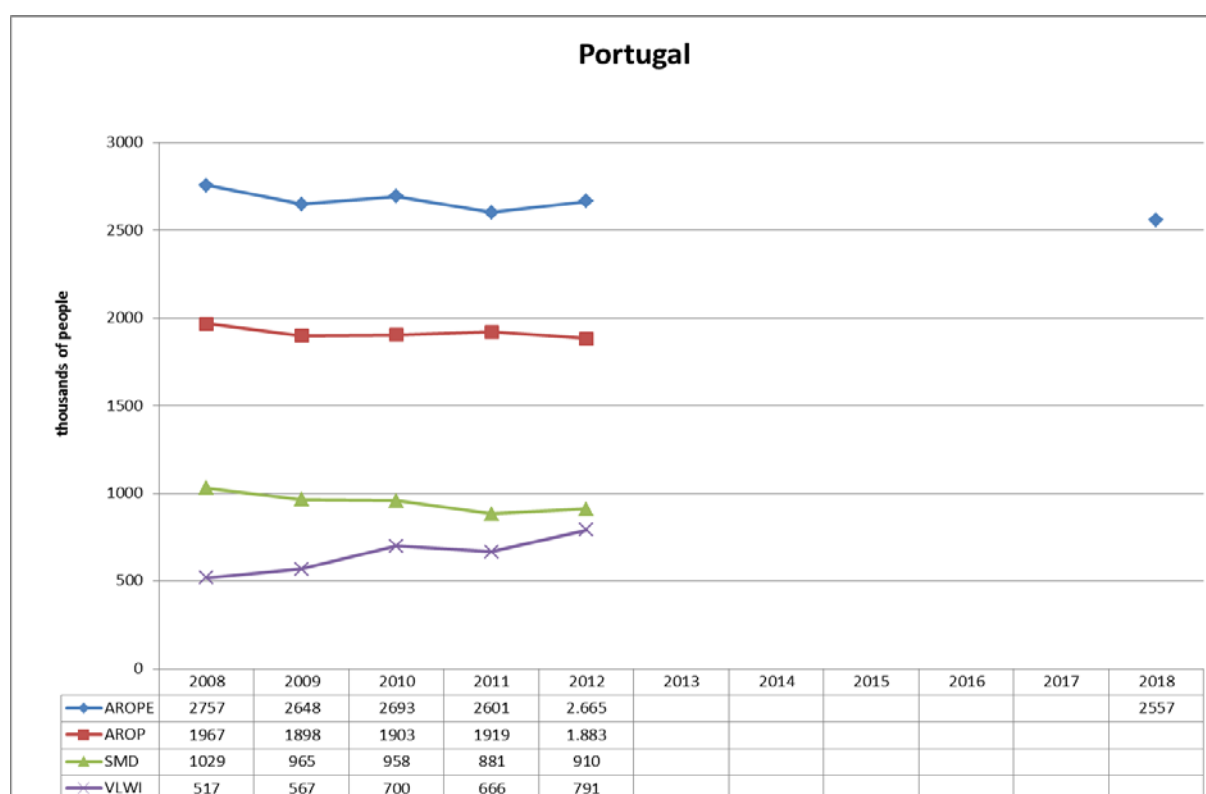
PL	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	eurostat
	Unemployment benefit
<b>definition</b>	UB recipients - stock
<b>unit</b>	thousands of recipients
<b>source</b>	administrative data, Ministry of Labour and Social Policy
<b>link</b>	<a href="http://www.psz.praca.gov.pl./main.php?do=ShowPage&amp;nPID=867997&amp;pT=details&amp;sP=CONTENT,objectID,867970">http://www.psz.praca.gov.pl./main.php?do=ShowPage&amp;nPID=867997&amp;pT=details&amp;sP=CONTENT,objectID,867970</a>
<b>comment</b>	Table 23, Column F
	Social assistance benefit/means-tested minimum income
<b>definition</b>	Social assistance beneficiaries
<b>unit</b>	total number of beneficiaries of monetary and non-monetary assistance (annual)
<b>source</b>	GUS, Statistical Yearbook 2002-2012 & Local Data Bank
<b>link</b>	Local Data Bank: <a href="http://www.stat.gov.pl/bdlen/app/dane_podgrup.hier?p_id=826030&amp;p_token=-1971022414">http://www.stat.gov.pl/bdlen/app/dane_podgrup.hier?p_id=826030&amp;p_token=-1971022414</a> Statistical Yearbook: <a href="http://www.stat.gov.pl/gus/yearbooks_ENG_HTML.htm">http://www.stat.gov.pl/gus/yearbooks_ENG_HTML.htm</a>
	Disability benefit
<b>definition</b>	Disability benefits Recipients
<b>unit</b>	total number of beneficiaries of pensions resulting from an inability to work (annual averages), from both non-agricultural social security system and farmers social insurance system
<b>source</b>	GUS, Statistical Yearbook 2002-2012 & Concise Statistical Yearbook of Poland.
<b>link</b>	<a href="http://www.stat.gov.pl/gus/5840_737_ENG_HTML.htm">http://www.stat.gov.pl/gus/5840_737_ENG_HTML.htm</a>

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"The national target is to reduce the number of poor by at least 200 thousand people by 2020."

Source: National Reform Programme (2011)

### PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

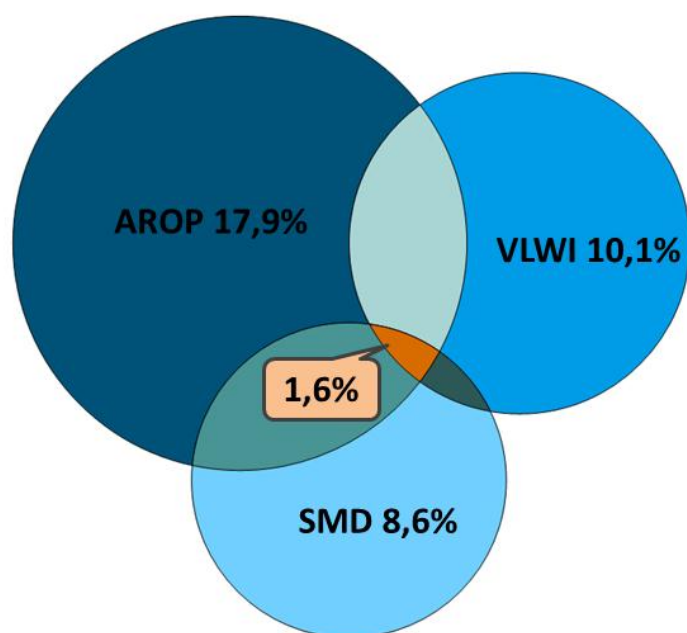


Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2020; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of-poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).



## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

PT	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	18,5	17,9	17,9	18,0	17,9	-0,1	-0,6	16,9	17,0
	1000 persons	1.967	1.898	1.903	1.919	1.883	-1,9	-4,3	84.586	84.999
<b>VLWI total</b>	% of total pln	6,3	6,9	8,6	8,2	10,1	1,9	3,8	10,3	10,4
	1000 persons	517	567	700	666	791	18,8	53,0	39.465	39.431
<b>SMD total</b>	% of total pln	9,7	9,1	9,0	8,3	8,6	0,3	-1,1	8,9	9,9
	1000 persons	1.029	965	958	881	910	3,3	-11,6	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	1,4	1,9	2,1	2,1	2,5	0,4	1,1	2,9	2,7
	1000 persons	153	197	223	224	263	17,4	71,9	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	3,2	2,9	2,2	2,9	2,6	-0,3	-0,6	2,6	2,9
	1000 persons	337	311	239	311	275	-11,6	-18,4	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	1,1	1,2	1,7	1,3	1,6	0,3	0,5	1,7	1,9
	1000 persons	122	123	184	140	168	20,0	37,7	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,2	0,3	0,4	0,5	0,4	-0,1	0,2	0,6	0,6
	1000 persons	22	29	39	50	44	-12,0	100,0	2.785	3.236

Source: Eurostat (EU-SILC)

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

PT						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	0,0	-2,9	1,9	-1,3	-3,2	1,6	-0,4
Employment growth (y-on-y % change)*	0,2	-1,8	-0,8	:	-2,4	0,2	-0,5
Unemployment rate*	7,6	9,5	10,8	12,9	15,7	9,7	10,5
Long-term unemployment rate*	3,8	4,4	5,9	6,8	8,5	4,2	4,7
Social protection expenditure (% of GDP)	23,2	25,5	25,4	25,0	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS; National Statistics Office, labour force survey);

Note: (\*) Labour Force Survey, National Statistics. (Break in series in 2011)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

PT		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	23,2	25,5	25,4	25,0	28,1	27,8
	Sickness/Health care	6,5	7,3	7,0	6,3	8,3	8,2
	Disability	2,1	2,1	2,1	2,1	2,2	2,1
	Old age	10,3	11,1	11,3	11,9	11,1	11,1
	Survivors	1,7	1,8	1,8	1,8	1,7	1,6
	Family/Children	1,3	1,4	1,4	1,2	2,3	2,2
	Unemployment	1,0	1,4	1,4	1,4	1,7	1,6
	Housing	0,0	0,0	0,0	0,0	0,6	0,6
	Social exclusion n.e.c.	0,3	0,4	0,4	0,3	0,4	0,4
	<b>Means-tested</b>						
	Total	2,3	2,6	2,5	2,2	3,0	3,0
	Sickness/Health care	0,0	0,0	0,0	0,0	0,1	0,1
	Disability	0,2	0,2	0,2	0,2	0,4	0,4
	Old age	0,6	0,7	0,7	0,7	0,5	0,5
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1
	Family/Children	1,0	1,1	1,1	0,9	0,6	0,6
	Unemployment	0,2	0,3	0,2	0,2	0,4	0,4
	Housing	0,0	0,0	0,0	0,0	0,6	0,6
	Social exclusion n.e.c.	0,3	0,4	0,3	0,3	0,4	0,4
	<b>Non-means tested</b>						
	Total	20,9	22,9	22,8	22,8	25,1	24,8
	Sickness/Health care	6,5	7,3	7,0	6,3	8,2	8,1
	Disability	2,0	2,0	1,9	1,9	1,8	1,7
	Old age	9,7	10,4	10,6	11,3	10,5	10,6
	Survivors	1,7	1,8	1,8	1,8	1,6	1,5
	Family/Children	0,2	0,3	0,3	0,3	1,7	1,6
	Unemployment	0,9	1,1	1,2	1,2	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
	Social exclusion n.e.c.	0,0	0,0	0,0	0,0	0,1	0,1

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

## INCOME AND LIVING CONDITIONS

PT	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	26,0	24,9	25,3	24,4	25,3	0,9	-0,7	24,3	24,8
	At-Risk-of-poverty rate	18,5	17,9	17,9	18,0	17,9	-0,1	-0,6	16,9	17,0
	Value of threshold (single HH) - in PPS	5.702	5.655	5.844	5.750	5.736	-0,2	0,6	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	11.974	11.876	12.273	12.075	12.047	-0,2	0,6	22.673	22.752
	Severe material deprivation rate	9,7	9,1	9,0	8,3	8,6	0,3	-1,1	8,9	9,9
	Share of people living in very low work intensity households (0-59)	6,3	6,9	8,6	8,2	10,1	1,9	3,8	10,3	10,4
	At-risk-of-poverty gap	23,2	23,6	22,7	23,2	24,7	1,5	1,5	23,4	23,5
	Anchored at-risk-of-poverty rate	18,5	18,1	16,1	17,9	19,4	1,5	0,9	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	25,7	26,3	32,2	29,1	29,0	-0,2	3,3	35,7	34,4
	S80/S20	6,1	6,0	5,6	5,7	5,8	0,1	-0,3	5,1	5,1
	Persistent at-risk-of-poverty rate	13,1	9,8	13,2	13,6	:	0,4	0,5	:	10,0
	Housing cost overburden rate	7,6	6,1	4,2	7,2	8,3	1,1	0,7	11,6	11,3

PT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	29,5	28,7	28,7	28,6	27,8	-0,8	-1,7	27,3	28,1
	At-risk-of-poverty rate	22,8	22,9	22,4	22,4	21,7	-0,7	-1,1	20,8	20,8
	Severe material deprivation rate	11,8	10,5	10,8	11,3	10,3	-1,0	-1,5	10,1	11,8
	Share of people living in very low work intensity households	5,8	6,2	7,9	7,1	8,5	1,4	2,7	9,2	9,0
	At-risk-of-poverty gap	26,2	27,8	24,8	25,1	26,9	1,8	0,7	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	24,3	25,4	30,4	27,5	26,7	-0,8	2,4	40,6	39,4
	Overcrowding rate	23,5	21,5	21,4	16,8	15,9	-0,9	-7,6	23,2	23,4
PT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	27,5	25,9	26,1	26,5	31,3	4,8	3,8	30,0	31,5
	At-risk-of-poverty rate	18,6	16,0	18,7	21,8	22,2	0,4	3,6	21,7	23,1
	Severe material deprivation rate	11,6	11,0	9,4	9,4	9,0	-0,4	-2,6	10,8	12,0
	Share of people living in very low work intensity households	4,1	5,6	7,0	6,9	11,1	4,2	7,0	9,4	10,0
	In-work at-risk-of-poverty rate	11,3	9,2	8,2	11,7	11,0	-0,7	-0,3	11,2	11,9
	Youth unemployment ratio (15-24)	6,8	7,9	8,2	11,7	14,3	2,6	7,5	9,1	9,7
	NEET rate	12,7	13,9	14,8	16,0	18,7	2,7	6,0	16,7	17,1
	Housing cost overburden rate	9,3	6,9	4,7	9,3	9,8	0,5	0,5	13,6	14,3

PT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	24,5	23,5	24,1	23,2	25,5	2,3	1,0	24,5	25,4
	At-risk-of-poverty rate	16,3	15,8	15,7	16,2	16,9	0,7	0,6	16,1	16,5
	Severe material deprivation rate	8,9	8,3	8,3	7,6	8,2	0,6	-0,7	9,0	10,0
	Share of people living in very low work intensity households (18-59)	6,5	7,2	8,8	8,6	10,6	2,0	4,1	10,7	10,8
	In-work at-risk-of poverty rate	11,3	10,3	9,6	10,2	9,9	-0,3	-1,4	8,9	9,1
	At-risk-of-poverty gap	23,6	25,9	25,7	25,9	27,4	1,5	3,8	25,9	26,0
	Overcrowding rate	16,1	14,5	15,0	11,3	10,4	-0,9	-5,7	18,3	18,2
	Housing cost overburden rate	8,0	6,3	4,3	7,3	8,6	1,3	0,6	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	30,3	30,7	37,7	33,6	33,7	0,1	3,4	37,1	35,0
PT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	27,7	26,0	26,1	24,5	22,1	-2,4	-5,6	20,4	19,3
	At-Risk-of-Poverty rate	22,3	20,1	21,0	20,0	17,4	-2,6	-4,9	15,9	14,5
	Severe Material Deprivation rate	10,1	10,6	9,6	7,7	8,4	0,7	-1,7	7,3	7,6
	Relative median income ratio of elderly	0,83	0,85	0,82	0,87	0,92	0,05	0,09	0,89	0,91
	Aggregate replacement ratio	0,51	0,50	0,53	0,56	0,58	0,02	0,07	0,54	0,54
	Overcrowding rate	5,9	5,0	6,0	4,1	3,6	-0,5	-2,3	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

## INVESTING IN CHILDREN

PT	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	29,5	28,7	28,7	28,6	27,8	-0,8	-1,7	27,3	28,1
	At-risk-of-poverty rate (0-17)	22,8	22,9	22,4	22,4	21,7	-0,7	-1,1	20,8	20,8
	Severe material deprivation rate (0-17)	11,8	10,5	10,8	11,3	10,3	-1,0	-1,5	10,1	11,8
	Share of children (0-17) living in very low work intensity households	5,8	6,2	7,9	7,1	8,5	1,4	2,7	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	14,2	10,7	19,6	22,8	:			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	13,7	12,5	10,8	12,4	11,9	-0,5	-1,8	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	74,3	77,5	82,4	74,2	77,6	3,4	3,3	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	19,5	19,3	17,1	18,3	16,3	-2,0	-3,2	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	2	2	5	1	:	:	:	14	15
	Child care (0-3), 30h and more	31	34	32	34	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	9	8	11	7	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	69	73	68	74	:	:	:	45	46
	Relative median poverty gap for children (0-17)	26,2	27,8	24,8	25,1	26,9	1,8	0,7	24,5	23,9
	Part-time employment due to care responsibilities (total)	5,2	5,3	4,0	5,0	3,9	-1,1	-1,3	23,1	22,7
	Part-time employment due to care responsibilities (male)	:	:	:	:	:			3,9	3,9
	Part-time employment due to care responsibilities (female)	6,8	6,8	5,4	7,3	6,1	-1,2	-0,7	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	24,3	25,4	30,4	27,5	26,7	-0,8	2,4	40,6	39,4
	Housing cost overburden rate (0-17)	11,7	9,7	6,1	11,3	12,7	1,4	1,0	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	7,1	6,7	6,9	7,9	7,3	-0,6	0,2	7,0	6,9
	Early leavers from education and training (18-24)	35,4	31,2	28,7	23,2	20,8	-2,4	-14,6	13,4	12,7
	Self-declared unmet need for medical care (16-24)	0,4	1,4	0,8	0,5	1,9	1,4	1,5	1,6	1,4
	Infant mortality	340	362	255	301	303	2	-37	20.509	:
	Severe housing deprivation (0-17)	11,3	7,2	8,0	5,7	7,4	1,7	-3,9	7,9	7,7
	Overcrowding (0-17)	23,5	21,5	21,4	16,8	15,9	-0,9	-7,6	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	85,8	65,9	-19,9	72,5 (100/0/0)*	58,7 (100/0/0)*	-13,9
Low income	81,7	66,6	-15,1	72,6 (100/0/0)*	59,3 (100/0/0)*	-13,3
High income	85,2	47,4	-37,8	67,7 (100/0/0)*	42,1 (100/0/0)*	-25,6
Lower / higher future rates of return		65,9 / 65,9			58,7 / 58,7	
Lower / higher future wage growth		76 / 57,6			67,7 / 51,3	
38 years career: average income	83,9	63,7	-20,2	70,9	32,8	-38,1
Low / high income	79,8 / 81,6	64 / 45,2	(-15,8/-36,4)	70,9 / 64,8	57,4 / 40,3	(-13,5/-24,5)
42 years career: average income	103,8	82,2	-21,6	90,8	39,1	-51,7
Low / high income	102,3/97,4	82,6 / 58,7	(-19,7/-38,7)	90,8 / 85,7	73 / 51,8	(-17,9/-34)
10 years after retirement	78	52,1	-25,9	65,5	46,2	-19,3
Female worker with 3 years of career break for childcare	83,8	64,5	-19,3	70,7	57,4	-13,3
3 years of career break for unemployment	85,7	65,1	-20,6	72,4	57,9	-14,5
10 years out of the labour market	64,4	52,1	-12,3	54,4	46,4	-8,0
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	:	:	:	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	56,9	48,2	-8,7	48,0	39,1	-8,9

Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
 Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

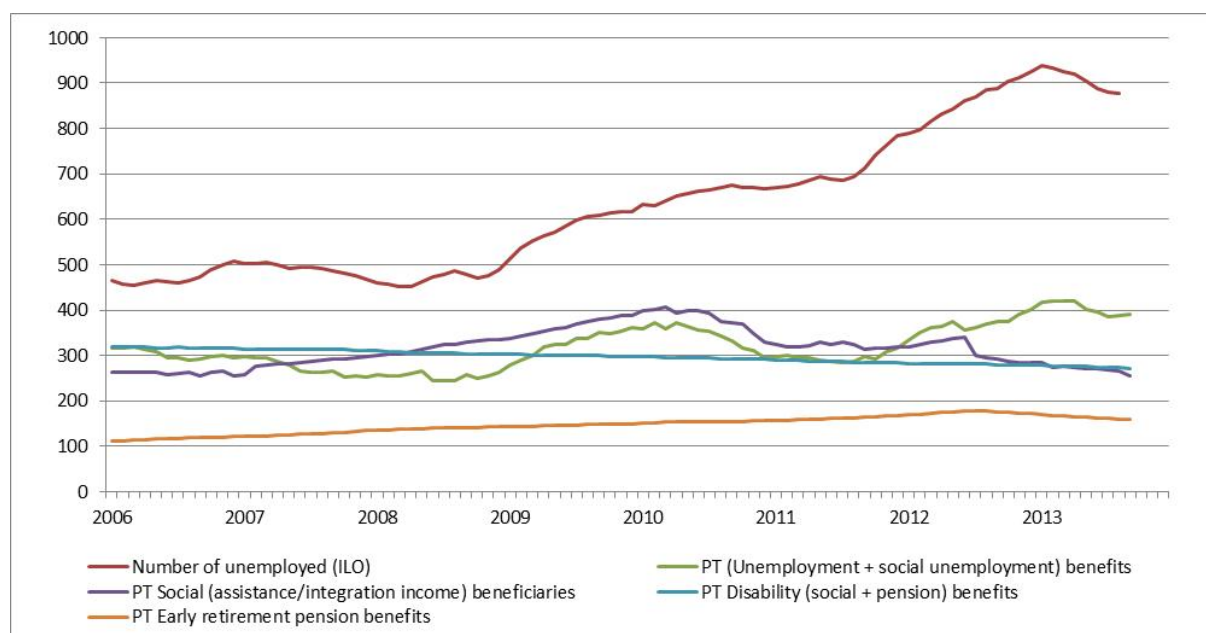
## HEALTH CARE SYSTEMS

PT						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	59,1	58,3	59,3	60,7	55,6	61,7	61,3
Healthy life years at birth (female)	57,6	56,4	56,6	58,6	54,1	62,2	61,9
Healthy life years at 65 (male)	6,7	6,8	7,1	7,8	6,6	8,6	8,4
Healthy life years at 65 (female)	5,5	5,5	5,7	6,3	6	8,6	8,5
Life expectancy at birth (male)	76,2	76,5	76,7	77,3	77,3	77,4	:
Life expectancy at birth (female)	82,4	82,6	82,8	83,8	83,6	83,2	:
Life expectancy at 65 (male)	16,9	17,1	17,1	17,8	17,6	17,8	:
Life expectancy at 65 (female)	20,3	20,5	20,6	21,6	21,3	21,3	:
Self-reported unmet need for medical care (%)	1,1	3,3	2,0	1,4	3,3	3,4	3,4
Self-perceived general health (%)	48,3	47,7	49,1	49,7	48,1	67,9	68,2
Total health care expenditure (PPS) per capita	1.924,70	1.974,09	2.054,27	1.951,84		:	:
Total health care expenditure (% of GDP)	10,22	10,81	10,80	10,23		:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)



## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>216</sup>



PT	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	Eurostat
<b>link</b>	<a href="http://nui.epp.eurostat.ec.europa.eu/nui/show.do?dataset=lmhu_m&amp;lang=en">http://nui.epp.eurostat.ec.europa.eu/nui/show.do?dataset=lmhu_m&amp;lang=en</a>
	Unemployment benefit
<b>definition</b>	"Unemployment + social unemployment" beneficiaries
<b>unit</b>	thousands of recipients /benefits paid
<b>source</b>	Institute for Informatics and Statistics of Social Security
<b>link</b>	<a href="http://www4.seg-social.pt/estatisticas">http://www4.seg-social.pt/estatisticas</a>
<b>comment</b>	Entitlement to Unemployment Benefit for workers resident in national territory covered by the general social security scheme for employed depend on the following conditions: to be capable of and available for work; to be involuntarily unemployed; to be registered as a job seeker at the local Employment Office; to fulfill the qualifying period – to have completed, at least, 360 days with registered earnings within the 24 months immediately prior to unemployment situation. Regarding Social Unemployment Benefit, conditions are the same but it is also subject to means testing and it is granted in case workers have not completed the qualifying period required for UB: i) initial social unemployment benefit, to have completed at least 180 days with registered earnings within the 12 months prior to unemployment; ii) Subsequent social unemployment benefit, to have exhausted entitlement period for UB.

<sup>216</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

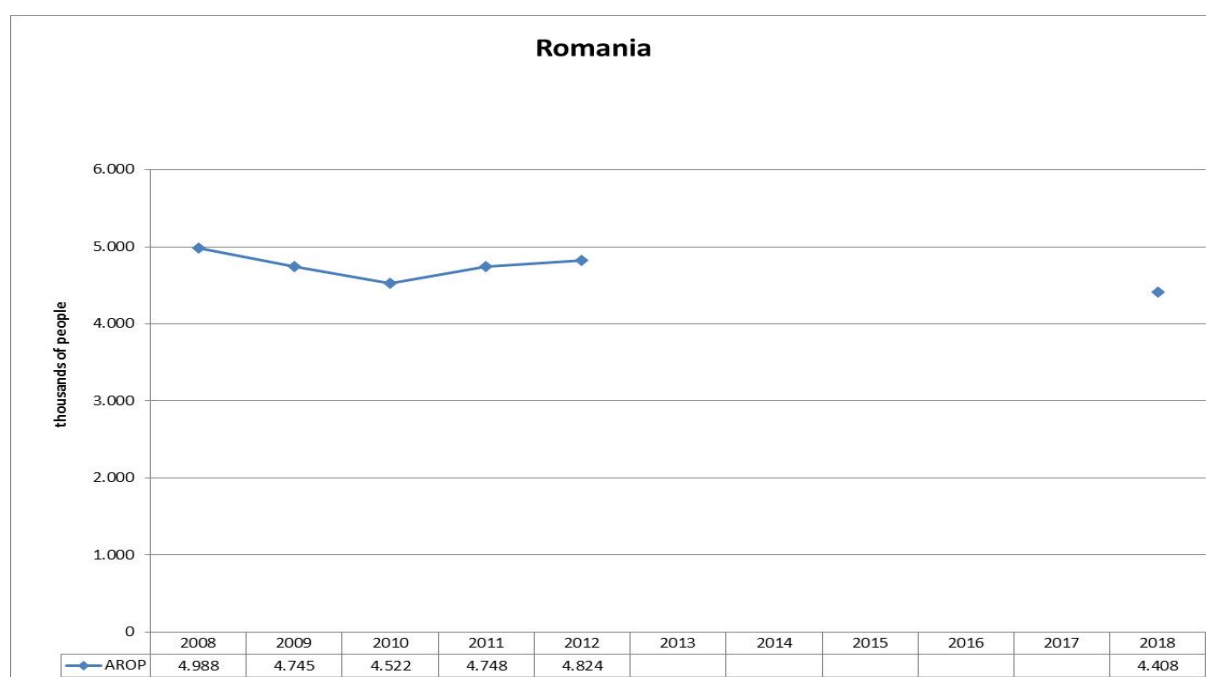
PT	Social assistance benefit/means-tested minimum income
<b>definition</b>	"Social assistance / Social Integration Income" beneficiaries
<b>unit</b>	thousands of recipients
<b>source</b>	Source: Institute for Informatics and Statistics of Social Security Link: <a href="http://www2.seg-social.pt/left.asp?02.21.03.09.02">http://www2.seg-social.pt/left.asp?02.21.03.09.02</a>
<b>link</b>	<a href="http://www4.seg-social.pt/estatisticas">http://www4.seg-social.pt/estatisticas</a>
<b>note</b>	Important changes were introduced in the Portuguese Means-Testing Scheme, firstly through Statutory Decree 70/2010 of 16 June 2010, and, more recently, through Statutory Decree 133/2012 of 27 June 2012, redefining non-contributory social benefits entitlement conditions, namely those concerning Social Integration Income (portuguese minimum income scheme).
<b>comment</b>	The benefit paid by Social Security corresponds to a differential between the individual's income and a minimum income threshold taken as the baseline. This minimum income is indexed to IAS, an indexation mechanism for social supports that replaces the national minimum salary as a reference for calculating and adjusting pensions, benefits and contributions. Individuals and families who want to have access to this benefit, have to fulfil a number of conditions: legal place of residency in Portugal; aged 18 or over , availability for employment, occupational training or integration activities; not having earnings of one's own or from the family superior to minimum income established by law.
<b>Disability benefit</b>	
<b>definition</b>	"Disability pension + Disability social pension"
<b>unit</b>	thousands of recipients
<b>source</b>	Institute for Informatics and Statistics of Social Security
<b>link</b>	<a href="http://www4.seg-social.pt/estatisticas">http://www4.seg-social.pt/estatisticas</a>
<b>comment</b>	Disability or Invalidity pension: is a monthly cash benefit designed to protect the insured persons covered by all the social security schemes against permanent incapacity for work.
<b>comment</b>	Entitlement to Disability Benefit under the general social security scheme depends if an employee or a self-employed is considered to be in a situation of permanent incapacity to work. A worker is considered to be in a situation of relative incapacity when, due to a permanent incapacity, one is not able to earn more than one-third of the earning corresponding to the regular practice of their activity. A worker is considered to be in a situation of absolute incapacity when one has a permanent and definite incapacity for all kinds of jobs. Disability pension is not payable if the invalidity is the result of an accident at work or occupational disease or if the person is entitled to an old-age pension, and is determined according to the number of years of contributions, the average monthly earnings and the sustainability factor. Social disability pension is also subject to a means testing condition.

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"The national target is to reduce by 580,000 the number of people at risk of poverty and social exclusion, by the year 2020, as compared to the year 2008. For the monitoring of the national target in Romania, the indicator is the relative poverty rate or the number of people at risk of poverty."

Source: National Reform Programme (2011)

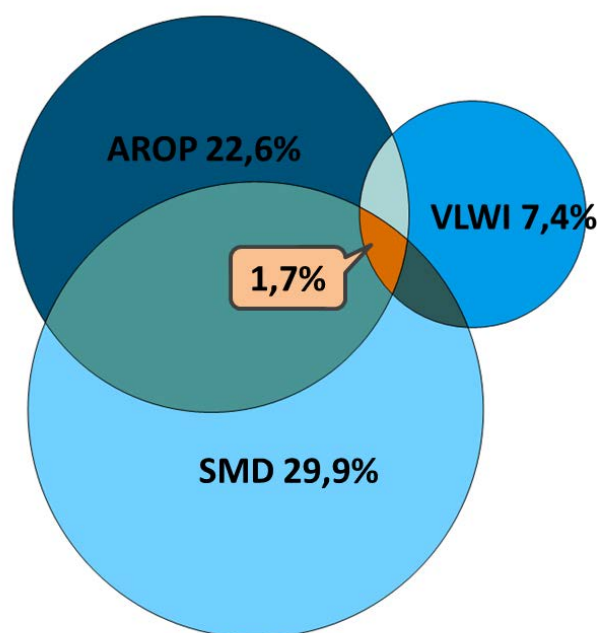
## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION



Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2018; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

RO	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	23,4	22,4	21,1	22,2	22,6	0,4	-0,8	16,9	17,0
	1000 persons	4.988	4.745	4.522	4.748	4.824	1,6	-3,3	84.586	84.999
<b>VLWI total</b>	% of total pln	8,2	7,7	6,8	6,7	7,4	0,7	-0,8	10,3	10,4
	1000 persons	1.413	1.299	1.176	1.135	1.215	7,0	-14,0	39.465	39.431
<b>SMD total</b>	% of total pln	32,9	32,2	31,0	29,4	29,9	0,5	-3,0	8,9	9,9
	1000 persons	7.023	6.817	6.643	6.286	6.391	1,7	-9,0	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	0,9	1,0	0,8	1,0	1,0	0,0	0,1	2,9	2,7
	1000 persons	191	202	166	204	212	3,9	11,0	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	11,8	11,6	10,9	11,2	11,0	-0,2	-0,8	2,6	2,9
	1000 persons	2.527	2.456	2.334	2.393	2.358	-1,5	-6,7	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	2,4	2,0	1,7	1,8	1,7	-0,1	-0,7	1,7	1,9
	1000 persons	521	429	357	378	372	-1,6	-28,6	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	1,2	1,1	1,1	0,9	1,0	0,1	-0,2	0,6	0,6
	1000 persons	248	235	235	187	208	11,2	-16,1	2.785	3.236

Source: Eurostat (EU-SILC)

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

RO						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	7,3	-6,6	-1,1	2,3	0,6	1,6	-0,4
Employment growth (y-on-y % change)	0,0	-2,0	-0,3	-0,8	1,3	0,2	-0,5
Unemployment rate	5,8	6,9	7,3	7,4	7,0	9,7	10,5
Long-term unemployment rate	2,4	2,2	2,5	3,1	3,2	4,2	4,7
Social protection expenditure (% of GDP)	14,1	16,9	17,4	16,1	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS; National Statistics Office)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

RO		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	14,1	16,9	17,4	16,1	28,1	27,8
	Sickness/Health care	3,5	4,1	4,4	4,1	8,3	8,2
	Disability	1,4	1,6	1,6	1,5	2,2	2,1
	Old age	6,5	8,0	8,0	7,9	11,1	11,1
	Survivors	0,6	0,8	0,8	0,7	1,7	1,6
	Family/Children	1,5	1,7	1,7	1,4	2,3	2,2
	Unemployment	0,2	0,4	0,6	0,3	1,7	1,6
	Housing	0,0	0,0	0,0	0,0	0,6	0,6
	Social exclusion n.e.c.	0,3	0,2	0,3	0,2	0,4	0,4
	<b>Means-tested</b>						
	Total	0,7	1,0	1,3	0,8	3,0	3,0
	Sickness/Health care	0,0	0,0	0,0	0,0	0,1	0,1
	Disability	0,0	0,0	0,0	0,0	0,4	0,4
	Old age	0,0	0,1	0,1	0,1	0,5	0,5
	Survivors	0,0	0,1	0,1	0,1	0,1	0,1
	Family/Children	0,1	0,1	0,2	0,1	0,6	0,6
	Unemployment	0,2	0,4	0,6	0,3	0,4	0,4
	Housing	0,0	0,0	0,0	0,0	0,6	0,6
	Social exclusion n.e.c.	0,3	0,2	0,3	0,2	0,4	0,4
	<b>Non-means tested</b>						
	Total	13,4	16,0	16,1	15,3	25,1	24,8
	Sickness/Health care	3,5	4,2	4,4	4,1	8,2	8,1
	Disability	1,4	1,6	1,6	1,4	1,8	1,7
	Old age	6,5	7,9	7,9	7,8	10,5	10,6
	Survivors	0,6	0,7	0,7	0,7	1,6	1,5
	Family/Children	1,4	1,6	1,5	1,3	1,7	1,6
	Unemployment	0,0	0,0	0,0	0,0	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
	Social exclusion n.e.c.	0,0	0,0	0,0	0,0	0,1	0,1

Source: Eurostat (ESSPROS, National Statistics Office)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

INCOME AND LIVING CONDITIONS

RO	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	44,2	43,1	41,4	40,3	41,7	1,4	-2,5	24,3	24,8
	At-Risk-of-poverty rate	23,4	22,4	21,1	22,2	22,6	0,4	-0,8	16,9	17,0
	Value of threshold (single HH) - in PPS	1.838	2.056	2.126	2.134	2.106	-1,3	14,6	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	3.860	4.318	4.465	4.480	4.422	-1,3	14,6	22.673	22.752
	Severe material deprivation rate	32,9	32,2	31,0	29,4	29,9	0,5	-3,0	8,9	9,9
	Share of people living in very low work intensity households (0-59)	8,2	7,7	6,8	6,7	7,4	0,7	-0,8	10,3	10,4
	At-risk-of-poverty gap	32,3	32,0	30,6	31,8	30,9	-0,9	-1,4	23,4	23,5
	Anchored at-risk-of-poverty rate	23,4	18,2	16,2	17,9	19,9	2,0	-3,5	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	23,8	23,0	23,3	23,7	19,3	-4,4	-4,5	35,7	34,4
	S80/S20	7,0	6,7	6,0	6,2	6,3	0,1	-0,7	5,1	5,1
	Persistent at-risk-of-poverty rate	:	:	18,2	16,7	:	-1,5	:	:	10,0
	Housing cost overburden rate	18,7	15,3	15,0	9,9	16,5	6,6	-2,2	11,6	11,3

RO	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	51,2	52,0	48,7	49,1	52,2	3,1	1,0	27,3	28,1
	At-risk-of-poverty rate	32,9	32,9	31,3	32,9	34,6	1,7	1,7	20,8	20,8
	Severe material deprivation rate	39,2	40,3	36,7	35,8	37,9	2,1	-1,3	10,1	11,8
	Share of people living in very low work intensity households	6,3	5,6	4,3	4,6	5,1	0,5	-1,2	9,2	9,0
	At-risk-of-poverty gap	38,6	36,7	35,4	34,7	33,6	-1,1	-5,0	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	24,2	21,9	20,6	22,0	18,0	-4,0	-6,2	40,6	39,4
	Overcrowding rate	73,9	73,4	70,0	70,1	72,6	2,5	-1,3	23,2	23,4
RO	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	44,2	42,7	42,1	44,4	45,6	1,2	1,4	30,0	31,5
	At-risk-of-poverty rate	22,9	23,2	23,9	28,2	28,9	0,7	6,0	21,7	23,1
	Severe material deprivation rate	32,4	32,6	31,6	32,5	32,1	-0,4	-0,3	10,8	12,0
	Share of people living in very low work intensity households	6,5	5,7	5,8	5,4	5,8	0,4	-0,7	9,4	10,0
	In-work at-risk-of-poverty rate	23,3	24,9	23,2	30,7	31,8	1,1	8,5	11,2	11,9
	Youth unemployment ratio (15-24)	5,7	6,4	6,9	7,4	7,0	-0,4	1,3	9,1	9,7
	NEET rate	13,4	16,5	20,0	20,9	20,4	-0,5	7,0	16,7	17,1
	Housing cost overburden rate	17,0	14,3	15,3	9,7	14,8	5,1	-2,2	13,6	14,3

RO	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	41,0	40,5	39,7	39,0	40,2	1,2	-0,8	24,5	25,4
	At-risk-of-poverty rate	20,0	19,8	19,2	21,0	21,0	0,0	1,0	16,1	16,5
	Severe material deprivation rate	29,8	29,6	29,0	27,7	27,9	0,2	-1,9	9,0	10,0
	Share of people living in very low work intensity households (18-59)	8,8	8,3	7,6	7,3	8,1	0,8	-0,7	10,7	10,8
	In-work at-risk-of poverty rate	16,8	17,3	17,0	18,6	18,9	0,3	2,1	8,9	9,1
	At-risk-of-poverty gap	31,8	32,9	32,0	33,3	33,5	0,2	1,7	25,9	26,0
	Overcrowding rate	58,5	57,0	57,7	56,7	53,4	-3,3	-5,1	18,3	18,2
	Housing cost overburden rate	17,4	14,7	14,6	9,7	15,9	6,2	-1,5	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	26,5	25,0	26,2	25,8	21,1	-4,7	-5,4	37,1	35,0
RO	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	49,2	43,1	39,9	35,3	35,7	0,4	-13,5	20,4	19,3
	At-Risk-of-Poverty rate	26,0	21,0	16,7	14,1	15,4	1,3	-10,6	15,9	14,5
	Severe Material Deprivation rate	38,9	33,8	32,4	28,6	28,6	0,0	-10,3	7,3	7,6
	Relative median income ratio of elderly	0,85	0,93	0,97	1,01	1,01	0,00	0,16	0,89	0,91
	Aggregate replacement ratio	0,49	0,55	0,65	0,64	0,67	0,03	0,18	0,54	0,54
	Overcrowding rate	25,0	24,4	23,8	23,7	21,5	-2,2	-3,5	6,9	6,8

Source: Eurostat (EU-SILC, LFS)



## INVESTING IN CHILDREN

RO	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	51,2	52,0	48,7	49,1	52,2	3,1	1,0	27,3	28,1
	At-risk-of-poverty rate (0-17)	32,9	32,9	31,3	32,9	34,6	1,7	1,7	20,8	20,8
	Severe material deprivation rate (0-17)	39,2	40,3	36,7	35,8	37,9	2,1	-1,3	10,1	11,8
	Share of children (0-17) living in very low work intensity households	6,3	5,6	4,3	4,6	5,1	0,5	-1,2	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	:	:	28,6	25,0	:			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	19,5	19,6	19,8	21,9	23,2	1,3	3,7	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	82,3	87,9	63,0	76,5	73,1	-3,4	-9,2	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	29,5	29,8	29,9	30,7	32,6	1,9	3,1	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	6	4	4	1	:	:	:	14	15
	Child care (0-3), 30h and more	2	1	3	1	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	37	44	49	30	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	17	19	17	11	:	:	:	45	46
	Relative median poverty gap for children (0-17)	38,6	36,7	35,4	34,7	33,6	-1,1	-5,0	24,5	23,9
	Part-time employment due to care responsibilities (total)	3,0	2,9	2,5	2,6	2,1	-0,5	-0,9	23,1	22,7
	Part-time employment due to care responsibilities (male)	:	:	:	:	:			3,9	3,9
	Part-time employment due to care responsibilities (female)	6,0	5,9	5,3	4,9	4,2	-0,7	-1,8	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	24,2	21,9	20,6	22,0	18,0	-4,0	-6,2	40,6	39,4
	Housing cost overburden rate (0-17)	17,5	14,5	15,2	10,7	18,2	7,5	0,7	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	9,0	9,7	9,9	10,5	10,3	-0,2	1,3	7,0	6,9
	Early leavers from education and training (18-24)	15,9	16,6	18,4	17,5	17,4	-0,1	1,5	13,4	12,7
	Self-declared unmet need for medical care (16-24)	1,1	1,4	2,6	2,3	2,1	-0,2	1,0	1,6	1,4
	Infant mortality	2.434	2.250	2.078	1.850	1.812	-38	-622	20.509	:
	Severe housing deprivation (0-17)	45,8	44,9	41,1	38,5	36,9	-1,6	-8,9	7,9	7,7
	Overcrowding (0-17)	73,9	73,4	70,0	70,1	72,6	2,5	-1,3	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	70,7	45	-25,7	51,4 (100/0/0)*	31,5 (75/25/0)*	-19,9
Low income	55,2	45	-10,2	35,9 (100/0/0)*	31,5 (75/25/0)*	-4,4
High income	85,3	33,3	-52	67,8 (100/0/0)*	23,7 (75/25/0)*	-44,1
Lower / higher future rates of return		43,9 / 46,2			30,8 / 32,4	
Lower / higher future wage growth		53 / 38,5			37,2 / 27	
38 years career: average income	69,2	43,3	-25,9	49,9	30,4	-19,5
Low / high income	53,6 / 84	43,3 / 32,3	(-10,3/-51,7)	34,2 / 66,2	30,4 / 22,8	(-3,8/-43,4)
42 years career: average income	72,3	66,5	-5,8	53,2	47,1	-6,1
Low / high income	56,8 / 86,9	67,2 / 47,3	10,4/-39,6	37,2 / 68,2	47,1 / 35,4	9,9/-32,8
10 years after retirement	64,2	32,9	-31,3	44,4	23	-21,4
Female worker with 3 years of career break for childcare	61,4	43,3	-18,1	42,4	30,3	-12,1
3 years of career break for unemployment	69,3	42,4	-26,9	50	29,8	-20,2
10 years out of the labour market	58,7	33,4	-25,3	47,5	23,4	-24,1
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	38,7	28,1	-10,6	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	41,6	29,8	-11,8	48,0	39,1	-8,9

Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

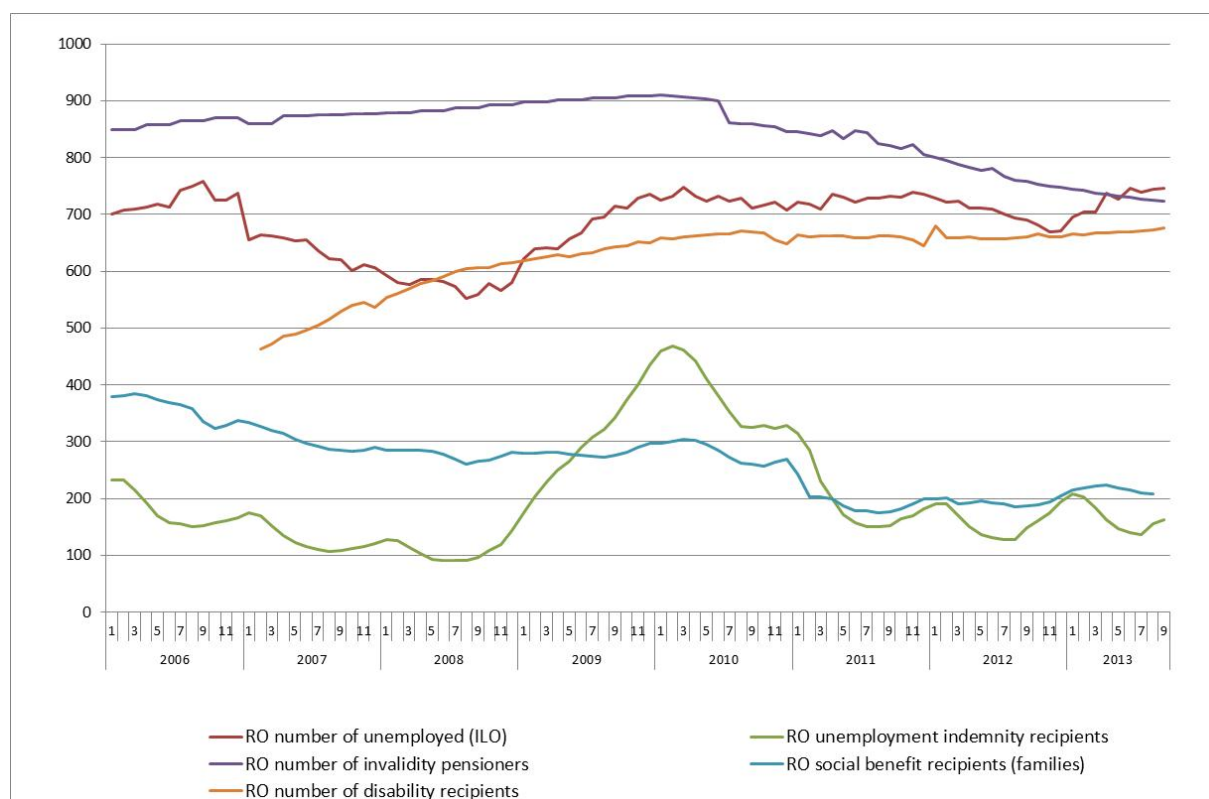
## HEALTH CARE SYSTEMS

RO						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	60,2	59,8	57,5	57,4	57,7	61,7	61,3
Healthy life years at birth (female)	62,8	61,7	57,5	57	57,8	62,2	61,9
Healthy life years at 65 (male)	7,8	7,2	5,9	5,4	5,9	8,6	8,4
Healthy life years at 65 (female)	7,9	7,1	5	4,7	5,1	8,6	8,5
Life expectancy at birth (male)	69,7	69,8	70,1	71,1	71,1	77,4	:
Life expectancy at birth (female)	77,2	77,4	77,6	78,2	78,2	83,2	:
Life expectancy at 65 (male)	14	14	14	14,7	14,6	17,8	:
Life expectancy at 65 (female)	17,2	17,2	17,2	17,7	17,7	21,3	:
Self-reported unmet need for medical care (%)	10,8	8,5	10,8	11,9	10,7	3,4	3,4
Self-perceived general health (%)	70,6	70,2	70,6	69,5	70,1	67,9	68,2
Total health care expenditure (PPS) per capita	660,10	646,39	700,06	691,45		:	:
Total health care expenditure (% of GDP)	5,44	5,66	5,95	5,61		:	:

Source: Eurostat (EU-SILC, Mortality data, SHA,

Note: data for Self-perceived general health - Romanian Institute for Statistics (NIS)

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>217</sup>



RO	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons unemployed - seasonally adjusted
<b>source</b>	Source: Eurostat
	Unemployment indemnity
<b>definition</b>	Number of unemployment indemnity recipients (indemnizație de șomaj), according to the Law No. 76/2002 regarding the unemployment insurance system and employment stimulation, with subsequent amendments
<b>unit</b>	Thousands of persons beneficiaries of unemployment indemnity
<b>source</b>	National Agency for Employment, Romania
<b>link</b>	<a href="http://www.anofm.ro / Statistics">www.anofm.ro / Statistics</a>

<sup>217</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

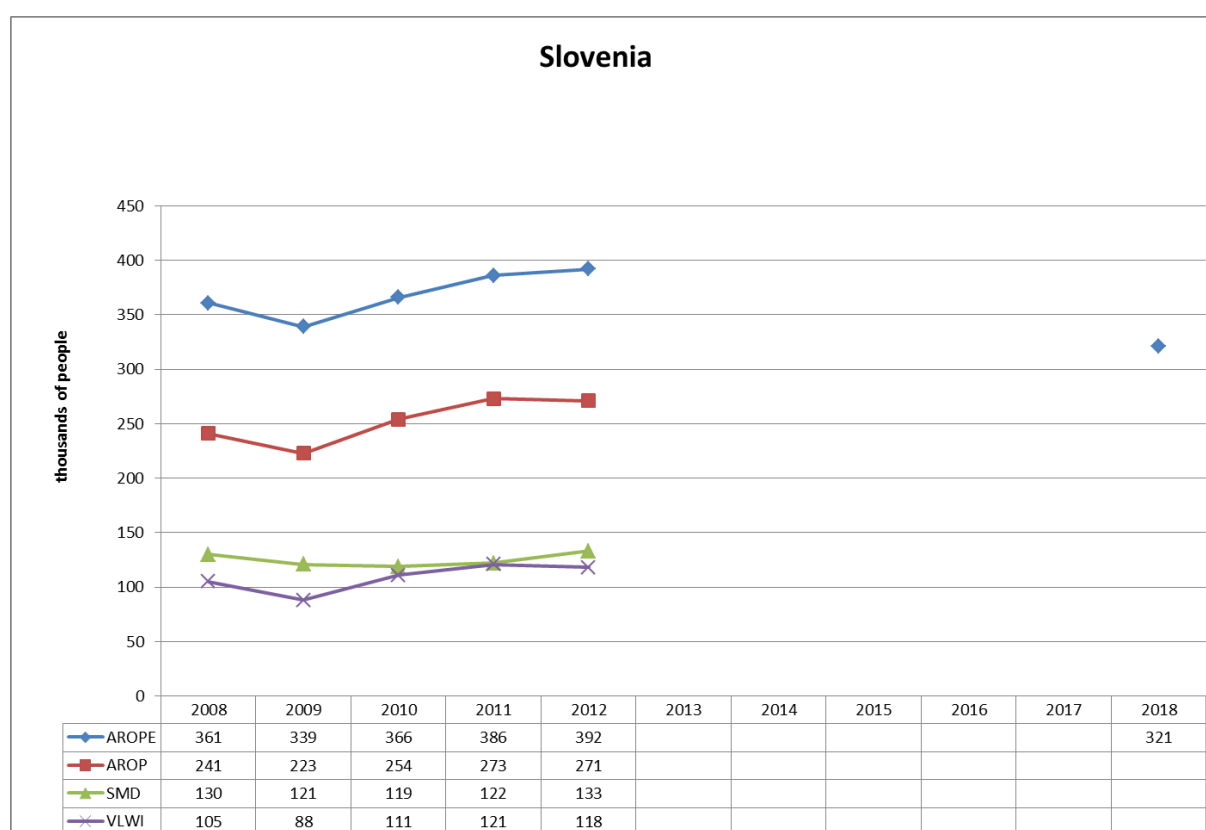
RO	Social assistance benefit/means-tested minimum income
<b>definition</b>	The recipients of social assistance benefit (ajutor social) are families earning less than a certain amount set depending on the family structure, as to the Law no.416/2001 on guaranteed minimum income with subsequent amendments. The Law provides a set of assets that may exclude some families from benefitting of social income. The social assistance benefit is equal to the difference between the amount set by the Law and the family income.
<b>unit</b>	Thousands of families recipients of social benefit for ensuring the minimum guaranteed income
<b>source</b>	Ministry of Labour, Family, Social Protection and Elderly, Romania
<b>link</b>	<a href="http://www.mmuncii.ro/j3/index.php/ro/transparenta/statistici/date-statistic">http://www.mmuncii.ro/j3/index.php/ro/transparenta/statistici/date-statistic</a>
<b>comment</b>	Until the end of the year it was an upward trend of social assistance recipients, due to the increase of the minimum guaranteed income by 8.5%, starting with July 2013, according to Government Emergency Ordinance No. 42/2013.
	Invalidity pension
<b>definition</b>	A person who is certified as being incapable for suitable fulltime or regular part-time employment due to a serious disease or bodily or mental impairment is entitled to an Invalidity pension (pensie de invaliditate), subject to the relative contribution conditions, as to the Law no. 263/2010 on the Unitary System of Public Pensions, with subsequent amendments.
<b>unit</b>	thousands of invalidity pensioners
<b>source</b>	National House of Public Pensions, Romania
<b>link</b>	<a href="http://www.cnpas.org/">http://www.cnpas.org/</a> Social Indicators
	Disability benefit
<b>definition</b>	Definition of persons with disabilities: persons which, due to social environment inadequate to their physical, sensory, psychic, mental and/or associated impairment, are totally prevented or have limited access with equal chances to the society life, needing protection measures for social integration and inclusion, as to the Law no.448/2006 on social protection and promotion of the persons with disabilities rights, with subsequent amendments.
<b>unit</b>	thousands recipients of complementary personal budget for persons with severe, major or average disability (buget personal complementar pentru persoane cu handicap grav, accentuat sau mediu)
<b>source</b>	Ministry of Labour, Family, Social Protection and Elderly; National Agency for Social Payments and Inspection, Romania
<b>link</b>	<a href="http://www.mmuncii.ro/j3/index.php/ro/transparenta/statistici/buletin-statistic">http://www.mmuncii.ro/j3/index.php/ro/transparenta/statistici/buletin-statistic</a>
<b>comment</b>	Note: one person may receive simultaneously the disability benefit and invalidity pension

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"40,000 people out of poverty (in comparison with the reference year 2008, when 360,000 people experienced poverty)."

Source: National Reform Programme (2011)

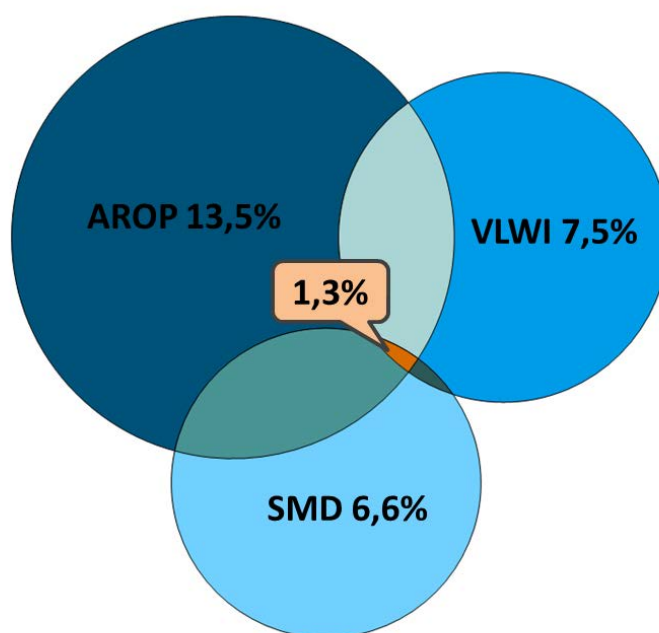
## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION



Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2018; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

SI	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	12,3	11,3	12,7	13,6	13,5	-0,1	1,2	16,9	17,0
	1000 persons	241	223	254	273	271	-0,7	12,4	84.586	84.999
<b>VLWI total</b>	% of total pln	6,7	5,6	6,9	7,6	7,5	-0,1	0,8	10,3	10,4
	1000 persons	105	88	111	121	118	-2,5	12,4	39.465	39.431
<b>SMD total</b>	% of total pln	6,7	6,1	5,9	6,1	6,6	0,5	-0,1	8,9	9,9
	1000 persons	130	121	119	122	133	9,0	2,3	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	1,9	1,3	2,1	2,3	1,9	-0,4	0,0	2,9	2,7
	1000 persons	37	26	41	46	38	-17,4	2,7	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	1,6	1,4	1,5	1,4	1,8	0,4	0,2	2,6	2,9
	1000 persons	32	28	31	29	35	20,7	9,4	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	1,1	0,9	1,1	1,2	1,3	0,1	0,2	1,7	1,9
	1000 persons	21	18	21	24	27	12,5	28,6	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,2	0,2	0,1	0,3	0,1	-0,2	-0,1	0,6	0,6
	1000 persons	5	4	3	6	3	-50,0	-40,0	2.785	3.236

Source: Eurostat (EU-SILC)

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

SI						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	3,4	-7,9	1,3	0,7	-2,5	1,6	-0,4
Employment growth (y-on-y % change)	2,6	-1,8	-2,2	-1,6	-0,8	0,2	-0,5
Unemployment rate	4,4	5,9	7,3	8,2	8,9	9,7	10,5
Long-term unemployment rate	1,9	1,8	3,2	3,6	4,3	4,2	4,7
Social protection expenditure (% of GDP)	20,9	23,7	24,4	24,6	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

SI		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	20,9	23,7	24,4	24,6	28,1	27,8
	Sickness/Health care	7,0	7,8	7,9	7,8	8,3	8,2
	Disability	1,6	1,8	1,8	1,7	2,2	2,1
	Old age	8,0	9,2	9,6	9,8	11,1	11,1
	Survivors	1,6	1,7	1,7	1,7	1,7	1,6
	Family/Children	1,8	2,1	2,2	2,2	2,3	2,2
	Unemployment	0,4	0,6	0,7	0,8	1,7	1,6
	Housing	0,0	0,0	0,0	0,0	0,6	0,6
	Social exclusion n.e.c.	0,4	0,5	0,6	0,6	0,4	0,4
	<b>Means-tested</b>						
	Total	1,8	2,0	2,0	2,0	3,0	3,0
	Sickness/Health care	0,0	0,0	0,0	0,0	0,1	0,1
	Disability	0,1	0,1	0,1	0,1	0,4	0,4
	Old age	0,1	0,1	0,1	0,1	0,5	0,5
	Survivors	0,1	0,1	0,1	0,1	0,1	0,1
	Family/Children	1,2	1,3	1,3	1,3	0,6	0,6
	Unemployment	0,0	0,0	0,0	0,0	0,4	0,4
	Housing	0,0	0,0	0,0	0,0	0,6	0,6
	Social exclusion n.e.c.	0,3	0,4	0,4	0,4	0,4	0,4
	<b>Non-means tested</b>						
	Total	19,1	21,7	22,4	22,5	25,1	24,8
	Sickness/Health care	7,0	7,8	7,9	7,8	8,2	8,1
	Disability	1,6	1,7	1,7	1,6	1,8	1,7
	Old age	7,9	9,1	9,5	9,7	10,5	10,6
	Survivors	1,5	1,7	1,7	1,6	1,6	1,5
	Family/Children	0,6	0,8	0,8	0,9	1,7	1,6
	Unemployment	0,4	0,6	0,7	0,8	1,3	1,2
Housing	0,0	0,0	0,0	0,0	0,0	0,0	
Social exclusion n.e.c.	0,1	0,1	0,2	0,2	0,1	0,1	

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.



INCOME AND LIVING CONDITIONS

SI	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	18,5	17,1	18,3	19,3	19,6	0,3	1,1	24,3	24,8
	At-Risk-of-poverty rate	12,3	11,3	12,7	13,6	13,5	-0,1	1,2	16,9	17,0
	Value of threshold (single HH) - in PPS	8.287	8.599	8.019	8.285	8.475	2,3	2,3	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	17.403	18.057	16.840	17.398	17.797	2,3	2,3	22.673	22.752
	Severe material deprivation rate	6,7	6,1	5,9	6,1	6,6	0,5	-0,1	8,9	9,9
	Share of people living in very low work intensity households (0-59)	6,7	5,6	6,9	7,6	7,5	-0,1	0,8	10,3	10,4
	At-risk-of-poverty gap	19,3	20,2	20,2	19,9	19,1	-0,8	-0,2	23,4	23,5
	Anchored at-risk-of-poverty rate	12,3	10,2	12,1	13,0	13,5	0,5	1,2	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	46,5	48,6	47,5	43,8	46,4	2,6	-0,1	35,7	34,4
	S80/S20	3,4	3,2	3,4	3,5	3,4	-0,1	0,0	5,1	5,1
	Persistent at-risk-of-poverty rate	7,7	7,0	6,9	7,5	6,1	0,6	-0,2	:	10,0
	Housing cost overburden rate	4,4	3,9	4,3	4,7	5,2	0,5	0,8	11,6	11,3

SI	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	15,3	15,1	15,2	17,3	16,4	-0,9	1,1	27,3	28,1
	At-risk-of-poverty rate	11,6	11,2	12,6	14,7	13,5	-1,2	1,9	20,8	20,8
	Severe material deprivation rate	5,2	5,4	5,1	5,3	5,9	0,6	0,7	10,1	11,8
	Share of people living in very low work intensity households	3,7	2,5	3,3	4,4	3,2	-1,2	-0,5	9,2	9,0
	At-risk-of-poverty gap	16,3	20,2	20,6	19,7	17,2	-2,5	0,9	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	50,4	53,7	51,4	45,4	47,7	2,3	-2,8	40,6	39,4
	Overcrowding rate	48,4	47,0	44,3	23,4	21,9	-1,5	-26,5	23,2	23,4
SI	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	17,1	14,0	16,0	16,5	18,5	2,0	1,4	30,0	31,5
	At-risk-of-poverty rate	9,7	7,7	10,0	10,3	11,5	1,2	1,8	21,7	23,1
	Severe material deprivation rate	7,7	6,7	6,2	6,6	7,7	1,1	0,0	10,8	12,0
	Share of people living in very low work intensity households	5,1	3,4	5,0	5,4	5,8	0,4	0,7	9,4	10,0
	In-work at-risk-of-poverty rate	4,5	2,8	3,6	3,4	6,1	2,7	1,6	11,2	11,9
	Youth unemployment ratio (15-24)	4,5	5,6	5,9	5,9	7,1	1,2	2,6	9,1	9,7
	NEET rate	7,9	9,2	8,9	8,8	11,5	2,7	3,6	16,7	17,1
	Housing cost overburden rate	2,6	2,5	3,3	2,7	3,0	0,3	0,4	13,6	14,3

SI	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	18,0	16,2	18,1	18,7	19,7	1,0	1,7	24,5	25,4
	At-risk-of-poverty rate	10,5	9,2	11,0	11,7	12,2	0,5	1,7	16,1	16,5
	Severe material deprivation rate	6,9	6,2	6,1	6,2	6,9	0,7	0,0	9,0	10,0
	Share of people living in very low work intensity households (18-59)	7,6	6,5	8,0	8,6	8,8	0,2	1,2	10,7	10,8
	In-work at-risk-of poverty rate	5,1	4,8	5,3	6,0	6,5	0,5	1,4	8,9	9,1
	At-risk-of-poverty gap	20,2	20,9	20,5	20,1	19,5	-0,6	-0,7	25,9	26,0
	Overcrowding rate	41,1	39,7	36,6	17,8	17,6	-0,2	-23,5	18,3	18,2
	Housing cost overburden rate	4,2	3,6	4,1	4,5	5,2	0,7	1,0	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	49,0	52,1	49,8	45,8	49,0	3,1	-0,1	37,1	35,0
SI	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	24,4	23,3	22,8	24,2	22,8	-1,4	-1,6	20,4	19,3
	At-Risk-of-Poverty rate	21,3	20,0	20,2	20,9	19,6	-1,3	-1,7	15,9	14,5
	Severe Material Deprivation rate	7,4	6,5	6,3	6,8	6,6	-0,2	-0,8	7,3	7,6
	Relative median income ratio of elderly	0,84	0,86	0,87	0,87	0,87	0,00	0,03	0,89	0,91
	Aggregate replacement ratio	0,44	0,45	0,45	0,47	0,47	0,00	0,03	0,54	0,54
	Overcrowding rate	21,7	20,0	16,3	5,7	6,0	0,3	-15,7	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

## INVESTING IN CHILDREN

SI	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	15,3	15,1	15,2	17,3	16,4	-0,9	1,1	27,3	28,1
	At-risk-of-poverty rate (0-17)	11,6	11,2	12,6	14,7	13,5	-1,2	1,9	20,8	20,8
	Severe material deprivation rate (0-17)	5,2	5,4	5,1	5,3	5,9	0,6	0,7	10,1	11,8
	Share of children (0-17) living in very low work intensity households	3,7	2,5	3,3	4,4	3,2	-1,2	-0,5	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	6,4	5,7	5,3	9,4	:			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	5,6	5,3	5,4	6,3	6,4	0,1	0,8	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	77,9	77,5	88,8	87,5	87,4	-0,1	9,5	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	9,0	9,5	9,9	11,3	11,1	-0,2	2,1	15,7	16,0

	Child care (0-3), less than 30h	4	4	4	3	:	:	:	14	15
	Child care (0-3), 30h and more	27	27	33	34	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	13	16	14	11	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	72	73	77	81	:	:	:	45	46
	Relative median poverty gap for children (0-17)	16,3	20,2	20,6	19,7	17,2	-2,5	0,9	24,5	23,9
	Part-time employment due to care responsibilities (total)	4,8	4,3	7,6	8,0	7,8	-0,2	3,0	23,1	22,7
	Part-time employment due to care responsibilities (male)	:	:	:	1,9	3,3	1,4		3,9	3,9
	Part-time employment due to care responsibilities (female)	7,7	7,1	12,0	12,1	10,5	-1,6	2,8	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	50,4	53,7	51,4	45,4	47,7	2,3	-2,8	40,6	39,4
	Housing cost overburden rate (0-17)	3,3	3,4	4,0	4,4	4,3	-0,1	1,0	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	3,7	3,7	3,7	3,5	5,0	1,5	1,3	7,0	6,9
	Early leavers from education and training (18-24)	5,1	5,3	5,0	4,2	4,4	0,2	-0,7	13,4	12,7
	Self-declared unmet need for medical care (16-24)	0,1	0,0	0,2	0,1	:			1,6	1,4
	Infant mortality	52	52	56	64	35	-29	-17	20.509	:
	Severe housing deprivation (0-17)	19,8	21,8	19,5	12,1	11,4	-0,7	-8,4	7,9	7,7
	Overcrowding (0-17)	48,4	47,0	44,3	23,4	21,9	-1,5	-26,5	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	59,2	53,7	-5,5	40,5 (100/0/0)*	36,7 (100/0/0)*	-3,8
Low income	88,6	89,1	0,5	60,7 (100/0/0)*	61 (100/0/0)*	0,3
High income	47,7	42,1	-5,6	40,5 (100/0/0)*	36,7 (100/0/0)*	-3,8
Lower / higher future rates of return		53,7 / 53,7			36,7 / 36,7	
Lower / higher future wage growth		53,7 / 53,7			36,7 / 36,7	
38 years career: average income	58,5	48,8	-9,7	40,1	40,3	0,2
Low / high income	88,6 / 42,1	89,1 / 42	0,5 / 0	60,7 / 36,7	61 / 36,7	0,3 / 0
42 years career: average income	66,6	62,2	-4,4	45,6	42,6	-3,0
Low / high income	88,6 / 55,1	89,1 / 50,7	0,5 / -4,4	60,7 / 45,6	61 / 42,6	0,3 / -3
10 years after retirement	55,5	53,7	-1,8	38,0	36,7	-1,3
Female worker with 3 years of career break for childcare	58,5	53,7	-4,8	40	40	0,0
3 years of career break for unemployment	59,2	53,7	-5,5	40,5	36,7	-3,8
10 years out of the labour market	58,5	42,6	-15,9	40,1	40,3	0,2
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	19,2	17,3	-2,0	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	:	:	:	48,0	39,1	-8,9

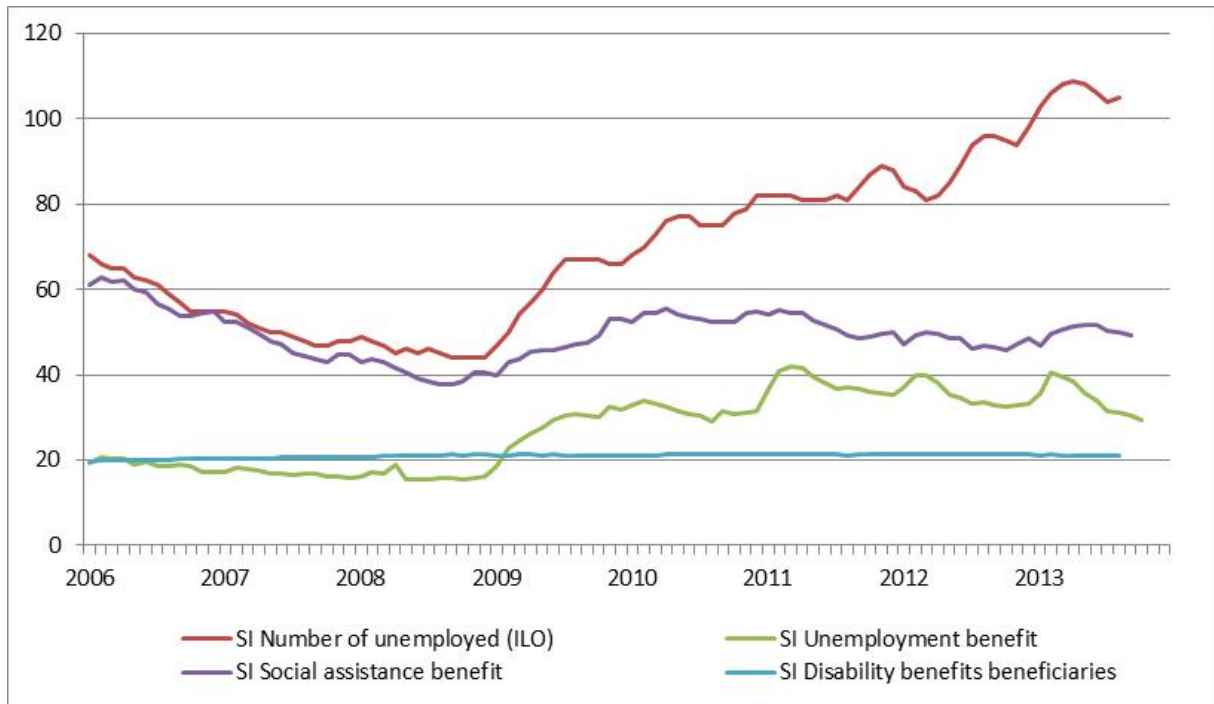
Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

## HEALTH CARE SYSTEMS

SI						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	59,5	60,6	53,4	54	56,5	61,7	61,3
Healthy life years at birth (female)	60,8	61,5	54,6	53,8	55,6	62,2	61,9
Healthy life years at 65 (male)	9,2	9,3	6,6	6,2	7,3	8,6	8,4
Healthy life years at 65 (female)	9,4	9,9	7,2	6,9	6,9	8,6	8,5
Life expectancy at birth (male)	75,5	75,9	76,4	76,8	77,1	77,4	:
Life expectancy at birth (female)	82,6	82,7	83,1	83,3	83,3	83,2	:
Life expectancy at 65 (male)	16,4	16,4	16,8	16,9	17,1	17,8	:
Life expectancy at 65 (female)	20,5	20,5	21	21,1	21,1	21,3	:
Self-reported unmet need for medical care (%)	0,2	0,2	0,1	0,1	0,1	3,4	3,4
Self-perceived general health (%)	58,8	59,7	59,6	60,4	63,1	67,9	68,2
Total health care expenditure (PPS) per capita	1.880,59	1.850,64	1.794,83	1.835,51		:	:
Total health care expenditure (% of GDP)	8,35	9,23	8,90	8,86		:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>218</sup>



<sup>218</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

SI	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	Eurostat
	Unemployment benefit
<b>definition</b>	Unemployment benefit is an insurance based benefit that can be claimed by the unemployed who was employed (insured) before for at least 9 months in the last 24 months and did not lose the job by own fault. Statutory basis for unemployment insurance is Labour Market Regulation Act (Official gazette RS, no. 80/2010, 40/2012-ZUJF, 21/2013 and 63/2013).
<b>unit</b>	thousands of recipients
<b>source</b>	MLFSA
	Social assistance benefit/means-tested minimum income
<b>definition</b>	Financial social assistance is a means-tested social benefit which acts as a final safety-net, intended to cover the basic living costs. Financial social assistance is defined by the Social Benefits Act (Official Gazette RS no. 61/2010, 40/2011, 110/2011, 40/2012) and the Exercising the Right to Public Funds Act (Official Gazette RS, no. 62/2010, 40/2011, 40/2012).
<b>unit</b>	thousands of recipients
<b>source</b>	MLFSA
<b>comment</b>	With the implementation of new social legislation on 01.01.2012 the methodology of counting the beneficiaries of social assistance benefit changed slightly. Before 01.01.2012, the data referred to monthly numbers of payments of social assistance benefits (and the data for 2013 is prepared in the same way), while data for 2012 refer to the number of approved rights for social assistance benefit valid for a certain month. However, the difference is minor. The somewhat lower numbers of social benefit recipients in 2012 and 2013 can be explained with more severe eligibility conditions since 01.01.2012 (new social legislation), especially means-testing income, property and savings.
	Disability benefit
<b>definition</b>	Disability benefits beneficiaries – Number of unemployed persons receiving disability benefits. Included are recipients of invalidity benefit, temporary benefit, partial invalidity benefit, benefit for occupational rehabilitation, before retraining benefit and before employment benefit.
<b>unit</b>	thousands of recipients
<b>source</b>	Pension and Disability Insurance Institute of the Republic of Slovenia

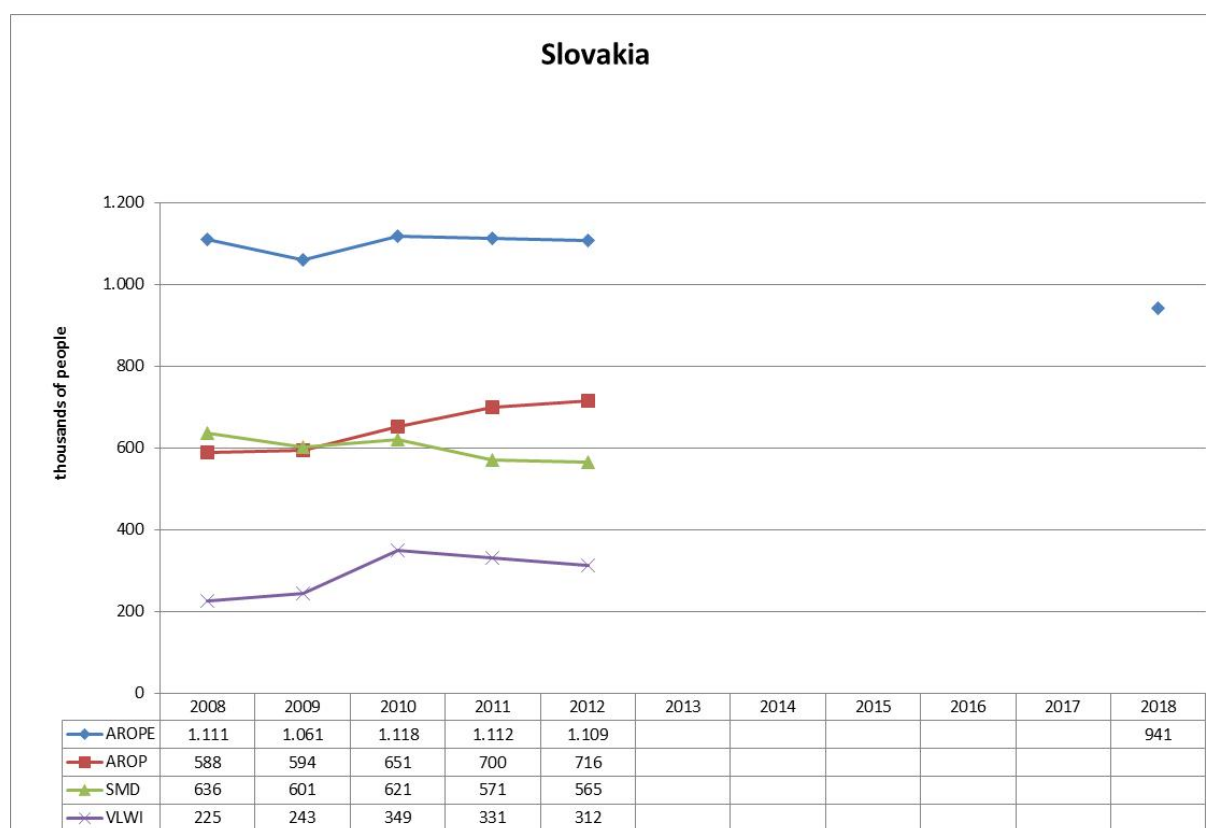


## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"The Slovak Government will promote social inclusion, in particular by reducing poverty, with a view to achieving at least 170 thousand fewer people who are at risk of poverty and exclusion."

Source: National Reform Programme (2011)

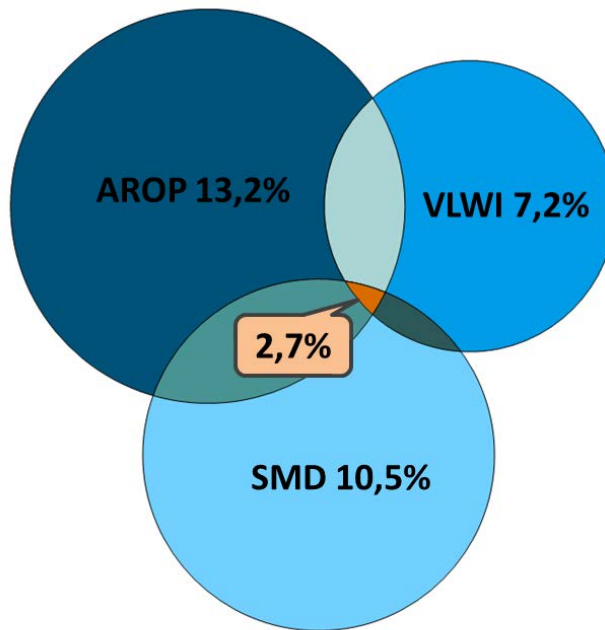
## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION



Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2018; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

SK	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	10,9	11,0	12,0	13,0	13,2	0,2	2,3	16,9	17,0
	1000 persons	588	594	651	700	716	2,3	21,8	84.586	84.999
<b>VLWI total</b>	% of total pln	5,2	5,6	7,9	7,6	7,2	-0,4	2,0	10,3	10,4
	1000 persons	225	243	349	331	312	-5,7	38,7	39.465	39.431
<b>SMD total</b>	% of total pln	11,8	11,1	11,4	10,6	10,5	-0,1	-1,3	8,9	9,9
	1000 persons	636	601	621	571	565	-1,1	-11,2	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	0,9	0,7	1,3	1,5	1,3	-0,2	0,4	2,9	2,7
	1000 persons	47	40	68	83	72	-13,3	53,2	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	2,2	2,1	1,9	1,9	1,9	0,0	-0,3	2,6	2,9
	1000 persons	120	112	104	104	105	1,0	-12,5	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	1,3	1,9	2,7	2,5	2,7	0,2	1,4	1,7	1,9
	1000 persons	72	104	147	135	144	6,7	100,0	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,5	0,3	0,7	0,6	0,3	-0,3	-0,2	0,6	0,6
	1000 persons	26	17	38	34	19	-44,1	-26,9	2.785	3.236

Source: Eurostat (EU-SILC),

Note: change 2011-2012 and 2008-2012 is calculated as difference in percentage points (pp) for % of total population and for values in 1000 persons the change is indicated in percentage change (%).

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

SK						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	5,8	-4,9	4,4	3,0	1,8	1,6	-0,4
Employment growth (y-on-y % change)	3,2	-2,0	-1,5	1,8	0,1	0,2	-0,5
Unemployment rate	9,6	12,1	14,5	13,7	14,0	9,7	10,5
Long-term unemployment rate	6,7	6,5	9,3	9,3	9,4	4,2	4,7
Social protection expenditure (% of GDP)	15,5	18,2	18,1	17,7	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

SK		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	15,5	18,2	18,1	17,7	28,1	27,8
	Sickness/Health care	5,1	5,8	5,5	5,4	8,3	8,2
	Disability	1,4	1,5	1,6	1,6	2,2	2,1
	Old age	5,8	6,8	6,8	6,8	11,1	11,1
	Survivors	0,8	1,0	1,0	0,9	1,7	1,6
	Family/Children	1,5	1,7	1,8	1,8	2,3	2,2
	Unemployment	0,6	1,0	1,0	0,8	1,7	1,6
	Housing	:	:	:	:	0,6	0,6
	Social exclusion n.e.c.	0,4	0,4	0,5	0,4	0,4	0,4
	<b>Means-tested</b>						
	Total	0,8	0,9	0,9	0,9	3,0	3,0
	Sickness/Health care	0,0	0,0	0,0	0,0	0,1	0,1
	Disability	0,1	0,2	0,2	0,2	0,4	0,4
	Old age	0,2	0,3	0,3	0,3	0,5	0,5
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1
	Family/Children	0,0	0,0	0,0	0,0	0,6	0,6
	Unemployment	0,0	0,0	0,0	0,0	0,4	0,4
	Housing	:	:	:	:	0,6	0,6
	Social exclusion n.e.c.	0,3	0,4	0,4	0,4	0,4	0,4
	<b>Non-means tested</b>						
	Total	14,8	17,4	17,2	16,8	25,1	24,8
	Sickness/Health care	5,1	5,8	5,5	5,4	8,2	8,1
	Disability	1,3	1,4	1,4	1,4	1,8	1,7
	Old age	5,5	6,5	6,5	6,5	10,5	10,6
	Survivors	0,8	1,0	0,9	0,9	1,6	1,5
	Family/Children	1,4	1,7	1,7	1,7	1,7	1,6
	Unemployment	0,6	1,0	1,0	0,8	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
Social exclusion n.e.c.	0,0	0,0	0,0	0,0	0,1	0,1	

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

## INCOME AND LIVING CONDITIONS

SK	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	20,6	19,6	20,6	20,6	20,5	-0,1	-0,1	24,3	24,8
	At-Risk-of-poverty rate	10,9	11,0	12,0	13,0	13,2	0,2	2,3	16,9	17,0
	Value of threshold (single HH) - in PPS	4.058	4.694	5.022	5.314	5.744	8,1	41,5	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	8.521	9.858	10.547	11.159	12.063	8,1	41,6	22.673	22.752
	Severe material deprivation rate	11,8	11,1	11,4	10,6	10,5	-0,1	-1,3	8,9	9,9
	Share of people living in very low work intensity households (0-59)	5,2	5,6	7,9	7,6	7,2	-0,4	2,0	10,3	10,4
	At-risk-of-poverty gap	18,1	23,2	25,7	22,8	20,5	-2,3	2,4	23,4	23,5
	Anchored at-risk-of-poverty rate	10,9	7,8	7,3	7,0	6,0	-1,0	-4,9	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	40,8	35,7	39,4	33,3	34,0	0,7	-6,8	35,7	34,4
	S80/S20	3,4	3,6	3,8	3,8	3,7	-0,1	0,3	5,1	5,1
	Persistent at-risk-of-poverty rate	4,9	5,4	6,0	7,8		1,8	2,9	:	10,0
	Housing cost overburden rate	5,6	9,4	7,6	8,4	8,4	0,0	2,8	11,6	11,3

SK	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
Children (0-17)	At risk of poverty or social exclusion	24,3	23,7	25,3	26,0	26,6	0,6	2,3	27,3	28,1
	At-risk-of-poverty rate	16,7	16,8	18,8	21,2	21,9	0,7	5,2	20,8	20,8
	Severe material deprivation rate	12,6	12,7	13,5	12,4	11,9	-0,5	-0,7	10,1	11,8
	Share of people living in very low work intensity households	4,4	5,4	8,0	7,3	7,2	-0,1	2,8	9,2	9,0
	At-risk-of-poverty gap	24,0	25,8	33,8	25,5	24,0	-1,5	0,0	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	38,1	30,3	35,8	28,6	29,8	1,2	-8,3	40,6	39,4
	Overcrowding rate	54,4	51,6	53,2	52,6	49,6	-3,0	-4,8	23,2	23,4
SK	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
Youth (18-24)	At risk of poverty or social exclusion	21,6	21,1	22,8	22,8	21,8	-1,0	0,2	30,0	31,5
	At-risk-of-poverty rate	11,9	13,3	14,7	14,8	14,4	-0,4	2,5	21,7	23,1
	Severe material deprivation rate	13,6	13,0	13,9	11,2	10,9	-0,3	-2,7	10,8	12,0
	Share of people living in very low work intensity households	3,3	3,8	5,4	5,1	5,2	0,1	1,9	9,4	10,0
	In-work at-risk-of-poverty rate	4,6	3,8	4,1	5,5	5,6	0,1	1,0	11,2	11,9
	Youth unemployment ratio (15-24)	6,2	8,6	10,4	10,1	10,4	0,3	4,2	9,1	9,7
	NEET rate	14,4	16,6	18,6	18,3	18,1	-0,2	3,7	16,7	17,1
	Housing cost overburden rate	1,8	7,0	6,4	7,5	6,9	-0,6	5,1	13,6	14,3

SK	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	19,3	18,5	20,2	20,6	19,9	-0,7	0,6	24,5	25,4
	At-risk-of-poverty rate	9,5	9,6	11,2	12,4	12,3	-0,1	2,8	16,1	16,5
	Severe material deprivation rate	10,8	10,6	11,0	10,3	10,1	-0,2	-0,7	9,0	10,0
	Share of people living in very low work intensity households (18-59)	5,4	5,6	7,9	7,8	7,2	-0,6	1,8	10,7	10,8
	In-work at-risk-of poverty rate	5,8	5,2	5,7	6,3	6,2	-0,1	0,4	8,9	9,1
	At-risk-of-poverty gap	19,1	24,2	26,5	24,2	21,2	-3,0	2,1	25,9	26,0
	Overcrowding rate	44,9	41,5	41,7	41,3	40,3	-1,0	-4,6	18,3	18,2
	Housing cost overburden rate	4,1	8,4	7,1	8,0	7,4	-0,6	3,3	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	43,5	39,2	41,4	34,7	35,6	0,9	-7,9	37,1	35,0
SK	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	21,9	19,7	16,7	14,5	16,3	1,8	-5,6	20,4	19,3
	At-Risk-of-Poverty rate	9,9	10,8	7,7	6,3	7,8	1,5	-2,1	15,9	14,5
	Severe Material Deprivation rate	15,3	11,7	11,1	9,7	10,8	1,1	-4,5	7,3	7,6
	Relative median income ratio of elderly	0,79	0,81	0,83	0,86	0,81	-0,05	0,02	0,89	0,91
	Aggregate replacement ratio	0,54	0,55	0,61	0,62	0,56	-0,06	0,02	0,54	0,54
	Overcrowding rate	18,4	15,2	14,9	14,8	15,1	0,3	-3,3	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

Note: ratio indicators are not expressed in %; all changes are in percentage points' difference with the exception of the poverty threshold, S80/S20

## INVESTING IN CHILDREN

SK	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	24,3	23,7	25,3	26,0	26,6	0,6	2,3	27,3	28,1
	At-risk-of-poverty rate (0-17)	16,7	16,8	18,8	21,2	21,9	0,7	5,2	20,8	20,8
	Severe material deprivation rate (0-17)	12,6	12,7	13,5	12,4	11,9	-0,5	-0,7	10,1	11,8
	Share of children (0-17) living in very low work intensity households	4,4	5,4	8,0	7,3	7,2	-0,1	2,8	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	9,4	4,7	9,3	16,3	:			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	7,6	7,1	7,8	9,3	8,6	-0,7	1,0	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	82,3	88,9	85,3	86,1	93,8	7,7	11,5	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	13,7	12,7	13,0	16,1	16,4	0,3	2,7	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	:	1	0	1	:	:	:	14	15
	Child care (0-3), 30h and more	2	2	3	3	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	7	13	8	13	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	53	63	64	62	:	:	:	45	46
	Relative median poverty gap for children (0-17)	24,0	25,8	33,8	25,5	24,0	-1,5	0,0	24,5	23,9
	Part-time employment due to care responsibilities (total)	5,2	:	3,4	3,4	2,4	-1,0	-2,8	23,1	22,7
	Part-time employment due to care responsibilities (male)	:	:	:	:	:	:	:	3,9	3,9
	Part-time employment due to care responsibilities (female)	7,4	:	4,8	5,1	3,9	-1,2	-3,5	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	38,1	30,3	35,8	28,6	29,8	1,2	-8,3	40,6	39,4
	Housing cost overburden rate (0-17)	4,8	10,0	8,9	10,2	10,9	0,7	6,1	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	5,5	5,0	5,4	5,9	5,7	-0,2	0,2	7,0	6,9
	Early leavers from education and training (18-24)	6,0	4,9	4,7	5,1	5,3	0,2	-0,7	13,4	12,7
	Self-declared unmet need for medical care (16-24)	0,3	0,5	0,6	1,1	0,7	-0,4	0,4	1,6	1,4
	Infant mortality	336	346	344	300	321	21	-15	20.509	:
	Severe housing deprivation (0-17)	8,6	6,7	6,8	8,3	8,6	0,3	0,0	7,9	7,7
	Overcrowding (0-17)	54,4	51,6	53,2	52,6	49,6	-3,0	-4,8	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)



## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	74,6	65,4	-9,2	58,7 (100/0/0)*	51,3 (52/48/0)*	-7,5
Low income	78,2	64,6	-13,6	65 (100/0/0)*	53,5 (54/46/0)*	-11,5
High income	56,2	50,7	-5,5	42,7 (100/0/0)*	38 (51/49/0)*	-4,7
Lower / higher future rates of return		60,8 / 70,7			47,7 / 55,5	
Lower / higher future wage growth		72,9 / 59,6			57,2 / 46,8	
38 years career: average income	63,8	58,2	-5,6	50,2	45,6	-4,6
Low / high income	66,9 / 48	57,5 / 45,1	(-9,4/-2,9)	55,6 / 36,4	47,6 / 33,8	(-8/-2,6)
42 years career: average income	86,4	73,1	-13,3	68	57,3	-10,7
Low / high income	90,5 / 64,9	72,2 / 56,6	(-18,3/-8,3)	75,3 / 49,3	59,7 / 42,5	(-15,5/-6,8)
10 years after retirement	70	53,8	-16,2	54,2	41,9	-12,3
Female worker with 3 years of career break for childcare	52,1	53,6	1,5	41	42	1,0
3 years of career break for unemployment	53,6	51	-2,6	42,2	40	-2,2
10 years out of the labour market	56	47,6	-8,4	44,1	37,3	-6,8
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	43,7	29,7	-14,1	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	50,7	40,2	-10,5	48,0	39,1	-8,9

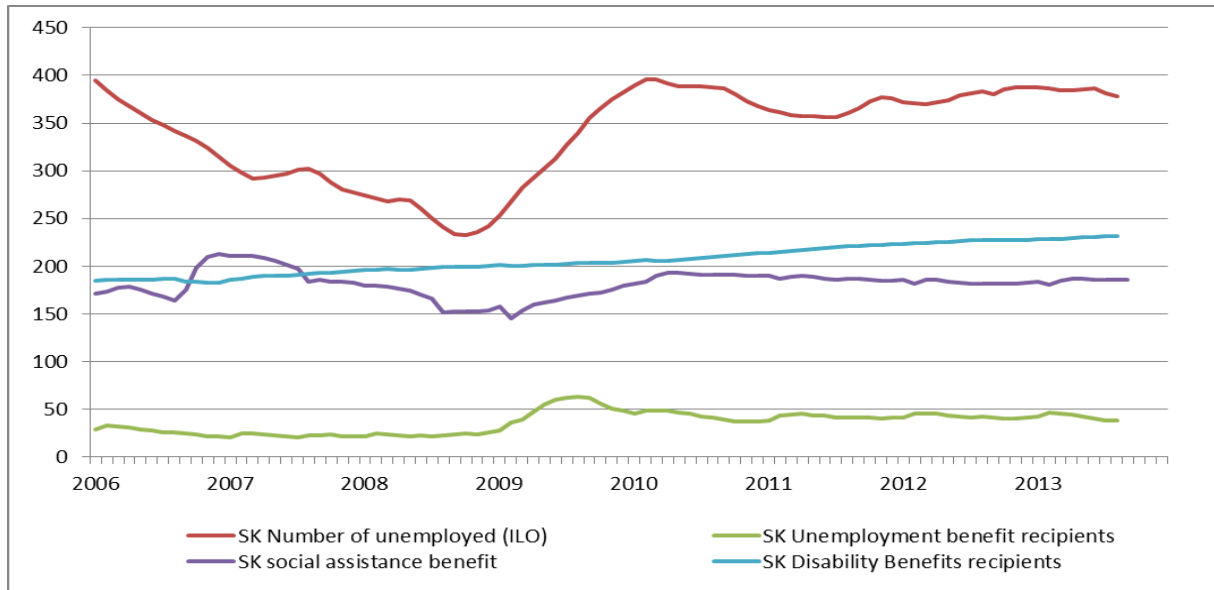
Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

## HEALTH CARE SYSTEMS

SK						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	52,1	52,4	52,4	52,1	53,4	61,7	61,3
Healthy life years at birth (female)	52,6	52,6	52,1	52,3	53,1	62,2	61,9
Healthy life years at 65 (male)	3	3,5	3,3	3,5	3,5	8,6	8,4
Healthy life years at 65 (female)	2,7	2,9	2,8	2,9	3,1	8,6	8,5
Life expectancy at birth (male)	70,8	71,4	71,7	72,3	72,5	77,4	:
Life expectancy at birth (female)	79	79,1	79,3	79,8	79,9	83,2	:
Life expectancy at 65 (male)	13,8	14,1	14	14,5	14,6	17,8	:
Life expectancy at 65 (female)	17,8	18	18	18,4	18,5	21,3	:
Self-reported unmet need for medical care (%)	1,3	1,7	1,7	2,2	2,2	3,4	3,4
Self-perceived general health (%)	59,5	61,9	63,6	63,2	65,6	67,9	68,2
Total health care expenditure (PPS) per capita	1.502,45	1.589,13	1.672,62	1.522,64	:	:	:
Total health care expenditure (% of GDP)	8,02	9,15	8,99	7,96	:	:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>219</sup>



<sup>219</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

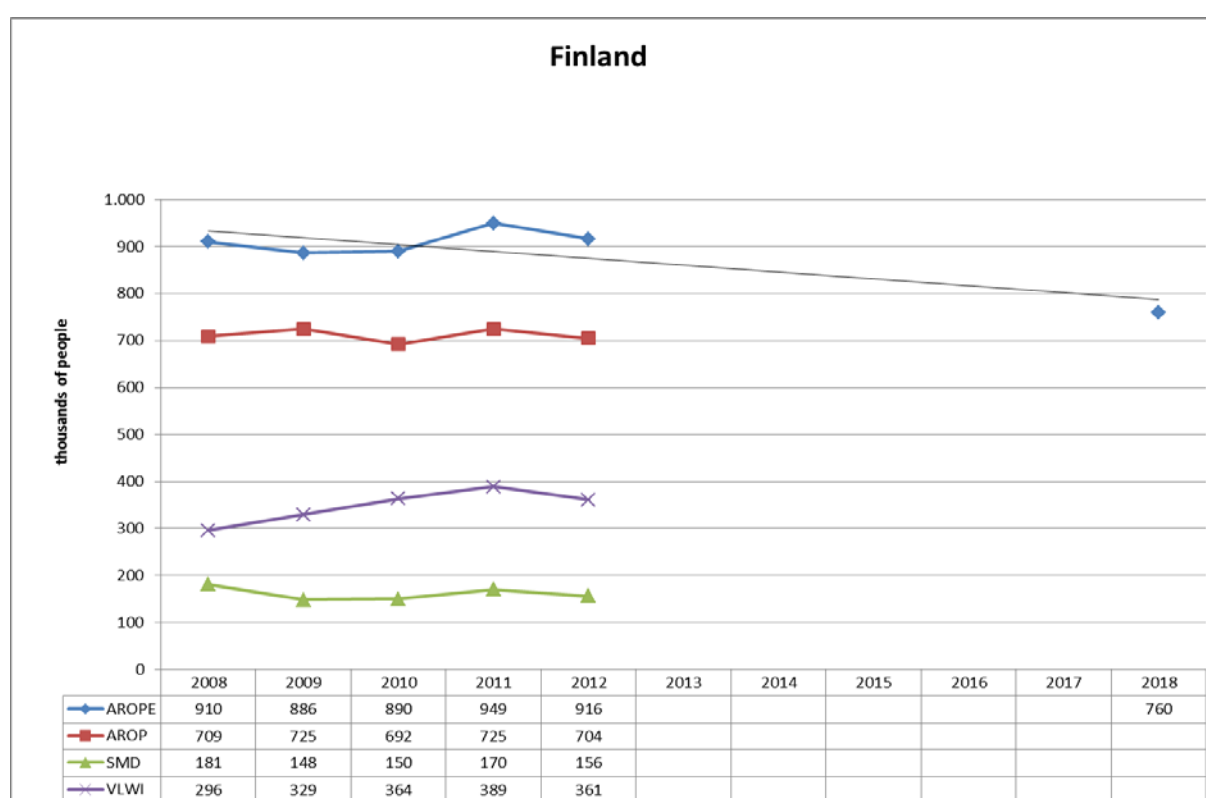
SK	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	eurostat
	Unemployment benefit
<b>definition</b>	Unemployment benefit recipients
<b>unit</b>	thousands of recipients
<b>source</b>	Social Insurance Agency
<b>link</b>	<a href="http://www.socpoist.sk/pocet-poberatelov-davok-v-nezamestnanosti/1662s">http://www.socpoist.sk/pocet-poberatelov-davok-v-nezamestnanosti/1662s</a>
<b>comment</b>	The new softer eligibility criteria on unemployment benefit have come into effect since 1 September 2010. The minimum necessary condition of unemployment insurance decreased from 3 years from the last four years into 2 years from the last three years. This change also contributed to the year-on-year growth of the number of recipients from the second half of Year 2011 and till the end of the first quarter of Year 2012, but without any dramatic changes. The latest trend is positive with year-on-year decline of the number of recipients in Year 2013 (Mar-Aug).
	Social assistance benefit
<b>definition</b>	social assistance benefit
<b>unit</b>	thousands of recipients
<b>source</b>	Centre Office of Labour, Social Affairs and Family
<b>comment</b>	Social Assistance Benefit: Recipients are defined as recipients of benefits. In the system of assistance in material need (social assistance) we are talking about the recipient, which is the range of jointly assessed persons, i.e. individual, family with children, families without children, etc. This means that for one recipient of assistance in material need may be more of jointly assessed persons. In Year 2013 (Mar-Sept) is evident slight increase in number of the recipients of material need.
	Disability benefit
<b>definition</b>	Disability Benefits recipients
<b>unit</b>	thousands of recipients
<b>source</b>	Social Insurance Agency
<b>link</b>	<a href="http://www.socpoist.sk/pocet-vyplacanych-dochodkov--v-mesiacoch-/3150s">http://www.socpoist.sk/pocet-vyplacanych-dochodkov--v-mesiacoch-/3150s</a>
<b>comment</b>	The number of recipients are without disability benefits from youth ("invalidi z mladosti") which are funded by state budget. The new lighter conditions on disability benefit have come into effect since 1 January 2010 (the minimum pension period on invalidity benefit is required from all career, not only from last 10 years). This change also contributed to the year-on-year slightly increased of the number of recipients in Year 2011 and Year 2012, but without any dramatic changes. The trend is continuing in Year 2013 (Jan-Aug).

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"The quantitative target of the Europe 2020 Strategy will be achieved in Finland if the number of people at risk of poverty and social exclusion can be reduced by around 150,000 people" (NRP 2012)."

Source: National Reform Programme (2012)

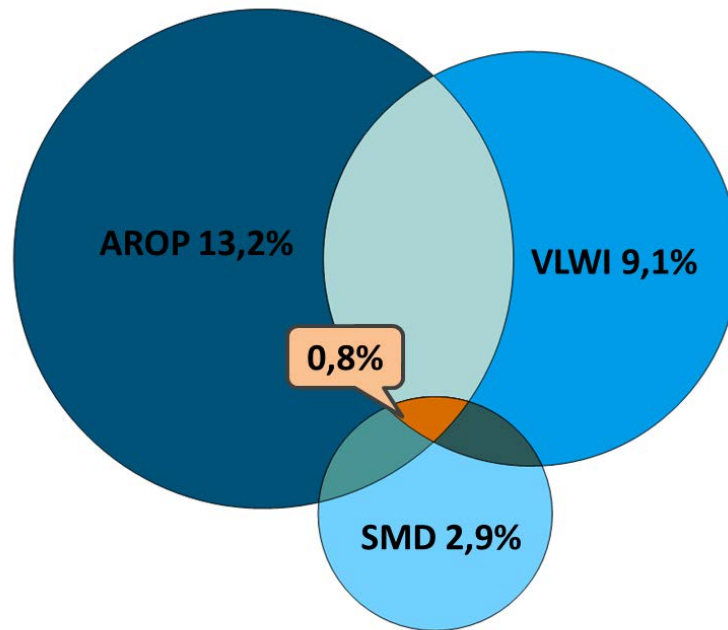
## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION



Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2018; ii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iii) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).

## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

FI	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	13,6	13,8	13,1	13,7	13,2	-0,5	-0,4	16,9	17,0
	1000 persons	709	725	692	725	704	-2,9	-0,7	84.586	84.999
<b>VLWI total</b>	% of total pln	7,3	8,2	9,1	9,8	9,1	-0,7	1,8	10,3	10,4
	1000 persons	296	329	364	389	361	-7,2	22,0	39.465	39.431
<b>SMD total</b>	% of total pln	3,5	2,8	2,8	3,2	2,9	-0,3	-0,6	8,9	9,9
	1000 persons	181	148	150	170	156	-8,2	-13,8	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	2,4	2,9	3,2	3,4	3,3	-0,1	0,9	2,9	2,7
	1000 persons	127	151	170	178	175	-1,7	37,8	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	1,0	0,6	0,6	0,6	0,5	-0,1	-0,5	2,6	2,9
	1000 persons	51	29	30	33	27	-18,2	-47,1	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	0,8	1,1	0,9	0,9	0,8	-0,1	0,0	1,7	1,9
	1000 persons	39	59	49	46	41	-10,9	5,1	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,4	0,3	0,4	0,6	0,4	-0,2	0,0	0,6	0,6
	1000 persons	18	18	19	30	22	-26,7	22,2	2.785	3.236

Source: Eurostat (EU-SILC)

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

FI						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	0,3	-8,5	3,4	2,8	-1,0	1,6	-0,4
Employment growth (y-on-y % change)	2,6	-2,6	-0,1	1,5	0,0	0,2	-0,5
Unemployment rate	6,4	8,2	8,4	7,8	7,7	9,7	10,5
Long-term unemployment rate	1,2	1,4	2,0	1,7	1,6	4,2	4,7
Social protection expenditure (% of GDP)	25,4	29,5	29,7	29,3	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

FI		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	25,4	29,5	29,7	29,3	28,1	27,8
	Sickness/Health care	6,8	7,6	7,5	7,5	8,3	8,2
	Disability	3,2	3,6	3,6	3,5	2,2	2,1
	Old age	8,8	10,4	10,7	10,8	11,1	11,1
	Survivors	0,9	1,0	1,0	0,9	1,7	1,6
	Family/Children	2,9	3,3	3,3	3,3	2,3	2,2
	Unemployment	1,8	2,4	2,4	2,1	1,7	1,6
	Housing	0,4	0,5	0,5	0,5	0,6	0,6
	Social exclusion n.e.c.	0,6	0,7	0,7	0,8	0,4	0,4
	<b>Means-tested</b>						
	Total	1,1	1,3	1,3	1,4	3,0	3,0
	Sickness/Health care	0,0	0,0	0,0	0,0	0,1	0,1
	Disability	0,0	0,0	0,0	0,0	0,4	0,4
	Old age	0,0	0,0	0,0	0,0	0,5	0,5
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1
	Family/Children	0,0	0,0	0,0	0,0	0,6	0,6
	Unemployment	0,3	0,4	0,4	0,4	0,4	0,4
	Housing	0,4	0,5	0,5	0,5	0,6	0,6
	Social exclusion n.e.c.	0,3	0,3	0,3	0,4	0,4	0,4
	<b>Non-means tested</b>						
	Total	24,3	28,3	28,4	27,9	25,1	24,8
	Sickness/Health care	6,8	7,6	7,5	7,5	8,2	8,1
	Disability	3,2	3,6	3,6	3,5	1,8	1,7
	Old age	8,8	10,4	10,7	10,8	10,5	10,6
	Survivors	0,9	1,0	1,0	0,9	1,6	1,5
	Family/Children	2,9	3,3	3,3	3,2	1,7	1,6
	Unemployment	1,5	2,0	2,0	1,6	1,3	1,2
Housing	0,0	0,0	0,0	0,0	0,0	0,0	
Social exclusion n.e.c.	0,3	0,4	0,4	0,4	0,1	0,1	

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

INCOME AND LIVING CONDITIONS

FI	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	17,4	16,9	16,9	17,9	17,2	-0,7	-0,2	24,3	24,8
	At-Risk-of-poverty rate	13,6	13,8	13,1	13,7	13,2	-0,5	-0,4	16,9	17,0
	Value of threshold (single HH) - in PPS	9.933	10.421	10.339	10.646	10.921	2,6	9,9	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	20.860	21.884	21.713	22.357	22.934	2,6	9,9	22.673	22.752
	Severe material deprivation rate	3,5	2,8	2,8	3,2	2,9	-0,3	-0,6	8,9	9,9
	Share of people living in very low work intensity households (0-59)	7,3	8,2	9,1	9,8	9,1	-0,7	1,8	10,3	10,4
	At-risk-of-poverty gap	15,7	15,1	13,8	13,5	15,0	1,5	-0,7	23,4	23,5
	Anchored at-risk-of-poverty rate	13,6	13,0	12,0	12,3	11,6	-0,7	-2,0	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	50,2	47,3	51,5	50,0	50,9	0,9	0,7	35,7	34,4
	S80/S20	3,8	3,7	3,6	3,7	3,7	0,0	-0,1	5,1	5,1
	Persistent at-risk-of-poverty rate	6,8	6,5	7,7	7,5	7,4	-0,2	0,7	:	10,0
	Housing cost overburden rate	4,7	4,4	4,2	4,4	4,5	0,1	-0,2	11,6	11,3

FI	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	15,1	14,0	14,2	16,1	14,9	-1,2	-0,2	27,3	28,1
	At-risk-of-poverty rate	12,0	12,1	11,4	11,8	11,1	-0,7	-0,9	20,8	20,8
	Severe material deprivation rate	3,1	2,5	2,3	3,2	2,8	-0,4	-0,3	10,1	11,8
	Share of people living in very low work intensity households	4,9	5,8	5,9	7,6	5,9	-1,7	1,0	9,2	9,0
	At-risk-of-poverty gap	15,5	15,0	11,4	10,5	12,9	2,4	-2,6	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	59,6	56,5	61,6	60,9	63,0	2,1	3,4	40,6	39,4
	Overcrowding rate	4,5	5,0	5,1	5,8	5,7	-0,1	1,2	23,2	23,4
FI	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	30,0	28,7	30,9	30,5	29,4	-1,1	-0,6	30,0	31,5
	At-risk-of-poverty rate	26,2	26,2	26,8	26,5	24,9	-1,6	-1,3	21,7	23,1
	Severe material deprivation rate	6,1	4,8	4,5	4,5	5,1	0,6	-1,0	10,8	12,0
	Share of people living in very low work intensity households	6,6	8,7	10,5	8,6	8,7	0,1	2,1	9,4	10,0
	In-work at-risk-of-poverty rate	12,5	5,9	8,7	7,9	8,9	1,0	-3,6	11,2	11,9
	Youth unemployment ratio (15-24)	8,8	10,9	10,6	10,1	9,8	-0,3	1,0	9,1	9,7
	NEET rate	9,9	12,9	12,5	11,7	11,8	0,1	1,9	16,7	17,1
	Housing cost overburden rate	10,1	9,1	9,1	9,5	9,2	-0,3	-0,9	13,6	14,3



FI	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	16,5	16,2	17,1	18,0	17,3	-0,7	0,8	24,5	25,4
	At-risk-of-poverty rate	11,8	12,2	12,3	12,8	12,4	-0,4	0,6	16,1	16,5
	Severe material deprivation rate	3,7	3,1	3,3	3,5	3,4	-0,1	-0,3	9,0	10,0
	Share of people living in very low work intensity households (18-59)	8,3	9,1	10,3	10,6	10,3	-0,3	2,0	10,7	10,8
	In-work at-risk-of poverty rate	5,1	3,7	3,7	3,9	3,8	-0,1	-1,3	8,9	9,1
	At-risk-of-poverty gap	19,2	19,2	17,4	17,9	18,3	0,4	-0,9	25,9	26,0
	Overcrowding rate	6,1	6,4	6,7	7,2	6,7	-0,5	0,6	18,3	18,2
	Housing cost overburden rate	4,9	5,0	4,8	5,1	5,2	0,1	0,3	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	54,1	50,8	53,8	52,9	53,4	0,4	-0,7	37,1	35,0
FI	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	23,9	23,1	19,5	19,8	19,5	-0,3	-4,4	20,4	19,3
	At-Risk-of-Poverty rate	22,5	22,1	18,3	18,9	18,4	-0,5	-4,1	15,9	14,5
	Severe Material Deprivation rate	3,2	2,2	1,7	2,1	1,5	-0,6	-1,7	7,3	7,6
	Relative median income ratio of elderly	0,72	0,73	0,78	0,78	0,78	0,00	0,06	0,89	0,91
	Aggregate replacement ratio	0,49	0,48	0,50	0,50	0,49	-0,01	0,00	0,54	0,54
	Overcrowding rate	6,2	5,0	5,1	4,9	4,1	-0,8	-2,1	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

## INVESTING IN CHILDREN

FI	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	15,1	14,0	14,2	16,1	14,9	-1,2	-0,2	27,3	28,1
	At-risk-of-poverty rate (0-17)	12,0	12,1	11,4	11,8	11,1	-0,7	-0,9	20,8	20,8
	Severe material deprivation rate (0-17)	3,1	2,5	2,3	3,2	2,8	-0,4	-0,3	10,1	11,8
	Share of children (0-17) living in very low work intensity households	4,9	5,8	5,9	7,6	5,9	-1,7	1,0	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	3,9	2,1	9,1	4,1	3,2	-0,9	-0,7	12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	5,4	4,5	4,3	4,0	3,7	-0,3	-1,7	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	63,1	74,8	68,1	62,9	63,2	0,3	0,1	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	9,1	7,9	7,6	7,5	7,7	0,2	-1,4	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	5	6	8	6	:	:	:	14	15
	Child care (0-3), 30h and more	21	21	20	20	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	20	20	21	20	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	58	57	56	57	:	:	:	45	46
	Relative median poverty gap for children (0-17)	15,5	15,0	11,4	10,5	12,9	2,4	-2,6	24,5	23,9
	Part-time employment due to care responsibilities (total)	9,0	8,8	8,7	9,8	9,0	-0,8	0,0	23,1	22,7
	Part-time employment due to care responsibilities (male)	:	2,0	:	2,2	:			3,9	3,9
	Part-time employment due to care responsibilities (female)	12,7	12,1	12,3	13,9	12,8	-1,1	0,1	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty									
	Housing cost overburden rate (0-17)	3,8	3,2	3,4	2,6	2,4	-0,2	-1,4	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	5,3	6,3	4,9	4,3	4,3	0,0	-1,0	7,0	6,9
	Early leavers from education and training (18-24)	9,8	9,9	10,3	9,8	8,9	-0,9	-0,9	13,4	12,7
	Self-declared unmet need for medical care (16-24)	0,2	1,2	1,0	3,1	4,4	1,3	4,2	1,6	1,4
	Infant mortality	157	158	140	143	141	-2	-16	20.509	:
	Severe housing deprivation (0-17)	0,4	0,6	0,9	0,4	0,8	0,4	0,4	7,9	7,7
	Overcrowding (0-17)	4,5	5,0	5,1	5,8	5,7	-0,1	1,2	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	68,9	62	-6,9	61,8 (100/0/0)*	54,4 (100/0/0)*	-7,4
Low income	72,3	62,7	-9,6	66,7 (100/0/0)*	54,4 (100/0/0)*	-12,3
High income	63,4	51,7	-11,7	55,8 (100/0/0)*	42,8 (100/0/0)*	-13,0
Lower / higher future rates of return		62 / 62			54,4 / 54,4	
Lower / higher future wage growth		63,3 / 60,8			55,8 / 53,1	
38 years career: average income	60,8	55,3	-5,5	53,2	47,4	-5,8
Low / high income	66,3 / 56,6	57,2 / 46,1	(-9,1/-10,5)	58,9 / 48,4	47,4 / 36,7	(-11,5/-11,7)
42 years career: average income	74,7	68,5	-6,2	68,1	61,4	-6,7
Low / high income	77,5 / 69,4	68,2 / 57,8	(-9,3/-11,6)	73,1 / 62,2	61,4 / 49,8	(-11,7/-12,4)
10 years after retirement	60,2	54,7	-5,5	52,5	46,3	-6,2
Female worker with 3 years of career break for childcare	64,7	61,3	-3,4	57,2	53,7	-3,5
3 years of career break for unemployment	65,9	60,3	-5,6	58,5	52,7	-5,8
10 years out of the labour market	54,4	51,3	-3,1	46,3	42,8	-3,5
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	49,4	45,3	-4,1	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	51,8	45,1	-6,7	48,0	39,1	-8,9

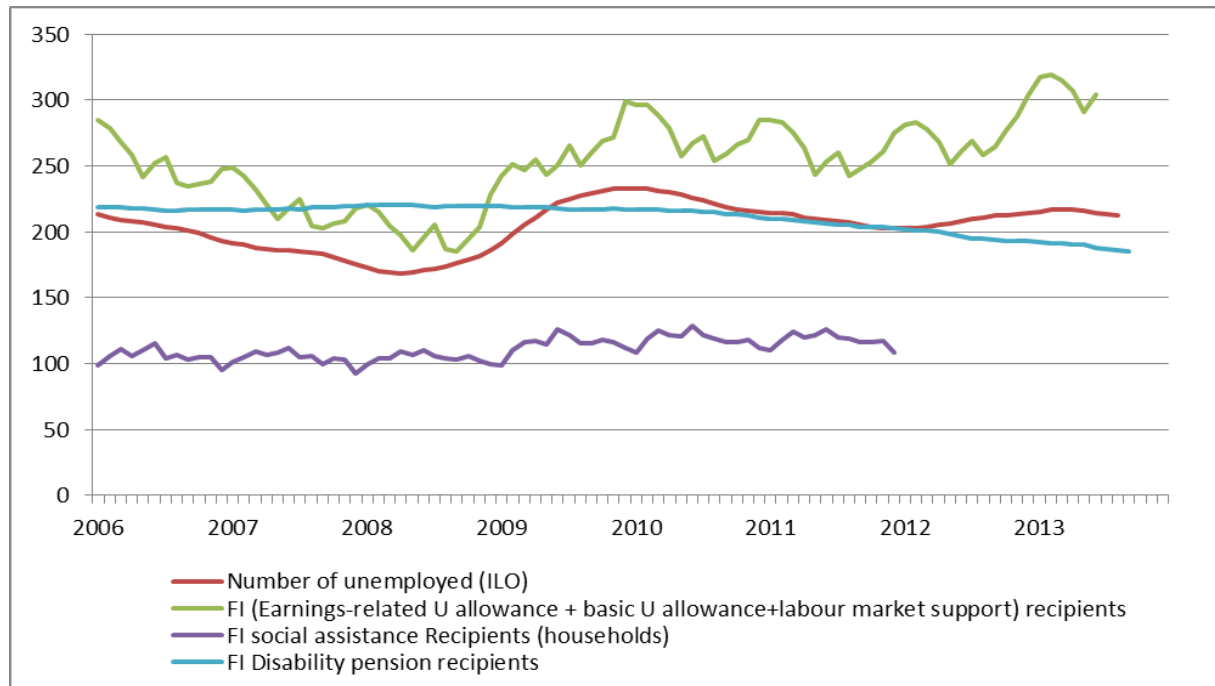
Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

## HEALTH CARE SYSTEMS

FI						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	58,6	58,2	58,5	57,7	57,3	61,7	61,3
Healthy life years at birth (female)	59,5	58,6	58,2	58,3	56,2	62,2	61,9
Healthy life years at 65 (male)	8	8,2	8,8	8,4	8,4	8,6	8,4
Healthy life years at 65 (female)	9	9	8,9	8,6	9	8,6	8,5
Life expectancy at birth (male)	76,5	76,6	76,9	77,3	77,7	77,4	:
Life expectancy at birth (female)	83,3	83,5	83,5	83,8	83,7	83,2	:
Life expectancy at 65 (male)	17,5	17,3	17,5	17,7	17,8	17,8	:
Life expectancy at 65 (female)	21,3	21,5	21,5	21,7	21,6	21,3	:
Self-reported unmet need for medical care (%)	0,8	3,7	3,9	4,4	4,6	3,4	3,4
Self-perceived general health (%)	68,6	68,9	68,3	68,9	67,1	67,9	68,2
Total health care expenditure (PPS) per capita	2.412,68	2.394,27	2.420,03	2.516,58		:	:
Total health care expenditure (% of GDP)	8,31	9,17	8,99	9,04		:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>220</sup>



<sup>220</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

FI	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	Eurostat
	Unemployment benefit
<b>definition</b>	Earnings-related unemployment allowance; Basic unemployment allowance; Labour market support
<b>unit</b>	thousands of recipients, at the end of the month
<b>source</b>	Social Insurance Institution and the Financial Supervisory Authority (FIN-FSA)
<b>comment</b>	<p>Earnings-related unemployment allowance is paid for those who fulfill the eligibility criterias: Employment conditions and member of an unemployment fund. This is voluntary - you have to pay an annual fee. In the case of unemployment the allowance is related to your salary. Most of the funds are managed by trade unions. Basic unemployment allowance is like earnings-related allowance, but the difference is that you are not a member of an unemployment fund. The allowance is flat rate and low. Starting from 2010, basic and earnings-related unemployment allowances are payable not only during unemployment but also during participation in a measure of active labour market policy. Labour market support is flat rate benefit (and low) for those who do not qualify for the elibility rules of the benefits mentioned above. In practice they are young people and those who have received the allowances mentioned above for the maximum period (500 days). Unlike with the unemployment allowance, a demonstrated need of financial assistance is also required. Although in most cases labour market support and basic unemployment allowance are at the same rate.</p> <p>A total of 304,000 persons received unemployment benefits at year-end 2012. Of them, 53% were in receipt of a basic unemployment benefit. The number of recipients of unemployment benefits started to increase in autumn 2012 and the increase has continued in 2013.</p>
	Social assistance benefit
<b>definition</b>	Recipients of social assistance (households) by calendar month
<b>unit</b>	thousands of recipients
<b>source</b>	National Institute for Health and Welfare (THL)
<b>comment</b>	In 2011, on average 118,000 households per month received social assistance. The number of households per month receiving social assistance grew rapidly in the first part of 2009, but subsequently the growth rate came to halt. The numbers were, however, decidedly more than 10 per cent higher than during the downturn before 2008.

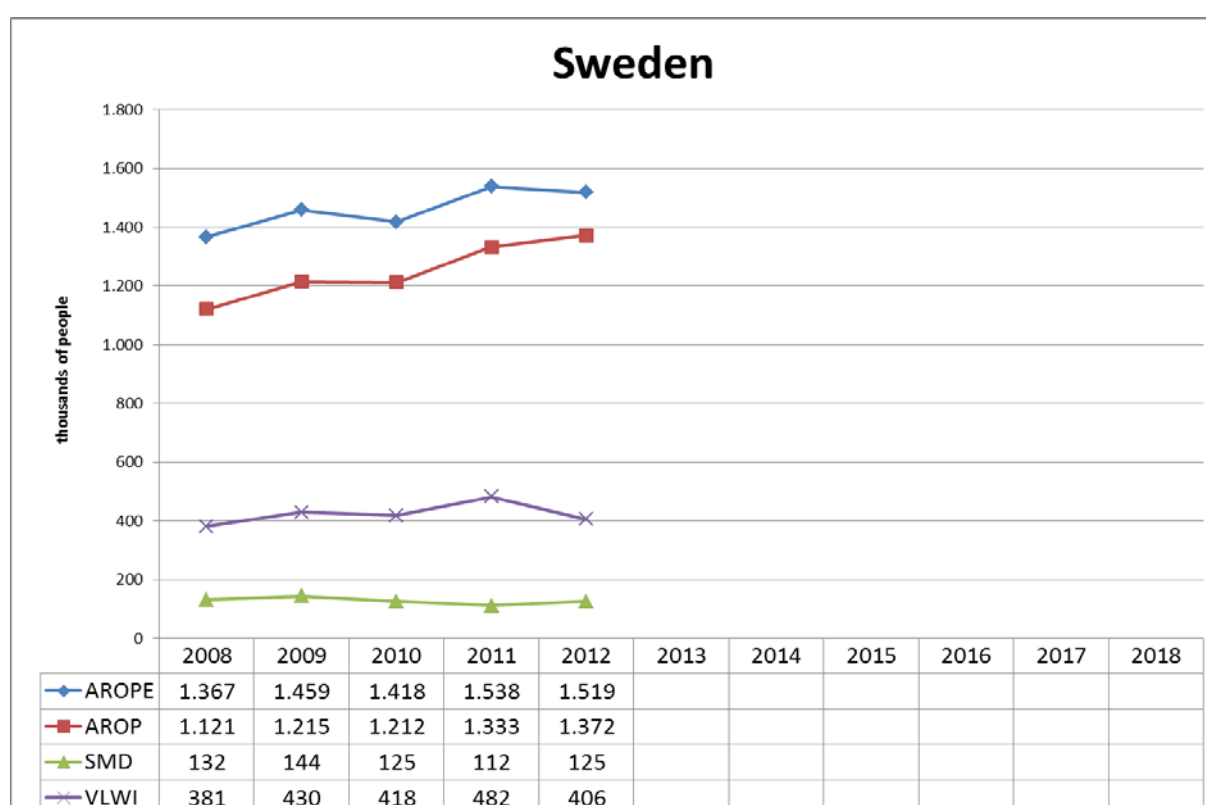
FI	Disability benefit
<b>definition</b>	Recipients of disability pension (earnings-related schemes) at the end of the month
<b>unit</b>	thousands of recipients
<b>source</b>	Finnish Centre for Pensions
<b>comment</b>	<p>Disability pensions in the earnings-related pension system consist of full and partial pensions and they may be awarded until further notice or for a specific period of time (cash rehabilitation benefit). Rehabilitation allowance is the benefit paid during active rehabilitation measures awarded to a person who is still in working life and would face a risk of disability in the near future without rehabilitation. The amount of this allowance is 1.33 times the disability pension and the pension system pays it, but it is not regarded or classified as a pension.</p> <p>The number of people receiving disability pensions has been decreasing for a number of years. For example from autumn 2010 to autumn 2013 the number of recipients decreased by 13 %. There are different reasons for this. The incidence of new disability pensions has decreased. They are applied less than before. According to a recent study people feel that their ability to work has ameliorated. One reason may also be the increased rehabilitation measures. The amount of recipients of rehabilitation allowance has more than doubled in ten years ( from 3055 in 2003 to 7872 recipients in 2012). In 2012, of those who finished their rehabilitation process 74 percent were in active working life and 70 percent of them returned back to work. The pension reform of 2005 introduced some technical reasons: in 2005 the retirement age changed from 65 to 63-68 years which means that between the ages 63-65 only old age pensions are awarded and not disability pensions as was the case before 2005. Also, the disability pension is converted to old age pension in earlier age than before (at the age of 63 for pensions beginning after 2005), so they end earlier than those that have begun before the 2005 reform (at the age of 65).</p>

## NATIONAL 2020 TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"Promoting social inclusion by reducing the percentage of women and men aged 20-64 who are not in the labour force (except full-time students), the long-term unemployed or those on long-term sick leaves to well under 14 per cent by 2020."

Source: National Reform Programme (2011)

## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

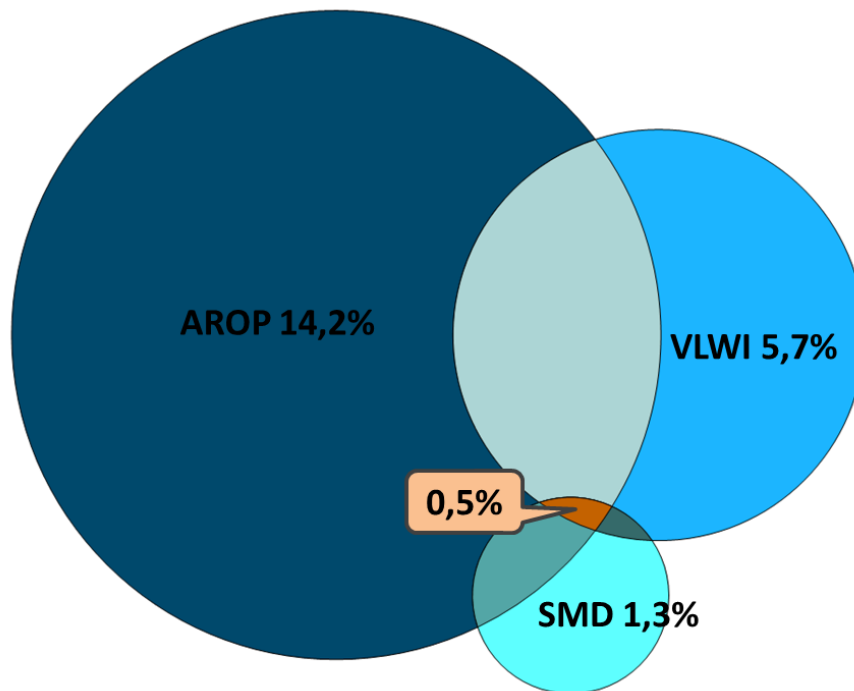


Source: Eurostat (EU-SILC)

Note: i) Progress on the target is monitored on the basis of the EU SILC data with a base year 2008 and target data year 2018; ii) Provisional data for 2012 so evolutions need to be interpreted with caution; iii) AROPE - at-risk-of-poverty or social exclusion rate; AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate; iv) For the at-risk-of poverty rate (AROP), the income reference year is the calendar year prior to the survey year (i.e. 2011) except for the United Kingdom (survey year) and Ireland (12 months preceding the survey). Similarly, the share of (quasi-) jobless households or the very low work intensity rate (VLWI) refers to the income reference year prior to the survey (i.e. 2011) while for the severe material deprivation rate (SMD), the reference is the current year (i.e. 2012).



## COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC)

SE	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	12,2	13,3	12,9	14,0	14,2	0,2	2,0	16,9	17,0
	1000 persons	1.121	1.215	1.212	1.333	1.372	2,9	22,4	84.586	84.999
<b>VLWI total</b>	% of total pln	5,5	6,4	6,0	6,9	5,7	-1,2	0,2	10,3	10,4
	1000 persons	381	430	418	482	406	-15,8	6,6	39.465	39.431
<b>SMD total</b>	% of total pln	1,4	1,6	1,3	1,2	1,3	0,1	-0,1	8,9	9,9
	1000 persons	132	144	125	112	125	11,6	-5,3	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	1,8	2,2	2,3	2,8	2,5	-0,3	0,7	2,9	2,7
	1000 persons	165	204	213	267	243	-9,0	47,3	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	0,3	0,3	0,2	0,3	0,4	0,1	0,1	2,6	2,9
	1000 persons	26	26	23	32	38	18,8	46,2	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	0,3	0,5	0,5	0,4	0,5	0,1	0,2	1,7	1,9
	1000 persons	31	43	44	38	48	26,3	54,8	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,2	0,1	0,1	0,1	0,1	0,0	-0,1	0,6	0,6
	1000 persons	14	14	12	13	6	-53,8	-57,1	2.785	3.236

Source: Eurostat (EU-SILC)

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

SE						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	-0,6	-5,0	6,6	2,9	0,9	1,6	-0,4
Employment growth (y-on-y % change)	0,9	-2,4	1,0	2,1	0,7	0,2	-0,5
Unemployment rate	6,2	8,3	8,6	7,8	8,0	9,7	10,5
Long-term unemployment rate	0,8	1,1	1,6	1,5	1,5	4,2	4,7
Social protection expenditure (% of GDP)	28,9	31,4	29,8	29,0	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

SE		EU28					
		2008	2009	2010	2011	2010	2011
Social protection expenditure (in % of GDP)	Total	28,9	31,4	29,8	29,0	28,1	27,8
	Sickness/Health care	7,5	7,9	7,4	7,5	8,3	8,2
	Disability	4,4	4,6	4,1	3,8	2,2	2,1
	Old age	11,4	12,6	12,2	12,0	11,1	11,1
	Survivors	0,6	0,6	0,5	0,5	1,7	1,6
	Family/Children	3,0	3,2	3,1	3,1	2,3	2,2
	Unemployment	0,9	1,3	1,4	1,2	1,7	1,6
	Housing	0,5	0,5	0,5	0,4	0,6	0,6
	Social exclusion n.e.c.	0,6	0,7	0,7	0,7	0,4	0,4
	<b>Means-tested</b>						
	Total	0,8	0,9	0,8	0,8	3,0	3,0
	Sickness/Health care	0,0	0,0	0,0	0,0	0,1	0,1
	Disability	0,0	0,0	0,0	0,0	0,4	0,4
	Old age	0,0	0,0	0,0	0,0	0,5	0,5
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1
	Family/Children	0,0	0,0	0,0	0,0	0,6	0,6
	Unemployment	0,0	0,0	0,0	0,0	0,4	0,4
	Housing	0,5	0,5	0,5	0,4	0,6	0,6
	Social exclusion n.e.c.	0,3	0,4	0,4	0,3	0,4	0,4
	<b>Non-means tested</b>						
	Total	28,1	30,5	29,0	28,2	25,1	24,8
	Sickness/Health care	7,5	7,9	7,4	7,5	8,2	8,1
	Disability	4,4	4,6	4,1	3,8	1,8	1,7
	Old age	11,4	12,6	12,1	11,9	10,5	10,6
	Survivors	0,6	0,6	0,5	0,5	1,6	1,5
	Family/Children	3,0	3,2	3,1	3,1	1,7	1,6
	Unemployment	0,9	1,3	1,4	1,2	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
Social exclusion n.e.c.	0,3	0,3	0,4	0,4	0,1	0,1	

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

INCOME AND LIVING CONDITIONS

SE	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	14,9	15,9	15,0	16,1	15,6	-0,5	0,7	24,3	24,8
	At-Risk-of-poverty rate	12,2	13,3	12,9	14,0	14,2	0,2	2,0	16,9	17,0
	Value of threshold (single HH) - in PPS	10.680	11.295	11.005	11.084	11.693	5,5	9,5	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	22.427	23.720	23.110	23.277	24.554	5,5	9,5	22.673	22.752
	Severe material deprivation rate	1,4	1,6	1,3	1,2	1,3	0,1	-0,1	8,9	9,9
	Share of people living in very low work intensity households (0-59)	5,5	6,4	6,0	6,9	5,7	-1,2	0,2	10,3	10,4
	At-risk-of-poverty gap	18,0	20,3	19,7	18,5	18,6	0,1	0,6	23,4	23,5
	Anchored at-risk-of-poverty rate	12,2	11,7	11,2	11,6	11,0	-0,6	-1,2	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	57,2	50,0	51,7	49,8	48,0	-1,8	-9,2	35,7	34,4
	S80/S20	3,5	3,7	3,5	3,6	3,7	0,1	0,2	5,1	5,1
	Persistent at-risk-of-poverty rate	2,6	3,7	4,9	4,1	:	-0,8	1,5	:	10,0
	Housing cost overburden rate	8,1	9,6	6,5	7,9	9,0	1,1	0,9	11,6	11,3

SE	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Children (0-17)</b>	At risk of poverty or social exclusion	14,6	15,1	14,5	15,9	15,4	-0,5	0,8	27,3	28,1
	At-risk-of-poverty rate	12,9	13,1	13,1	14,5	15,0	0,5	2,1	20,8	20,8
	Severe material deprivation rate	1,7	1,7	1,3	1,3	1,4	0,1	-0,3	10,1	11,8
	Share of people living in very low work intensity households	4,1	4,3	4,8	5,5	4,9	-0,6	0,8	9,2	9,0
	At-risk-of-poverty gap	17,9	20,5	20,0	21,8	22,0	0,2	4,1	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	62,2	56,9	58,4	54,7	53,6	-1,1	-8,6	40,6	39,4
	Overcrowding rate	11,6	10,8	12,3	12,3	13,1	0,8	1,5	23,2	23,4
SE	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Youth (18-24)</b>	At risk of poverty or social exclusion	29,8	31,9	31,6	27,9	28,6	0,7	-1,2	30,0	31,5
	At-risk-of-poverty rate	27,8	29,8	29,5	25,4	27,0	1,6	-0,8	21,7	23,1
	Severe material deprivation rate	1,1	2,7	2,2	1,5	1,3	-0,2	0,2	10,8	12,0
	Share of people living in very low work intensity households	6,8	10,1	9,0	8,6	6,1	-2,5	-0,7	9,4	10,0
	In-work at-risk-of-poverty rate	20,4	19,8	20,1	16,4	16,1	-0,3	-4,3	11,2	11,9
	Youth unemployment ratio (15-24)	10,7	12,8	12,8	12,1	12,4	0,3	1,7	9,1	9,7
	NEET rate	10,7	13,1	10,6	10,2	10,5	0,3	-0,2	16,7	17,1
	Housing cost overburden rate	21,1	24,7	17,0	15,8	17,9	2,1	-3,2	13,6	14,3

SE	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	14,8	15,6	15,0	15,4	15,1	-0,3	0,3	24,5	25,4
	At-risk-of-poverty rate	11,2	12,1	11,9	12,5	12,8	0,3	1,6	16,1	16,5
	Severe material deprivation rate	1,5	1,8	1,5	1,3	1,5	0,2	0,0	9,0	10,0
	Share of people living in very low work intensity households (18-59)	6,2	7,2	6,5	7,5	6,0	-1,5	-0,2	10,7	10,8
	In-work at-risk-of poverty rate	6,8	7,0	6,6	6,9	6,7	-0,2	-0,1	8,9	9,1
	At-risk-of-poverty gap	23,7	24,8	25,5	21,9	25,2	3,3	1,5	25,9	26,0
	Overcrowding rate	11,6	12,3	13,0	13,3	12,6	-0,7	1,0	18,3	18,2
	Housing cost overburden rate	8,0	9,4	6,7	6,9	8,0	1,1	0,0	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	59,1	52,2	54,1	52,8	50,4	-2,4	-8,7	37,1	35,0
SE	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	15,5	18,0	15,9	18,6	17,9	-0,7	2,4	20,4	19,3
	At-Risk-of-Poverty rate	15,0	17,7	15,5	18,2	17,5	-0,7	2,5	15,9	14,5
	Severe Material Deprivation rate	0,8	0,5	0,7	0,6	0,4	-0,2	-0,4	7,3	7,6
	Relative median income ratio of elderly	0,78	0,77	0,79	0,77	0,78	0,01	0,00	0,89	0,91
	Aggregate replacement ratio	0,62	0,60	0,60	0,58	0,56	-0,02	-0,06	0,54	0,54
	Overcrowding rate	2,6	4,1	3,2	3,6	2,7	-0,9	0,1	6,9	6,8

Source: Eurostat (EU-SILC, LFS)

## INVESTING IN CHILDREN

SE	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	14,6	15,1	14,5	15,9	15,4	-0,5	0,8	27,3	28,1
	At-risk-of-poverty rate (0-17)	12,9	13,1	13,1	14,5	15,0	0,5	2,1	20,8	20,8
	Severe material deprivation rate (0-17)	1,7	1,7	1,3	1,3	1,4	0,0	-0,4	10,1	11,8
	Share of children (0-17) living in very low work intensity households	4,1	4,3	4,8	5,5	4,9	-0,6	0,8	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	2,0	4,0	4,3	3,4	:			12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	6,4	6,5	5,9	6,7	6,1	-0,6	-0,3	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	71,7	72,7	80,5	78,8	88,6	-19,9	-12,8	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	9,6	9,9	9,0	10,1	10,2	-0,6	-0,1	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	18	26	18	19	:	:	:	14	15
	Child care (0-3), 30h and more	31	37	33	32	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	31	29	29	31	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	64	65	65	64	:	:	:	45	46
	Relative median poverty gap for children (0-17)	17,9	20,5	20,0	21,8	22,0	0,2	4,1	24,5	23,9
	Part-time employment due to care responsibilities (total)	18,2	17,8	17,5	17,3	17,7	0,4	-0,5	23,1	22,7
	Part-time employment due to care responsibilities (male)	6,1	6,4	6,5	7,1	7,8	0,7	1,7	3,9	3,9
	Part-time employment due to care responsibilities (female)	21,9	21,5	21,1	20,6	21,0	0,4	-0,9	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	62,2	56,9	58,4	54,7	53,6	-1,1	-8,6	40,6	39,4
	Housing cost overburden rate (0-17)	4,2	5,6	3,8	4,5	5,1	0,6	0,9	11,5	11,0
<b>Access to quality services</b>	NEET rate (15-19)	4,4	5,4	4,0	4,2	4,1	-0,1	-0,3	7,0	6,9
	Early leavers from education and training (18-24)	7,9	7,0	6,5	6,6	7,5	0,9	-0,4	13,4	12,7
	Self-declared unmet need for medical care (16-24)	2,5	2,5	2,1	2,2	1,8	-0,4	-0,7	1,6	1,4
	Infant mortality	272	278	294	235	293	58	21	20.509	:
	Severe housing deprivation (0-17)	1,8	1,2	2,0	1,9	1,8	-0,1	0,0	7,9	7,7
	Overcrowding (0-17)	11,6	10,8	12,3	12,3	13,1	0,8	1,5	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data)

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	60,3	53,0	-7,3	63,6 (76/2/22)*	54,6 (62/13/24)*	-9
Low income	82,9	53,2	-29,7	72,4 (79/2/19)*	54,6 (62/13/24)*	-17,8
High income	57,5	47,9	-9,6	53,7 (62/2/36)*	45,7 (52/11/38)*	-8,0
Lower / higher future rates of return		51,3 / 55			52,6 / 57	
Lower / higher future wage growth		64,6 / 45,1			67,2 / 45,9	
38 years career: average income	54,7	47,7	-7,0	56,9	48,4	-8,5
Low / high income	57,9 / 53,5	47,3 / 42,8	(-10,6/-10,7)	59,9 / 49,5	48,4 / 40,6	(-11,5/-8,9)
42 years career: average income	66,4	63	-3,4	72,5	61,6	-10,9
Low / high income	86,7 / 65,4	62,6 / 55,8	(-24,1/-9,6)	86,3 / 61,9	61,6 / 51,3	(-24,7/-10,6)
10 years after retirement	58,6	46,3	-12,3	51,7	52,5	0,8
Female worker with 3 years of career break for childcare	60,1	52,3	-7,8	63,3	53,8	-9,5
3 years of career break for unemployment	59,7	50,8	-8,9	62,6	52	-10,6
10 years out of the labour market	57,9	41,2	-16,7	53,2	40,9	-12,3
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	35,3	26,4	-8,9	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	35,4	22,7	-12,7	48,0	39,1	-8,9

Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

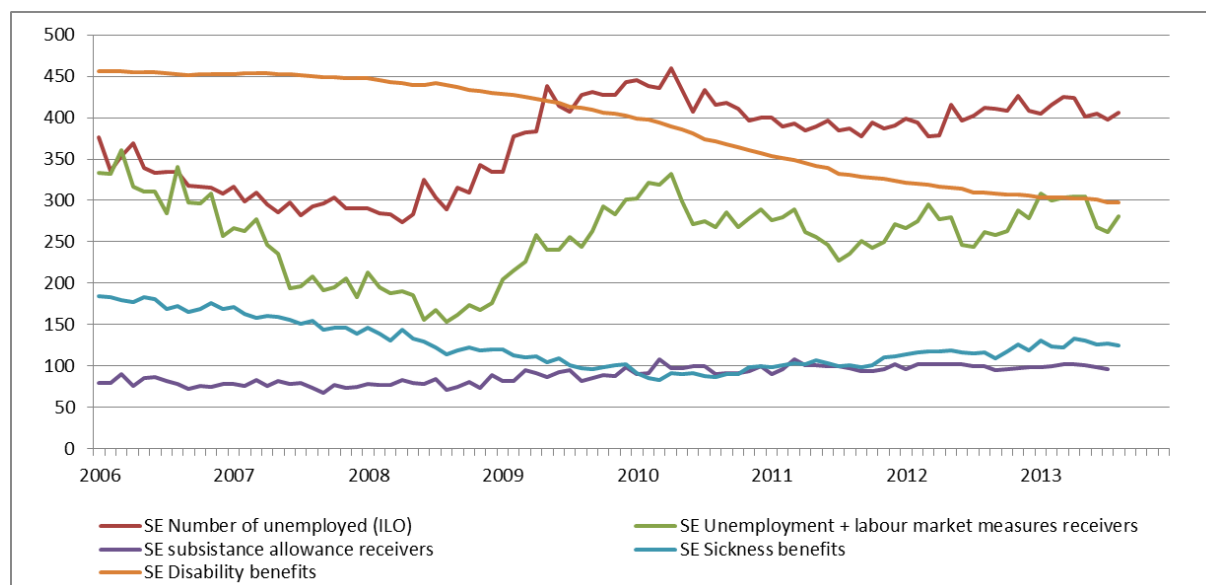
## HEALTH CARE SYSTEMS

SE						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	69,4	70,7	71,7	71,1	70,9	61,7	61,3
Healthy life years at birth (female)	69	69,6	71,1	70,2	70,7	62,2	61,9
Healthy life years at 65 (male)	13,1	13,6	14,1	13,9	14	8,6	8,4
Healthy life years at 65 (female)	14	14,7	15,5	15,2	15,4	8,6	8,5
Life expectancy at birth (male)	79,2	79,4	79,6	79,9	79,9	77,4	:
Life expectancy at birth (female)	83,3	83,5	83,6	83,8	83,6	83,2	:
Life expectancy at 65 (male)	18	18,2	18,3	18,5	18,5	17,8	:
Life expectancy at 65 (female)	20,9	21,2	21,2	21,3	21,1	21,3	:
Self-reported unmet need for medical care (%)	2,4	2,0	1,8	1,4	1,3	3,4	3,4
Self-perceived general health (%)	78,5	79,7	80,0	79,9	81,1	67,9	68,2
Total health care expenditure (PPS) per capita	2.822,68	2.794,86	2.795,28	2.940,74	:	:	:
Total health care expenditure (% of GDP)	9,23	9,94	9,47	9,52	:	:	:

Source: Eurostat (EU-SILC, Mortality data, SHA)



## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>221</sup>



SE	Unemployment
<b>definition</b>	Unemployment according to ILO definition - Total
<b>unit</b>	Thousands of persons - seasonally adjusted
<b>source</b>	Eurostat
	Unemployment benefit
<b>definition</b>	Unemployment benefit; labour market measures
<b>unit</b>	thousands of recipients, measured in full year equivalents
<b>source</b>	Statistics Sweden
	Social assistance benefit/means-tested minimum income
<b>definition</b>	Subsistence allowance
<b>unit</b>	Measured in full year equivalents (i.e. benefit for 365 days at a 100% withdraw rate).
<b>source</b>	Statistics Sweden
	Disability benefit (1)
<b>definition</b>	Sickness benefit
<b>unit</b>	thousands of recipients, measured in full year equivalents
<b>source</b>	Statistics Sweden
	Disability benefit (2)
<b>definition</b>	Disability benefits
<b>unit</b>	thousands of recipients, measured in full year equivalents
<b>source</b>	Statistics Sweden

<sup>221</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

# UNITED KINGDOM

## PROGRESS TOWARDS THE 2020 NATIONAL TARGET FOR THE REDUCTION OF POVERTY AND SOCIAL EXCLUSION

"The Government is committed to making wide-ranging social reforms, including transforming children's life chances, reforming welfare systems, improving education, increasing social mobility and tackling child poverty. The UK Government is responsible for policies in this area in England and when policy areas are reserved to Parliament in the devolution settlements, for example the welfare system which is only devolved in Northern Ireland. The Devolved Administrations are responsible for their own policy direction in all other areas, for example education.

Current level of performance against objectives: The latest indicators that the Government identified in the Child Poverty Act 2010 are set out in the table below:

Indicator	Target	Current level	Reference period
<b>Relative low income:</b> proportion of children who live in households where income is less than 60 per cent of median net equivalised household income before housing costs for the financial year.	Less than 10 per cent by 2020-21	17 per cent	2010-2011
<b>Absolute low income:</b> proportion of children who live in households where income is less than 60 per cent of the 2010/11 median net equivalised household income adjusted for prices, before housing costs.	Less than 5 per cent by 2020-21	20 per cent	2010-2011
<b>Low income and material deprivation:</b> proportion of children living in households who experience material deprivation and live in households where income is less than 70 per cent of median net equivalised household income before housing costs for the financial year.	Less than 5 per cent by 2020-21	12 per cent	2010-2011
<b>Persistent poverty:</b> proportion of children living in households where income is less than 60 per cent of median net equivalised household income before housing costs for the financial	To be defined in regulations	12 per cent	2005-2008

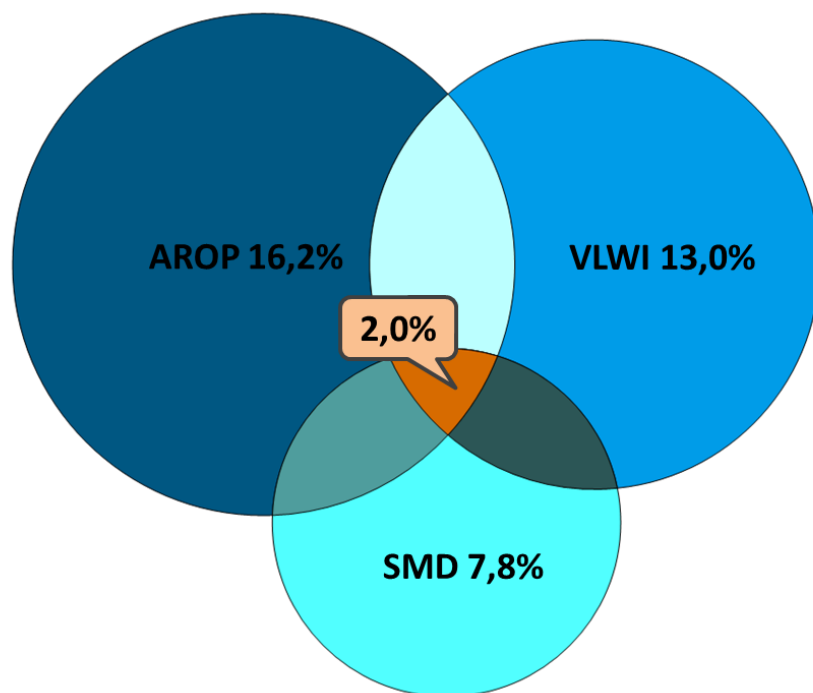
year in at least three of the previous four years.	by		
	2015		

Source: National Reform Programme (2012), additional information from the Member State

Note: Absolute low income – The absolute low income measure has now been re-baselined to 60 per cent of the median income in 2010/11 (adjusted for prices) as opposed to the 1998/99 relative low income baseline. This means that the above child absolute low income figure cannot be compared to those reported previously under the old baseline.

Note: Combined low income and material deprivation – A change in the methodology for calculating material deprivation has caused a break in the series of this measure, this means that figures for 2011/12 can no longer be compared to figures reported in previous years.

### COMPOSITION OF THE POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2012)



Source: Eurostat (EU-SILC),

Note: AROP - at-risk-of-poverty rate; VLWI - share of population living in (quasi-)jobless households, i.e. very low work intensity households; SMD - severe material deprivation rate;

UK	%						change	change	EU28	
		2008	2009	2010	2011	2012	2011-2012	2008-2012	2011	2012
<b>AROP total</b>	% of total pln	18,7	17,3	17,1	16,2	16,2	0,0	-2,5	16,9	17,0
	1000 persons	11.335	10.526	10.519	10.018	10.146	1,3	-10,5	84.586	84.999
<b>VLWI total</b>	% of total pln	10,4	12,6	13,1	11,5	13,0	1,5	2,6	10,3	10,4
	1000 persons	4.905	5.941	6.201	5.452	6.242	14,5	27,3	39.465	39.431
<b>SMD total</b>	% of total pln	4,5	3,3	4,8	5,1	7,8	2,7	3,3	8,9	9,9
	1000 persons	2.739	2.034	2.972	3.137	4.880	55,6	78,2	44.362	49.671
<b>AROP+ VLWI</b>	% of total pln	3,9	4,9	4,4	3,0	2,8	-0,2	-1,1	2,9	2,7
	1000 persons	2.356	2.983	2.699	1.845	1.755	-4,9	-25,5	14.577	13.456
<b>AROP+ SMD</b>	% of total pln	1,0	0,7	0,6	1,0	1,7	0,7	0,7	2,6	2,9
	1000 persons	593	417	390	613	1.039	69,5	75,2	13.013	14.345
<b>AROP+ SMD+ VLWI</b>	% of total pln	1,2	1,1	1,4	1,2	2,0	0,8	0,8	1,7	1,9
	1000 persons	748	690	856	762	1.235	62,1	65,1	8.248	9.294
<b>SMD+ VLWI</b>	% of total pln	0,8	0,5	1,1	0,9	1,5	0,6	0,7	0,6	0,6
	1000 persons	463	333	679	581	926	59,4	100,0	2.785	3.236

Source: Eurostat (EU-SILC)

Note: change 2011-2012 and 2008-2012 is calculated as difference in percentage points (pp) for % of total population and for values in 1000 persons the change is indicated in percentage change (%). Figures for 2012 are not directly comparable with figures in previous years, due to a change in survey source. This change is magnified by the change in survey source to the FRS; and as such this may not reflect as large a change as the figures suggest.

## MACRO-ECONOMIC AND LABOUR MARKET CONTEXT

UK						EU28	
	2008	2009	2010	2011	2012	2011	2012
Real GDP growth (y-on-y % change)	-0,8	-5,2	1,7	1,1	0,3	1,6	-0,4
Employment growth (y-on-y % change)	0,7	-1,6	0,2	0,5	1,2	0,2	-0,5
Unemployment rate	5,6	7,6	7,8	8,0	7,9	9,7	10,5
Long-term unemployment rate	1,4	1,9	2,5	2,7	2,7	4,2	4,7
Social protection expenditure (% of GDP)	24,8	27,8	26,4	26,3	:	27,8	:

Source: Eurostat (National Accounts, LFS, ESSPROS)

## MAIN SOCIAL INDICATORS

### SOCIAL PROTECTION EXPENDITURE

UK		EU28					
		2008	2009	2010	2011	2010	2011
<b>Social protection expenditure (in % of GDP)</b>	Total	24,8	27,8	26,4	26,3	28,1	27,8
	Sickness/Health care	7,7	8,7	8,3	8,3	8,3	8,2
	Disability	2,7	2,9	2,4	2,4	2,2	2,1
	Old age	10,6	11,7	11,3	11,3	11,1	11,1
	Survivors	0,1	0,1	0,1	0,1	1,7	1,6
	Family/Children	1,7	1,9	1,8	1,7	2,3	2,2
	Unemployment	0,6	0,8	0,7	0,7	1,7	1,6
	Housing	1,2	1,4	1,5	1,5	0,6	0,6
	Social exclusion n.e.c.	0,2	0,2	0,2	0,2	0,4	0,4
	<b>Means-tested</b>						
	Total	3,6	4,2	3,8	3,8	3,0	3,0
	Sickness/Health care	0,0	0,1	0,1	0,1	0,1	0,1
	Disability	0,8	0,8	0,4	0,5	0,4	0,4
	Old age	1,1	1,2	1,1	1,0	0,5	0,5
	Survivors	0,0	0,0	0,0	0,0	0,1	0,1
	Family/Children	0,2	0,2	0,2	0,2	0,6	0,6
	Unemployment	0,2	0,3	0,3	0,3	0,4	0,4
	Housing	1,2	1,4	1,5	1,5	0,6	0,6
	Social exclusion n.e.c.	0,1	0,1	0,2	0,1	0,4	0,4
	<b>Non-means tested</b>						
	Total	21,2	23,6	22,6	22,4	25,1	24,8
	Sickness/Health care	7,7	8,6	8,2	8,2	8,2	8,1
	Disability	1,9	2,1	1,9	1,9	1,8	1,7
	Old age	9,5	10,5	10,2	10,3	10,5	10,6
	Survivors	0,1	0,1	0,1	0,1	1,6	1,5
	Family/Children	1,4	1,7	1,6	1,5	1,7	1,6
	Unemployment	0,4	0,6	0,5	0,4	1,3	1,2
	Housing	0,0	0,0	0,0	0,0	0,0	0,0
	Social exclusion n.e.c.	0,1	0,1	0,0	0,1	0,1	0,1

Source: Eurostat (ESSPROS)

Note: For non-means tested the aggregation Housing and Social Exclusion n.e.c is based only on Housing. The total figures of social expenditure include all benefits excluding administrative costs.

## INCOME AND LIVING CONDITIONS

UK	%								EU28	
		2008	2009	2010	2011	2012	change 2011- 2012	change 2008- 2012	2011	2012
Total population	At risk of poverty or social exclusion	23,2	22,0	23,2	22,7	24,1	1,4	0,9	24,3	24,8
	At-Risk-of-poverty rate	18,7	17,3	17,1	16,2	16,2	0,0	-2,5	16,9	17,0
	Value of threshold (single HH) - in PPS	11.126	10.091	10.178	10.082	10.582	5,0	-4,9	10.797	10.835
	Value of threshold (2 adults + 2 children younger than 14 years) - in PPS	23.364	21.192	21.374	21.173	22.221	4,9	-4,9	22.673	22.752
	Severe material deprivation rate	4,5	3,3	4,8	5,1	7,8	2,7	3,3	8,9	9,9
	Share of people living in very low work intensity households (0-59)	10,4	12,6	13,1	11,5	13,0	1,5	2,6	10,3	10,4
	At-risk-of-poverty gap	21,0	20,6	21,4	21,3	21,0	-0,3	0,0	23,4	23,5
	Anchored at-risk-of-poverty rate	18,7	20,4	21,4	21,9	21,3	-0,6	2,6	17,6	18,2
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	35,3	43,1	44,8	46,9	49,2	2,3	13,9	35,7	34,4
	S80/S20	5,6	5,3	5,4	5,3	5,4	0,1	-0,2	5,1	5,1
	Persistent at-risk-of-poverty rate	:	8,0	7,4	6,9	:	-0,5		:	10,0
	Housing cost overburden rate	16,3	16,3	16,5	16,4	7,4	-9,0	-8,9	11,6	11,3

UK	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
Children (0-17)	At risk of poverty or social exclusion	29,6	27,4	29,7	26,9	31,2	4,3	1,6	27,3	28,1
	At-risk-of-poverty rate	24,0	20,7	20,4	18,0	18,5	0,5	-5,5	20,8	20,8
	Severe material deprivation rate	6,5	4,4	7,3	7,1	12,5	5,4	6,0	10,1	11,8
	Share of people living in very low work intensity households	13,8	16,1	17,1	14,0	16,2	2,2	2,4	9,2	9,0
	At-risk-of-poverty gap	19,7	19,5	16,7	19,8	15,8	-4,0	-3,9	24,5	23,9
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	39,5	51,6	54,2	57,5	58,5	1,0	19,0	40,6	39,4
	Overcrowding rate	10,9	12,7	13,0	12,4	10,7	-1,7	-0,2	23,2	23,4
UK	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
Youth (18-24)	At risk of poverty or social exclusion	25,2	24,4	28,1	28,7	33,1	4,4	7,9	30,0	31,5
	At-risk-of-poverty rate	18,1	19,7	20,6	20,1	24,1	4,0	6,0	21,7	23,1
	Severe material deprivation rate	8,6	4,7	7,1	8,1	13,0	4,9	4,4	10,8	12,0
	Share of people living in very low work intensity households	10,2	12,1	13,1	10,2	14,3	4,1	4,1	9,4	10,0
	In-work at-risk-of-poverty rate	8,3	6,6	5,6	9,2	11,5	2,3	3,2	11,2	11,9
	Youth unemployment ratio (15-24)	9,2	11,4	11,6	12,4	12,4	0,0	3,2	9,1	9,7
	NEET rate	15,4	17,1	17,7	18,4	18,1	-0,3	2,7	16,7	17,1
	Housing cost overburden rate	17,2	18,6	19,8	19,7	12,7	-7,0	-4,5	13,6	14,3

UK	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Working age (18-64)</b>	At risk of poverty or social exclusion	19,7	19,8	21,2	21,4	23,8	2,4	4,1	24,5	25,4
	At-risk-of-poverty rate	14,7	14,8	14,9	14,1	15,5	1,4	0,8	16,1	16,5
	Severe material deprivation rate	4,7	3,6	5,0	5,5	8,0	2,5	3,3	9,0	10,0
	Share of people living in very low work intensity households (18-59)	9,1	11,3	11,7	10,5	11,8	1,3	2,7	10,7	10,8
	In-work at-risk-of poverty rate	8,0	6,3	6,7	7,8	8,8	1,0	0,8	8,9	9,1
	At-risk-of-poverty gap	22,5	22,1	23,6	22,9	23,4	0,5	0,9	25,9	26,0
	Overcrowding rate	6,5	7,1	7,2	7,0	7,2	0,2	0,7	18,3	18,2
	Housing cost overburden rate	15,8	16,2	16,6	16,6	8,7	-7,9	-7,1	11,7	11,7
	Impact of social transfers on poverty reduction (excl. pensions)(in%)	38,0	44,4	45,2	48,0	45,4	-2,5	7,4	37,1	35,0
UK	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Elderly (65+)</b>	At risk of poverty or social exclusion	28,5	23,1	22,3	22,7	16,9	-5,8	-11,6	20,4	19,3
	At-Risk-of-Poverty rate	27,3	22,3	21,3	21,8	16,1	-5,7	-11,2	15,9	14,5
	Severe Material Deprivation rate	1,4	1,2	1,3	1,3	1,4	0,1	0,0	7,3	7,6
	Relative median income ratio of elderly	0,74	0,80	0,81	0,81	0,89	0,08	0,15	0,89	0,91
	Aggregate replacement ratio	0,43	0,44	0,48	0,48	0,50	0,02	0,07	0,54	0,54
	Overcrowding rate	0,6	0,7	0,7	0,6	1,8	1,2	1,2	6,9	6,8

Source: Eurostat (EU-SILC, LFS),

Note: Figures for 2012 are not directly comparable with figures in previous years, due to a change in survey source. This change is magnified by the change in survey source to the FRS; and as such this may not reflect a change in living standards.



## INVESTING IN CHILDREN

UK	%								EU28	
		2008	2009	2010	2011	2012	change 2011-2012	change 2008-2012	2011	2012
<b>Overall objective of combating child poverty and social exclusion and promoting child well-being</b>	At risk of poverty or social exclusion (0-17)	29,6	27,4	29,7	26,9	31,2	4,3	1,6	27,3	28,1
	At-risk-of-poverty rate (0-17)	24,0	20,7	20,4	18,0	18,5	0,5	-5,5	20,8	20,8
	Severe material deprivation rate (0-17)	6,5	4,4	7,3	7,1	12,5	5,4	6,0	10,1	11,8
	Share of children (0-17) living in very low work intensity households	13,8	16,1	17,1	14,0	16,2	2,2	2,4	9,2	9,0
	Persistent at-risk-of-poverty rate (0-17)	:	10,9	7,6	7,6	:	:	:	12,7	:
<b>Access to adequate resources</b>	In-work poverty rate of people living in households with dependent children	10,2	7,9	8,5	9,0	9,8	0,8	-0,4	10,8	11,0
	At-risk-of-poverty rate for children (0-17) living in households with very low work intensity	71,7	64,4	56,4	53,1	44,9	-8,2	-26,8	70,1	68,1
	At-risk-of-poverty rate for children (0-17) living in households at work	16,2	12,2	12,7	12,1	13,2	1,1	-3,0	15,7	16,0

<b>Access to adequate resources</b>	Child care (0-3), less than 30h	31	31	31	30	:	:	:	14	15
	Child care (0-3), 30h and more	4	4	4	5	:	:	:	14	15
	Child care (3-mandatory school age), less than 30h	67	70	67	66	:	:	:	39	37
	Child care (3-mandatory school age), 30h and more	20	21	22	27	:	:	:	45	46
	Relative median poverty gap for children (0-17)	19,7	19,5	16,7	19,8	15,8	-4,0	-3,9	24,5	23,9
	Part-time employment due to care responsibilities (total)	:	34,3	33,7	33,5	33,8	0,3	:	23,1	22,7
	Part-time employment due to care responsibilities (male)	:	6,5	6,8	5,8	6,2	0,4	:	3,9	3,9
	Part-time employment due to care responsibilities (female)	:	41,9	41,8	41,9	42,2	0,3	:	28,7	28,4
	Impact of social transfers (other than pensions) in reducing child poverty	39,5	51,6	54,2	57,5	58,5	1,0	19,0	40,6	39,4
	Housing cost overburden rate (0-17)	17,4	17,0	16,8	16,1	6,4	-9,7	-11,0	11,5	11,0
	<b>Access to quality services</b>	NEET rate (15-19)	7,9	8,2	8,5	8,5	7,8	-0,7	-0,1	7,0
Early leavers from education and training (18-24)		17,0	15,7	14,9	15,0	13,6	-1,4	-3,4	13,4	12,7
Self-declared unmet need for medical care (16-24)		0,7	1,2	0,4	1,6	1,4	-0,2	0,7	1,6	1,4
Infant mortality		3.663	3.563	3.416	3.386	:			20.509	:
Severe housing deprivation (0-17)		3,9	5,1	4,7	4,5	3,4	-1,1	-0,5	7,9	7,7
Overcrowding (0-17)		10,9	12,7	13,0	12,4	10,7	-1,7	-0,2	23,2	23,4

Source: Eurostat (EU-SILC, LFS, Mortality data),

Note: Figures for 2012 are not directly comparable with figures in previous years, due to a change in survey source. This change is magnified by the change in survey source to the FRS; and as such this may not reflect a change in living standards.

## LONG-TERM ADEQUACY OF PENSIONS: THEORETICAL REPLACEMENT RATES (2010-2050)

Theoretical replacement rates (TRR):	Net 2010	Net 2050	Difference	Gross2010	Gross2050	Difference
40 years career: average income earner (basecase)	77,2	75,1	-2,1	64,6 (62/0/38)*	62,6 (59/0/41)*	-2,0
Low income	87,1	89,9	2,8	73,9 (66/0/34)*	76,3 (66/0/34)*	2,4
High income	54,1	50,4	-3,7	43,4 (57/0/43)*	40,4 (52/0/48)*	-3,0
Lower / higher future rates of return		71,2 / 79,9			58,8 / 67,1	
Lower / higher future wage growth		81,9 / 70			69,1 / 57,7	
38 years career: average income	70,9	72,7	1,8	58,8	60,3	1,5
Low / high income	78 / 51	87,3 / 48,7	9,3 / -2,3	65,9 / 40,7	73,7 / 38,8	7,8 / -1,9
42 years career: average income	80,3	77,6	-2,7	67,1	64,9	-2,2
Low / high income	90,5 / 56,1	92,6 / 52,2	2,1 / -3,9	77,2 / 45,1	79 / 42	1,8 / -3,1
10 years after retirement	72,1	68,8	-3,3	58,2	55,5	-2,7
Female worker with 3 years of career break for childcare	71,5	76,2	4,7	59,7	63,6	3,9
3 years of career break for unemployment	76,6	76,8	0,2	64,0	64,2	0,2
10 years out of the labour market	63,4	63,6	0,2	51,5	51,6	0,1
	<b>2010</b>	<b>2050</b>	<b>Difference</b>	<b>EU27 2010</b>	<b>EU27 2050</b>	<b>Difference</b>
Benefit ratio (Public pensions)	:	:	:	44,7	37,0	-7,7
Gross replacement rate at retirement (Public pensions)	5,1	5,3	0,2	48,0	39,1	-8,9

Note: \*: Share of statutory DB-NDC / statutory funded / occupational and other supplementary pensions  
Source: Joint SPC/EC report on Pension Adequacy in the European Union (2010-2050)

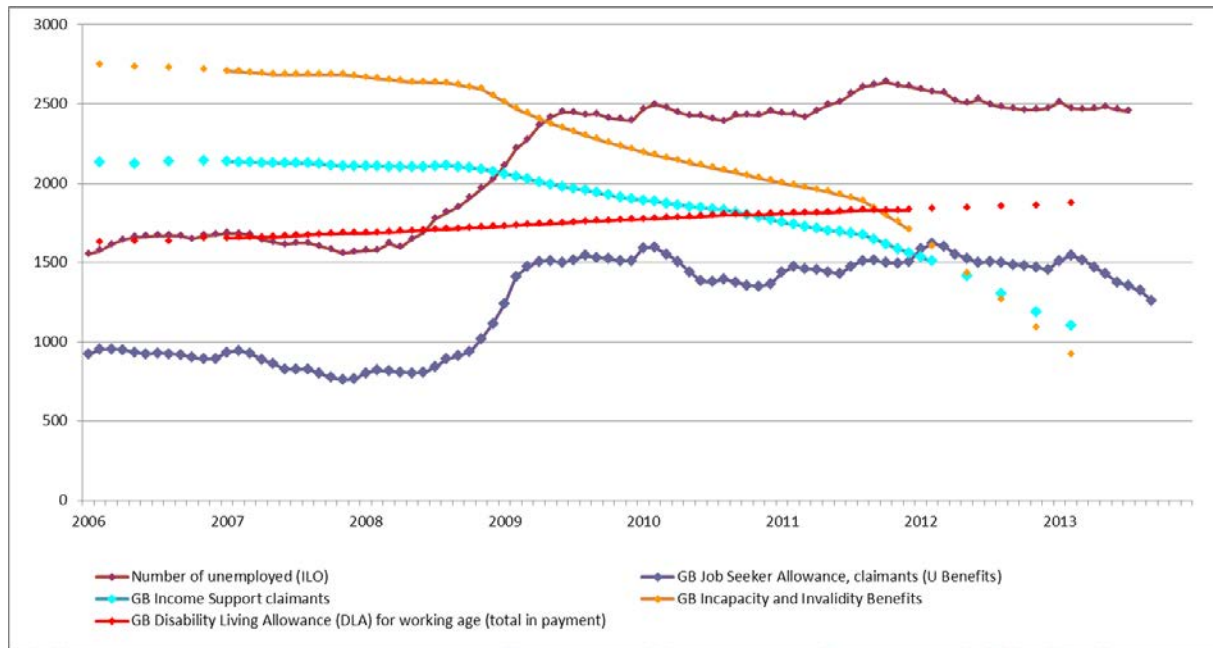
## HEALTH CARE SYSTEMS

UK						EU28	
	2008	2009	2010	2011	2012	2011	2012
Healthy life years at birth (male)	65	65	65	65,2	64,5	61,7	61,3
Healthy life years at birth (female)	66,3	66,1	65,6	65,2	64,5	62,2	61,9
Healthy life years at 65 (male)	10,7	10,9	10,9	11	10,5	8,6	8,4
Healthy life years at 65 (female)	11,8	11,4	11,8	11,9	10,6	8,6	8,5
Life expectancy at birth (male)	77,8	78,3	78,7	79	:	77,4	:
Life expectancy at birth (female)	81,9	82,5	82,6	83	:	83,2	:
Life expectancy at 65 (male)	17,7	18,1	18,3	18,5	:	17,8	:
Life expectancy at 65 (female)	20,3	20,8	20,9	21,1	:	21,3	:
Self-reported unmet need for medical care (%)	1,0	1,2	1,0	1,2	1,4	3,4	3,4
Self-perceived general health (%)	79,2	78,3	79,4	77,5	74,7	67,9	68,2
Total health care expenditure (PPS) per capita	:	:	:	:	:	:	:
Total health care expenditure (% of GDP)	:	:	:	:	:	:	:

Source: Eurostat (EU-SILC, Mortality data, SHA),

Note: data source for self-perceived general health (hlth\_silc\_01); 2012 data for healthy life years is based on provisional estimates for the UK.

## TRENDS IN TAKE-UP OF SELECTED BENEFITS<sup>222</sup>



<sup>222</sup> These data have been collected by the SPC in the context of monitoring the social impact of the crisis. It includes only a selection of benefits which have been considered most reactive to the crisis. The number of unemployed (standard definition by the ILO) and the number of persons with overdue debt repayments are given as a background.

UK	Number of Unemployed (ILO)
<b>definition</b>	Total number of people actively seeking work who cannot find work, seasonally adjusted (thousands)
<b>unit</b>	thousands
<b>source</b>	Eurostat
<b>link</b>	<a href="http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_lfs/data/database">http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_lfs/data/database</a>
<b>finding the data</b>	Click the link directly above. In the drop down menus select "Employment and unemployment (Labour Force Survey)", then "LFS main indicators", then "Unemployment - LFS adjusted series" and then "Unemployment by sex and age groups - monthly average, 1000 persons". You will need to update the TIME variable to ensure that the data explorer contains the relevant years. To do this click the + symbol next to the variable TIME, then add the relevant years, and then select update.
Jobseekers Allowance	
<b>definition</b>	total number of individuals in Great Britain receiving income support (thousands)
<b>unit</b>	thousands of claimants
<b>source</b>	DWP: WPLS
<b>link</b>	<a href="http://tabulation-tool.dwp.gov.uk/100pc/">http://tabulation-tool.dwp.gov.uk/100pc/</a>
<b>finding the data</b>	Click the link directly above. Under "Benefit/Scheme" select "Income Support". Then under "Analysis" select "Caseload (thousands)"; under "Row" select "Time series"; under "column" you can select any of the options in the drop down menu; under "subset" select "NONE". Then click "Get Table >>" and copy the figures in the column marked "Total".
<b>comment</b>	Since October 2008 Employment and Support Allowance has been replacing Incapacity Benefit, Income Support and Severe Disablement Allowance, as such the trends shown in the attached material show a marked fall in receipt of these benefits but it should be noted that many of these recipients will have moved onto Employment and Support Allowance and all new claims would be processed through ESA, which is not captured in these figures.
Income Support Claimants	
<b>definition</b>	total number of individuals in Great Britain receiving income support (thousands)
<b>unit</b>	thousands of claimants
<b>source</b>	DWP: WPLS
<b>link</b>	<a href="http://tabulation-tool.dwp.gov.uk/100pc/">http://tabulation-tool.dwp.gov.uk/100pc/</a>
<b>finding the data</b>	Click the link directly above. Under "Benefit/Scheme" select "Income Support". Then under "Analysis" select "Caseload (thousands)"; under "Row" select "Time series"; under "column" you can select any of the options in the drop down menu; under "subset" select "NONE". Then click "Get Table >>" and copy the figures in the column marked "Total".
<b>comment</b>	Since October 2008 Employment and Support Allowance has been replacing Incapacity Benefit, Income Support and Severe Disablement Allowance, as such the trends shown in the attached material show a marked fall in receipt of these benefits but it should be noted that many of these recipients will have moved onto Employment and Support Allowance and all new claims would be processed through ESA, which is not captured in these figures.

<b>UK Incapacity and Invalidity benefit</b>	
<b>definition</b>	total number of individuals in Great Britain receiving either incapacity benefit or severe disablement allowance (thousands).
<b>unit</b>	thousands of claimants
<b>source</b>	DWP: WPLS
<b>link</b>	<a href="http://tabulation-tool.dwp.gov.uk/100pc/">http://tabulation-tool.dwp.gov.uk/100pc/</a>
<b>finding the data</b>	Click the link directly above. Under "Benefit/Scheme" select "Incapacity Benefit/ Severe Diasablement Allowance - combined information". Then under "Analysis" select "Caseload (thousands)"; under "Row" select "Time series"; under "column" you can select any of the options in the drop down menu; under "subset" select "NONE". Then click "Get Table >>" and copy the figures in the column marked "Total".
<b>comment</b>	Since October 2008 Employment and Support Allowance has been replacing Incapacity Benefit, Income Support and Severe Disablement Allowance, as such the trends shown in the attached material show a marked fall in receipt of these benefits but it should be noted that many of these recipients will have moved onto Employment and Support Allowance and all new claims would be processed through ESA, which is not captured in these figures.
<b>Disability Living Allowance</b>	
<b>definition</b>	total number of Working Age adults in Great Britain receiving Disability Living Allowance (thousands). These figures refer to working age adults receivmng DLA rather than to working age adults entitled to DLA.
<b>unit</b>	thousands of claimants
<b>source</b>	DWP: WPLS
<b>link</b>	<a href="http://tabulation-tool.dwp.gov.uk/100pc/">http://tabulation-tool.dwp.gov.uk/100pc/</a>
<b>finding the data</b>	Click the link directly above. Under "Benefit/Scheme" select "Disability Living Allowance - cases in payment". Then under "Analysis" select "Caseload (thousands)"; under "Row" select "Time series"; under "column" you can select any of the options in the drop down menu; under "subset" select "Working Age/Pension Age split"; then under the next dropdown menu called "subset" select "Working Age". Then click "Get Table >>" and copy the figures in the column marked "Total".

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## Definitions and data sources

Indicator	Definition	Data source
At risk of poverty or social exclusion rate	The sum of persons who are: at-risk-of-poverty or severely materially deprived or living in households with very low work intensity as a share of the total population	Eurostat – EU SILC
At-risk-of-poverty rate	Share of persons aged 0+ with an equivalised disposable income below 60% of the national equivalised median income. Equivalised median income is defined as the household's total disposable income divided by its "equivalent size", to take account of the size and composition of the household, and is attributed to each household member. Equalization is made on the basis of the OECD modified scale.	Eurostat – EU SILC
Severe material deprivation rate	Share of population living in households lacking at least 4 items out of the following 9 items: i) to pay rent or utility bills, ii) keep home adequately warm, iii) face unexpected expenses, iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home, or could not afford (even if wanted to) vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone.	Eurostat – EU SILC
Share of population(0-59) in (quasi-) jobless, i.e. very low work intensity (VLWI), households	People aged 0-59, living in households, where working-age adults (18-59) work less than 20% of their total work potential during the past year.	Eurostat – EU SILC
Relative poverty risk gap rate	Difference between the median equivalised income of persons aged 0+ below the at-risk-of poverty threshold and the threshold itself, expressed as a percentage of the at-risk-of poverty threshold.	Eurostat – EU SILC
Income quintile ratio S80/S20	The ratio of total income received by the 20% of the country's population with the highest income (top quintile) to that received by the 20% of the country's population with the lowest income (lowest quintile). Income must be understood as equivalised disposable income.	Eurostat – EU SILC

<b>At risk of poverty or social exclusion rate of children</b>	The sum of children (0-17) who are: at-risk-of-poverty or severely materially deprived or living in households with very low work intensity (below 20%) as a share of the total population	Eurostat – EU SILC
<b>Impact of social transfers (excluding pensions) on poverty reduction</b>	Reduction in the at-risk-of-poverty rate in % due to social transfers, calculated as the percentage difference between the at-risk-of-poverty rate before and after social transfers	Eurostat – EU SILC
<b>At-risk-of-poverty rate for the population living in very low work intensity households</b>	Share of persons aged (0-59) with an equivalised disposable income below 60% of the national equivalised median income who live in households where working-age adults (18-59) work less than 20% of their total work potential during the past year.	Eurostat – EU SILC
<b>In-work at-risk-of-poverty rate</b>	Individuals (18-64) who are classified as employed according to their most frequent activity status and are at risk of poverty. The distinction is made between “wage and salary employment plus self-employment” and “wage and salary employment” only.	Eurostat – EU SILC
<b>Long-term unemployment rate (active population, 15+)</b>	Total long-term unemployed population ( $\geq 12$ months' unemployment; ILO definition) as a proportion of total active population.	Eurostat – LFS
<b>Youth unemployment ratio</b>	Total unemployed young people (ILO definition), 15-24 years, as a share of total population in the same age group (i.e. persons aged 15-24 who were without work during the reference week, were currently available for work and were either actively seeking work in the past four weeks or had already found a job to start within the next three months as a percentage of the total population in the same age group).	Eurostat - LFS
<b>Early leavers from education and training</b>	Share of persons aged 18 to 24 who have only lower secondary education (their highest level of education or training attained is 0, 1 or 2 according to the 1997 International Standard Classification of Education – ISCED 97) and have not received education or training in the four weeks preceding the survey.	Eurostat – LFS
<b>Employment rate of older workers</b>	Persons in employment in age group 55-64, as a proportion of total population in the same age group.	Eurostat – LFS
<b>At risk of poverty or social exclusion rate of the elderly</b>	The sum of elderly (65+) who are: at-risk-of-poverty or severely materially deprived or living in households with very low work intensity as a share of the total population in the same age group.	Eurostat – EU SILC

<b>Median relative income ratio of elderly people</b>	Median equivalised disposable income of people aged 65+ as a ratio of income of people aged 0-64.	Eurostat – EU SILC
<b>Aggregate replacement ratio</b>	Median individual pension income of 65-74 relative to median individual earnings of 50-59, excluding other social benefits <sup>223</sup>	Eurostat – EU SILC
<b>Housing cost overburden rate</b>	Percentage of the population living in a household where total housing costs (net of housing allowances) represent more than 40% of the total disposable household income (net of housing allowances).	Eurostat – EU SILC
<b>Share of the population with self-reported unmet need for medical care</b>	Total self-reported unmet need for medical examination for the following three reasons: financial barriers + waiting times + too far to travel.	Eurostat – EU SILC
<b>Healthy life years at 65</b>	Number of years that a person at 65 is still expected to live in a healthy condition. To be interpreted jointly with life expectancy (included in the SPPM contextual information).	Eurostat
<b>GDP growth/ GDP per capita (in PPS)</b>	Gross domestic product (GDP) is a measure of the economic activity, defined as the value of all goods and services produced less the value of any goods or services used in their creation.  The calculation of the annual growth rate of GDP at constant prices is intended to allow comparisons of the dynamics of economic development both over time and between economies of different sizes, irrespective of price levels.	Eurostat
<b>Public debt</b>	General government consolidated gross debt as a percentage of GDP.	Eurostat - General Government data
<b>Employment rate</b>	Persons in employment in age group 15 to 64 as a proportion of total population in the same age group.	Eurostat-LFS
<b>Unemployment rate</b>	Unemployed population as a proportion of total active population aged 15 years or more.	Eurostat-LFS
<b>Social protection expenditure (by types of risk)</b>	The annual percentage of gross domestic product spent on social protection.  Social protection encompasses “all interventions from public or private bodies intended to relieve households and individuals of the burden of a defined set of risks or needs, provided that there is neither a simultaneous reciprocal nor an individual arrangement involved”.	Eurostat - Esspros
<b>Old age dependency ratio</b>	Ratio between the total number of people aged 65 and over and the number of persons of working age (aged 15 to 64).	Eurostat

<sup>223</sup> Pension income covers pensions from basic (first pillar) schemes, means-tested welfare schemes; early retirement widow's (first pillar) and other old age-related schemes. Other social benefits includes: unemployment-related benefits; family-related benefits; benefits relating to sickness or invalidity; education-related allowances; any other personal social benefits. Work income includes income from wage and salary employment and income from self-employment.

## **Definition of the in-work at-risk-of-poverty rate**

*Individuals who are classified as employed, defined here as being in work for over half of the year and who are at risk of poverty, i.e. live with an equivalised disposable income after social transfers below 60% of the national median equivalised disposable income.*

In defining in-work (monetary) poverty, the income for people who are employed is calculated for households, but the poverty status is assigned to the individual. This means that in-work poverty, when measured, is influenced by both the total disposable income (including non-wage income) and the household composition. The assumption of equal sharing of resources within households (giving the so-called equivalised income) that underlies the definition of monetary income poverty means that the economic well-being of individuals depends on the total resources contributed by all members of the households. In this respect some income can move from one household member to the other without affecting the actual income of the individual. Hence, measuring attachment to the labour market at the level of households provides a better indicator of the welfare implications associated with labour market status than individual employment rates.

## **Income/disposable income**

Household income comes from different sources. Employment is generally the main source of income but it is not the only one. Individuals may receive transfers from the state (e.g. unemployment benefits, pensions, etc.); property income (e.g. dividends from financial assets, etc.); and income from other sources (e.g. rental income from property or from the sale of property or goods, etc.).

## **Employed**

In EU SILC, people are defined as employed based on the self-declared economic status.

## **Working full year/less than full year**

Working full year corresponds to working during the total number of months for which information on the activity status has been provided. Less than full year corresponds to working for more than half, but less than all, the numbers of the months for which information on activity status is provided.

## **Full-time/part-time working**

This variable refers to the main job with the designation of full-time and part-time work as self-reported by the respondent.

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