

## 23 % of EU citizens were at risk of poverty or social exclusion in 2010

In 2010 as in 2009, around 23 % of the European population were considered to be at risk of poverty or social exclusion (AROPE), according to the definition adopted for the Europe 2020 strategy. The AROPE indicator is defined as the share of the population in at least one of the following three conditions: 1) at risk of poverty, meaning below the poverty threshold, 2) in a situation of severe material deprivation, 3) living in a household with a very low work intensity<sup>1</sup>.

With a rate of 26.9 % in EU-27, children were at greater risk of poverty or social exclusion in 2010 than the rest of the population in 21 of the 25 Member States for which data are available. The only exceptions were Denmark, Slovenia, Finland and Sweden.

Concerning the single components of the AROPE indicator, in 2010, as in 2009 around

16 % of the European population were at risk of poverty, meaning below the poverty threshold. 8 % of Europeans were severely materially deprived (stable compared with 2009) and 36 % stated they would be unable to cope with unexpected expenses (an increase of 1 percentage point (pp) compared with 2009).

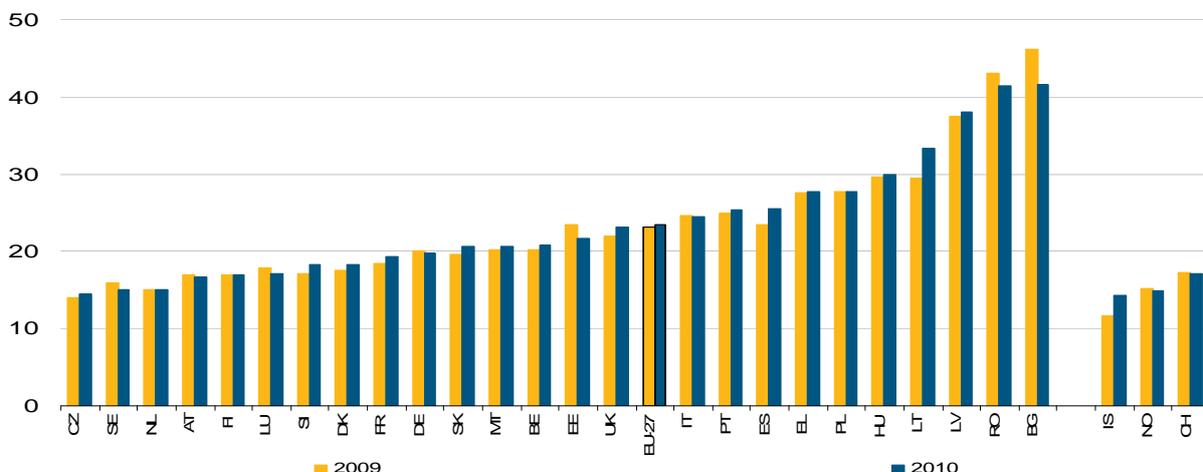
Around 10 % of people aged 0-59 could be considered as living in a household with very low work intensity in 2010 (increase of 0.9 pp compared with 2009).

All figures are based on EU-SILC (Statistics on Income and Living Conditions).

In 2010, approximately 115.5 million people in the EU-27 (23 %) were at risk of poverty or social exclusion (AROPE). This figure, calculated as a weighted average of national results, masks considerable variation between Member States. At one extreme, the Member States with the highest AROPE rates were Bulgaria (42 %), Romania (41 %), Latvia (38 %), Lithuania (33 %) and Hungary (30 %).

<sup>1</sup> see methodological notes

Figure 1: People at risk of poverty or social exclusion (%), 2009 and 2010



Note: EU-27 Eurostat estimation, data not available for IE and CY in 2010

Source: Eurostat (online data code : [ilc\\_peps01](#))

At the other extreme, the share of the population at risk of poverty or social exclusion was around 15 % in the Czech Republic, Sweden and the Netherlands.

Despite AROPE rates remaining stable overall at EU-27 level between 2009 and 2010, the risk of

poverty or social exclusion rose by 3.9 pp in Lithuania and 2.1 in Spain, decreasing significantly only in Bulgaria, Estonia and Romania (-4.6, -1.7 and -1.7 pp).

## Children and active-age people more at risk of poverty or social exclusion than elderly people in several countries

With a rate of 26.9 % in EU-27, children were at greater risk of poverty or social exclusion in 2010 than the rest of the population in 21 of the 25 Member States for which data are available. The largest gaps (difference between the AROPE rates for the specific age groups) between children and the total population were observed in Hungary, Romania, the UK and Luxembourg: in these countries the AROPE rate for children was more than 5 pp higher than the rate for the total population. The situation was relatively better for children than adults in Denmark, Slovenia, Finland, and Sweden.

The percentage of children living in a household at risk of poverty or social exclusion ranged from 14-15 % in the four countries mentioned above to more than 40 % in Latvia, Bulgaria and Romania. The main factors affecting child poverty are the labour market situation of the parents, the composition of the household in which the children live and the effectiveness of government intervention through income support and the provision of enabling services.

The elderly faced a lower risk of poverty or social exclusion in 2010 than the overall population both at EU-27 level (19.8 % as opposed to 23.4 %) and in the majority of countries. The risk of poverty or social exclusion faced by people aged 65 or more in 2010 ranged from about 6 % in Luxembourg to about 56 % in Bulgaria.

These differences in the relative situation of the elderly depend on a number of factors including the features of the pension systems for current pensioners and the age and gender structure of the elderly population, since elderly women and the very old tend to face much higher risks in some countries.

**Table 1: People at risk of poverty or social exclusion by age group (%), 2010**

	Children (0-17)	Working age population (18-64)	Elderly (65 years and more)	Total
EU-27	26.9(s)	23.3(s)	19.8(s)	23.4(s)
BE	23.2	20.0	21.0	20.8
BG	44.6	36.9	55.9	41.6
CZ	18.9	14.1	10.1	14.4
DK	15.1	19.5	18.4	18.3
DE	21.7	20.8	14.8	19.7
EE	24.0	21.8	19.0	21.7
EL	28.7	27.7	26.7	27.7
ES	29.8	25.1	22.6	25.5
FR	23.0	20.0	12.0	19.3
IT	28.9	24.7	20.3	24.5
LV	42.0	37.0	37.7	38.1
LT	34.3	34.0	30.0	33.4
LU	22.3	17.5	6.1	17.1
HU	38.7	30.5	16.8	29.9
MT	24.4	19.1	21.9	20.6
NL	16.9	16.5	6.2	15.1
AT	18.8	16.1	15.8	16.6
PL	30.8	27.6	24.4	27.8
PT	28.7	24.1	26.1	25.3
RO	48.7	39.7	39.9	41.4
SI	15.2	18.1	22.8	18.3
SK	25.3	20.2	16.7	20.6
FI	14.2	17.1	19.5	16.9
SE	14.5	15.0	15.9	15.0
UK	29.7	21.2	22.3	23.1
IS	17.6	14.7	5.3	14.3
NO	14.6	15.7	12.3	14.9
CH	19.9	13.7	27.7	17.1

Note: (s) Eurostat estimation, data not available for IE and CY

Source: Eurostat (online data code : [ilc\\_peps01](#))

## At-risk-of-poverty rate stable at 16 % mainly thanks to social transfers

In 2010, around 16 % of the European population was at risk of poverty, meaning below the poverty threshold calculated in each country as 60 % of median disposable income. The rate remained stable compared with 2009 for the EU-27 as a whole.

When considering country-specific situations, the risk of poverty (after social transfers) increased the most in Slovenia (1.4 pp) and Spain (1.2 pp) in 2010 and it decreased the most in Latvia (-4.4 pp), Estonia (-3.9 pp), Romania (-1.3 pp) and Bulgaria (-1.1 pp). As for the other Member States, the magnitude of the change remained below 1 pp.

The decrease in the at-risk-of-poverty rate in Latvia and Estonia should be seen in conjunction with the sharp fall between 2009 and 2010<sup>2</sup> in the median income in these countries, by 17 % and 8 % respectively. A number of people who were around the poverty threshold in 2009 moved above it even if their situation did not significantly change in 2010, given the lowering of the threshold caused by the fall in the median income.

The at-risk-of-poverty rate before social transfers measures a hypothetical situation where social transfers are absent (pensions not being considered as a social transfer). Comparing this with the standard at-risk-of-poverty rate (after social transfers) shows that such transfers have an important redistributive effect that helps to reduce the number of people who are at-risk-of-poverty. In each country, these rates are calculated with the same poverty threshold, i.e. including social transfers in the total household income.

If we consider the at-risk-of-poverty rate before social transfers a slightly different picture emerges with the at-risk-of-poverty rate rising by 0.6 pp at EU level between 2009 and 2010 and significantly rising in several countries, with the largest increases in Spain (3.7 pp), Slovakia (2.7 pp), Lithuania (2.4 pp) and Slovenia (2.2 pp).

Social transfers reduced the number of people at risk of poverty in 2010 but in particular have had an important effect in mitigating the increase in monetary poverty.

**Table 2: At-risk-of-poverty rate before and after social transfers (%) and at-risk-of-poverty threshold (for a single person), 2009 and 2010**

	At-risk-of-poverty before social transfers		At-risk-of-poverty after social transfers		At-risk-of-poverty threshold (€)	
	2009	2010	2009	2010	2009	2010
<b>EU-27</b>	<b>25.1</b>	<b>25.7(s)</b>	<b>16.3</b>	<b>16.4 (s)</b>	-	-
BE	26.7	26.7	14.6	14.6	11 588	11 678
BG	26.4	27.1	21.8	20.7	1 697	1 810
CZ	17.9	18.1	8.6	9.0	4 377	4 235
DK	31.2	29.1	13.1	13.3	15 017	15 401
DE	24.1	24.2	15.5	15.6	11 151	11 278
EE	25.9	24.9	19.7	15.8	3 725	3 436
IE	37.5	:	15.0	:	13 467	:
EL	22.7	23.8	19.7	20.1	6 897	7 178
ES	24.4	28.1	19.5	20.7	7 980	7 818
FR	23.8	25.0	12.9	13.5	11 856	12 027
IT	23.2	23.3	18.4	18.2	9 382	9 562
CY	22.7	:	16.2	:	10 459	:
LV	30.3	29.1	25.7	21.3	3 284	2 722
LT	29.4	31.8	20.6	20.2	2 889	2 436
LU	27.0	29.1	14.9	14.5	19 059	19 400
HU	28.9	28.4	12.4	12.3	2 844	2 544
MT	23.1	22.9	15.3	15.5	6 392	6 275
NL	20.5	21.1	11.1	10.3	12 094	12 175
AT	24.1	24.1	12.0	12.1	11 931	12 371
PL	23.6	24.4	17.1	17.6	3 058	2 643
PT	24.3	26.4	17.9	17.9	4 969	5 207
RO	29.1	27.5	22.4	21.1	1 297	1 222
SI	22.0	24.2	11.3	12.7	7 118	7 042
SK	17.1	19.8	11.0	12.0	3 403	3 670
FI	26.2	27.0	13.8	13.1	12 577	12 809
SE	26.6	26.7	13.3	12.9	12 749	11 825
UK	30.4	31.0	17.3	17.1	9 757	10 263
IS	19.7	22.8	10.2	9.8	13 417	10 992
NO	25.2	26.6	11.7	11.2	20 242	19 438
CH	22.1	22.9	15.1	15.6	17 586	18 409

Note: (s) Eurostat estimation, data not available for IE and CY in 2010

Source: Eurostat (online data codes: [ilc\\_li10](#) and [ilc\\_li02](#))

<sup>2</sup> For all countries except Ireland and the United Kingdom the income reference period refers to the civil year preceding the survey year, i.e. the 2010 survey actually refers to 2009 income levels.

## 10% of people aged 0-59 living in a household with a very low work intensity

Low work intensity refers to the ratio between the number of months that household members of working age (aged 18-59, not being a student aged 18-24) worked during the income reference year, and the total number of months that could theoretically have been worked by the same household members. For persons who declared that they worked part-time, the number of months in terms of full time equivalents is estimated on the basis of the number of hours usually worked at the time of the interview.

People living in households with a very low work intensity are defined as people of all ages (from 0-59 years) living in households where the adults (those aged 18-59, but excluding student aged 18-24) worked less than 20% of their total potential during the previous 12 months.

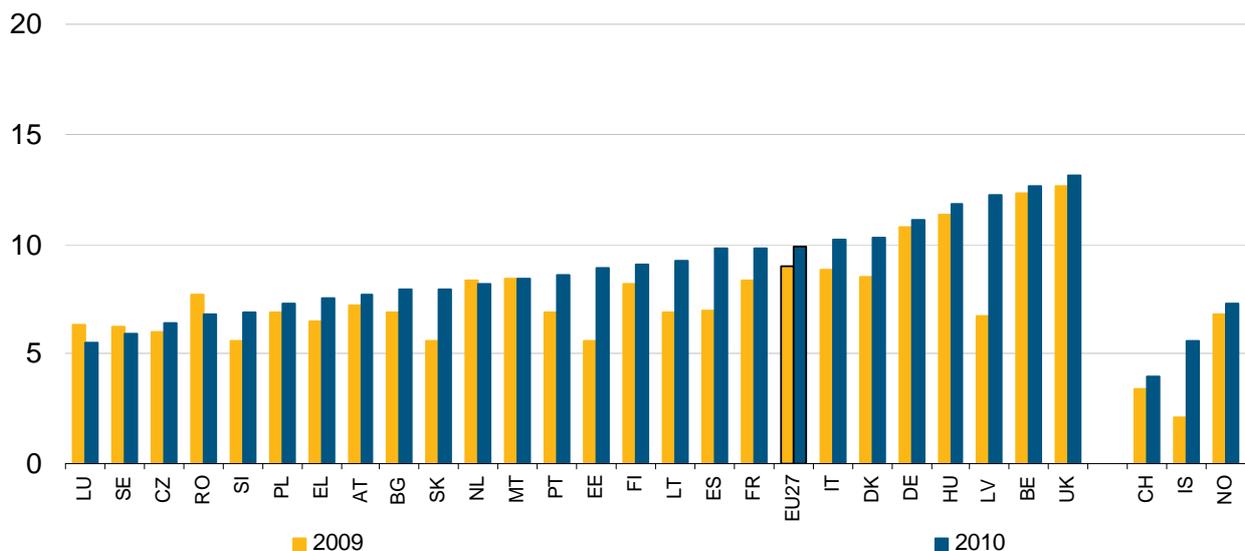
Following this definition, around 10 % of the EU-27 population could be considered as living in a household with a very low work intensity in 2010, with some variation between Member States.

On the one hand, only 6 % or less of the target population was living in a household with a very low work intensity in Luxembourg, Sweden and Czech Republic.

On the other hand, the indicator exceeded 12% in Latvia, Belgium and the United Kingdom.

Overall at the EU level the indicator has increased slightly (0.9pp) between 2009 and 2010. It rose by more than 2 pp in Latvia (by 5.5 pp), Estonia (3.3 pp), Spain (2.8 pp), Slovakia and Lithuania (both 2.3 pp) but decreased slightly in Romania (-0.9 pp) and Luxembourg (-0.8 pp).

**Figure 2: People (less than 60) living in households with very low work intensity (%), 2009 and 2010**



Note: EU-27 Eurostat estimation, data not available for IE and CY in 2010.

Source: Eurostat (online data code : [ilc\\_lvhl11](#))

## 8 % of Europeans were severely materially deprived

Material deprivation rates complement the social exclusion picture by providing an estimate of the proportion of people whose living conditions are severely affected by a lack of resources.

The severe material deprivation rate represents the proportion of people who cannot afford at least four of the nine following items: 1) (arrears on) mortgage or rent payments, utility bills, hire purchase instalments or other loan payments; 2) one week's annual holiday away from home; 3) a meal with meat, chicken, fish (or vegetarian equivalent) every second day; 4) unexpected financial expenses; 5) a telephone (including mobile phone); 6) a colour TV; 7) a washing machine; 8) a car and 9) heating to keep the home adequately warm.

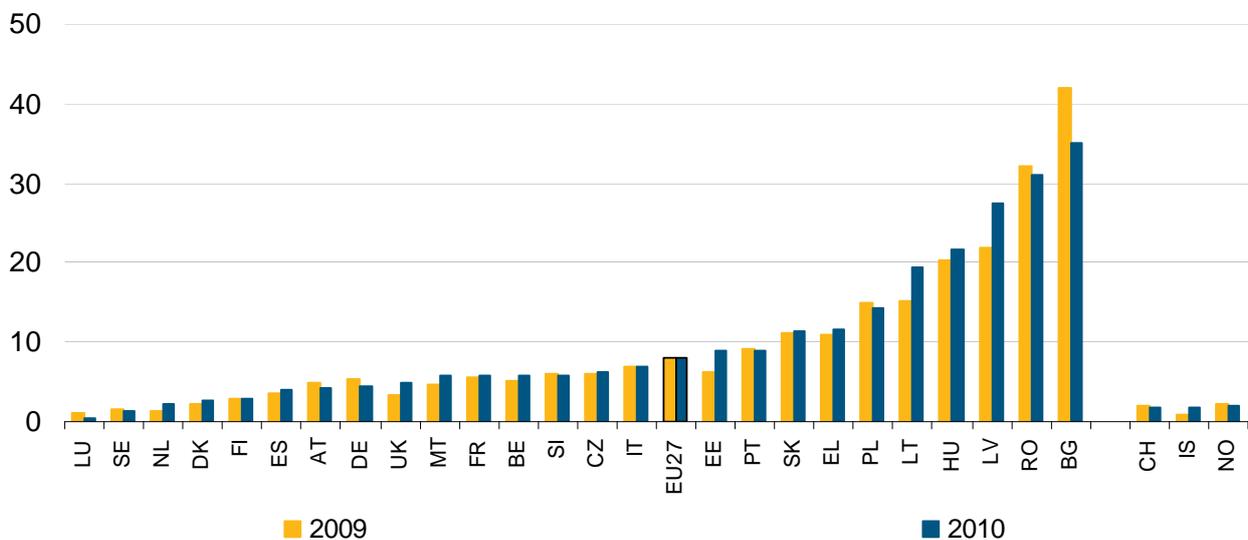
Following this definition, around 8 % of the EU-27 population could be considered severely

materially deprived in 2010, with a wide variation between Member States. On the one hand, only 0.5 % of the population were severely deprived in Luxembourg, 1.3% in Sweden and 3 % or less in the other Nordic countries and the Netherlands.

On the other hand, the deprivation rate exceeded 30% in Bulgaria and Romania, and exceeded 20 % in Hungary and Latvia.

While overall at EU level, severe material deprivation remained stable between 2009 and 2010, it increased in the Baltic countries (by 5.5 pp in Latvia, 4.4 pp in Lithuania, 2.8 pp in Estonia), in the UK (1.5 pp), Hungary (1.3 pp) and Malta (1.0 pp) and it decreased significantly in Bulgaria (-6.9 pp) and Romania (-1.2 pp).

**Figure 3: Severe Material deprivation rate (%), 2009-2010**



Note: EU-27 Eurostat estimation, data not available for IE and CY in 2010.

Source: Eurostat (online data code : [ilc\\_mddd11](#)).

## 36 % of Europeans could not afford unexpected financial expenses

Among material deprivation items, facing unexpected expenses showed the greatest variation in 2010 at EU-27 level compared with 2009.

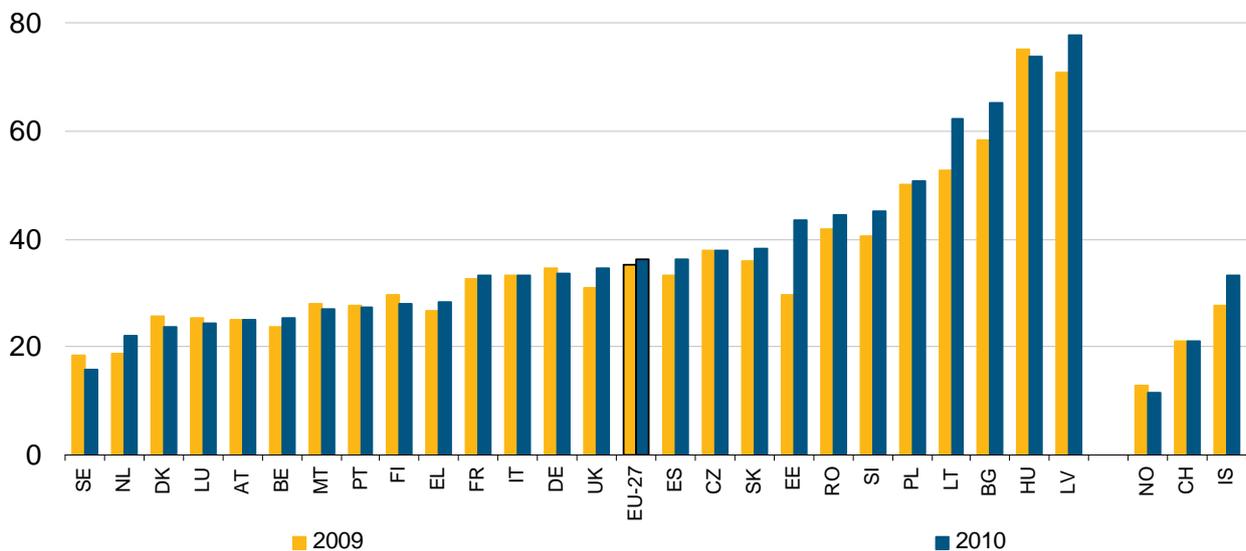
This item measures the ability of a household to cover from their own resources an unexpected expense amounting to a fraction (1/12) of the poverty threshold. The amount varies between countries from about €100 in Romania to about €600 in Luxembourg.

In 2010 around 36 % of the EU population reported difficulties in facing such unexpected expenses. This represents an increase of 1 pp compared with 2009.

There is considerable variation among Member States. The percentage of people reporting such difficulties ranges from 25 % or less in Austria, Luxembourg, Denmark, the Netherlands and Sweden to more than 60 % in Lithuania, Bulgaria and Hungary, reaching a maximum of 77.6 % in Latvia.

Compared with 2009, the percentage of people reporting difficulties in facing unexpected expenses increased by more than 5 pp in Estonia (14.0 pp), Lithuania (9.5 pp), Latvia (6.8 pp) and Bulgaria (6.7 pp). At the same time it decreased by more than 2 pp only in Sweden (-2.7 pp).

**Figure 4: Inability to face unexpected financial expenses (%), 2009-2010**



Note: EU-27 Eurostat estimation, data not available for IE and CY in 2010.

Source: Eurostat (online data code : [ilc\\_mdcs04](#)).

## Methodological notes

### Background

EU-SILC (EU Statistics on income and living conditions) is the reference source for statistics and indicators on income and living conditions. It is organised under the [Framework Regulation 1177/2003](#).

EU-SILC is the main source of information used in the European Union to develop indicators monitoring poverty and social exclusion.

### Definitions

#### Income

Gross income includes income from market sources and cash benefits. The former includes employee cash or near cash income, non-cash employee income, cash benefits from self-employment, income from rental of a property or land, regular inter-household cash transfer received, interest, dividends, profit from capital investments in unincorporated business, income received by people aged under 16 and pensions from individual private plans. Cash benefits are a sum of all unemployment, old age, survivor's, sickness and disability benefits; education-related, family/children related and housing allowances; and benefits for social exclusion or those not elsewhere classified. Direct taxes and regular inter-household cash transfers paid are deducted from gross income to give disposable income.

The current definition of total household disposable income used for the calculation of presented indicators excludes imputed rent – i.e. money that one saves on full (market) rent by living in one's own accommodation or in accommodation rented at a price that is lower than the market rent. It should also be noted that the definition of income currently used excludes as well non monetary income components, in particular value of goods produced for own consumption, social transfer in kind and non-cash employee income except company cars.

The income reference period is a fixed 12-month period (such as the previous calendar or tax year) for all countries except UK for which the income reference period is the current year and IE for which the survey is continuous and income is collected for the last twelve months.

#### Equivalence scale

In order to reflect differences in household size and composition, the income figures are given per equivalent adult. This means that the total household income is divided by its equivalent size using the so-called modified OECD equivalence scale. This scale gives a weight of 1.0 to the first adult, 0.5 to any other household member aged 14 and over and 0.3 to each child below age 14. The resulting figure is attributed to each member of the household, whether adult or children. The equivalent size of a household that consists of 2 adults and 2 children below the age of 14 is therefore:  $1.0 + 0.5 + (2 \times 0.3) = 2.1$

#### At-risk-of-poverty rate

This indicator reflects the percentage of people with an equivalised disposable income below the 'at-risk-of-poverty threshold'. The at-risk-of poverty threshold is set for each country at 60% of the national median equivalised disposable income.

The 'at-risk-of-poverty rate before social transfers' shows the percentage of persons with an equivalised disposable income before social transfers excluding old-age benefits below the 'at-risk-of-poverty threshold'.

#### Severe material deprivation rate

The *Severe material deprivation rate* is defined as the percentage of the population with an enforced lack of at least four out of nine material deprivation items in the 'economic strain and durables' dimension.

The nine items considered are 1) arrears on mortgage or rent payments, utility bills, hire purchase instalments or other loan payments; 2) capacity to afford paying for one week's annual holiday away from home; 3) capacity to afford a meal with meat, chicken, fish (or vegetarian equivalent) every second day; 4) capacity to face unexpected financial expenses [set amount corresponding to the monthly national at-risk-of-poverty threshold of the previous year]; 5) household cannot afford a telephone (including mobile phone); 6) household cannot afford a colour TV; 7) household cannot afford a washing machine; 8) household cannot afford a car and 9) ability of the household to pay for keeping its home adequately warm.

#### Capacity to face unexpected expenses

This indicator reflects the share of the population which cannot afford an unexpected required expense equal to 1/12 of the national at-risk-of poverty threshold with its own resources.

#### Households with a very low work intensity

For each household the work intensity is calculated by dividing the sum of all the months actually worked by the working age members of the household by the sum of the workable months in the household – i.e., the number of months spent in any activity status by working age members of the household. A working age person is defined as a person aged 18-59 years, not being a dependent child (dependent children are individuals aged 0 to 15 years or 16 to 24 years if inactive and living with at least one parent). A work intensity equal or inferior to 0.20 is considered as very low.

#### People at-risk-of-poverty rate or social exclusion (AROPE)

This indicator is the headline indicator to monitor the EU2020 strategy poverty target. It reflects the share of the population which is either at risk of poverty, or severely materially deprived or lives in a household a very low work intensity.

#### EU-average

EU aggregates are computed as the population-weighted averages of national indicators.

#### Abbreviations

EU-27 Member States: Belgium (BE), Bulgaria (BG), the Czech Republic (CZ), Denmark (DK), Germany (DE), Estonia (EE), Ireland (IE), Greece (EL), Spain (ES), France (FR), Italy (IT), Cyprus (CY), Latvia (LV), Lithuania (LT), Luxembourg (LU), Hungary (HU), Malta (MT), the Netherlands (NL), Austria (AT), Poland (PL), Portugal (PT), Romania (RO), Slovenia (SI), Slovakia (SK), Finland (FI), Sweden (SE) and the United Kingdom (UK). Iceland (IS), Norway (NO) and Switzerland (CH) are also referred to in this publication.

## Further information

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Eurostat website: <http://ec.europa.eu/eurostat>

Data on 'Income and living conditions':

[http://epp.eurostat.ec.europa.eu/portal/page/portal/income\\_social\\_inclusion\\_living\\_conditions/data/database](http://epp.eurostat.ec.europa.eu/portal/page/portal/income_social_inclusion_living_conditions/data/database)

Select 'People at risk of poverty or social exclusion (Europe 2020 strategy)'

Further information about: 'Income and living conditions':

[http://epp.eurostat.ec.europa.eu/portal/page/portal/income\\_social\\_inclusion\\_living\\_conditions/introduction](http://epp.eurostat.ec.europa.eu/portal/page/portal/income_social_inclusion_living_conditions/introduction)

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