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Cohesion in Europe towards 2050

Accompanying the document

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

on the 8th Cohesion Report: Cohesion in Europe towards 2050

{ COM(2022) 34 final }

5.3 Poverty and social exclusion have declined in the EU, but remain high in the southern EU and in rural areas in the eastern EU

In 2019, around 91 million people in the EU (17.9 million of them were children aged 0-17) were at risk of poverty or social exclusion (AROPE – see Box), this amounts to 20% of the total population. The EU has a target of reducing the number concerned by at least 15 million by 2030.²²

Box. What it means to be at risk of poverty or social exclusion

Those at risk of poverty or social exclusion (AROPE) in the EU are identified through a combination of three indicators:

- **At risk of poverty** (or relative monetary poverty), defined as living in a household with equivalised¹ disposable income in the previous year below 60% of the national median.
- **Severe material deprivation**, as being unable to afford any 4 or more of 9 items included in the EU-SILC survey.²
- **Living in a households with very low work intensity**, defined as living in a household where those aged 18-59 worked for only 20% or less of the time they could potentially have worked during the past year if they had worked full-time throughout the year.

People identified as being at risk of poverty or social exclusion are those recorded under any one of these three indicators.

EU Statistics on Income and Living Conditions (EU-SILC)

The EU Statistics on Income and Living Conditions (EU-SILC) are the main source of data in the EU on poverty and social exclusion. The survey from which the statistics derive covers a representative sample of households in all Member States. The survey is carried out each year and the data on income, and therefore on the risk of poverty and work intensity, relate to the year preceding the survey – i.e. for the 2019 survey, the risk of poverty and low work intensity relate to 2018 – while material deprivation relates to the year of the survey, i.e. 2019.

See: <https://ec.europa.eu/eurostat/web/microdata/european-union-statistics-on-income-and-living-conditions>

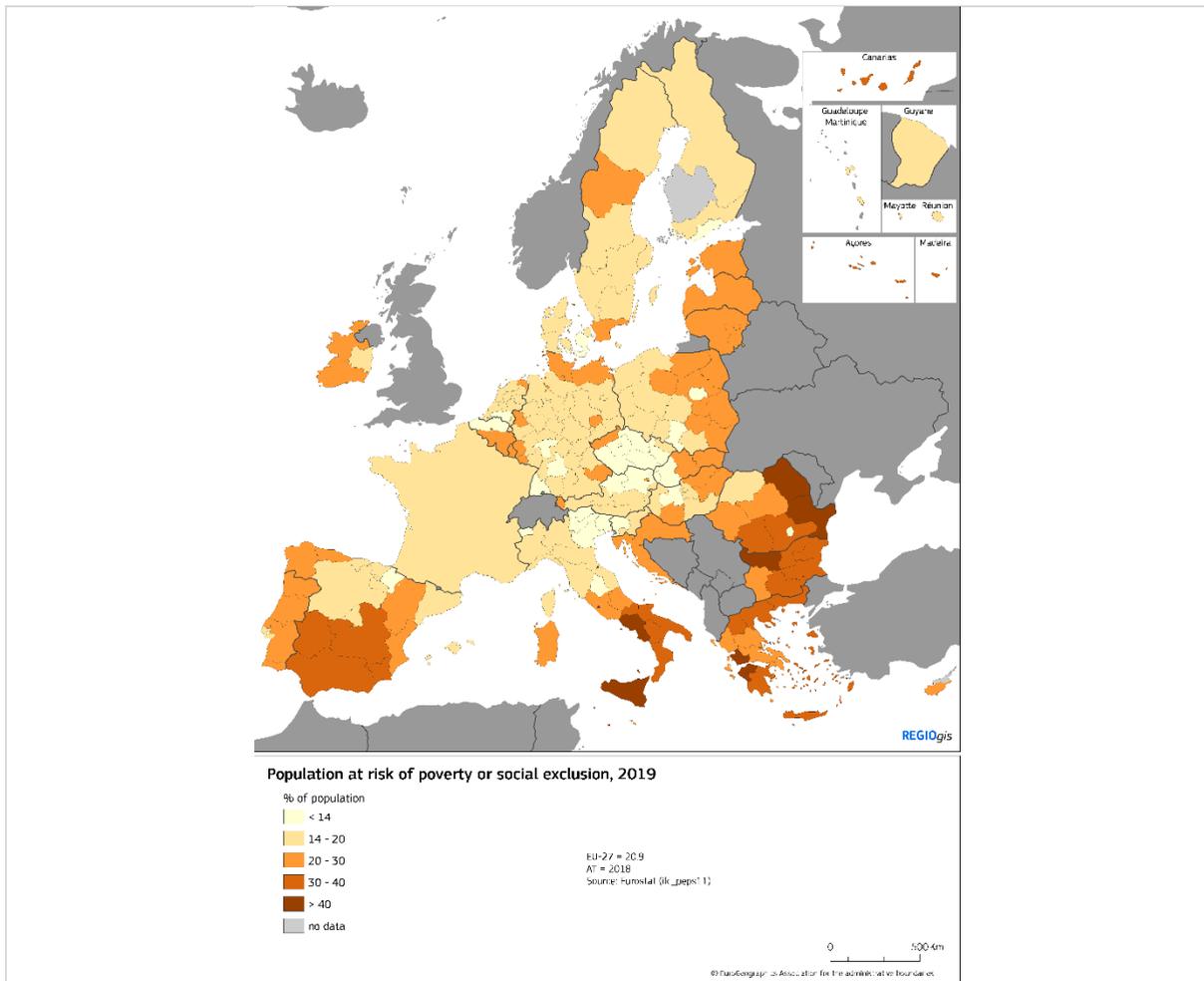
¹ *Equivalised* means that income is adjusted for differences in the size and composition of households.

² The 9 items are a colour TV, a washing machine, a telephone, a car, a meal of meat or fish or the equivalent every other day, a week's annual holiday away from home, an ability to avoid being in arrears on mortgage payments, rent, utility bills, hire purchase instalments or loans, an ability to make ends meet and an ability to keep the house adequately warm.

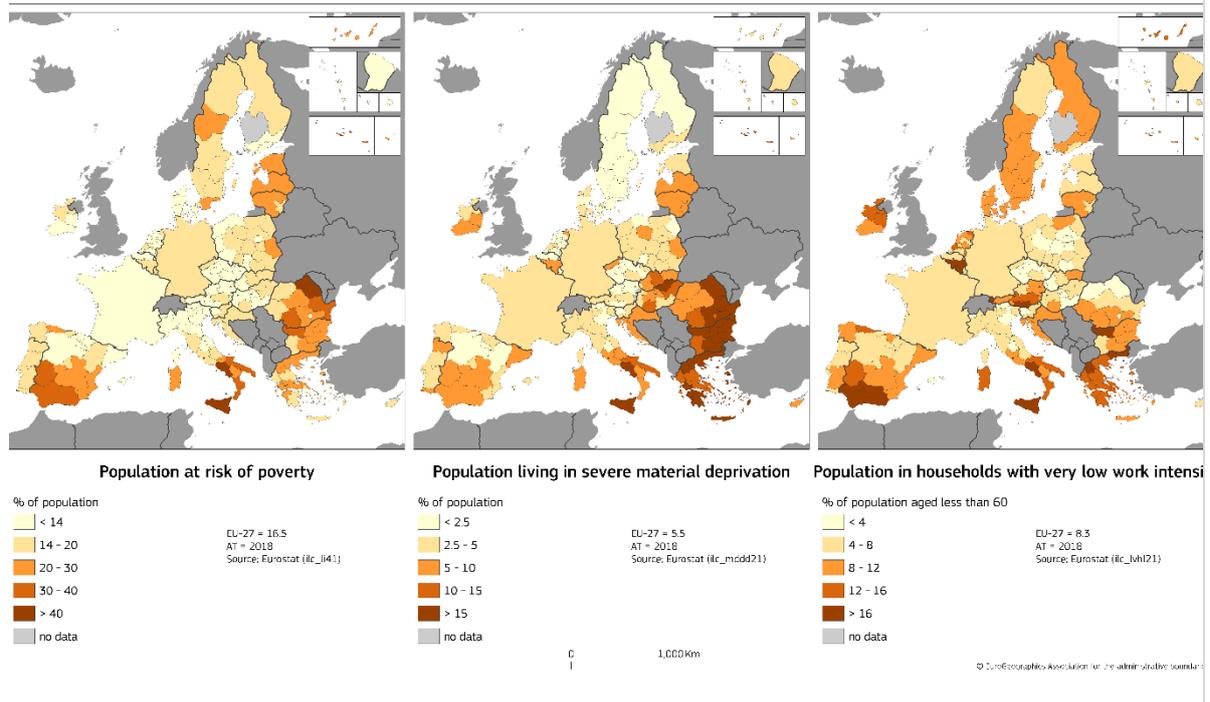
Having peaked at 24.9% in 2012, the proportion of people at risk of poverty or social exclusion fell over the following seven years, mainly because of a sharp decline in severe material deprivation (from 10.2% in 2012 to 5.4% in 2019). Marked variations exist between EU regions (Map 5.12), with a large share of population at risk (above 30%) in a number of regions in Spain, Italy, Greece, Romania and Bulgaria.

²² According to the headline target set in the European Pillar of Social Rights Action Plan (https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights/european-pillar-social-rights-action-plan_en), welcomed by EU leaders at the Porto Social Summit and the European Council.

Map 5.12: Population at risk of poverty or social exclusion, 2019



Regional indicators of poverty and social exclusion, 2019



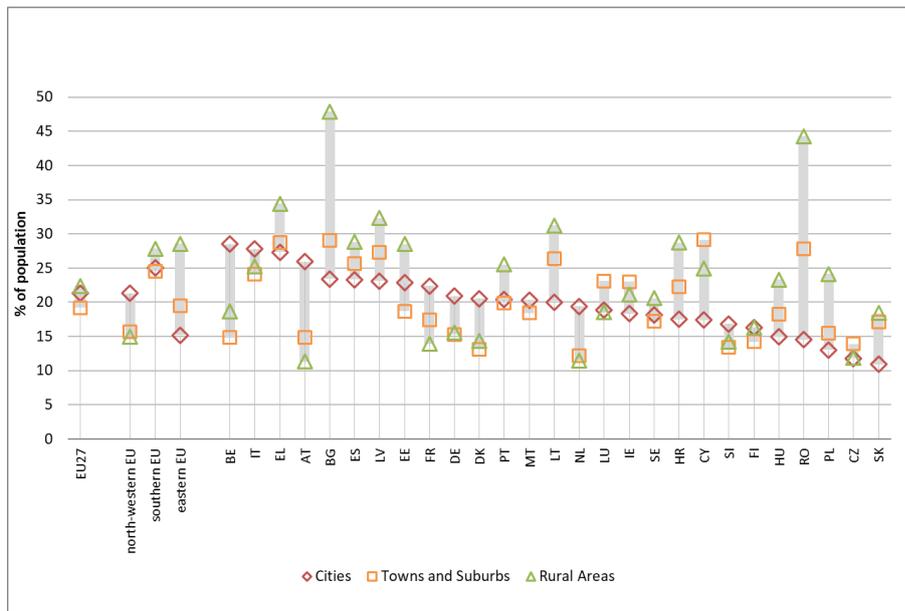
In the EU, the AROPE rate is slightly higher in rural areas (22.4% in 2019) than in cities (21.3%) and towns and suburbs (19.2%), Though it declined in all three areas between 2012 and 2019, the biggest reduction being in rural areas (Figure 5.6 and

Figure 5.7).²³

In eastern EU, poverty and social exclusion is an issue mainly in rural areas, where, in 2019, 28.5% of people, over one in four, were at risk, well above the rate in towns and suburbs (19.5%) and cities (15.2%). In rural areas in Bulgaria and Romania, the rate is much higher, at over 40%. Between 2012 and 2019 the rate fell by almost 10 pp in cities and rural areas and by over 8 pp in towns and suburbs.

In southern EU, poverty and social exclusion is spread more evenly and remains at high level, around one in four people are at risk in all three types of area. By contrast, in north-western EU, the AROPE rate in cities (21.3% in 2019) is higher than in towns and suburbs (15.7%) and rural areas (15%).

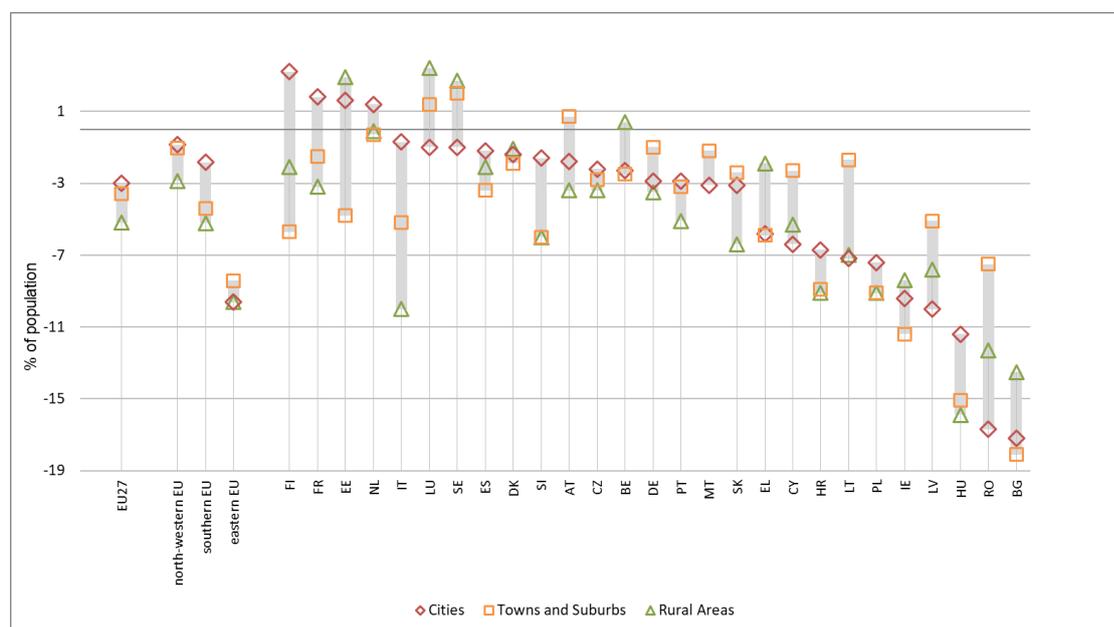
Figure 5.6: Proportion of people at risk of poverty or social exclusion by degree of urbanisation, 2019



Source: Eurostat table [ilc_peps13], DG REGIO calculations. Member State ranked by cities' values

²³ In the period between 2012 and 2019 AROPE decreased by 3.0 pp in cities, 3.6 pp in towns and suburbs and 5.2 pp in rural areas (Source: Eurostat).

Figure 5.7: Change in the proportion of people at risk of poverty or social exclusion by degree of urbanisation, 2012-2019



Source: Eurostat table [ilc_peps13], DG REGIO calculations. Member States ranked by cities' values

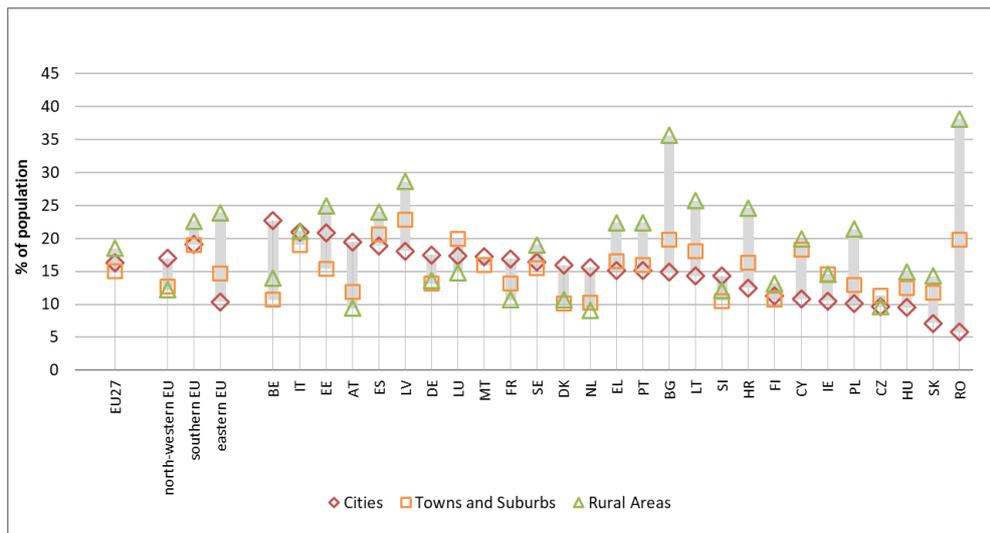
There is some difference in the incidence of the three indicators making up the AROPE measure. Across the EU, most of the people counted in the AROPE rate in 2019 - 16.5% of the population in the EU - were at-risk-of-poverty, a measure of relative monetary poverty.

A larger proportion of households are at risk of poverty in rural areas (18.5% in 2019) than in cities (16.3%) or towns and suburbs (15.0%) (Figure 5.8). At the same time, rural areas have a smaller proportion of households with very low work intensity, which suggests that their higher risk of poverty is due to lower incomes rather than lower employment rates. Between 2012 and 2019, a large number of Member States experienced an increase in the at-risk-of poverty rate among people living in cities (Figure 5.9).

In rural areas in Romania and Bulgaria, the risk of poverty is particularly high, with rates of 35% and 38%, respectively. Not surprisingly, the largest proportions of people (above 20%) reporting being unable to afford to buy food for themselves or their family members in the past 12 months are all in these regions, the proportions being largest of all in Sud-Est (37%) and Sud-Muntenia (35%) in Romania (Map 5.13).²⁴

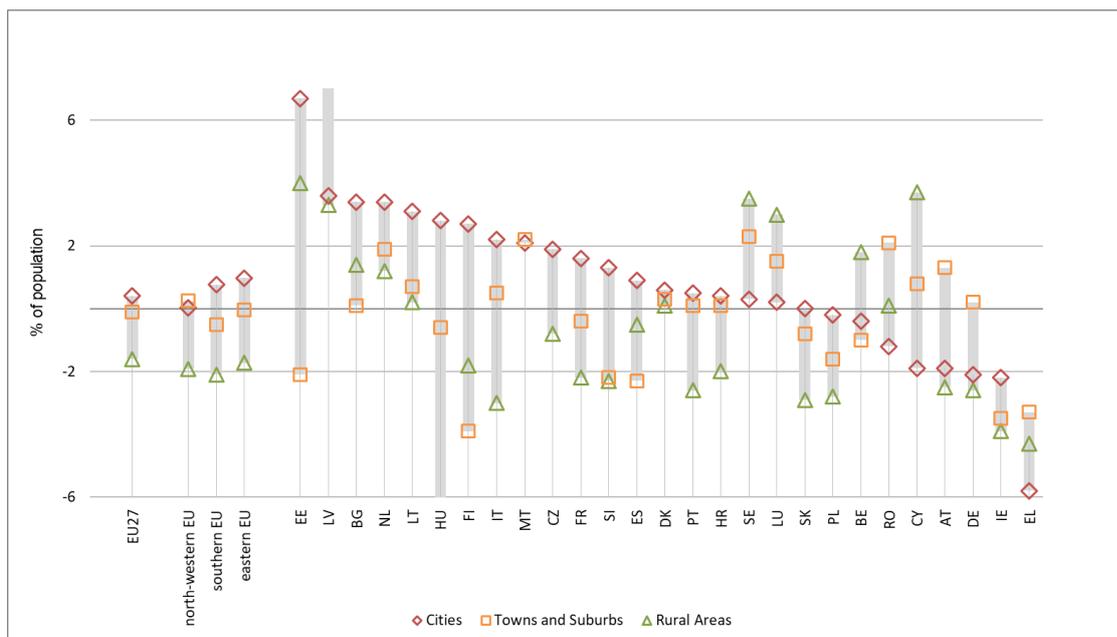
²⁴ Source: Gallup World Poll Survey, 2019.

Figure 5.8: The at-risk-of-poverty rate by degree of urbanisation, 2019



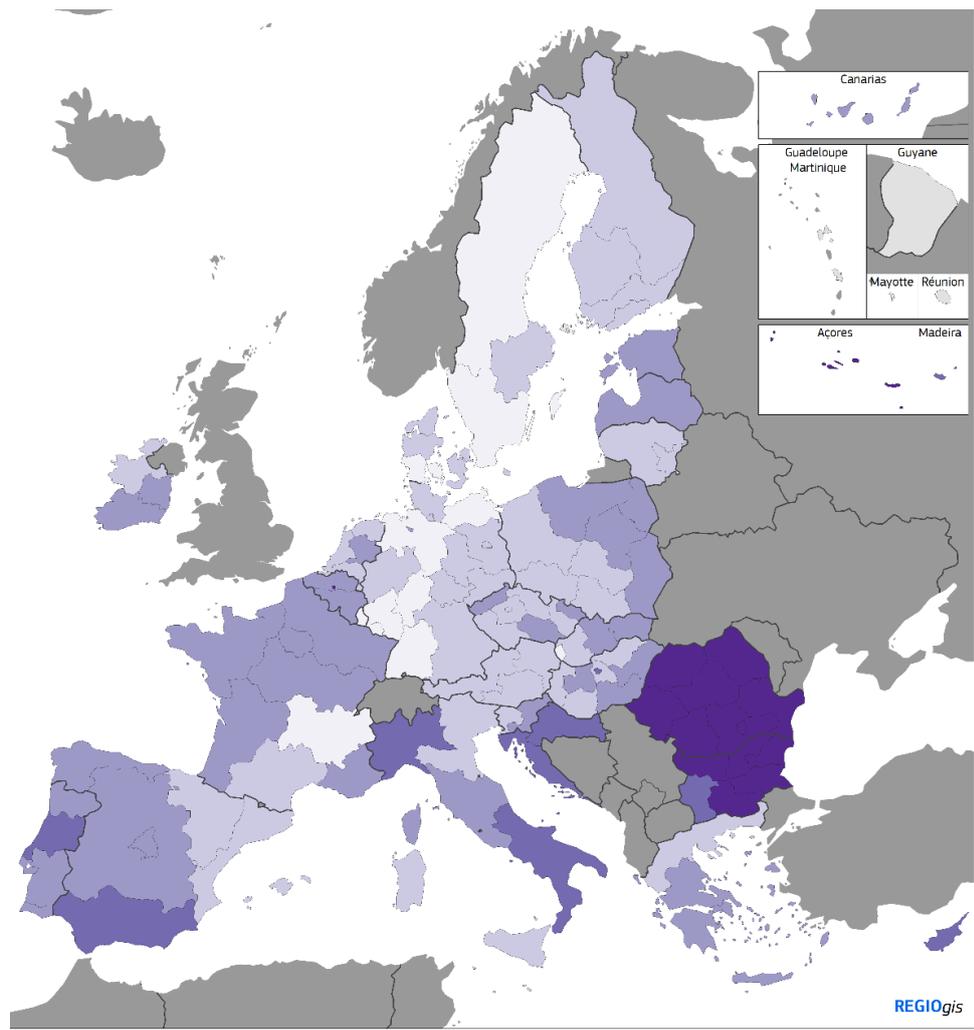
Source: Eurostat table [ilc_li43], DG REGIO calculations. Member States ranked by cities' values.

Figure 5.9: Change in the at-risk-of-poverty rate by degree of urbanisation, 2012-2019

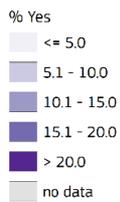


Source: Eurostat table [ilc_li43], DG REGIO calculations. Member States ranked by cities' values

Map 5.13: Percentage of people reporting being unable to afford to buy food, 2019



Food poverty, 2019



Percentages are based on all respondents excluding don't know and refused to answer.
 Question: Have there been times in the past 12 months when you did not have enough money to buy food that you or your family needed?
 Source: Gallup World Poll (WP40)

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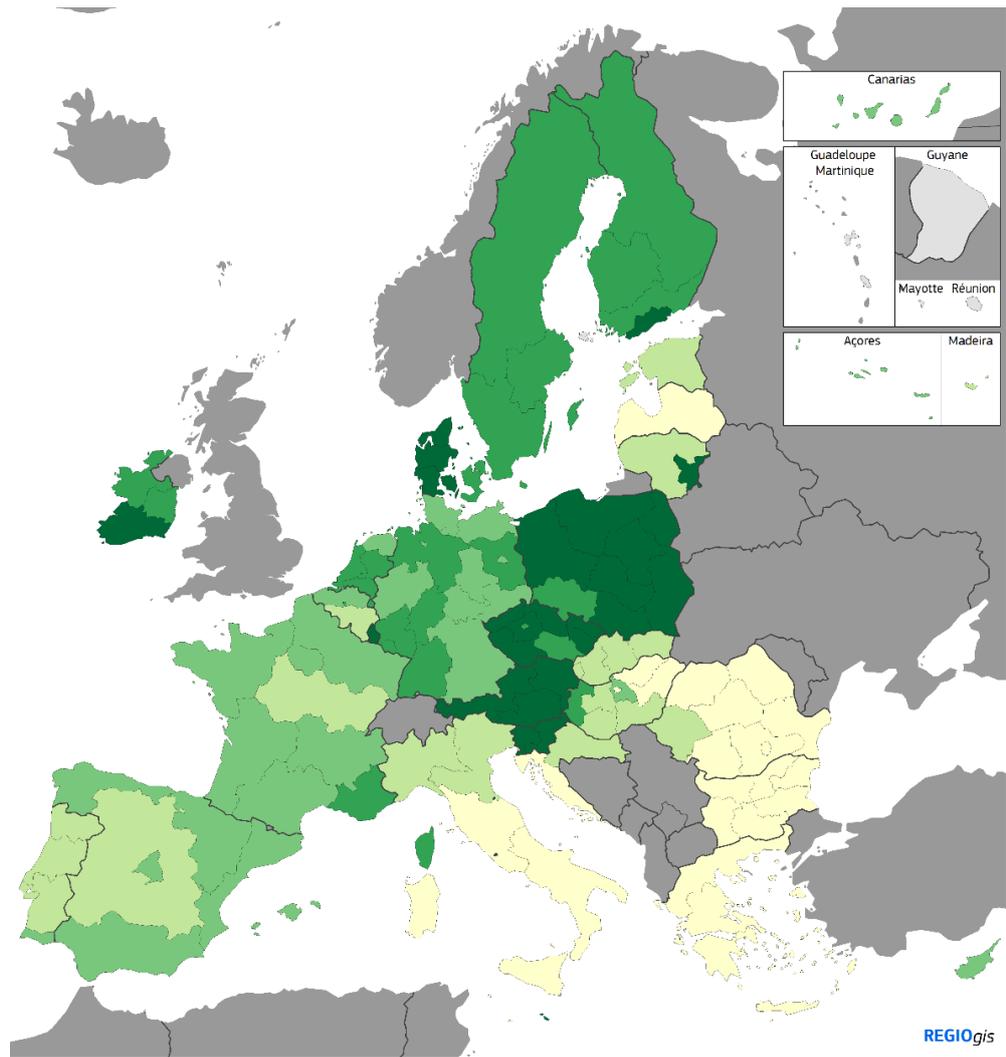
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Source: Gallup World Poll Survey, DG REGIO calculations

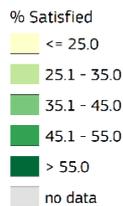
People's satisfaction with their government's efforts to tackle poverty also varies across regions (Map 5.14), ranging from 77% being satisfied in Malta in 2019 to only 7% in Severoiztochen in Bulgaria.²⁵ Fewer than one person in four was satisfied with government efforts in this regard in the NUTS 1 regions of Centro and Sud in Italy, in Greece, Romania, Bulgaria, Latvia and in a number of regions in Croatia and Hungary.

²⁵ Source: 2019 Gallup World Poll.

Map 5.14: Satisfaction with government efforts to deal with the poor, 2019



Satisfaction with efforts to deal with the poor, 2019



Percentages are based on all respondents excluding don't know and refused to answer.
 Question: Are you satisfied or dissatisfied with efforts to deal with the poor?
 Source: Gallup World Poll (WP131)

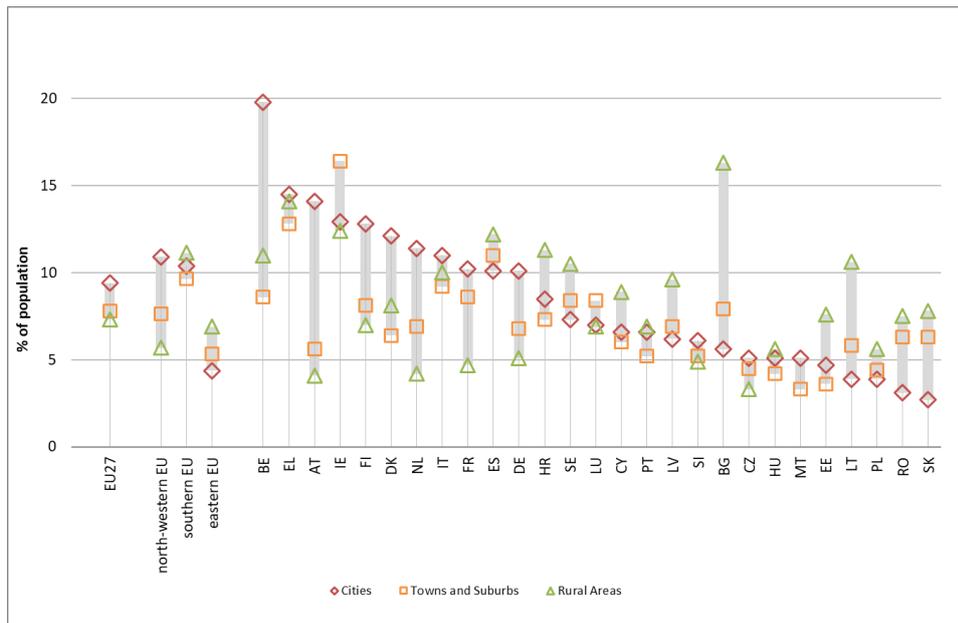


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Source: Gallup World Poll Survey, DG REGIO calculations

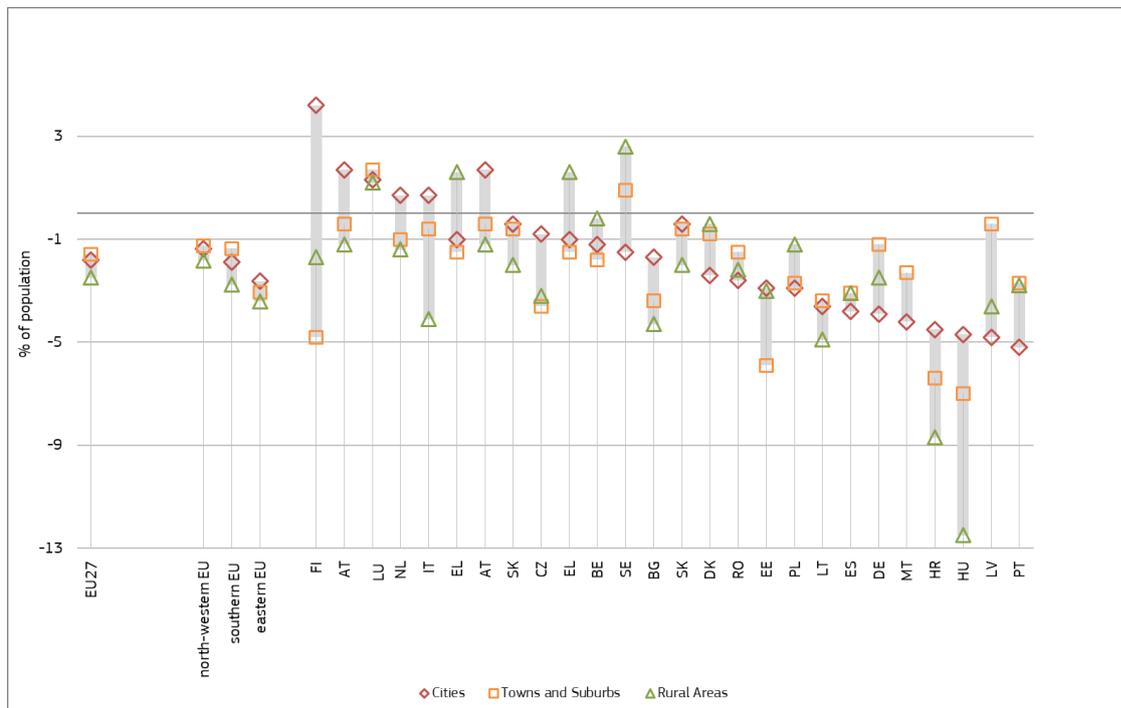
In contrast to the risk of poverty, the proportion of people living in low work intensity households in 2019 was larger in cities (9.4%) than in towns and suburbs (7.8%) and rural areas (7.3%) across the EU, a pattern largely driven by the situation in cities in the north-western (10.9%) and southern (10.4%) EU (Figure 5.10). In Belgium, one person in five (20%) in cities lived in a low work-intensity household. In rural areas, the largest proportions living in such households are in Bulgaria (16.3% in 2019). Between 2012 and 2019, however, the proportion declined in rural areas in both the southern and eastern EU (by around 3 pp).

Figure 5.10: Proportion of people living in households with very low work intensity, by degree of urbanisation, 2019



Source: Eurostat table [ilc_lvh123], DG REGIO calculations. Member States ranked by cities' values

Figure 5.11: Change in proportion of people living in households with very low work intensity, by degree of urbanisation, 2012-2019



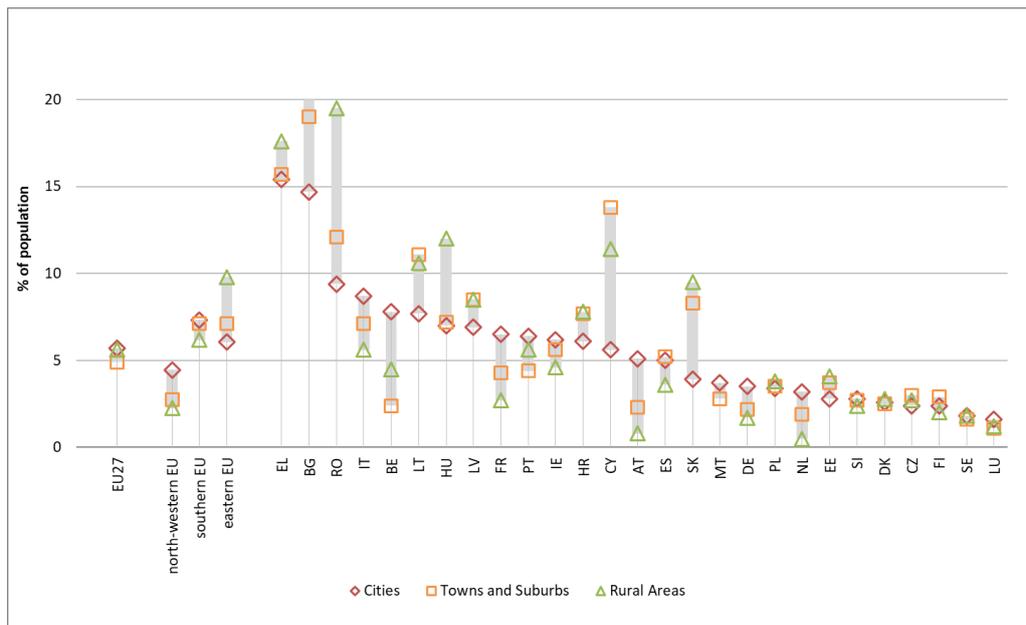
Source: Eurostat table [ilc_lvh123], DG REGIO calculations. Member States ranked by cities' values

Severe material deprivation (not being able to afford any four or more of nine basic items included in the EU-SILC survey; see Box) is highest in areas in southern and eastern EU, especially in rural areas in eastern EU, where around 10% of people were severely deprived in 2019 (Figure 5.12).

Nevertheless, in areas in eastern EU, between 2012 and 2019, the proportion fell by 13 pp in rural areas and 11 pp in cities and towns and suburbs (Figure 5.13).

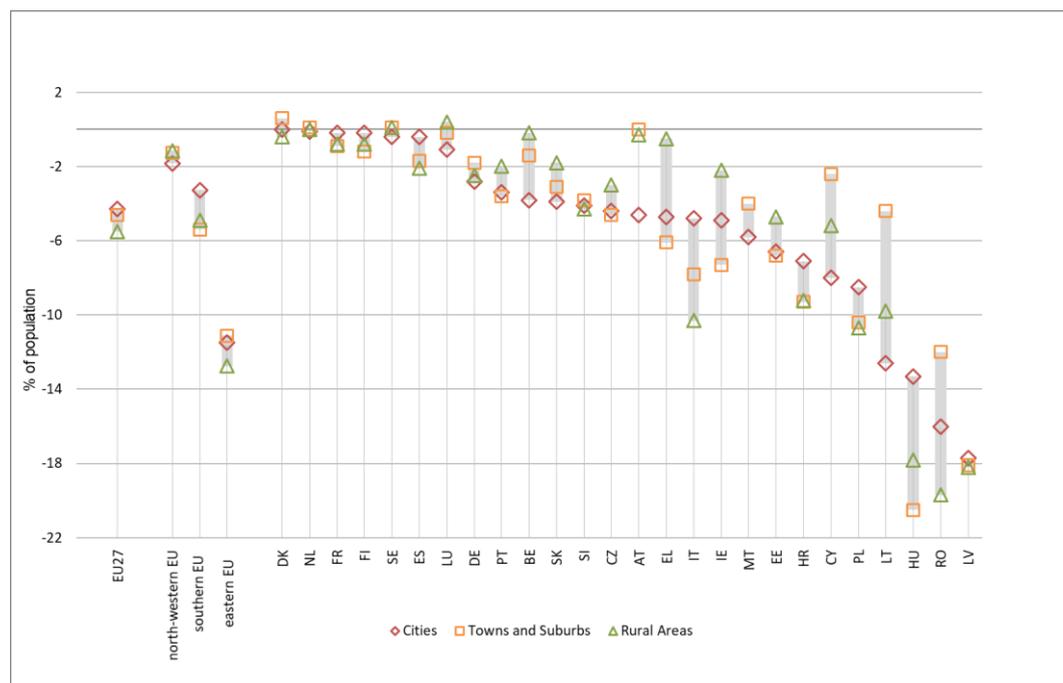
In north-western EU, severe material deprivation is higher in cities than rural areas (affecting 4.5% of the population in 2019 as against 2.2% in rural areas), though the difference narrowed slightly between 2012 and 2019 (the proportion affected declining by 1.8 pp in cities and 1.1 pp in rural areas). Although many cities in north-western EU have high levels of GDP per head, many of them also have high levels of inequality, as reflected in higher at-risk-of-poverty rates, higher concentrations of deprivation and more households with low work intensity than in other areas.

Figure 5.12: People living in severe material deprivation by degree of urbanisation, 2019



Source: Eurostat table [ilc_mddd23], DG REGIO calculations. Member States ranked by cities' values

Figure 5.13: Change in proportion of people living in severe material deprivation by degree of urbanisation, 2012-2019



Source: Eurostat table [ilc_mddd23], DG REGIO calculations. Member States ranked by cities' values

The European Pillar of Social Rights and its Action Plan

The European Pillar of Social Rights was proclaimed by the European Parliament, the Council and the European Commission at the Social Summit for Fair Jobs and Growth in Gothenburg on 17 November 2017. The President-elect of the European Commission, Ursula von der Leyen, committed to the Pillar in her speech before the European Parliament in Strasbourg in July 2019 and in her political guidelines for the mandate of the next European Commission, announcing further action to implement the principles and rights.

The Pillar sets out a number of key principles and rights to support fair and well-functioning labour markets and welfare systems. It supports the convergence towards better working and living conditions among participating Member States. Although it is primarily conceived for the euro area, it is applicable to all Member States wishing to participate. The principles are grouped into three broad categories:

Equal opportunities and access to the labour market, which includes equal access to education and training, gender equality and active support for employment.

Fair working conditions, which includes the right to secure and adaptable employment, fair wages, information about working conditions and protection in case of dismissal, consultation with social partners, support in achieving a suitable work-life balance and a healthy and safe working environment

Social protection and inclusion, which includes the right to childcare and support for children's education, unemployment benefits and access to activation measures, minimum income support,

old-age pensions, affordable healthcare, support for people with disabilities, affordable long-term care, housing and access to essential services.

The Pillar reaffirms rights already present in the EU but complements them by taking account of new realities. As such, it does not affect principles and rights already contained in binding provisions of EU legislation. By putting together rights and principles set at different times, in different ways and in different forms, it aims to make them more visible, understandable and explicit.

On 4 March 2021, the European Commission adopted the European Pillar of Social Rights Action Plan, and proposed three headline targets for the EU to reach by 2030:

1. At least 78% of the population aged 20 to 64 to be in employment
2. At least 60% of all adults aged 25 to 64 to participate in training every year
3. A reduction of at least 15 million in the number of people at risk of poverty or social exclusion.

These targets have been welcomed by EU leaders at the Porto social summit in May 2021 and at the European Council of June 2021. Member States have been invited to set national targets on each of the indicators. Progress towards both the EU-level and national targets will be monitored through the European Semester.

The Action Plan also includes a proposal for a revised Social Scoreboard, to better track progress towards the Pillar principles in a more comprehensive manner. The yearly Joint Employment Report provides regional breakdowns (at NUTS 2 level) of the Social Scoreboard headline indicators for which such information is available.

See: https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights_en