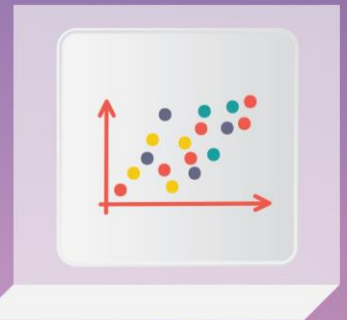


# Analytical Web Note 4/2015



## *Trends in poverty and social exclusion (2012-2014)*

This note provides an overview of the latest trends in poverty and social exclusion. It was prepared by L. Salanauskaite from the Employment Analysis Unit in DG EMPL with the reviewing support of N. Gibert-Morin, R. Maly, I. Maquet and A. Xavier. Any views expressed in this note are those of the authors and do not necessarily correspond to those of the European Commission.

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ISBN: 978-92-79-46606-9  
ISSN: 2443-6348  
Doi: 10.2767/78166

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## Key findings

***The at-risk-of poverty or social exclusion rates reduced in one third of the Member States from 2012 to 2013, but are still above their pre-crisis levels, with increasing joblessness and deteriorating real living standards.***

A levelling-off of social vulnerability within the EU is finally observed for 2013, following a continuous deterioration from 2009 to 2012. Joblessness was still on the rise for the EU as a whole, with a notable decrease in a few countries only (i.e. Estonia, France, Romania and Croatia). From 2012 to 2013, severe material deprivation decreased in the EU and further decreases are expected based on EUROSTAT provisional data for 2014. However, there are widening disparities across the EU as severe material deprivation is expected to be on the rise in some countries (e.g. Greece). On average, a stable share of the EU population - around 16.5% - was at-risk-of-poverty during the period of 2005 to 2013. This seemingly "constant" trend during times of economic upheaval is largely explained by moving poverty thresholds. Between 2012 and 2013, for example, median incomes dropped in real terms in more than half of the EU countries - pointing to deteriorating real living standards.

***Micro-simulated income data for 2013 and 2014 point to relatively small and statistically insignificant changes in at-risk-of poverty rate for most of the Member States.***

Among the seventeen countries for which the latest (i.e. reflecting income situation of 2014) "nowcast"<sup>1</sup> estimates are available, the at-risk-of-poverty rates are expected to increase more substantially (up to 1 ppt) in Cyprus and Latvia only. On the other hand, decreases (though of smaller magnitude) in the at-risk-of poverty rates are expected for Bulgaria, Germany and France.

***Children were at increasing risk of poverty in most Member States in 2013, with varied developments predicted to be observed for up to 2015.***

The (relative) at-risk-of poverty rate for children continued to increase in most of the EU Member States from 2012 to 2013 (based on EU-SILC data), with largest increases in Austria, Hungary, Greece, Lithuania and Portugal. Households with children were directly affected by job losses and in some countries (Austria, Bulgaria, Estonia, Poland and the UK) by the reforms of the tax and benefit systems, which afforded less protection to the income of households with children than that of other population groups. According to "nowcast" estimates, increase in child poverty (by about 1.5 ppt) is expected to be highest for Cyprus - mainly due to the impact of fiscal consolidation policies. Conversely, significant reductions in child poverty are expected in such countries as Greece, Latvia and Romania (by more than 1.5 ppt). In both Greece and Latvia, this is directly attributable to the reforms of social benefits; in Romania this is due to the growth in the median income.

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<sup>1</sup> "Nowcasting" is a method that estimates the income distribution (in this case for 2014) for which income survey data is not yet available, based on recent available data.

## Introduction

This note provides an overview on the recent trends in poverty and social exclusion statistics, based on the indicator of at-risk-of poverty or social exclusion (AROPE) and its three components: at-risk of poverty<sup>2</sup>, severe material deprivation<sup>3</sup> and jobless households<sup>4</sup>. It provides an update of the European Commission (2014) report on "Trends in Poverty and Social Exclusion".

This note focuses on the developments based on the latest EU-SILC data – namely from 2012 to 2013. Due to the need for more timely information, the note incorporates projections of at-risk-of poverty rate to 2014 income situation – based on the micro-simulation method of "nowcasting", which estimates the recent income distribution (i.e. 2014) based on the latest available data (e.g. using data of 2012).

In addition to looking at the indicators for the total population across Member States and over time, the note analyses developments for specific population groups including children, the elderly and the working age population. The note also includes a literature review on the major drivers of poverty changes, bringing together the most recent observations on indicators and other literature findings.

## Trends in poverty and social exclusion between 2005 and 2013 and "nowcasting" of poverty

### Trends in poverty and social exclusion between 2005 and 2013

In 2013, more than 24% of the EU population – or about 123 million people – were at-risk-of poverty or social exclusion (Chart 1). Data for 2013 signal a potential levelling-off of social vulnerability as measured by AROPE following the continuous increase in the risk of poverty or social exclusion observed from 2009 to 2012, a period which broke the uninterrupted gains observed since 2005.

Looking at the measure of at-risk-of-poverty alone (i.e. AROP indicator), one can see that the share of the EU population at-risk-of poverty remained rather constant over the 2005-2012 period at just above 16% of the total EU population. The stability of the trend may seem "surprising" given the period's economic turmoil. EU-SILC data shows that the number of people living below 60% of the current median income did not decrease from 2005 to 2008 as a result of the improved employment and economic situation. That number did not increase significantly from 2009-2012 when overall living standards worsened for all. This can largely be explained by the decline in the value of the poverty threshold (Chart 4).

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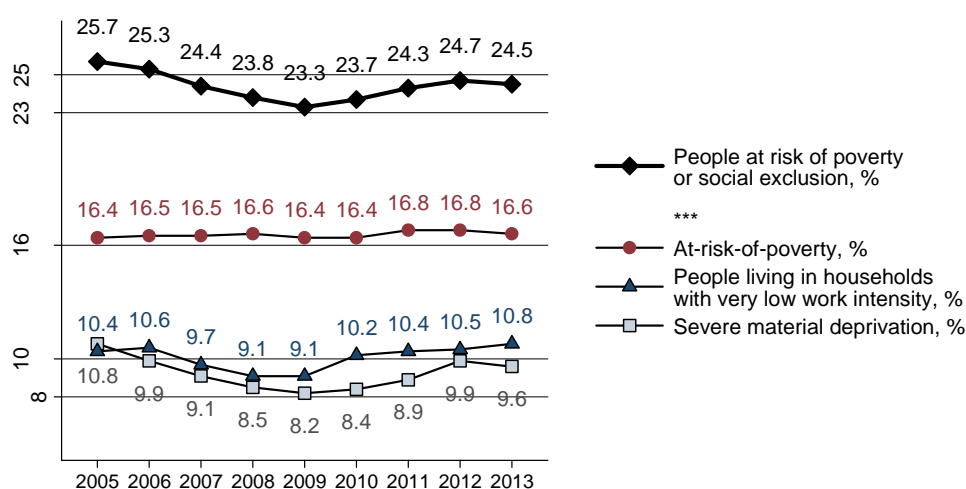
<sup>2</sup> The at-risk-of-poverty rate is the share of people with an equivalised disposable income below the at-risk-of poverty threshold, set at 60 % of the national median equivalised disposable income.

<sup>3</sup> Severe material deprivation indicator refers to a share of people who cannot afford to pay for at least four of the following goods or services: 1) to pay their rent, mortgage or utility bills; 2) to keep their home adequately warm; 3) to face unexpected expenses; 4) to eat meat or proteins regularly; 5) to go on holiday; 6) a television set; 7) a washing machine; 8) a car; 9) a telephone.

<sup>4</sup> An indicator on persons living in households with low work intensity (or jobless households) is defined as the number of persons living in a household having a work intensity below a threshold set at 0.20. The work intensity ratio is calculated as the total number of months that all working-age household members have worked during the income reference year over the total number of months the same household members theoretically could have worked in the same period.

Given the stability in the AROP indicator, the observed swings in the AROPE indicator (i.e. a decrease followed by an increase in AROPE values) are due to the underlying dynamics of: a) the share of population living in jobless households (i.e. households with zero or very low work intensity) and b) the share of population experiencing severe material deprivation. In 2013, the share of the population facing severe material deprivation stabilised at 9.6%, above the 8.2% figure recorded in 2009. The share of the population facing severe material deprivation decreased from 2005 until 2009 and increased from 2010 up to 2013 when it stabilised. The share of jobless households kept on increasing up to 10.8% in 2013, which is well above the pre-crisis level of 9.1%.

**Chart 1: Trends in poverty and social exclusion in the EU**



Source: Eurostat, EU-SILC [ilc\_peps01, ilc\_li02, ilc\_mddd11, ilc\_lvhl11]

Note: EU27 till 2009; jobless households: % of population aged 0 to 59; here and further on indicators based on EU-SILC income data, as AROPE, AROP refer to previous year income; SMD: current year; jobless households: previous year.

*The share of the population at-risk-of poverty or social exclusion decreased in one third of the Member States from 2012 to 2013 but remains above its pre-crisis levels, while risk of joblessness increased.*

Between 2012 and 2013, the share of the population at-risk-of poverty or social exclusion significantly decreased<sup>5</sup> in 11 Member States (Chart 2): Croatia, Lithuania, Italy, Romania, Bulgaria, Finland, Latvia, France, Poland, Belgium and the Czech Republic. On the other hand, it increased significantly in Germany, the UK, Slovenia, Sweden, Malta, the Netherlands, Greece and Portugal, mainly driven by the rising share of jobless households or people facing severe material deprivation.

While in 2013 more countries appeared to be able to reduce or stabilise their risk of poverty and social exclusion than in 2012<sup>6</sup>, the continuous increase in the share of jobless households is particularly worrying. The share of jobless households increased in 12 Member States and decreased only in 4 countries - Estonia, France, Romania and Croatia. In the same period, severe material deprivation - an indicator which

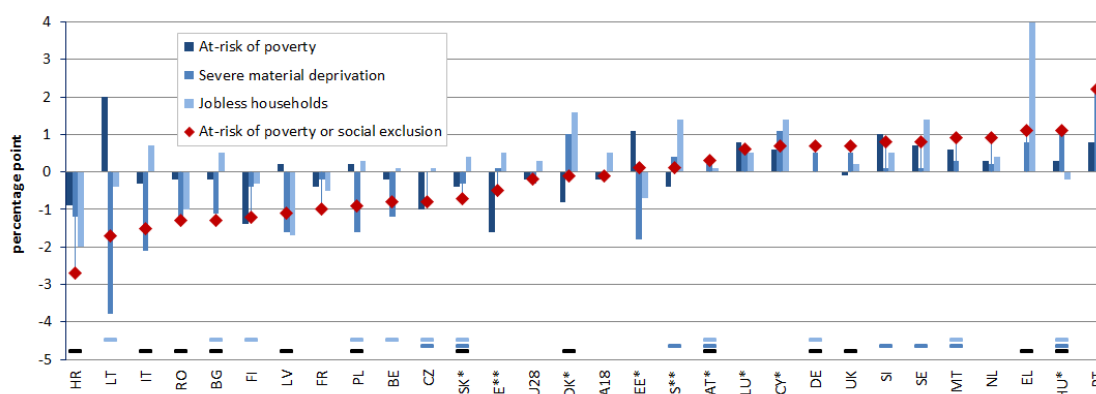
<sup>5</sup> Based on EUROSTAT (2012), the national confidence interval for AROPE is in the range of  $\pm 1.5$ pp (percentage points) with smallest range (equal or smaller than  $\pm 1.0$ pp) noted for CZ, DE, IT, SI, FI, SE and largest range (more than  $\pm 2$ pp) noted for IE, LT, RO and HR. For EU27, it is in the range of  $\pm 0.3$ pp. More on confidence intervals of point estimates and their changes could be found in EUROSTAT (2013).

<sup>6</sup> Between 2011 and 2012, AROPE indicator dropped in Croatia, Bulgaria, Belgium and Spain - a decrease mainly attributed to a fall in the levels of poverty thresholds and thus reflecting a decrease in living standards (EU Commission, 2014).

overall has more positive recent developments in comparison to the share of jobless households – decreased in few countries, including Belgium, Estonia, Italy, Poland, Croatia, Lithuania, Latvia, Romania and Bulgaria. In the rest of the Member States, it was either stable or on the increase, including in Denmark, Portugal and Greece.

EUROSTAT released early results of severe material deprivation rates in 2014 – which are by now (i.e. June, 2015) available for about half of the Member States. The data indicate that severe material deprivation should increase further in Greece (+ 1.4 percentage points – or ppt) but drop in Bulgaria (- 9.9 ppt), Latvia (- 4.8 ppt), Lithuania (- 1.6 ppt), Poland (- 1.5 ppt), Estonia (- 1.4 ppt) and Italy (- 1.0 ppt). In addition, from 2013 to 2014, significant reduction in severe material deprivation is also expected in Hungary (- 2.9 ppt) and in the UK (- 1.0 ppt). Overall, the provisional data point to continuous improvement of material conditions in the EU as well as to widening disparities (as a further drop in living conditions is expected in some Member States)<sup>7</sup>.

**Chart 2: 2012-2013 changes in the components of the at-risk-of poverty or social exclusion**



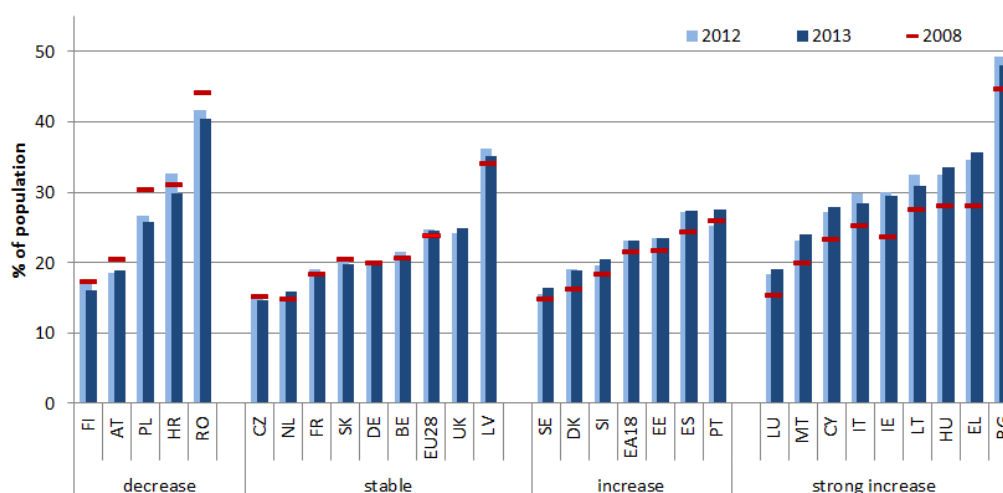
Source: Eurostat, EU-SILC

Note: \* denotes statistically insignificant changes of AROPE values; \*\* denotes countries with no assessment of statistical significance of changes due to data limitations; colourful dashes above country labels denote insignificant changes of a respective indicator (by colour of the bars) - AROP, SMD or jobless households.

Despite some improvements (Chart 2), in 2013, the share of the population at-risk-of poverty or social exclusion was very high and above its pre-crisis levels (Chart 3). In comparison to 2008, the situation improved only in Finland, Austria, Poland, Croatia and Romania. In Romania, despite the observed reduction, the AROPE level remains at an extremely high level – more than 40% of population are at a risk of poverty or social exclusion. The situation is even more worrying in Bulgaria, with the AROPE level at 48% in 2013 and still on the rise. Very high AROPE levels (>30%) are also observed in Greece, Hungary, Lithuania and Latvia.

<sup>7</sup> More information on early results for material deprivation statistics could be obtained from the respective EUROSTAT publication available at: [http://ec.europa.eu/eurostat/statistics-explained/index.php/Material\\_deprivation\\_statistics\\_-\\_early\\_results](http://ec.europa.eu/eurostat/statistics-explained/index.php/Material_deprivation_statistics_-_early_results)

**Chart 3: Poverty and social exclusion across Member States: 2008, 2012, 2013**



Source: Eurostat, EU-SILC

Note: country groupings are established by change from 2008 to 2013; ES: 2009 instead of 2008, classified based on changes 2009-2013; HR: 2010 instead of 2008, classified based on change 2010-2013; UK: break in series 2012, classified based on estimated change; grouping is not based on statistical significance of changes; EU28: EU27 for 2008.

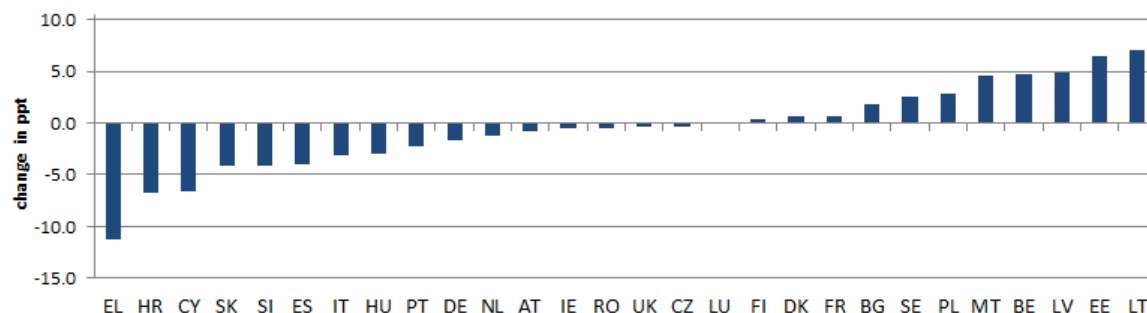
*Poverty thresholds are on the decline, reflecting a continuous deterioration of living conditions*

As indicated in the European Commission (2014) note, changes in the (relative) at-risk-of-poverty rate do not necessarily reflect changes in the living standards of households. National poverty thresholds adjust to changes in total population income and declined following the recent crisis as the disposable income of the population shrank. In such a case the relative stability of poverty rates reflects unchanging income distribution but at lower absolute living standards. Between 2012 and 2013, for example, median income declined in real terms in more than half of the EU Member States, namely Greece, Croatia, Cyprus, Slovakia, Slovenia, Spain, Italy, Hungary, Portugal, Germany, the Netherlands, Austria, Ireland, Romania, the UK, the Czech Republic and Luxembourg (Chart 4).

This points to deteriorating real living standards in most of the EU countries, with particularly alarming drops: more than 5 ppt in Greece, Croatia and Cyprus, and more than 2 ppt in Slovakia, Slovenia, Spain, Italy, Hungary and Portugal. From 2012 to 2013, real living standards significantly increased in the Baltic States – Lithuania, Estonia and Latvia – and Belgium, Malta, Poland and Sweden.



**Chart 4: Real change in poverty thresholds, 2012 to 2013**

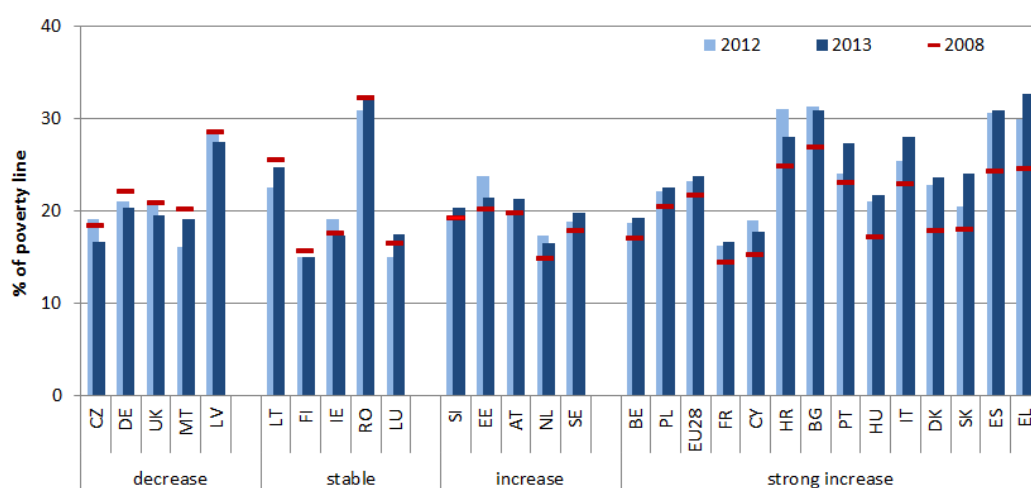


Source: Eurostat, EU-SILC and HCPI data  
Note: Break in EU-SILC series in UK (2012).

On average in the EU, the poverty gap – i.e. percentage by which the median income of people at-risk of poverty falls below the poverty threshold – was close to 24%, with a 0.5 ppt increase since 2012 and 2 ppt increase since 2008 (Chart 5). The latest rise shows that, despite a slight reduction in at-risk-of poverty levels since 2012 (Chart 1), living standards of those defined as poor continued to deteriorate. In addition, poverty gaps remain above the pre-crisis levels in most of the Member States, with reductions observed in a few countries – the Czech Republic, Germany, the UK, Malta and Latvia.

In virtually all Member States with large increases in the at-risk-of-poverty rates since 2012 (i.e. the Netherlands, Cyprus, Luxembourg, Portugal, Slovenia, Estonia, Lithuania), poverty gaps have widened too (Chart 5). Furthermore, in a number of countries with AROP levels showing no substantial change since 2012, poverty gaps widened substantially – in Italy (2.6 ppt), Greece (2.8 ppt) and Slovakia (3.6 ppt). This means that small relative gains in terms of relative poverty across most Member States have not translated in real gains in living standards.

**Chart 5: Poverty gap across Member States: 2008, 2012, 2013**



Source: Eurostat, EU-SILC  
Note: country groupings are established by change from 2008 to 2013; UK: break in series 2012, classified based on estimated change; grouping is not based on statistical significance of changes; EU28: EU27 for 2008.

### Children still predominantly at-risk-of poverty

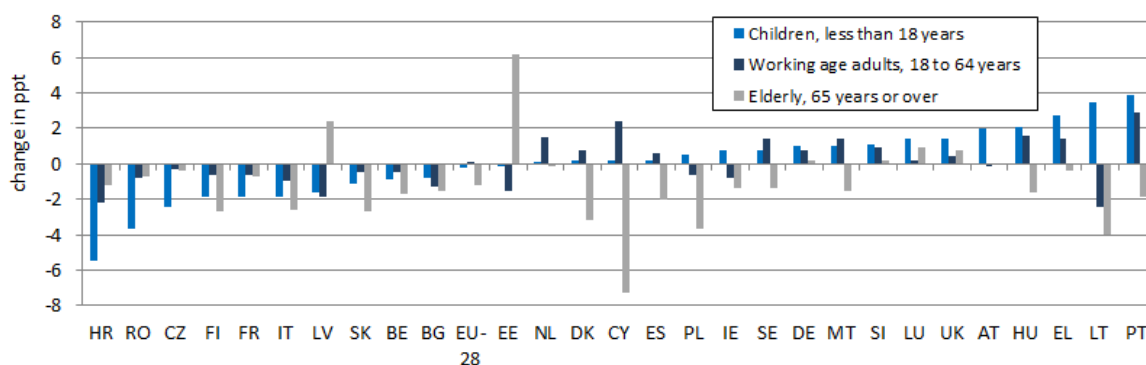
The (relative) at-risk-of-poverty rate for children increased (Chart 6) in most of the EU Member States from 2012 to 2013, by 2 or more ppt increases in Austria, Hungary, Greece, Lithuania and Portugal. Conversely, child poverty significantly decreased in other countries such as Croatia, Romania and the Czech Republic. The financial situation of households with children was directly affected by job losses and, in some countries (Austria, Bulgaria, Estonia, Poland, the UK), by the reforms of the tax and benefit systems which protected (or favoured) less the income of households with children than that of other groups (see e.g. Rastrigina, Leventi, and Sutherland, 2014).

At the same time, the relative situation of elderly people improved in a number of countries (e.g. Denmark, Cyprus, Spain and Poland) due to pensions remaining largely unchanged and/or indexed on inflation during the crisis – thus often bringing previously poor pensioners’ income just above the (current) national poverty threshold. Only Estonia and Latvia had a strong increase in the at-risk-of-poverty rates of elderly people.

Working-age adults were hit hardest in Greece and Cyprus, reflecting the deterioration in labour market conditions and the negative impact of the financial crisis.

A word of caution is needed though. In the light of the above observations on real changes in poverty thresholds and still predominantly widening poverty gaps, one should be careful in interpreting the observed changes in AROPE in terms of implications on the living standards. For example, as reported in Chart 4, poverty thresholds considerably increased in both Latvia and Estonia. As such, a rise in the elderly AROP levels reflects a drop in relative living standards, i.e. in comparison to other groups and not necessarily a drop in absolute incomes of the elderly.

**Chart 6: Changes in at-risk-of-poverty rate by age group, 2012-2013**



Note: break in series for UK (2012); countries ranked by a change in AROP for children.

## Nowcasting the at-risk-of-poverty rates for income situation from 2013 to 2014

Currently available EU-SILC statistics on poverty and social exclusion go up to 2013, i.e. covering the 2012 income distribution. The lack of timely income information<sup>8</sup> has led to the development of indicators, such as financial distress<sup>9</sup>. As an alternative, at micro level, the 'nowcasting' method allows us to look at the potential impact of shifts in tax-benefit policies and labour market developments on the income distribution, and estimating the value of the AROPE indicator for incomes of 2013 and 2014.

'Nowcasting' implies estimating most recent indicators, using combined data on past income distribution (i.e. EU-SILC 2012 and 2010, with incomes of 2011 and 2009 respectively), labour market developments and most recent tax-benefit policy settings (i.e. using a European wide tax-benefit microsimulation model)<sup>10</sup>. The results<sup>11</sup> up to the income reference period of 2013 and 2014<sup>12</sup> are available for a subset of 17 Member States: Bulgaria, Germany, Estonia, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, the Netherlands, Austria, Poland, Portugal, Romania, Slovakia and Finland (see Chart 7).

*Between income reference years of 2012 and 2014, the at-risk-of poverty rate is expected to increase slightly in a number of Member States*

The latest estimates "nowcast" that changes in the total AROP rates will be relatively small and not statistically significant in eleven of the seventeen countries reviewed. Cyprus and Latvia are the two countries which are expected to experience the highest increase in relative poverty. The rate is expected to increase by about 1 ppt by 2013 in Cyprus and by about 0.7 ppt by 2014 in Latvia. In Cyprus, this seems to be the result of the significant rise in unemployment, combined with an unemployment benefit of a maximum duration of six months and cuts in child and student benefit programmes. A slight poverty increase is also expected in the Netherlands in 2013 (0.3 ppt). The three countries where poverty is estimated to decrease are Bulgaria (0.5 ppt), France (0.4 ppt) and Germany (0.2 ppt).

*Changes in poverty rates for elderly and children point to both improving and deteriorating income situations across Member States and are predominantly due to on-going effects of fiscal consolidation measures and lack of indexation of pensions.*

The "nowcast" estimates for the poverty risk of elderly people point to significant changes in all countries except Greece, Portugal and Slovakia. The largest increases of poverty rates are foreseen in Romania and the three Baltic countries, with a particularly substantial increase (more than 8 ppt) in Latvia (see Table 1). The deteriorating income situation of the elderly marks the drop in relative importance of pensions in comparison to other incomes due to insufficient indexation of pensions. Both Romania and the Baltic States showed high nominal increases of incomes and employment growth in the last few years, whereas pension levels did not improve.

<sup>8</sup> Eurostat indicators on poverty and social exclusion based on 2014 EU-SILC survey (where income data will still refer to 2013) will be released in December 2015.

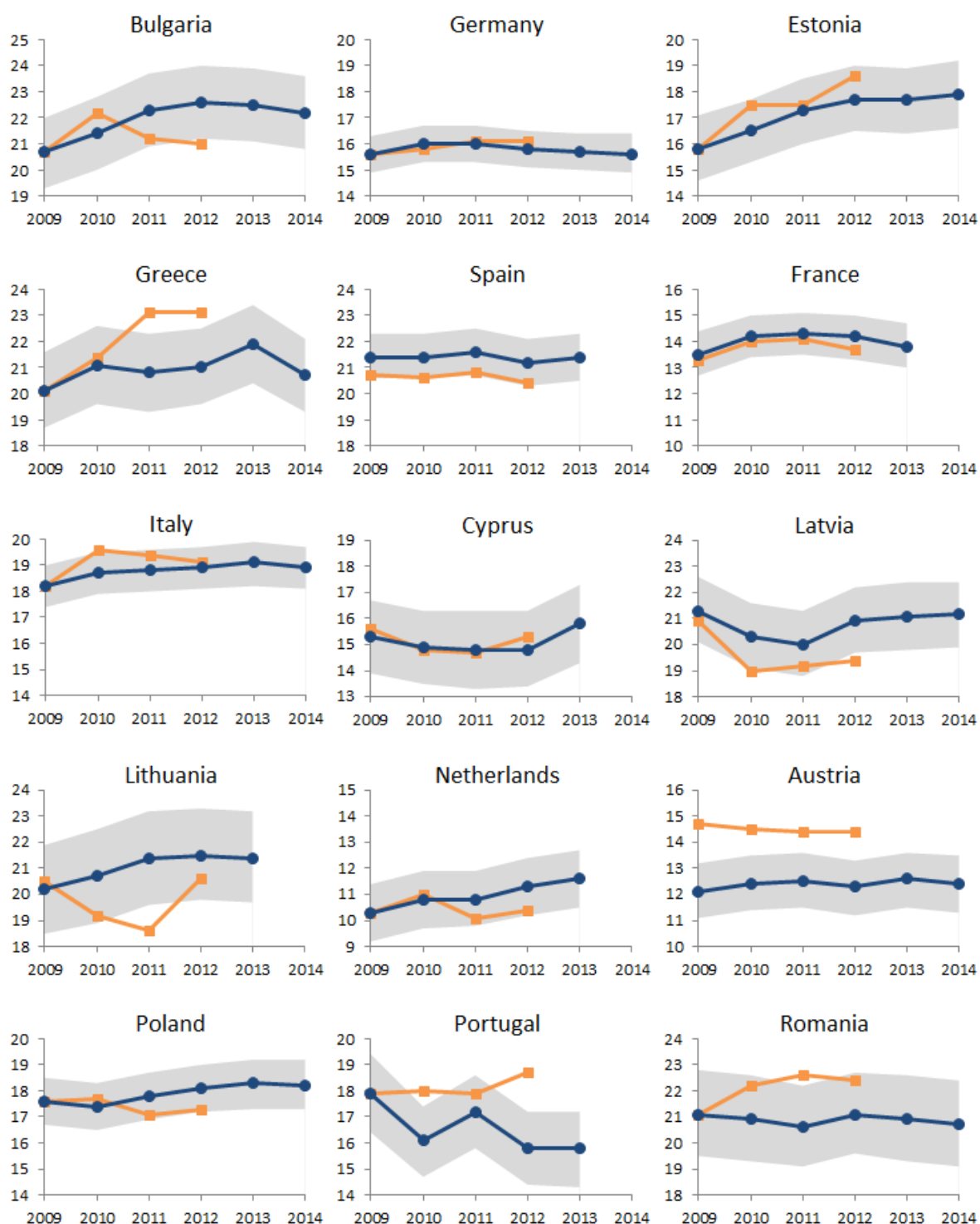
<sup>9</sup> See Engsted-Maquet and Minty (2013).

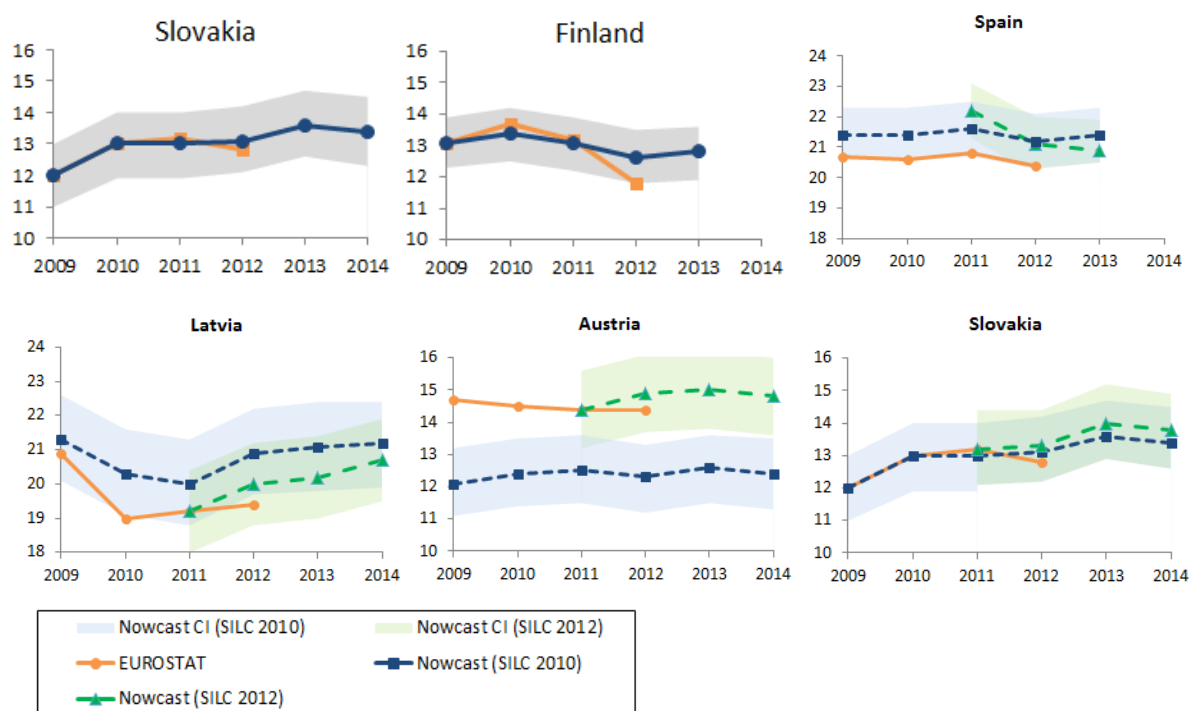
<sup>10</sup> See more details on the nowcasting method in EU Commission (2014).

<sup>11</sup> Results and their interpretation are extracted from the following study: Rastrigina, Leventi and Sutherland (2014). Nowcasting: estimating developments in the risk of poverty and income distribution in 2013 and 2014, Social Situation Monitor, Research note 1/2014.

<sup>12</sup> Equivalent to income reference years of upcoming EU-SILC 2014 and EU-SILC 2015 releases.

**Chart 7 Nowcast estimates of the at-risk-of poverty rates (based on EU-SILC 2010 & EU-SILC 2012)**





Notes: Nowcasted estimates are obtained using EUROMOD tax-benefit microsimulation model<sup>13</sup> with employment adjustments and calibration. Here and further on, information on the sample design of EU-SILC 2010 is derived following Goedemé (2010) and using do files Svyset EU-SILC 2010 provided at: <http://timgoedeme.com/eu-silc-standard-errors/>. The 95% confidence intervals are estimated using the DASP module for Stata. Only sampling error is taken into account. Source: Eurostat database: code "ilc\_li02", EUROMOD Version G2.30.

Conversely, in Spain, Finland, Bulgaria, Austria, Poland, France, Cyprus and Italy, the elderly are expected to improve their relative income position. In Spain, Finland, Bulgaria, Austria and Poland, poverty decreases are expected to result mainly from favourable pension indexation. In France, Cyprus and Italy, there were no significant changes as regards pensions. As such, the drop in poverty for elderly people is mainly due to decreasing poverty thresholds.

Significant reductions in child poverty are expected in Greece, Latvia and Romania (by more than 1.5 ppt). In Greece, this is mainly due to lump-sum social assistance which favoured families with children. In Latvia, this is likely to be related to the introduction of a more generous child care benefit and the removal of ceilings on parental leave benefits. In Romania, this is attributable to one of the largest increases in the mean and median incomes (by 9.6% in 2012-2013).

Finally, income poverty in the working-age population is expected to decline in Latvia, Estonia and, to a lesser extent, in Germany mainly as a result of rising employment levels. In Cyprus, where the poverty threshold is falling, both child and working-age poverty rates are expected to increase by more than 1 ppt. This is attributed to the fiscal consolidation measures which particularly affected families with children in a context of increasing unemployment (by 4 ppt in 2012-2013).

<sup>13</sup> More information on EUROMOD could be obtained at: <https://www.iser.essex.ac.uk/euromod>

## Determinants of poverty change

The reported trends in AROP could be both due to inflows, outflows and stays in poverty, as poverty is a temporary situation for some people and a permanent one for others. In addition, factors that bring people out of poverty could be different based on poverty type (i.e. one time, recurrent or long-lasting situation) and, therefore, need to be taken into account in order to draft adequate policy responses. Overall, drivers of poverty changes can be broadly grouped into individual characteristics and contextual drivers, with substantial interactions between the two. This note reviews recent analytical insights on the major drivers of poverty dynamics.

Age, education and gender are found to be among the most important individual drivers of poverty changes. Research shows that households headed by young or elderly individuals are at higher risk of not exiting poverty quickly. Higher education, on the other hand, increases the chance of exiting poverty and reduces the chance of re-entering poverty in most EU Member States (Andriopoulou and Tsakloglou, 2011).

For poverty dynamics among women, both the demographic factors and labour market events are important, whereas employment related events are the predominant cause of poverty dynamics for men (Callens and Croux, 2006; Bourreacu-Dubois et al., 2003). For men, the job loss and the move from unemployment into inactivity are of utmost importance in explaining the probability of entering into poverty.

Generally, women's standard of living is more affected by the loss of their spouse's income – be it due to labour market events or a break of the partnership. Family formation or dissolution events and changes in household labour market attachment are also highly associated with child poverty transitions (Jenkins, Schluter and Wagner, 2003). Such observations are still largely subject to cross-country differences. For example, poor female-headed households in Ireland have much lower chances of exiting poverty than in other EU countries, whereas households headed by elderly individuals in the Netherlands have higher chances of exiting poverty than other poor households (Andriopoulou and Tsakloglou, 2011).

Overall, the macro-economic situation is a major determinant of employment and general income levels, having important implications for poverty dynamics (e.g. Polin and Raitano, 2012; Duiella and Turrini, 2014). That said, type (e.g. part-time or full time, permanent or temporary, etc.), quality (e.g. low paid jobs) and allocation (e.g. if new jobs are going to jobless households or not) of new jobs are all strong drivers of poverty outcomes. For instance, Horemans and Marx (2013) show that part-time employees bear significantly higher poverty risks in comparison to full-time workers. Cross-country variations though are large. In some countries part-time workers have equally comparable income situations as full-time workers – reflecting the fact that the nature and quality of part-time work vary considerably across countries. Among part-time workers, women in involuntary part-time working arrangements or for care-related reasons face higher poverty risks than other part-time workers. However, in the Netherlands, part-time workers, both men and women, have low poverty rates, showing that, with relevant institutions and policies in place, part-time work can be a good poverty reducing factor.

Given these observations, an adequate design of social and labour market policies on modifiable individual characteristics, such as skills or education levels, are very important for poverty reduction (e.g. Andriopoulou and Tsakloglou, 2011). In connection with this, welfare regimes and overall social expenditure are found to be

highly significant for poverty dynamics (Callens and Croux, 2006; Duiella and Turrini, 2014). In addition, the design of tax-benefit policies has a high poverty reduction effect. Existing research however provides only a partial estimate of the income effect of public policies, with large impact on poverty still largely un-accounted for. For example, as Avram et al. (2014) note, aside from the direct effect of taxes and benefits, there is also an indirect effect on the level of pre-tax market incomes. Poverty effects of any selected policy are also highly specific to the country context. For instance, in a study on cash transfers and tax credits to workers with low earnings, Kenworthy (2015) finds that such subsidies may be more effective in raising incomes and employment in countries with weaker unions and limited labour market regulations such as the UK or the USA. In countries with strong collective bargaining, such as Germany, the effect seems to be more on increasing employment rather than on wage levels, implying that gains in employment might not necessarily translate into poverty reduction.

Finally, one should be aware that the more time one spends in poverty the lower the exit chances are (Andriopoulou and Tsakloglou, 2011). This has important implications for policy-making in terms of defining the right instruments to break the poverty spells. It is also worth noting that the accumulation of factors rather than one specific driver explains the poverty dynamics of most vulnerable groups. It follows that there are no one-size-fits-all solutions and that coherent sets of policies are necessary to break poverty spells. In design of poverty reduction policies not only assessment of individual circumstances and duration of poverty spell, but also the wider role of other policies such as education, labour market and social protection policies as well as country specific circumstances should be taken into account.

**Table 1 - Developments in main social and complementary indicators (2012-2013) and "nowcast" estimates**

	Risk of poverty or social exclusion		At risk of poverty rate		Severe material deprivation		Jobless households		Poverty thresholds		Nowcasted at risk of poverty rate, income reference periods of:				Change 2012-2014** (ppt) in nowcasted at risk of poverty rate		
	2013, %	2013-12 change (ppt)	2013, %	2013-12 change (ppt)	2013, %	2013-12 change (ppt)	2013, %	2013-12 change (ppt)	2013, EUR	2013-12 real change (ppt)	2013*, %	2013-12 change (ppt)	2014*, %	2014-13 change (ppt)	Children (< 18)	Adults (18-64)	Elderly (65+)
BG	48.0	-1.3	21.0	-0.2	43.0	-1.1	7.8	0.1	1,754	1.8	22.5	1.5	22.2	-0.3	-0.1	-0.3	-1.4
RO	40.4	-1.3	22.4	-0.2	28.5	-1.4	14.0	0.1	1,240	-0.5	20.9	-1.5	20.7	-0.2	-1.6	-0.6	1.8
EL	35.7	1.1	23.1	0.0	20.3	0.8	13.0	0.5	5,023	-11.2	21.9	-1.2	20.7	-1.2	-1.8	-0.1	0.2
LV	35.1	-1.1	19.4	0.2	24.0	-1.6	7.9	1.4	2,799	4.8	21.1	1.7	21.2	0.1	-1.7	-1.0	8.8
HU	33.5	1.1	14.3	0.3	26.8	1.1	6.9	0.1	2,717	-3.0							
LT	30.8	-1.7	20.6	2.0	16.0	-3.8	9.9	0.0	2,819	7.1	21.4	0.8			-0.7	-0.4	2.0
HR	29.9	-2.7	19.5	-0.9	14.7	-1.2	12.9	1.6	3,047	-6.7							
IE	29.5	-0.5	14.1	-1.6	9.9	0.1	8.4	-0.7	11,439	-0.5							
IT	28.4	-1.5	19.1	-0.3	12.4	-2.1	18.2	4.0	9,440	-3.1	19.1	0.0	18.9	-0.2	-0.6	0.3	-0.4
CY	27.8	0.7	15.3	0.6	16.1	1.1	15.7	1.4	9,524	-6.6	15.8	0.5			1.5	1.2	-1.4
PT	27.5	2.2	18.7	0.8	10.9	2.3	9.0	-0.3	4,906	-2.2	15.8	-2.9			0.1	-0.1	0.1
ES	27.3	0.1	20.4	-0.4	6.2	0.4	7.9	-0.5	8,114	-4.0	21.4	1.0			-0.1	0.1	-1.2
PL	25.8	-0.9	17.3	0.2	11.9	-1.6	14.8	-2.0	3,098	2.8	18.3	1.0	18.2	-0.1	0.1	0.3	-0.5
UK	24.8	0.7	15.9	-0.1	8.3	0.5	12.6	-0.2	11,217	-0.4							
MT	24.0	0.9	15.7	0.6	9.5	0.3	23.9	0.5	7,256	4.6							
EE	23.5	0.1	18.6	1.1	7.6	-1.8	11.0	0.7	3,947	6.4	17.7	-0.9	17.9	0.2	-0.8	-0.5	3.9
BE	20.8	-0.8	15.1	-0.2	5.1	-1.2	11.0	-0.4	12,890	4.7							
SI	20.4	0.8	14.5	1.0	6.7	0.1	6.6	0.5	7,111	-4.1							
DE	20.3	0.7	16.1	0.0	5.4	0.5	10.0	-1.7	11,749	-1.6	15.7	-0.4	15.6	-0.1	0.2	-0.4	0.2
SK	19.8	-0.7	12.8	-0.4	10.2	-0.3	9.0	0.0	4,042	-4.1	13.6	0.8	13.4	-0.2	0.7	0.5	-0.1
LU	19.0	0.6	15.9	0.8	1.8	0.5	9.3	0.4	19,981	-0.1							
DK	18.9	-0.1	12.3	-0.8	3.8	1.0	7.2	0.3	16,138	0.7							
AT	18.8	0.3	14.4	0.0	4.2	0.2	12.2	2.1	13,244	-0.9	12.6	-1.8	12.4	-0.2	0.5	0.0	-0.7
FR	18.1	-1.0	13.7	-0.4	5.1	-0.2	6.4	-1.0	12,572	0.7	13.8	0.1			-0.4	0.0	-1.6
SE	16.4	0.8	14.8	0.7	1.4	0.1	7.1	1.4	15,849	2.6							
FI	16.0	-1.2	11.8	-1.4	2.5	-0.4	8.0	0.5	13,963	0.3	12.8	1.0			0.4	0.3	-0.8
NL	15.9	0.9	10.4	0.3	2.5	0.2	7.6	0.4	12,504	-1.2	11.6	1.2			0.4	0.2	0.3
CZ	14.6	-0.8	8.6	-1.0	6.6	0.0	13.2	0.2	4,616	-0.3							
EU28	24.5	-0.2	16.6	-0.2	9.6	-0.3	10.8	0.3	na	na							

Source: EU SILC, Eurostat (AROPE, AROP - previous year income) and EUROMOD ("nowcast") data.

Notes: Countries are ranked by AROPE indicator in the descending order; real changes are measured using the Harmonized Consumer price index in national currency; \* "Nowcasting" figures refer to income year t, which would be equivalent to EU-SILC reported indicators for t+1, as such "nowcasted" indicators of 2013 would be comparable to those of EU-SILC in 2014; \*\* Change 2012-2013 for ES, FR, CY, LT, NL, PT, FI.



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European Commission

Trends in poverty and social exclusion (2012-2014)

Luxembourg: Publications Office of the European Union, 2015

2015 — 18 pp. — 21 × 29.7 cm

ISBN: 978-92-79-46606-9

ISSN: 2443-6348

Doi: 10.2767/78166

This publication is available in electronic format in English.