



EUROSTAT QUALITY PROFILE

Indicator (definition)	At risk-of-poverty rate after social transfers (total, females, males): Share of persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60% of the national median equivalised disposable income after social transfers.
Eurostat Unit	F3, Living conditions and social protection
Other Commission DGs	DG EMPL
European Statistical System Working Group (WG)	WG Statistics on Income, Poverty and Social Exclusion
Date	May 2007

1. Overall assessment of accuracy and comparability (Description of quality grades under the following link: http://circa.europa.eu/Public/irc/dsis/structind/library?l=/general_information/quality_profiles/annex_enpdf/EN_1.0_&a=d)

A B C Indicator to be developed

Comparability across countries (between Member States and with Candidate Countries) is restricted as there are no common survey instruments and methodologies. Moreover, starting with the reference year 2002 series are disrupted until all countries will have implemented EU-SILC. It should be noted, however, that data is collected from reliable sources applying high standards with regard to the methodology used.

2. Objective and relevance of the indicator:

Main policy objective is to combat poverty and social exclusion. To this end common quantitative and qualitative indicators about income, poverty and social exclusion are to be established to promote better understanding and to improve the monitoring of social exclusion through exchanges of information and best practice. (European Council in Lisbon (2000) and European Council in Laeken (2001)).

The eradication of poverty remains a major challenge of sustainable development, and the social dimension is one of the three pillars of the sustainable development strategy defined in Gothenburg¹ in spring 2001.

Barcelona European Council (2002) stressed the importance of the fight against poverty and social exclusion. Member States are invited to set targets, in their National Action Plans, for significantly reducing the number of people at risk of poverty and social exclusion by 2010.

Restriction of the indicator's relevance and other characteristics which may lead to restrictions in using it in monitoring and reporting

Several assumptions are made which call for care in interpreting this indicator:

an approach based on *relative income* poverty gives a proxy for the risk of being affected by poverty within each country, but makes it more difficult to compare the situation between countries than would be the case with a common threshold. The EU average is currently calculated as a population-weighted average of the individual national values.

the choice of the cut-off threshold (60% of median) is arbitrary; Eurostat calculates a range of complementary poverty rates according to different thresholds.

due to restrictions in the underlying data sources, the income concept currently excludes some components of total income, among them imputed rent for owner-occupied accommodation.

income poverty risk at a given point in time may not necessarily imply low living standards in the short term, for example if the persons at risk have access to savings, to credit, to financial assistance from friends and relatives, etc. In particular, the cumulative impact of extended periods at risk is to be further assessed.

¹ COM(2001) 264.

In general, it is recommended to analyse the phenomenon of poverty and social exclusion using a multiplicity of indicators such as the portfolio adopted at the Laeken European Council in December 2001, rather than to rely on a single headline indicator.

3. Data availability: details

(t₁: earliest reference year available; t₂: latest reference year available in May 2007)

	EU Member States	ACC/CC	USA and Japan	EFTA ²
t ₁	1995: EU-15 1996: FI 1997: SE 1998 EU- 25 2000: EE, LT, HU, PL, SI, BG, RO 2000 and 2005 only: MT, LV 2001 and 2005 only: CZ 2003 and 2005 only: CY 2005: SK	2002: TR 2003: HR	-	2001: NO 2004 : IS
t ₂	2004: BG 2005: EU 25, EU 15, RO	2003: HR, TR	-	2005: IS, NO

Comments (including information on time series):

The primary source of the data for 1994 to 2001 is the European Community Household Panel (ECHP) for the then 15 EU Member States and national databases (mainly from Household Budget Surveys) for the New Member States and Candidate Countries.

Its successor – EU -Statistics on Income and Living Conditions (EU-SILC) is being launched in the countries at different times:

2003 (interim version): BE, DK, GR, IE, LU, AT plus Norway

2004: ES, FR, IT, PT, FI, SE

2005: UK, NL, DE and the new Member States

The first set of cross-sectional indicators from EU-SILC which covers all Member States is available since December 2006.

During the transition between the end of ECHP and the start of EU-SILC, cross-sectional data required for the calculation of the indicator will be provided by the National Statistical Institutes from national sources.

4. Overall accuracy

High

Overall accuracy can be considered sufficiently high, although the general restrictions of panel and households surveys apply:

- potential measurement errors for income.
- exclusion of people not living in private households (e.g. in collective households, homeless persons).
- potential low response rates of households at both ends of the income distribution.

For some countries the available data currently only permits adjustment for social transfers on a gross basis, which may affect the accuracy of the complement to this indicator (at risk of poverty rate *before* social transfers).

Restricted

(sources, errors, methodology, etc.)

5. Comparability across countries

High

Restricted

Comparability across countries is achieved in the ECHP through a

² While being a member of the EFTA, Liechtenstein has complete or partial exemptions from several statistical requirements due to its size. Thus, Liechtenstein is excluded from this overview as most of the data for structural indicators are missing.

standardised design and common technical and implementation procedures, with centralised support and coordination of the national surveys by Eurostat.

The defective income concept, which e.g. excludes imputed rent, hampers comparability among countries.

Due to the absence of a common data source for new Member States and Candidate Countries, the data cannot be considered to be fully comparable among them nor with former EU-15 countries, in spite of the fact that every effort has been made to ensure the maximal comparability between the definitions and concepts used in the different countries and at the EU-15 level. In particular, different definitions of income parts might be used (including for DK, UK, LU for which data stem from converted national sources).

During the transition between end-ECHP and start-EU-SILC, cross-sectional indicators will be drawn from national sources (in the 9 countries of the EU-15 Member States that did not launch SILC as of 2003 and in new Member States and Candidate Countries). Comparability between countries cannot therefore be fully guaranteed.

Indicators for the Slovak Republic are to be considered provisional (**not flagged with p**) as the quality of the results is subject to ongoing discussions between the Slovak Statistical Office and Eurostat.

No comparable data available for US and Japan which use different sources and definitions.

6. Comparability over time

High

Restricted

For non-EU15 countries, Denmark and Sweden there are some breaks in the time series within the years 1994-1997.

Due to transition between end-ECHP and start-EU-SILC, there are further disruptions in series between 2001 and 2005.

7. Development perspective for improving the quality of this indicator (including as far as possible an indication of the burden on Member States and respondents.)

Full implementation of EU-SILC in all Member States in line with the agreed timetable (see under data availability). From 2007 onwards the income concept will be extended to include more income elements (e.g. imputed rent and self consumption).

EU-SILC foresees a flexible module to be changed each year to cover a particular area of interest. The module for each year is fixed in a Commission Regulation (see below).

8. Contribution to quality of the set/potential to qualify for an integrated policy analysis

ECHP was a pioneering social survey. Although some discrepancies remain, its replacement, EU-SILC, is designed in a coherent way with the EU Labour Force Survey and applies an income definition compatible with national accounts.

Relevant European legislation: Regulation (EC) No 1177/2003 of the European Parliament and of the Council of 16 June 2003 concerning Community statistics on income and living conditions (EU-SILC)

Commission Regulation (EC) No 28/2004 of 5 January 2004 implementing Regulation (EC) No 1177/2003 of the European Parliament and of the Council concerning Community statistics on income and living conditions (EU-SILC) as regards the detailed content of intermediate and final quality reports

Commission Regulation (EC) No 16/2004 of 6 January 2004 implementing Regulation (EC) No 1177/2003 of the European Parliament and of the Council concerning Community statistics on income and living conditions (EU-SILC) as regards the list of target secondary variables relating to the "intergenerational transmission of poverty"

Commission Regulation (EC) No 1980/2003 of 21 October 2003 implementing Regulation (EC) No 1177/2003 of the European Parliament and of the Council concerning Community statistics on income and living conditions (EU-SILC) as regards definitions and updated definitions

Commission Regulation (EC) No 1981/2003 of 21 October 2003 implementing Regulation (EC) No 1177/2003 of the European Parliament and of the Council concerning Community statistics on income and living conditions (EU-SILC) as regards the fieldwork aspects and the imputation procedures.

Commission Regulation (EC) No 1982/2003 of 21 October 2003 implementing Regulation (EC) No 1177/2003 of the European Parliament and of the Council concerning Community statistics on income and living conditions (EU-SILC) as regards the sampling and tracing rules.

Commission Regulation (EC) No 1983/2003 of 7 November 2003 implementing Regulation (EC) No 1177/2003 of the European Parliament and of the Council concerning Community statistics on income and living conditions (EU-SILC) as regards the list of target primary variables.

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