



Impact of social transfers on poverty – evidence from EU-SILC data

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Outline

- EU-SILC overview
- At-Risk-of-Poverty (AROP) indicator
- Key indicators for a multi-perspective analysis
- EU2030 targets on poverty
- Concluding remarks

EU-SILC: a comprehensive socio-economic data source

- EU harmonised, multipurpose, individual and household data collection (annual) based on sample (sample size – more than 300k households and more than 600k individuals in EU).
- EU-SILC is a household and individual data collection which output is harmonized as it is regulated by legislations. Participants (27EU + EFTA + candidate countries) provide micro data (around **260 variables**) based on survey, register and imputations.
- EU-SILC is both **cross sectional and longitudinal** survey, that allows to follow the same households for **4-6 years**.
- Annual **nucleus** variables (90%) and **modules** (10%) - every three years, every six years and ad-hoc subject / policy need modules, additional variables could be added as optional.

Defining at-risk-of-poverty: EU-SILC perspective

- Definition: the at-risk-of-poverty (AROP) rate is the share of people with an equivalised disposable income (after social transfer) below the at-risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income after social transfers
- Emphasis on income comparison: equivalised disposable income
- Income threshold
- Importance of social transfer
- Policy relevance:
 - Component of the indicator measuring the share of persons at risk of Poverty or Social Exclusion (AROPE)
 - Benchmark for evaluating the success of social transfer programs in lifting individuals and households above the poverty line

Focus on social transfers

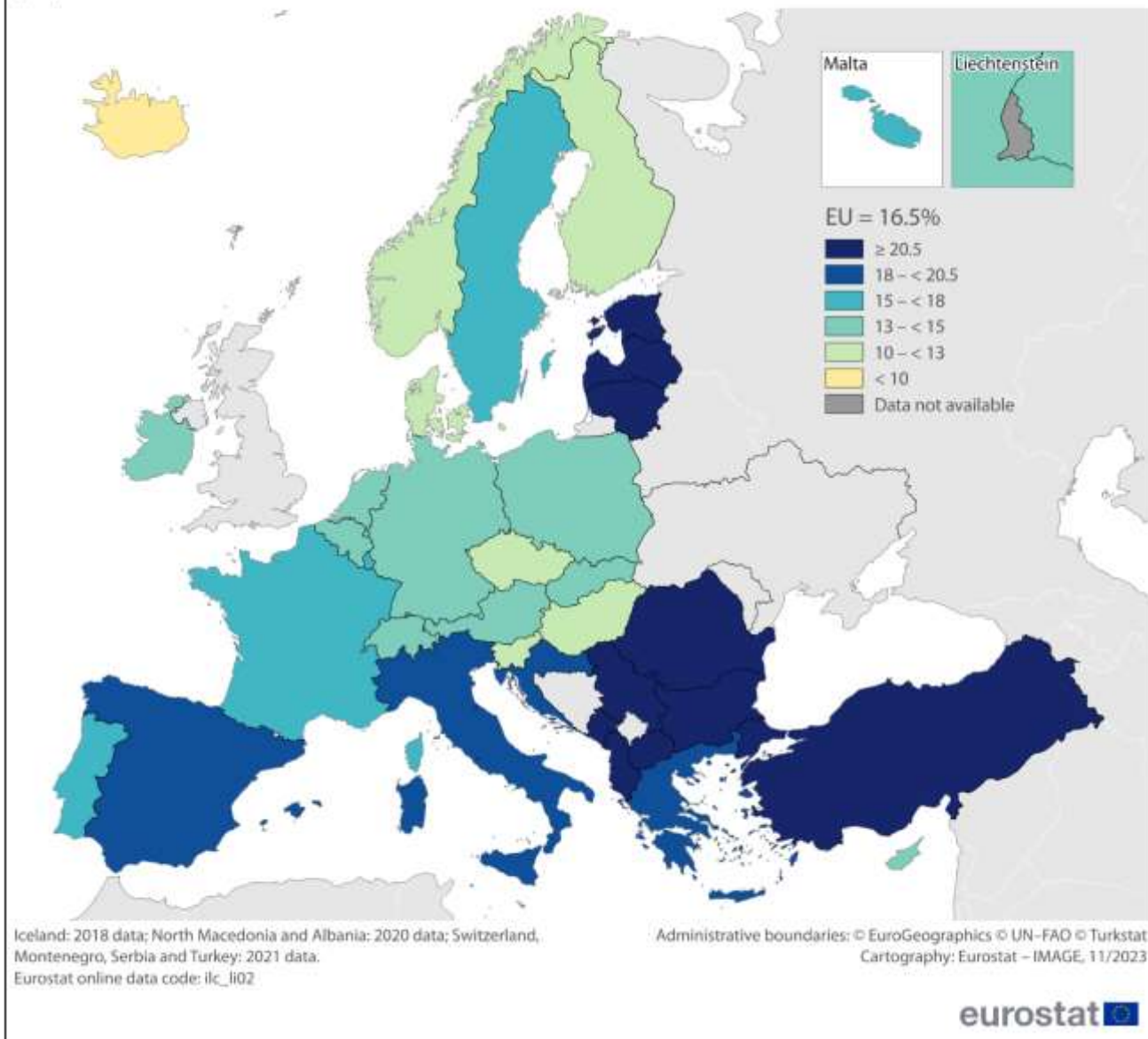
- Social transfers included in EU-SILC data collection:
 - old-age (retirement) and survivors' (widows' and widowers') pensions
 - unemployment benefits
 - family-related benefits
 - sickness and invalidity benefits
 - education-related benefits
 - housing allowances
 - social assistance
 - other benefits

Multi-perspective analysis on poverty with EU-SILC indicators

- Cross-country comparison:
 - [At-risk-of-poverty rate by poverty threshold, age and sex - EU-SILC and ECHP surveys \[ilc_li02\]](#)
 - [At-risk-of-poverty rate by NUTS regions \[ilc_li41\]](#)
- Over time:
 - [At-risk-of-poverty rate anchored at a fixed moment in time \(2019\) by age and sex - EU-SILC survey \[ilc_li22\]](#)
- Income:
 - [Income in real terms \(2010 SILC=100\) \[ilc_di18\]](#)
 - [Mean and median income by age and sex - EU-SILC and ECHP surveys \[ilc_di03\]](#)
- Contribution of social transfer:
 - [Mean and median income before social transfers \(pensions included in social transfers\) by age and sex \[ilc_di13\]](#)
 - [Mean and median income before social transfers \(pensions excluded from social transfers\) by age and sex \[ilc_di14\]](#)
 - [Persons receiving benefits \(other than old age benefits\) by risk of poverty and work intensity of the household \(population aged 18-64\) \[ilc_li70\]](#)
 - [At-risk-of-poverty rate before social transfers \(pensions included in social transfers\) by poverty threshold, age and sex - EU-SILC and ECHP surveys \[ilc_li09\]](#)

Persons at risk of poverty after social transfer, 2022

(%)

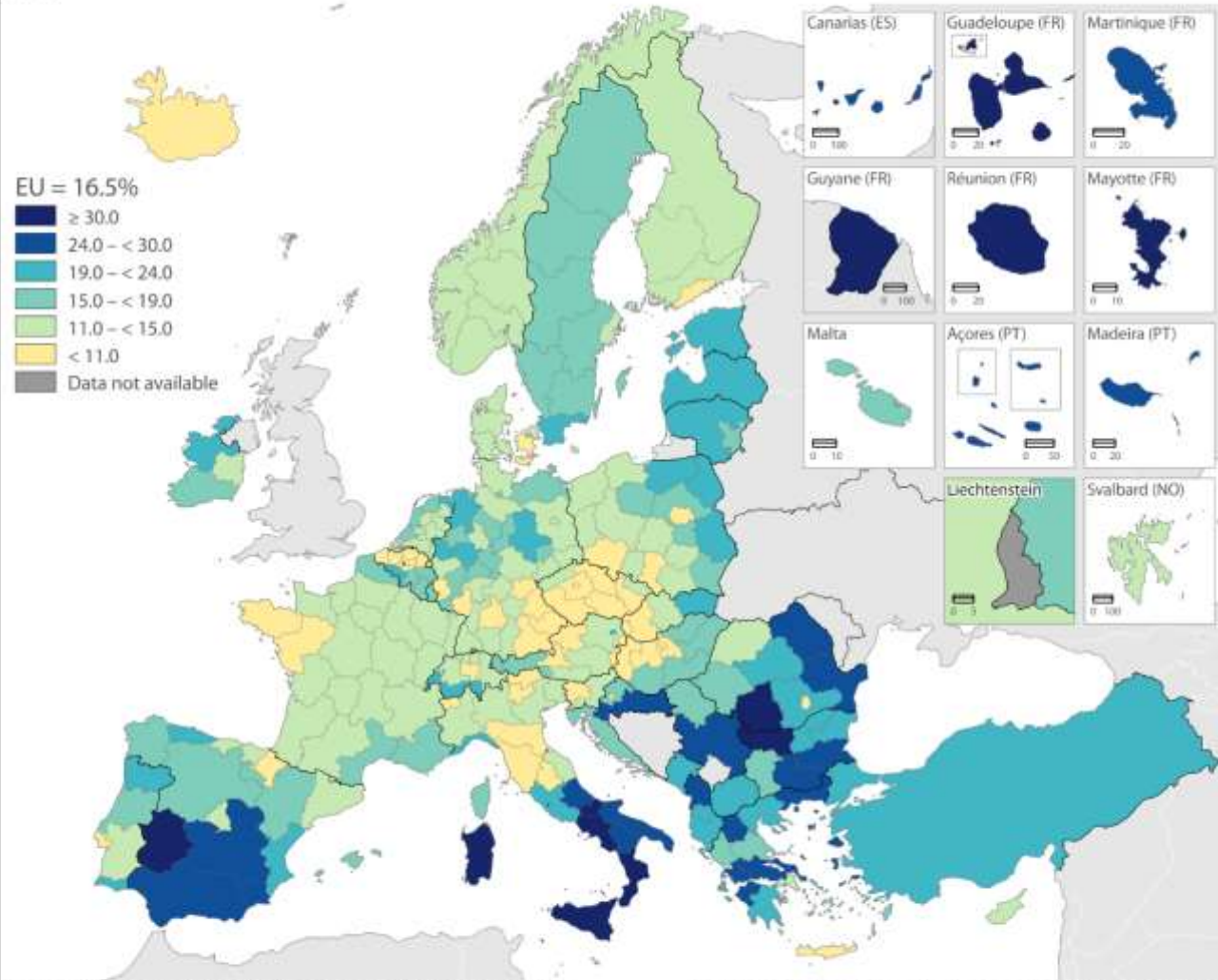


5 clusters of EU countries in terms of risk of poverty

- Baltic and Eastern countries: highest AROP rates
- Mediterranean EU countries with AROP between 18.0 and 20.5%
- MT, PT, FR, LU and SE: AROP between 15.0 and 18.0%
- Central EU countries reported AROP at 13.0-15.0%
- FI, CZ, SI and HU: lowest AROP values

Persons at risk of poverty after social transfer by NUTS regions, 2022

(%)



Iceland: 2018 data; North Macedonia and Albania: 2020 data; Switzerland, Montenegro, Serbia and Turkey: 2021 data.
Eurostat online data code: ilc_li41

Administrative boundaries: © EuroGeographics © UN-FAO © Turkstat
Cartography: Eurostat - IMAGE, 11/2023

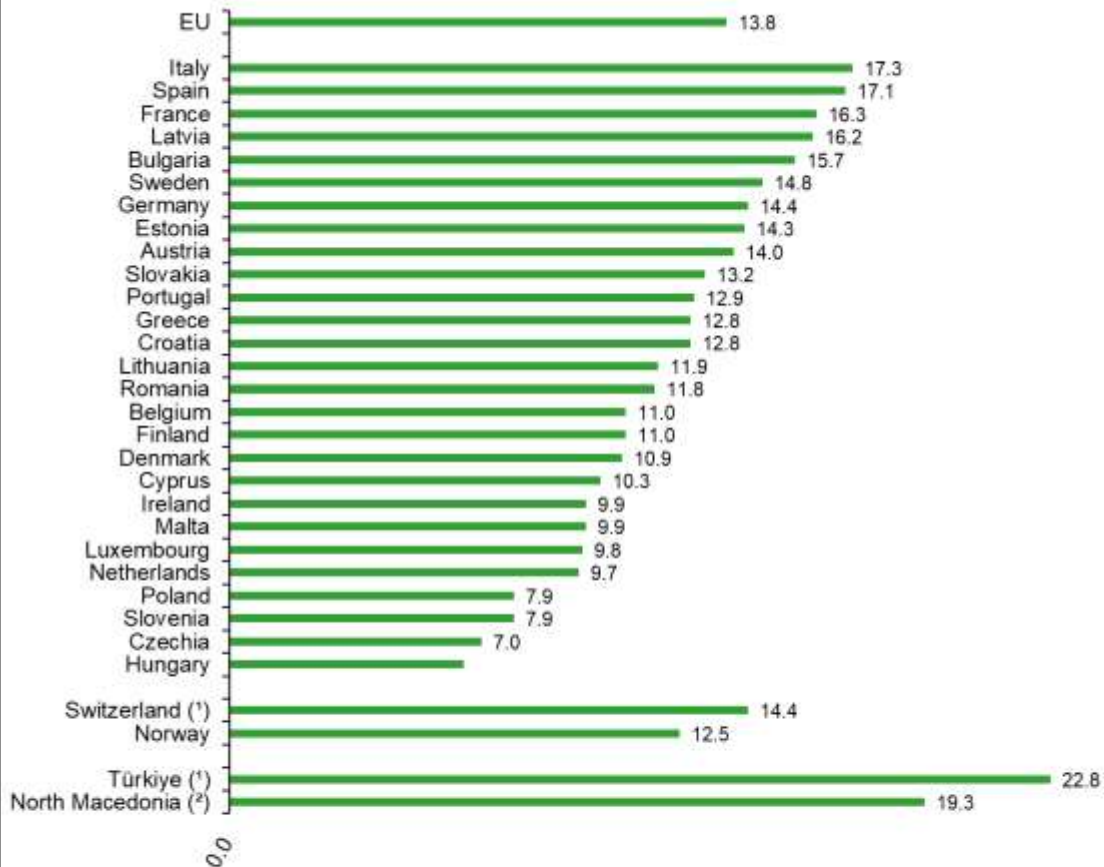
eurostat

Disparities are more evident at regional level

- Particularly evident in IT and ES
- French DOMs reported high AROP rates
- PL and DE presenting East/West and North/South disparities, respectively

At-risk-of-poverty rate anchored at a fixed moment in time (2019)

(%)



Note: ranked on the median equivalised disposable income in real terms.

(¹) 2021 data.

(²) 2020 data.

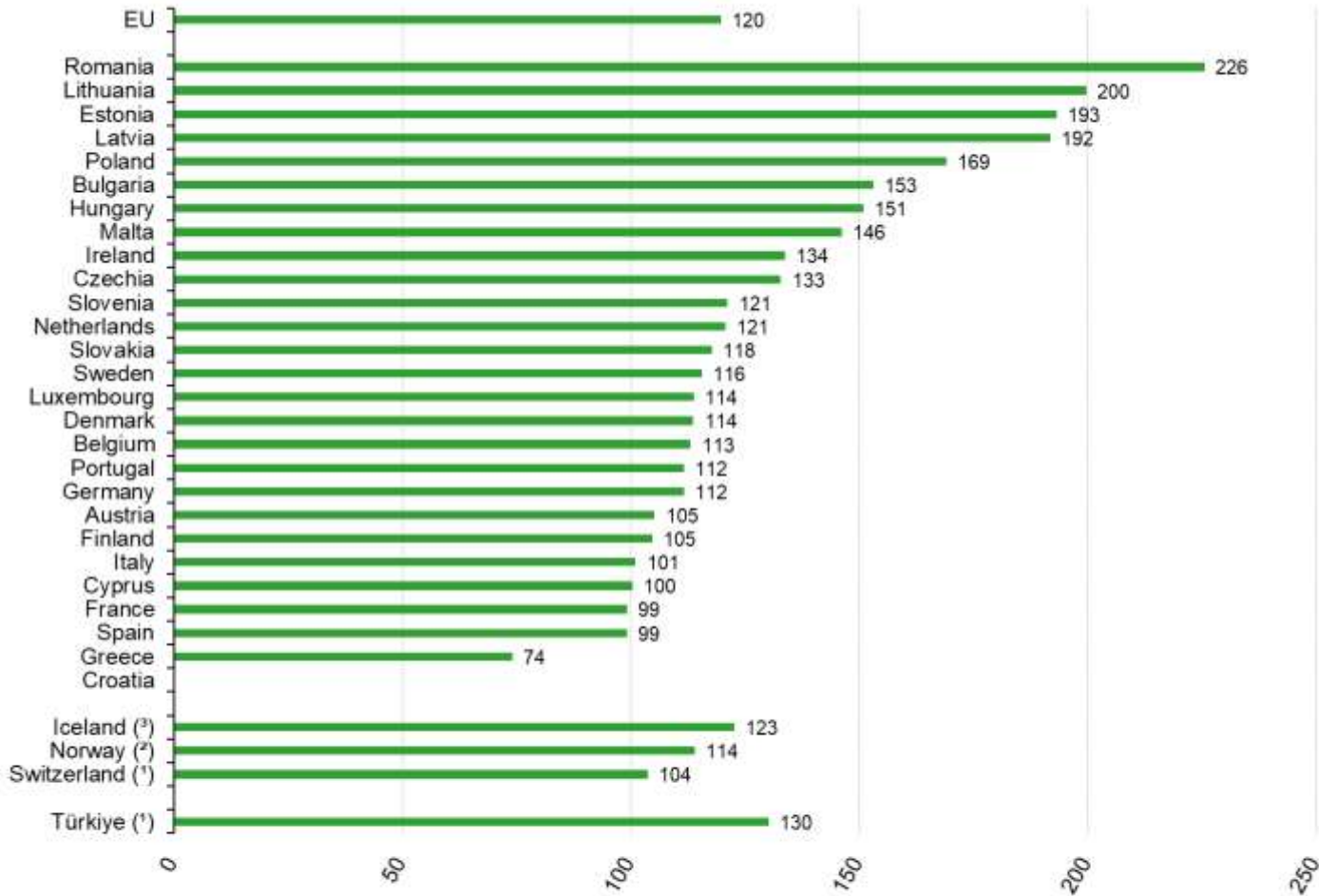
Source: Eurostat (online data code: ilc_li22)

EU AROP anchored rate increased by 14% since 2019

- EU: increase of 13.8% of AROP rate since 2019
- IT, ES and FR reported highest increases since 2019
- Lowest increases in PL, SI, CZ, HU

Median equivalised disposable income in real terms

(index SILC 2010=100, 2022)



Note: ranked on the median equivalised disposable income in real terms.

(*) 2021 data.

(*) 2020 data.

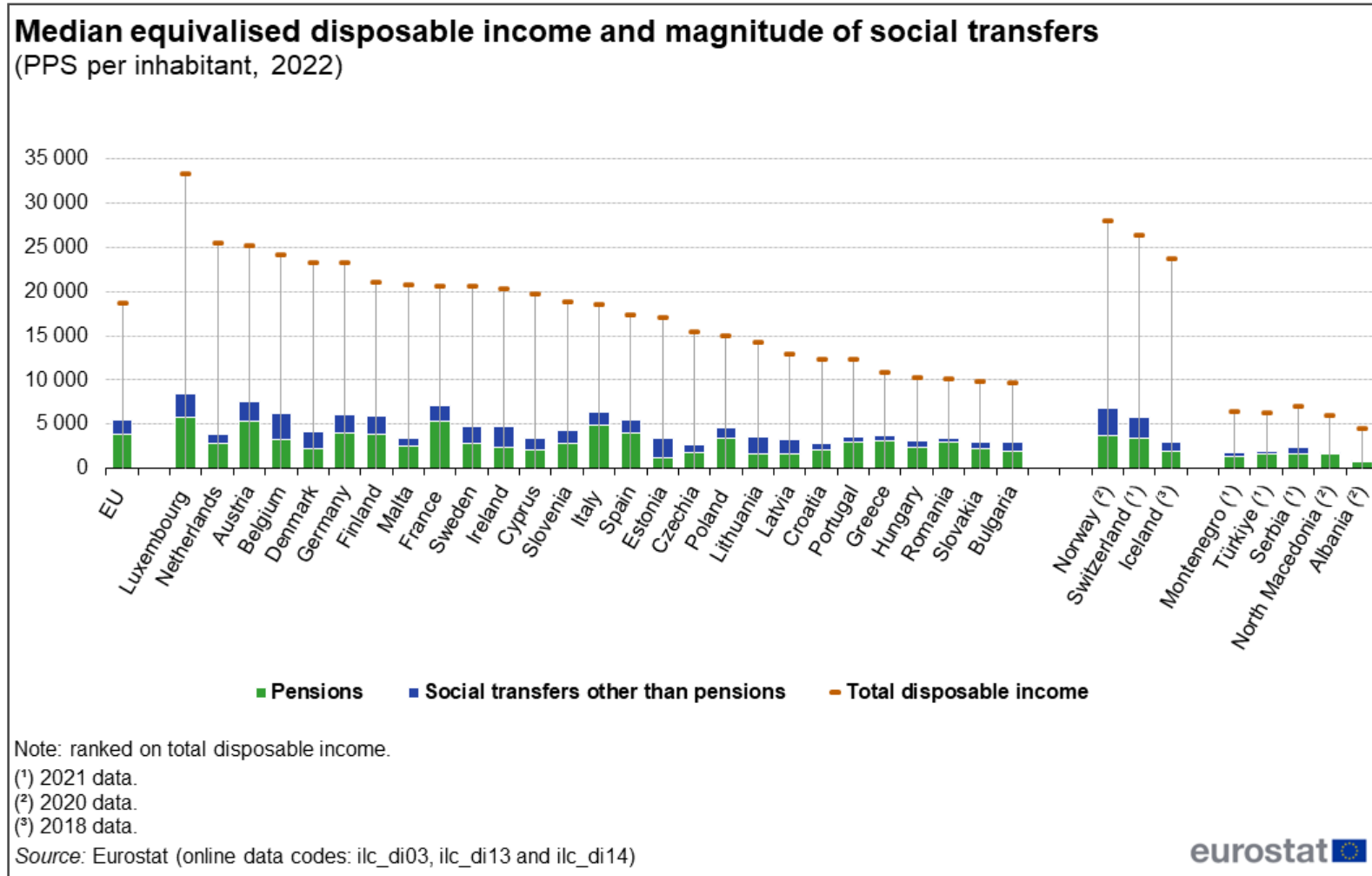
(*) 2018 data.

Source: Eurostat (online data code: ilc_di18)

EU median disposable income in real terms increased by 20 % since 2010

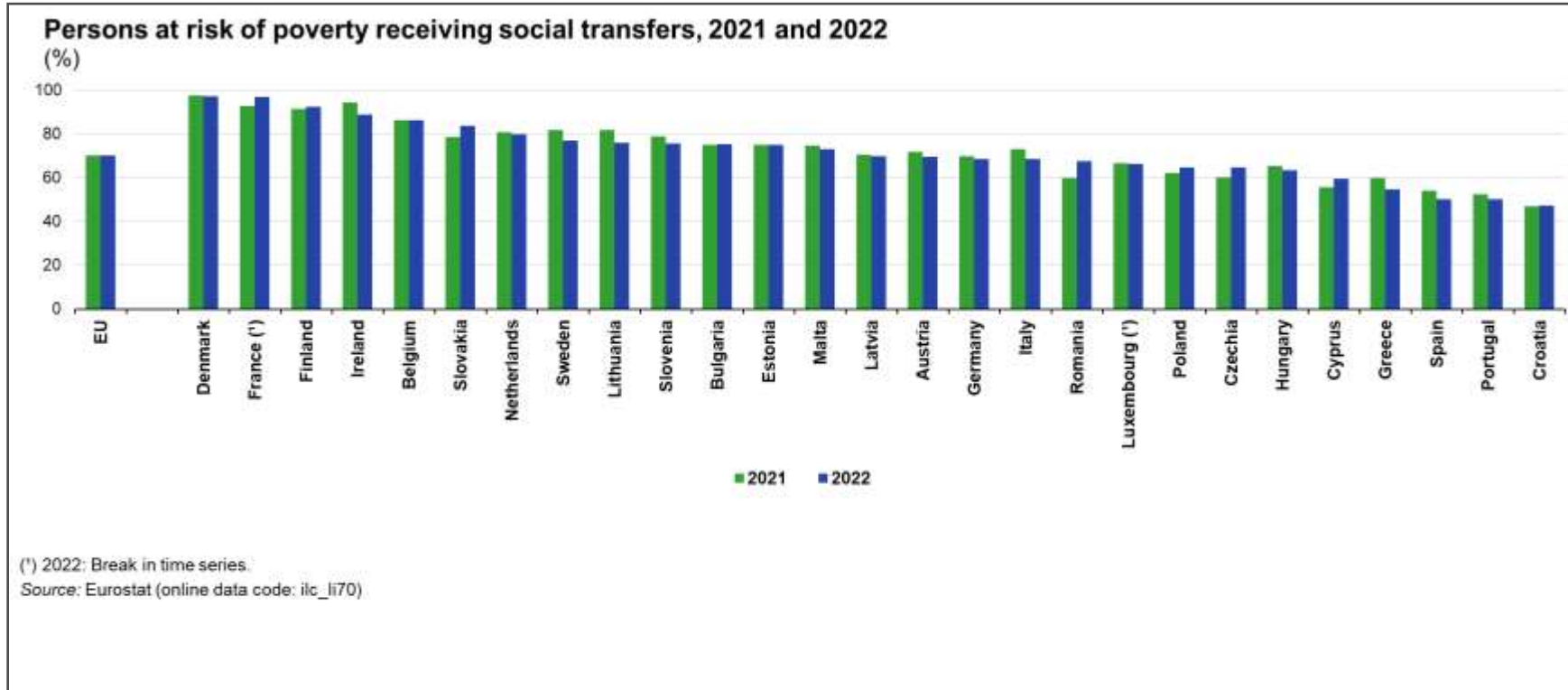
- EU: increase of 20 % of the disposable income since 2010
- RO, LT, EE and LV reported highest increases since 2010
- But decrease in EL
- Stagnation in IT, CY, FR, ES

Social transfers contributed 5 416 PPS per inhabitant to median disposable income in EU



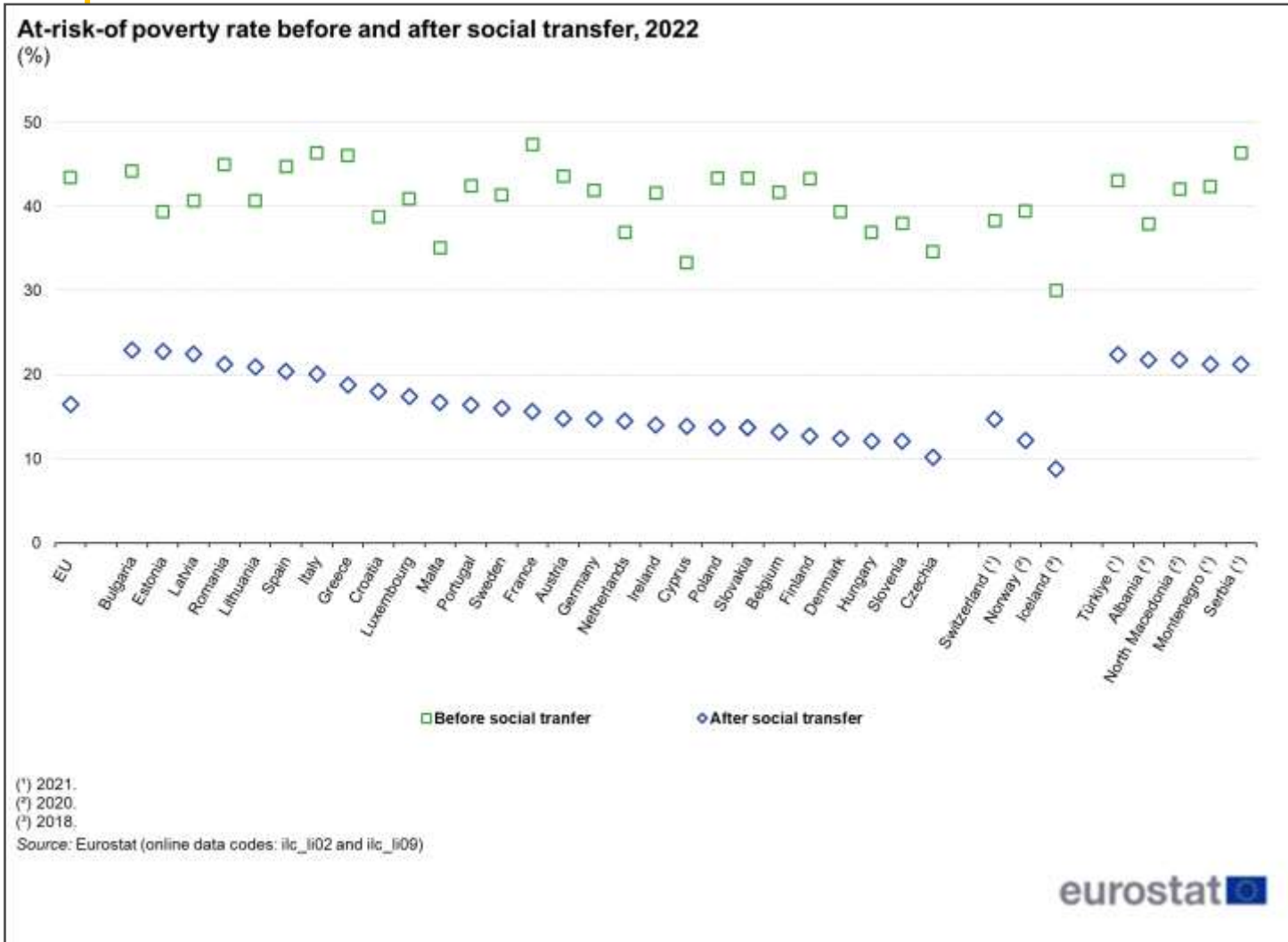
- EU: social transfers (including pensions) 5 416 PPS per inhabitant of the median disposable income
- Largest transfers in LU, AT, FR
- Contribution of pensions in social transfers relatively high in RO, EL, PT and HR

Share of persons at risk of poverty in EU receiving social transfers slightly decreased from 2021 to 2022



- EU: from 70.3% (2021) to 70.2% (2022)
- Shares increased in 9 EU countries
- Major increases: RO, SK, CZ
- Shares decreased in 17 countries
- Major decreases: EL, IE, LT

Before and after social transfer: effect on risk of poverty



- Difference in EU: 43.5% before and 16.5% after social transfer
- Major gaps observed in FR, FI and PL
- Lowest gaps observed in EE, LV, MT

Policy relevance of risk of poverty assessment

- [EU2030 target](#) on poverty and social inclusion of the European Pillar of Social Rights Action Plan: to reduce the number of people at risk of poverty or social exclusion by at least 15 million by 2030
- Progress monitored through the [At risk of poverty or social exclusion](#) (AROPE) rate, calculated and published by Eurostat
- Persons in AROPE are in at least one of these three situations:
 - AROP
 - [Severe material and social deprivation](#)
 - Living in [households with very low work intensity](#)

Conclusions

- EU-SILC indicators allow a multi-angle analysis of poverty
- Data show the dynamics of the risk of poverty and the contribution of social transfer
- For certain countries, pensions contribute significantly to the reduction of the risk of poverty
- Assessment of poverty crucially important for policy analysis
- Risk of poverty breakdown complements the analysis

Let's stay in touch!

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EU-SILC production: ESTAT-EUSILC@EC.EUROPA.EU

Website: [Overview - Income and living conditions - Eurostat \(europa.eu\)](https://europea.eu)



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