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PRE-FINAL VERSION DATED 31 MAY 2005

(Version to be revised following the Presidency
Conference on 13-14 June 2005)

**TAKING FORWARD THE EU
SOCIAL INCLUSION PROCESS**
Annexes

An Independent Report commissioned
by the Luxembourg Presidency
of the Council of the European Union

A. B. Atkinson
B. Cantillon
E. Marlier
and B. Nolan



*Présidence luxembourgeoise
du Conseil de l'Union européenne*



Taking Forward the EU Social Inclusion Process

(A. B. Atkinson, B. Cantillon, E. Marlier and B. Nolan)

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- Annexes -

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[NOT FOR CITATION (see page 1 for details)]

ANNEX 0

List of Abbreviations and Acronyms

A. COUNTRY ABBREVIATIONS

AT	Austria
BE	Belgium
CY	Cyprus
CZ	Czech Republic
DE	Germany
DK	Denmark
EE	Estonia
ES	Spain
FI	Finland
FR	France
GR	Greece
HU	Hungary
IE	Ireland
IT	Italy
LT	Lithuania
LU	Luxembourg
LV	Latvia
MT	Malta
NL	The Netherlands
PL	Poland
PT	Portugal
SE	Sweden
SI	Slovenia
SK	Slovak Republic
UK	United Kingdom
US	United States

B. OTHER ABBREVIATIONS AND ACRONYMS

DG EMPL	Directorate-General “Employment, Social Affairs and Equal Opportunities”
DG SANCO	Directorate-General “Health & Consumer Protection”
ECHP	European Community Household Panel
ECHP UDB	ECHP Users’ Data Base
ECOFIN	Economic and Financial Affairs Council of the EU
EPSCO	Employment, Social Policy, Health and Consumer Council of the EU
EU	European Union
EU-10	The 10 “new” EU Member States, who joined the EU in May 2004 (CY, CZ, EE, HU, LT, LV, MT, PL, SI, SK)
EU-15	The 15 “old” EU Member States, before the May 2004 Enlargement (AT, BE, DE, DK, ES, FI, FR, GR, IE, IT, LU, NL, PT, SE, UK)
EUROSTAT	Statistical Office of the European Communities
EU-SILC	Community Statistics on Income and Living Conditions
FEANTSA	Fédération Européenne d’Associations Nationales Travaillant avec les Sans-Abris (European Federation of National Organisations working with the Homeless)
GDP	Gross Domestic Product
HBS	Household Budget Survey
HDI	Human Development Index
ILO	International Labour Organisation
ISG	Indicators Sub–Group (of the Social Protection Committee)
JIM	Joint Memorandum on Social Inclusion
LFS	Labour Force Survey
MDGs	Millennium Development Goals
MISSOC	Mutual Information System on Social Protection
NAP/inclusion	National Action Plan on social inclusion
NICs	Newly Industrialising Countries
OECD	Organisation for Economic Co-operation and Development
OMC	Open Method of Coordination
PISA	(OECD) Programme for International Student Assessment
PPS/PPP	Purchasing Power Standards/ Purchasing Power Parities
RTD	Research and Technological Development
SPC	Social Protection Committee
TSER	Targeted Socio-Economic Research
UNDP	United Nations Development Programme

ANNEX 1

Figures

LIST OF FIGURES

CHAPTER 1 INTRODUCTION

CHAPTER 2 THE EU SOCIAL INCLUSION PROCESS AND THE KEY ISSUES

Figure 2.1	The Social Inclusion Monitoring Framework	IX
------------	---	----

CHAPTER 3 POVERTY AND SOCIAL EXCLUSION IN THE EU

Figure 3.1	At-risk-of-poverty Rate for EU-25	XI
Figure 3.2	Concentration of those At-risk-of-poverty in EU-25	XI
Figure 3.3	Poverty Risk Plotted Against Poverty Threshold (PPS) for EU-25	XII
Figure 3.4	At-risk-of-poverty Rates for US-States (Threshold Set at 50% of National Median Income), Mid 1990's	XIII
Figure 3.5	At-risk-of-poverty Rates for EU-25 (Threshold Set at 50% of National Median Income)	XIII
Figure 3.6	Long-term Unemployment Rate for EU-25 (2003)	XIV
Figure 3.7	Prime-Age Adults Living in Jobless Households for EU-25 (2004)	XIV
Figure 3.8	Early School Leavers not in Education or Training for EU-25 (2004)	XV
Figure 3.9	Life Expectancy at Birth by Gender for EU-25	XV
Figure 3.10	Level of Deprivation on 7-Item Scale	XVI
Figure 3.11	Rankings of EU-25 countries	XVI
Figure 3.12	Joblessness (Adults) and Poverty Risk for EU-25	XVII
Figure 3.13	Social Protection Expenditure and Poverty Risk for EU-25	XVII
Figure 3.14	Social Protection Expenditure and Pre-transfer Poverty Risk for EU-25	XVIII
Figure 3.15	Poverty Risk Pre and Post-transfer for EU-25	XVIII
Figure 3.16	Employment Rate and Poverty Risk for EU-25	XIX
Figure 3.17a	Changes in Employment Rate and Risk of Poverty 1994-2000 for EU-15	XX
Figure 3.17b	Changes in Employment Rate and Anchored Risk of Poverty 1997-2000 for EU-15	XX
Figure 3.18	Child Poverty Risk Rate and Median Gap for EU-25 (2000)	XXI
Figure 3.19	Child Poverty Risk Relative to Overall Risk for EU-25	XXI
Figure 3.20	Children Living in Jobless Households Relative to Adult Rate for EU-25 (2004)	XXII

CHAPTER 4 STRENGTHENING POLICY ANALYSIS

Figure 4.1	Schematic Outline of the Determinants of Household Income	XXIII
Figure 4.2	Cross-country Correlations Between Net Social Assistance Benefits of Various Household Types (Net Income as a Percentage of 60% of the Median Poverty Risk Threshold)	XXIV
Figure 4.3	Policies, Vulnerable Groups and Common Indicators	XXV

CHAPTER 5 EU INDICATORS FOR POVERTY AND SOCIAL EXCLUSION

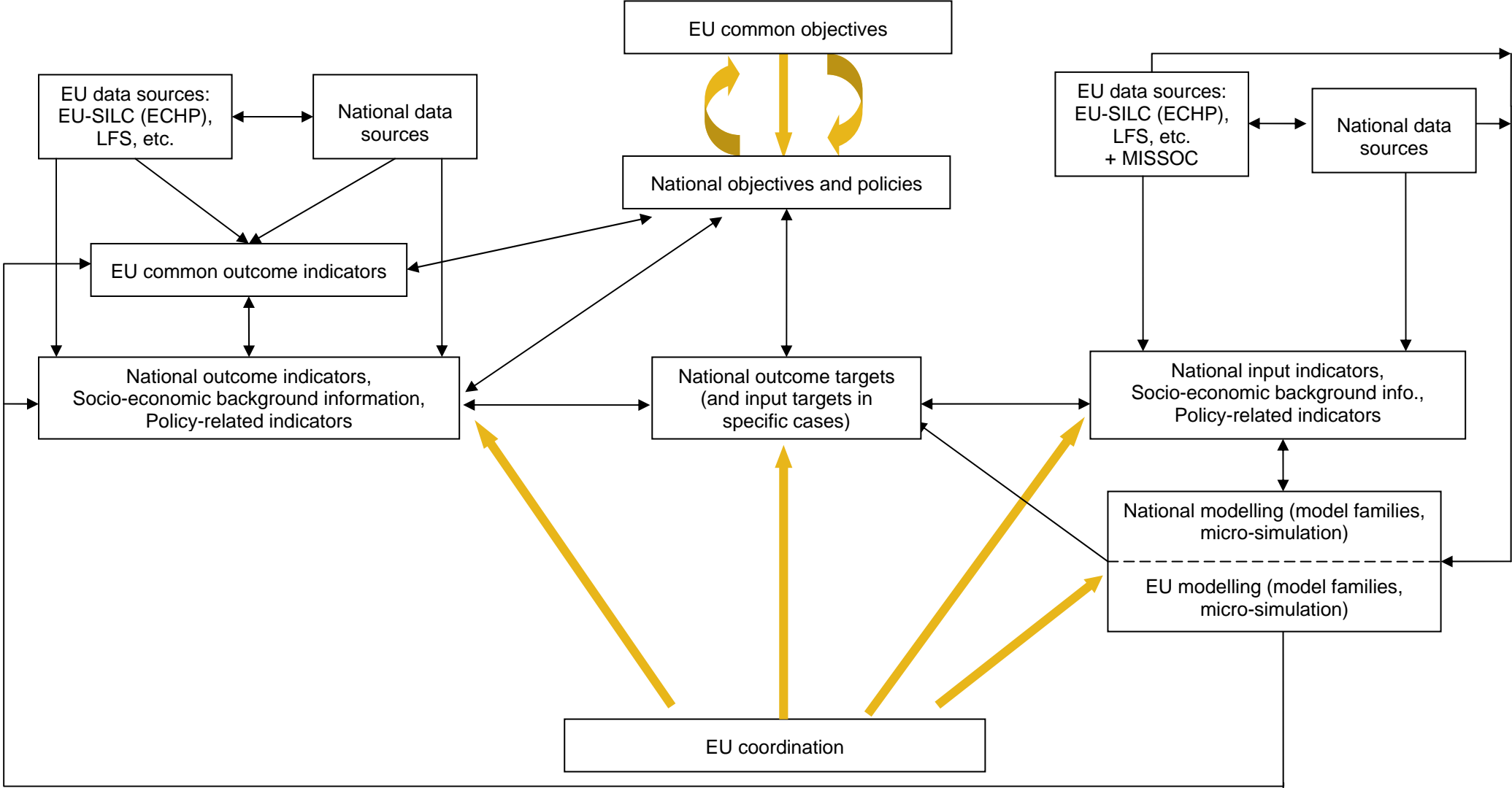
Figure 5.1	Aggregating Indicators	XXVI
Figure 5.2	Revealed Preference Approach	XXVI

CHAPTER 6 TAKING FORWARD THE EU SOCIAL INCLUSION PROCESS

Figure 6.1	Restructured NAPs/inclusion – A Focused, Targeted and Monitored Approach	XXVII
------------	--	-------

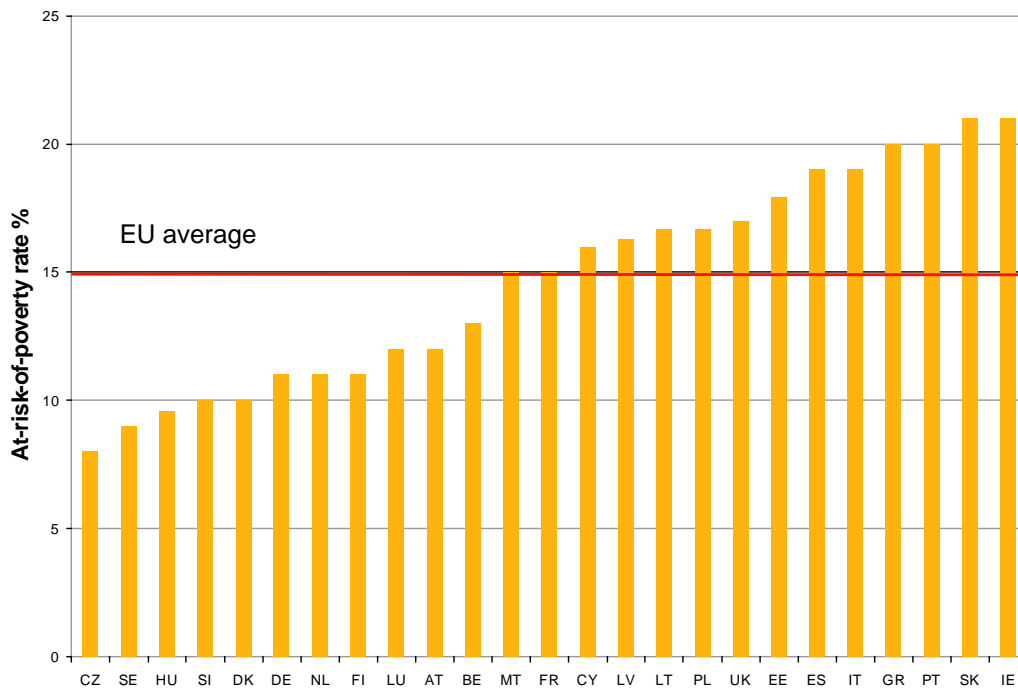
CHAPTER 7 CONCLUSIONS: ASSESSMENT AND PRINCIPAL ISSUES

Figure 2.1 The Social Inclusion Monitoring Framework



Note: MISSOC = Mutual Information System on Social Protection, LFS = Labour Force Survey

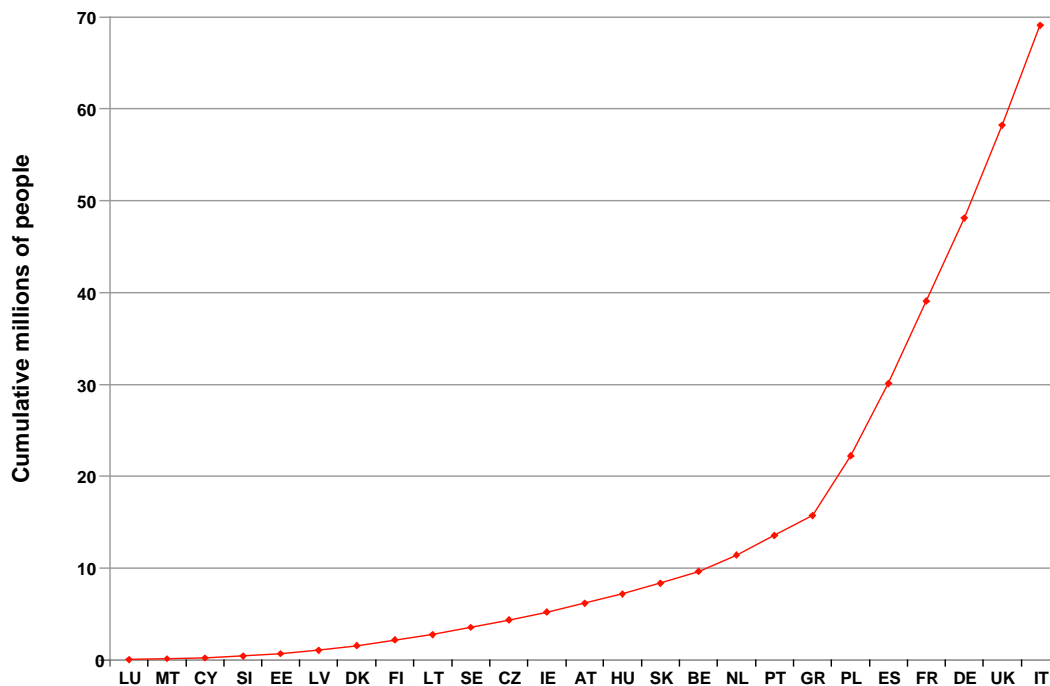
Figure 3.1 At-risk-of-poverty Rate for EU-25



Source: European Commission, 2004b, Table 1 for EU-15, and 2005c, Table 8a for EU-10.

Note: Reference year: EU-15 = 2001 figures, income reference year 2000; EU-10 = income reference year 2002 except for CY, 1997, and MT, 2000, see European Commission (2005c), page 173.

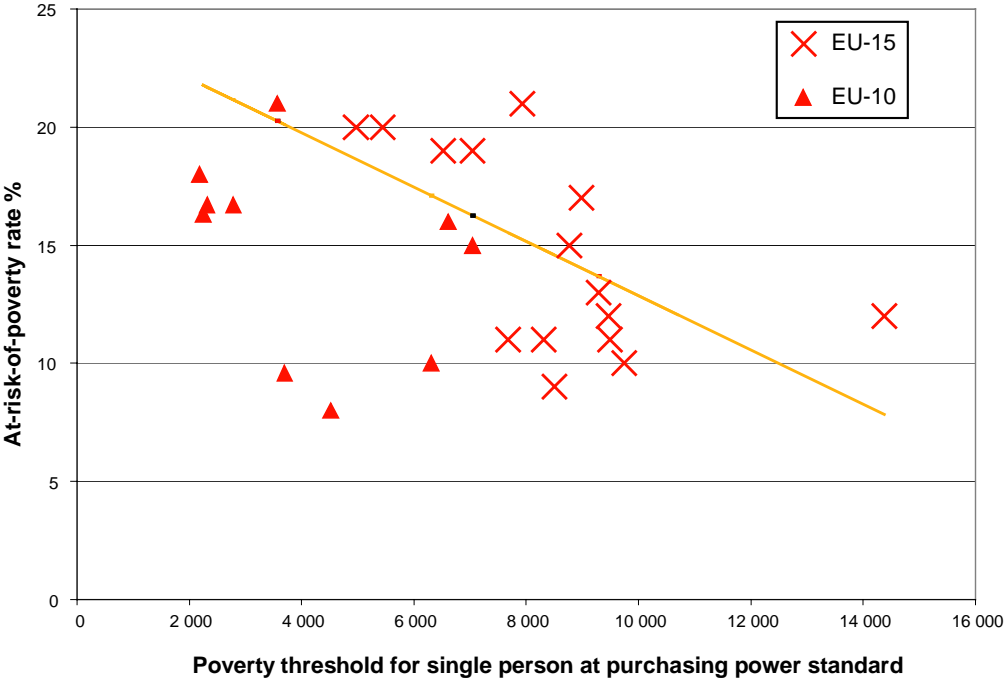
Figure 3.2 Concentration of those At-risk-of-poverty in EU-25



Source: See Figure 3.1 for at-risk-of-poverty rates; these are applied to population figures at 1 January 2003 from European Commission, 2005b, Table 2a.

Reference year: EU-15 = 2001 figures, income reference year 2000; EU-10 = income reference year 2002 except for CY, 1997, and MT, 2000, see European Commission (2005c), page 173.

Figure 3.3 Poverty Risk Plotted Against Poverty Threshold (PPS) for EU-25



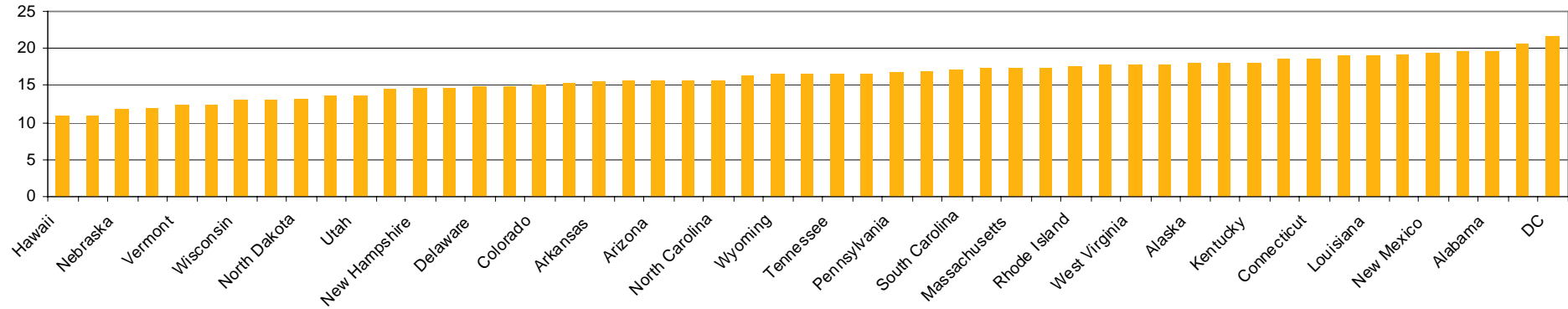
Source: See Figure 3.1 for at-risk-of-poverty rates; poverty thresholds from European Commission, 2004b, Table 5 for EU-15, and 2005c, Table 8a for EU-10.

Notes: (1) Purchasing Power Standards (PPS) converts monetary indicators expressed in a national currency to an artificial common currency that equalises the purchasing power of different national currencies (including those countries that share a common currency). In other words, PPS is both a price deflator and a currency converter.

(2) Regression line fitted by ordinary least squares to EU-15 observations.

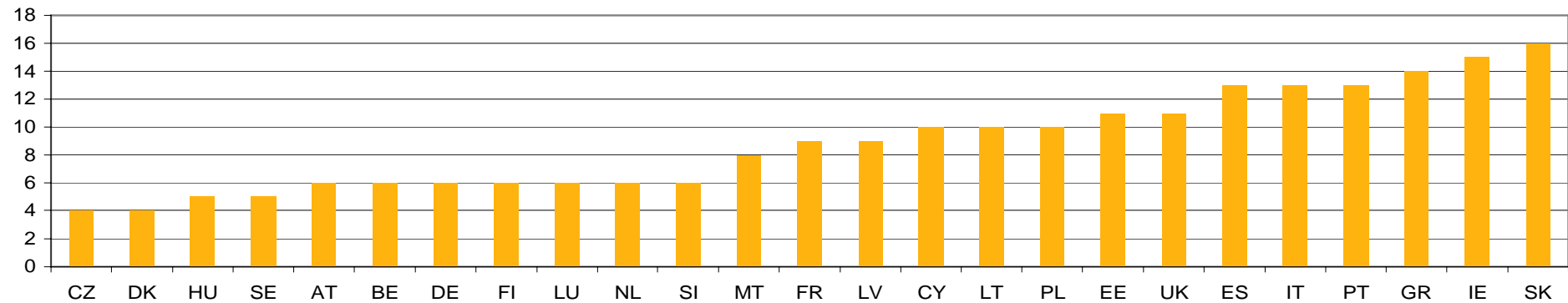
(3) Reference year: EU-15 = 2001 figures, income reference year 2000; EU-10 = income reference year 2002 except for CY, 1997, and MT, 2000, see European Commission (2005c), page 173.

Figure 3.4 At-risk-of-poverty Rates for US-States (Threshold Set at 50% of National Median Income), Mid 1990's



Source: Jesuit, Rainwater and Smeeding, 2002.

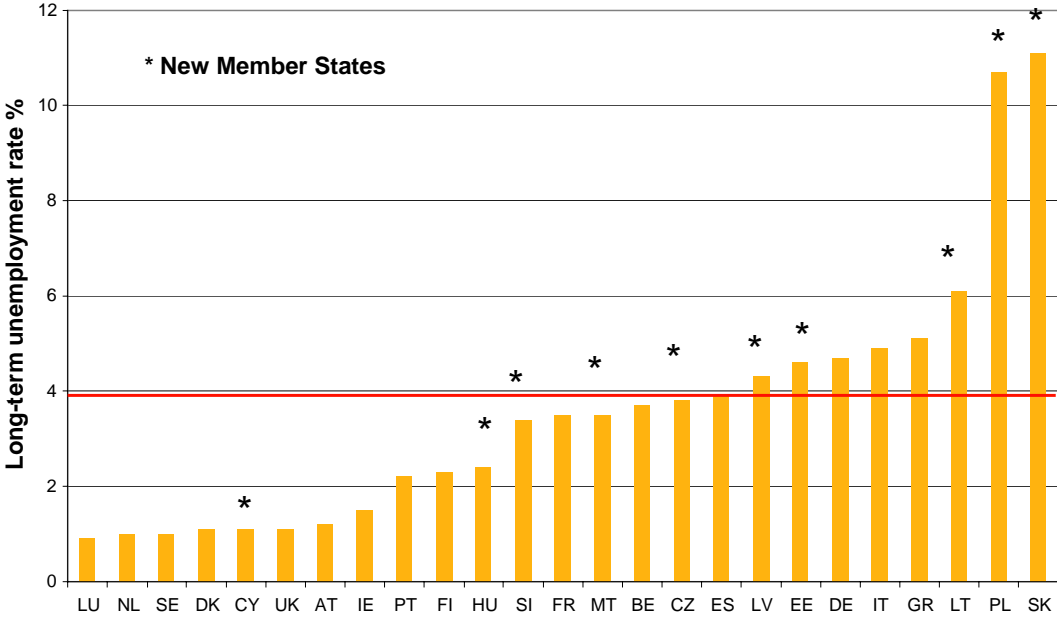
Figure 3.5 At-risk-of-poverty Rates for EU-25 (Threshold Set at 50% of National Median Income)



Source: European Commission, 2004b, Table 8 for EU-15, and 2005c, Table 8a for EU-10.

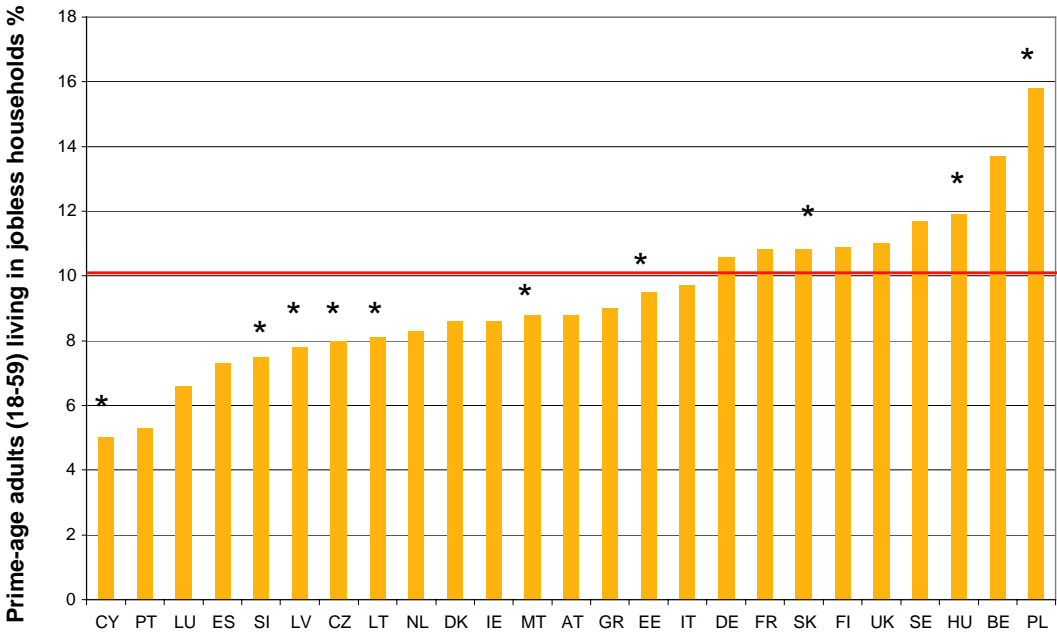
Note: Reference year: EU-15 = 2001 figures, income reference year 2000; EU-10 = income reference year 2002 except for a CY, 1997, and MT, 2000, see European Commission (2005c), page 173.

Figure 3.6 Long-term Unemployment Rate for EU-25 (2003)



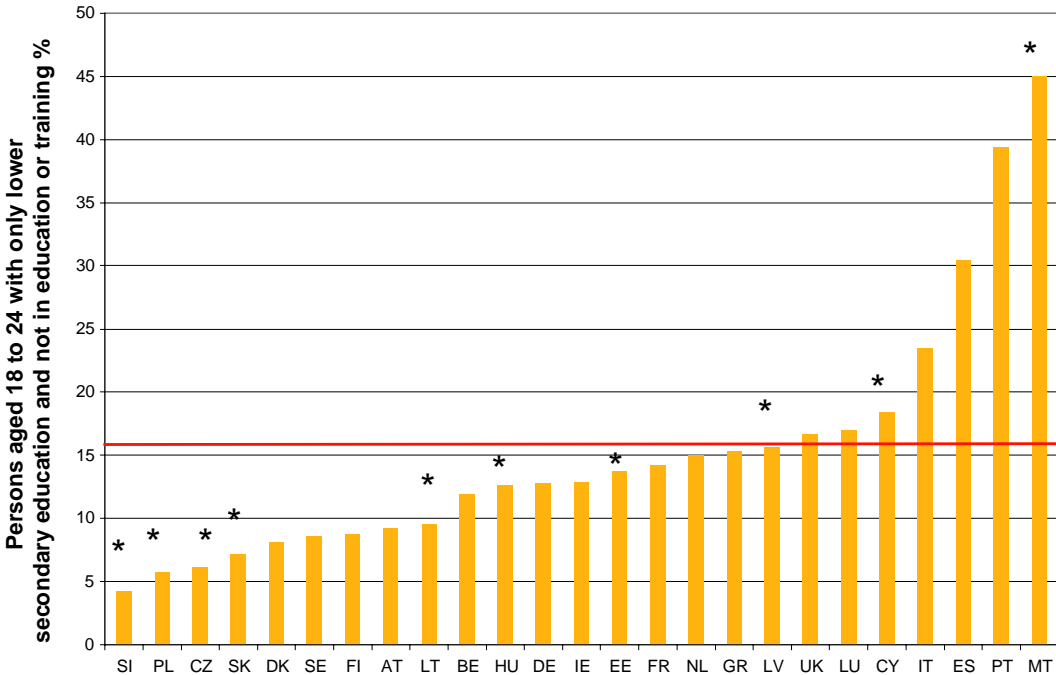
Source: European Commission, 2005b, Table 5a.

Figure 3.7 Prime-Age Adults Living in Jobless Households for EU-25 (2004)



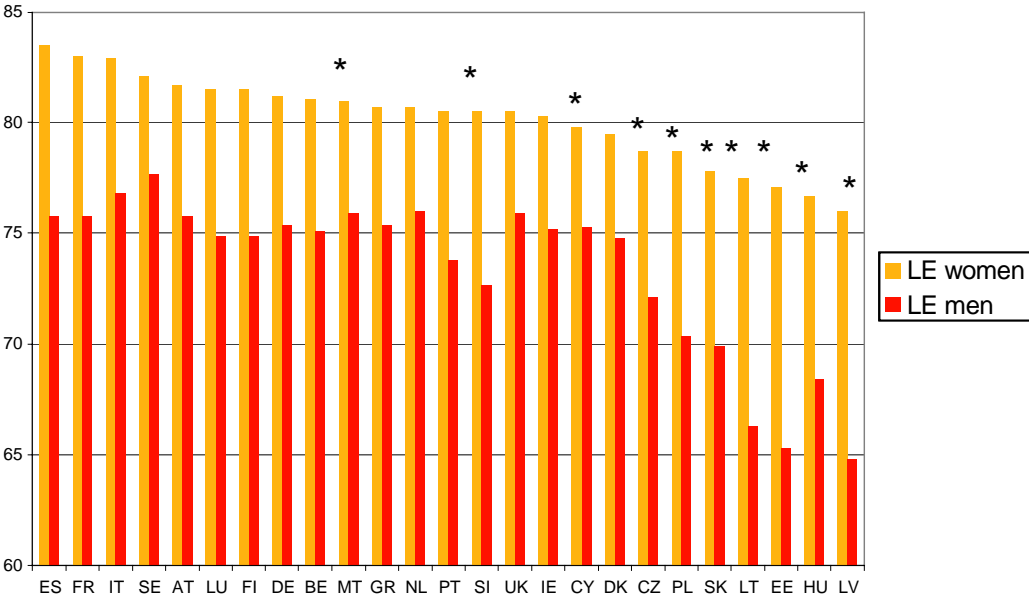
Source: European Commission, 2005b, Table 5a; figure for SE relates to 1999.

Figure 3.8 Early School Leavers not in Education or Training for EU-25 (2004)



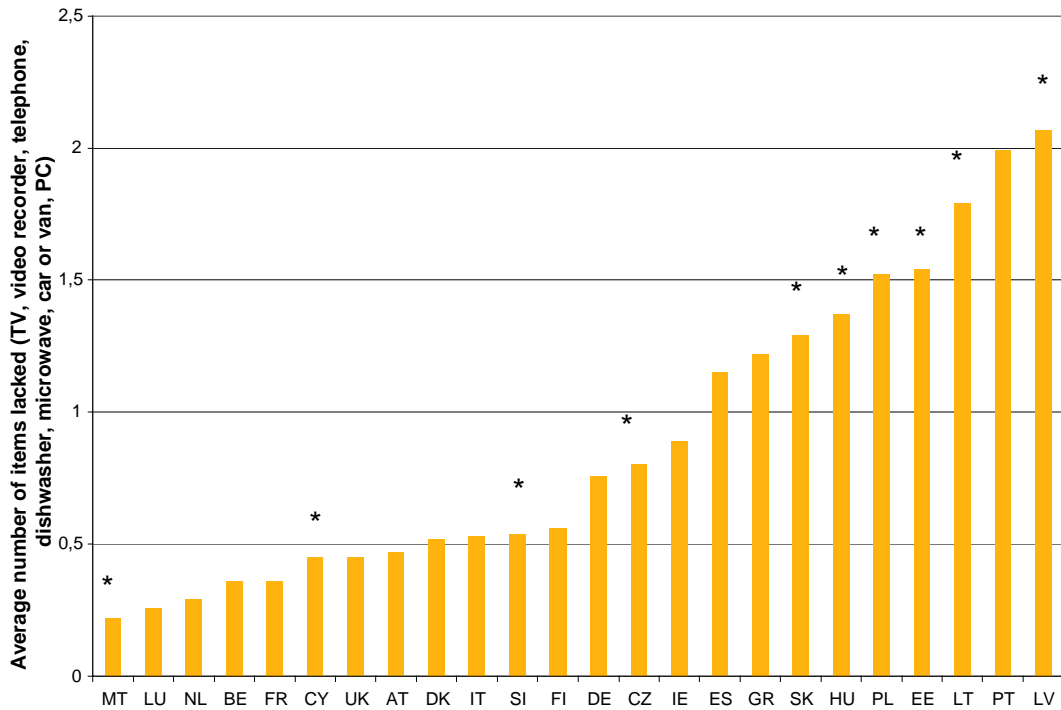
Source: European Commission, 2005b, Table 6a; figures for LU and NL relate to 2003.

Figure 3.9 Life Expectancy at Birth by Gender for EU-25



Source: European Commission, 2005b, Table 7a.
 Note: Reference year for EU-25: 2002 except CY: 1995.

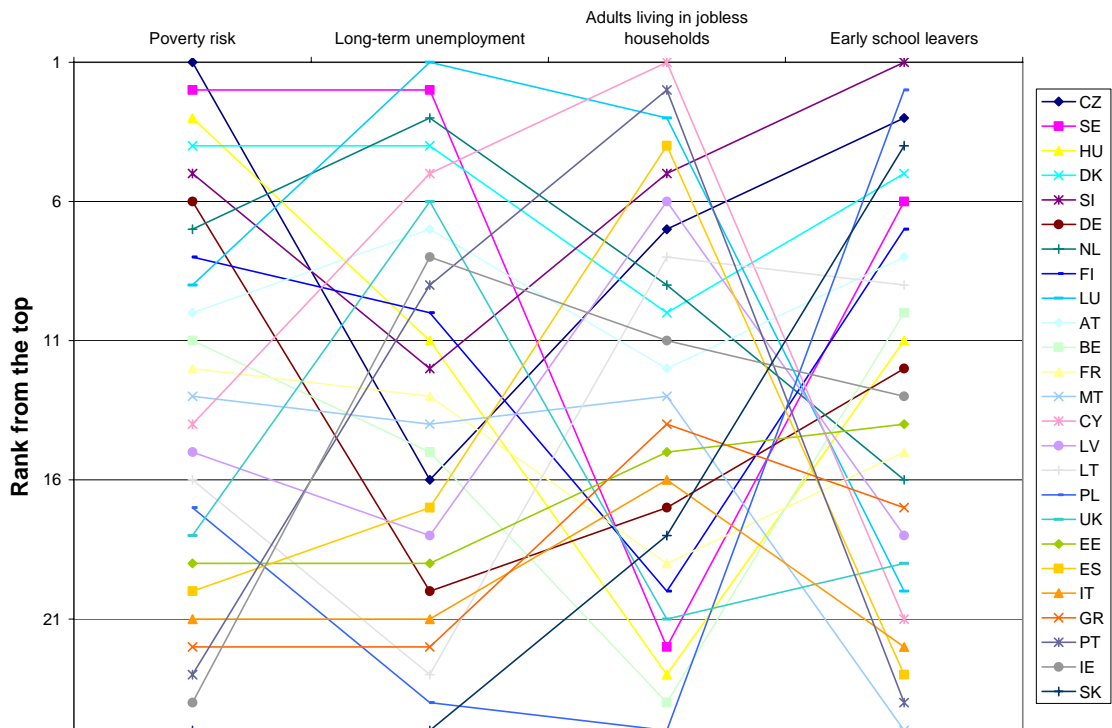
Figure 3.10 Level of Deprivation on 7-Item Scale



Source: European Commission, 2004f, Table 3.

Note: Reference year for EU-25: 2001. SE not included.

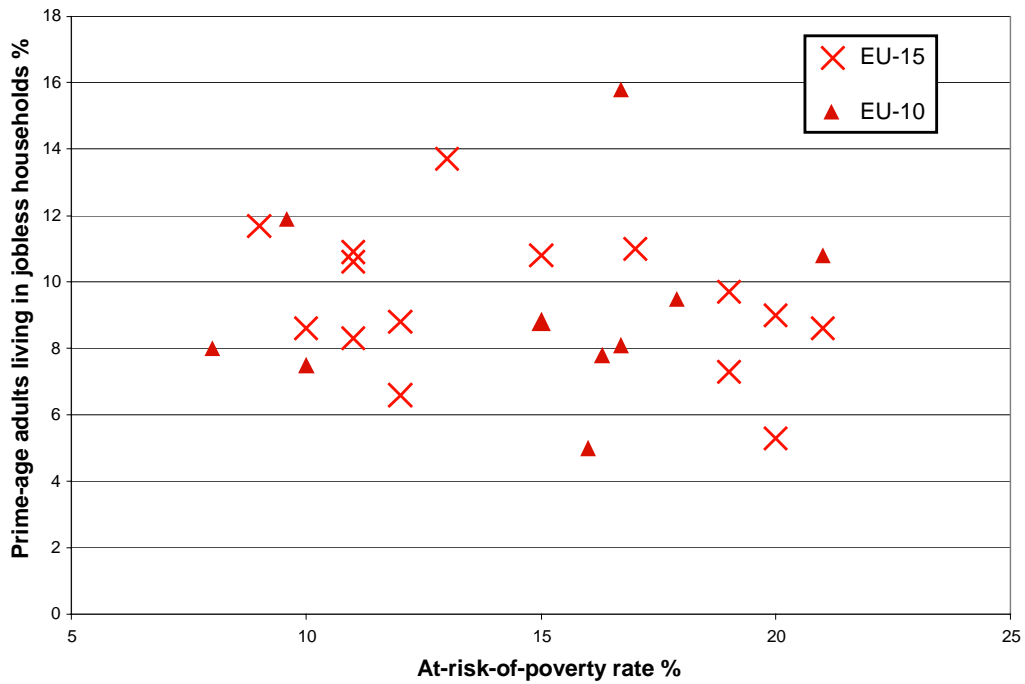
Figure 3.11 Rankings of EU-25 countries



Source: See Figures 3.1, 3.6, 3.7 and 3.8; countries of equal ranking are ordered randomly.

Reference year: Poverty risk: EU-15 = 2001 figures, income reference year 2000; EU-10 = income reference year 2002 except for CY, 1997, and MT, 2000. Long-term unemployment: 2003. People living in jobless households: 2004 except for SE, 1999. Early school leavers: 2004 except for LU and NL, 2003

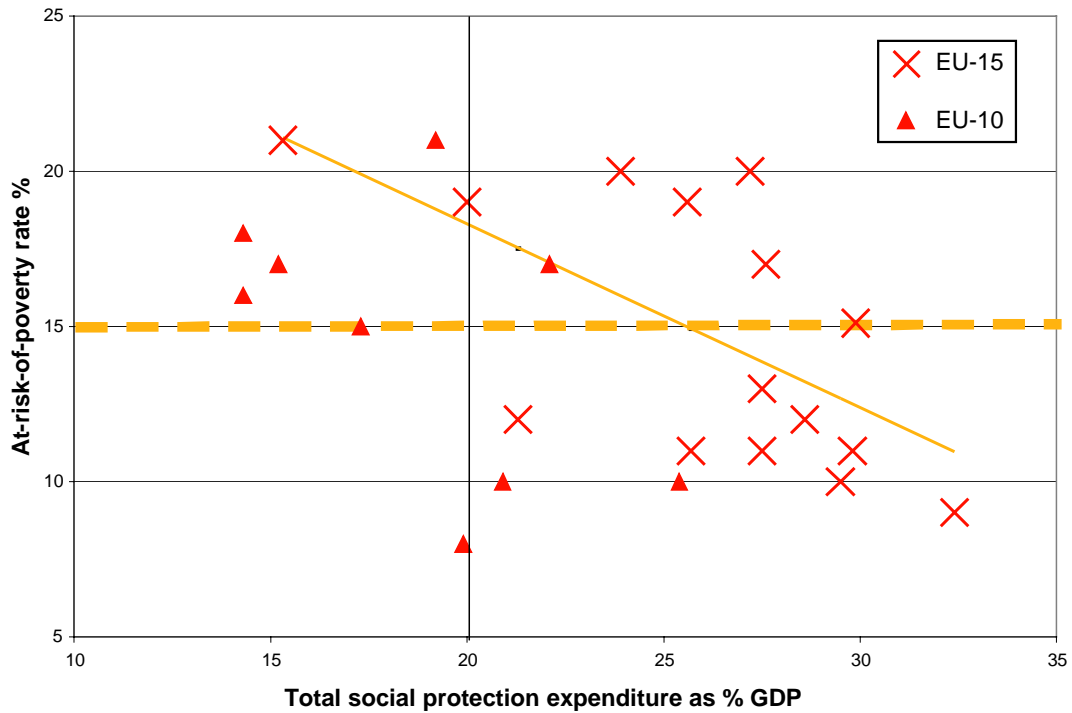
Figure 3.12 Joblessness (Adults) and Poverty Risk for EU-25



Source: See Figures 3.1 and 3.7.

Note: Reference year: At-risk-of-poverty rate EU-15 = 2001 figures, income reference year 2000; EU-10 = income reference year 2002 except for CY, 1997, and MT, 2000; Joblessness: 2004, except 1999 for SE.

Figure 3.13 Social Protection Expenditure and Poverty Risk for EU-25

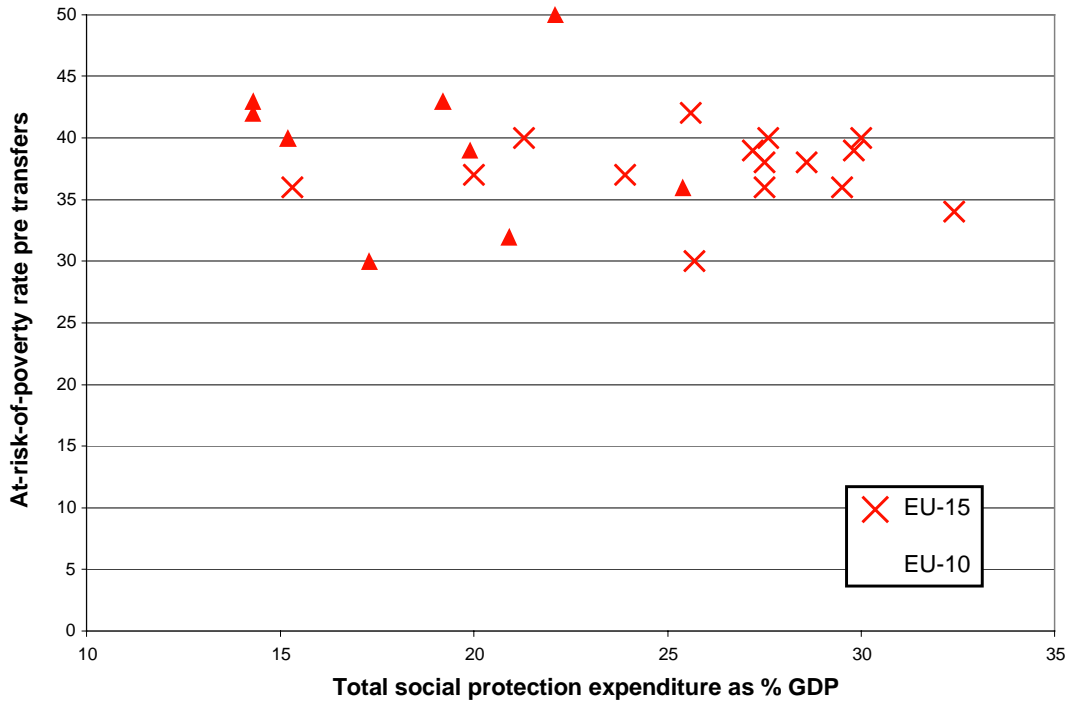


Source: See Figure 3.1 for at-risk-of-poverty rate; total social protection expenditure from European Commission, 2005b, Table 4a.

Notes: (1) Reference year: At-risk-of-poverty rate EU-15 = 2001 figures, income reference year 2000; EU-10 = income reference year 2002 except for MT, 2000; social protection expenditure: 2001, except 2002 for CZ, HU, SI and SK; CY not included.

(2) Regression line fitted by ordinary least squares to EU-15 observations.

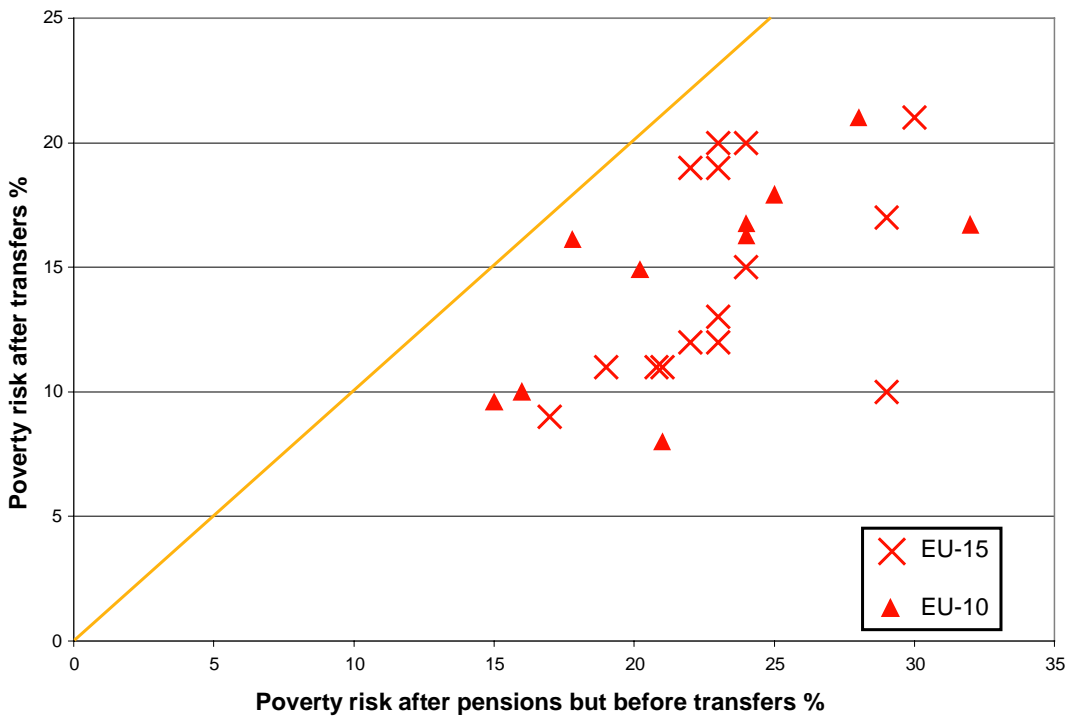
Figure 3.14 Social Protection Expenditure and Pre-transfer Poverty Risk for EU-25



Source: At-risk-of-poverty rate from European Commission, 2004b, Table 12 for EU-15, and 2005c for EU10; for social protection expenditure, see Figure 3.13.

Notes: Reference year: At-risk-of-poverty rate EU-15 = 2001 figures, income reference year 2000; EU-10 = income reference year 2002 except for MT, 2000; social protection expenditure: 2001, except 2002 for CZ, HU, SI and SK; CY not included.

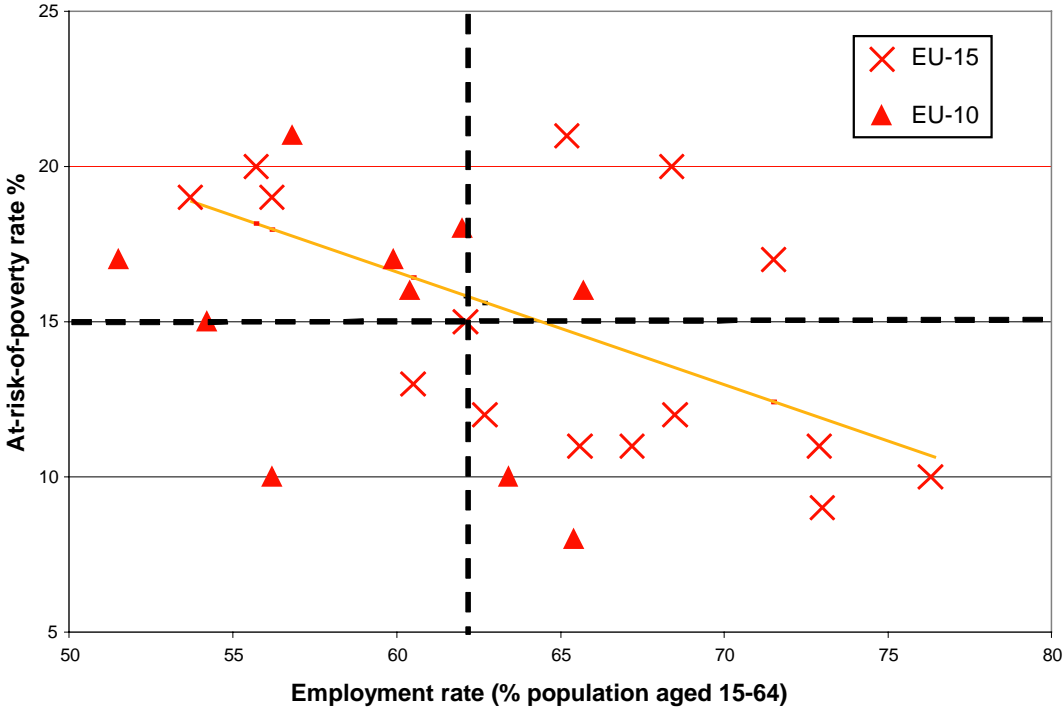
Figure 3.15 Poverty Risk Pre and Post-transfer for EU-25



Source: European Commission, 2004b, Table 12 for EU-15 and 2005c, Table 8a for EU-10.

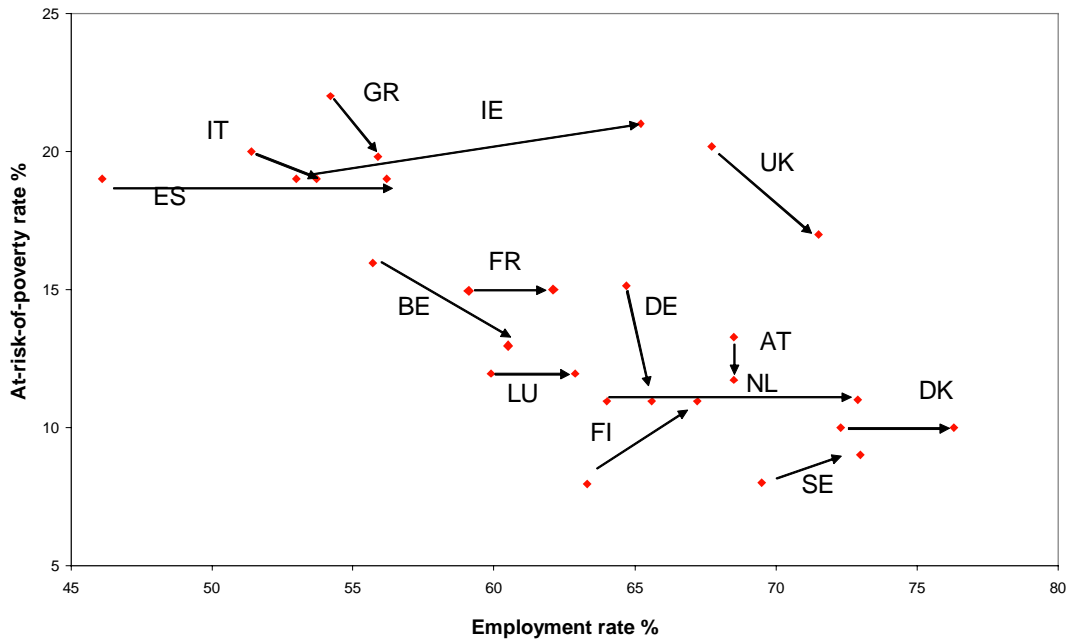
Note: Reference year: At-risk-of-poverty rate EU-15 = 2001 figures, income reference year 2000; EU-10 = income reference year 2002 except for CY, 1997, and MT, 2000.

Figure 3.16 Employment Rate and Poverty Risk for EU-25



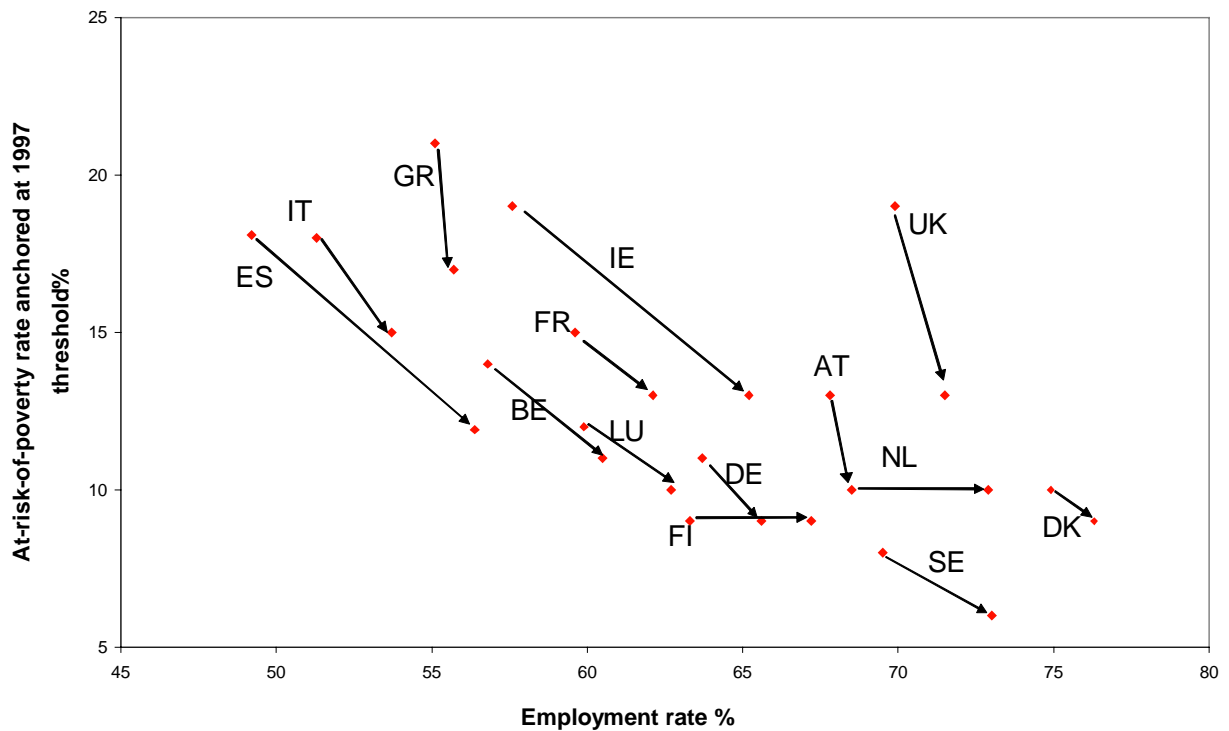
Source: See Figure 3.1 for at-risk-of-poverty rate; employment rate from Eurostat website, 29 April 2005.
 Note: Reference year: At-risk-of-poverty rate EU-15 = 2001 figures, income reference year 2000; EU-10 = income reference year 2002 except for CY, 1997, and MT, 2000; employment rate: EU-15 = 2000, EU-10 = 2002, except CY and MT, 2000.

Figure 3.17a Changes in Employment Rate and Risk of Poverty 1994-2000 for EU-15



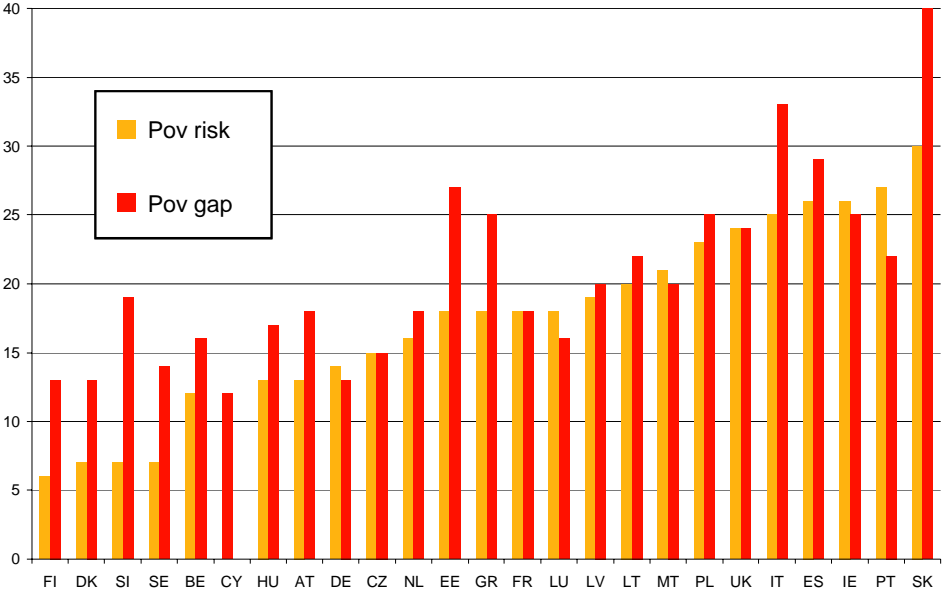
Source: European Commission, 2004b, Table 1; employment rate from Eurostat website 29 April 2005.
 Notes: Reference period for FI and SE: 1997-2000. PT not included.

Figure 3.17b Changes in Employment Rate and Anchored Risk of Poverty 1997-2000 for EU-15



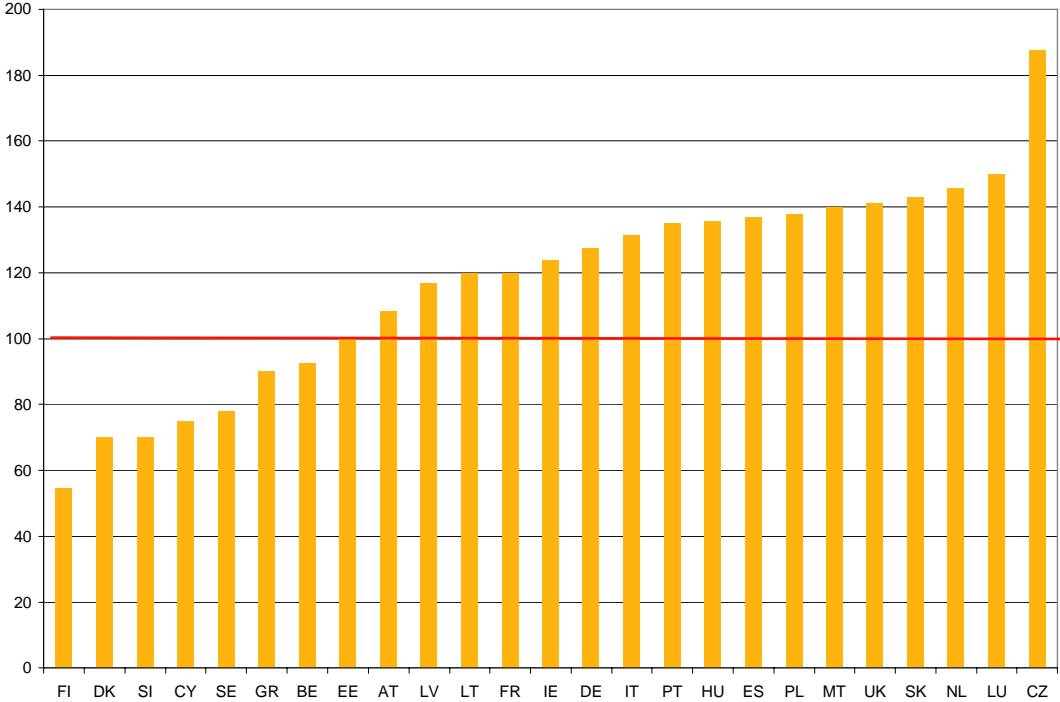
Source: European Commission, 2004b, Table 11; employment rate from Eurostat website 29 April 2005.
 Note: PT not included.

Figure 3.18 Child Poverty Risk Rate and Median Gap for EU-25 (2000)



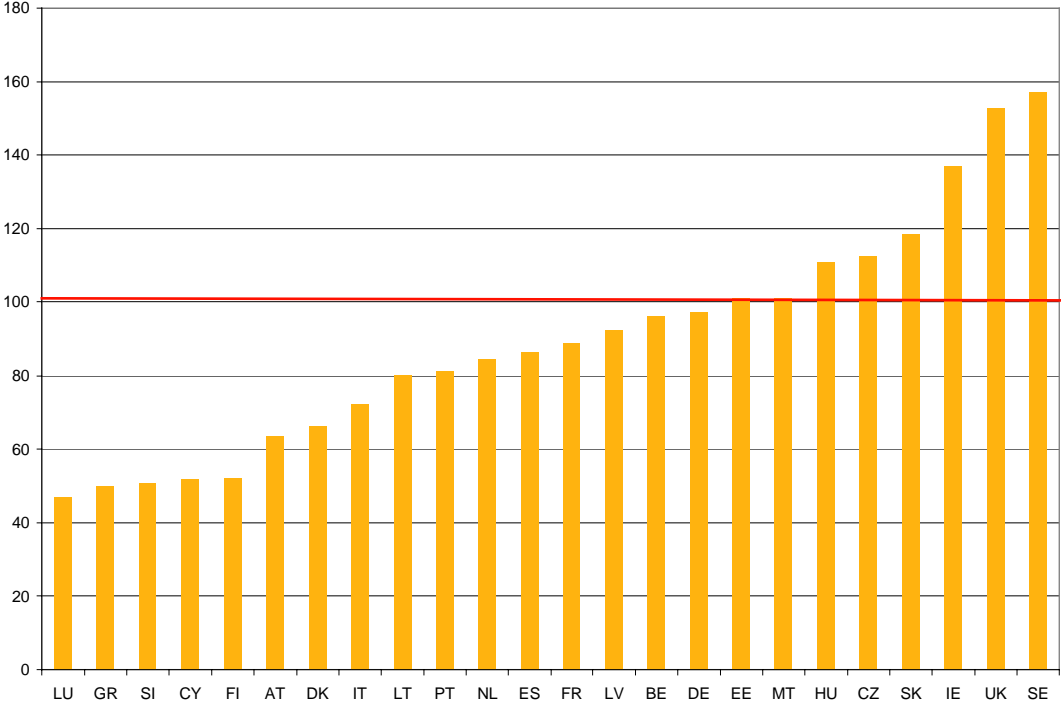
Source: European Commission, 2004b, Tables 1 and 4 for EU-15, and 2005c, Table 8a for EU-10.
 Note: Reference year: At-risk-of-poverty rate EU-15 = 2001 figures, income reference year 2000; EU-10 = income reference year 2002 except for CY, 1997, and MT, 2000.

Figure 3.19 Child Poverty Risk Relative to Overall Risk for EU-25



Source: European Commission, 2004b, Table 1 for EU-15, and 2005c, Table 8a for EU-10.
 Note: Reference year : EU-15 = 2001 figures, income reference year 2000; EU-10 = income reference year 2002 except for CY, 1997, and MT, 2000.

Figure 3.20 Children Living in Jobless Households Relative to Adult Rate for EU-25 (2004)



Source: European Commission, 2005b, Table 5a.
 Notes: Figures for SE relate to 1999. PL not included.

Figure 4.1 Schematic Outline of the Determinants of Household Income

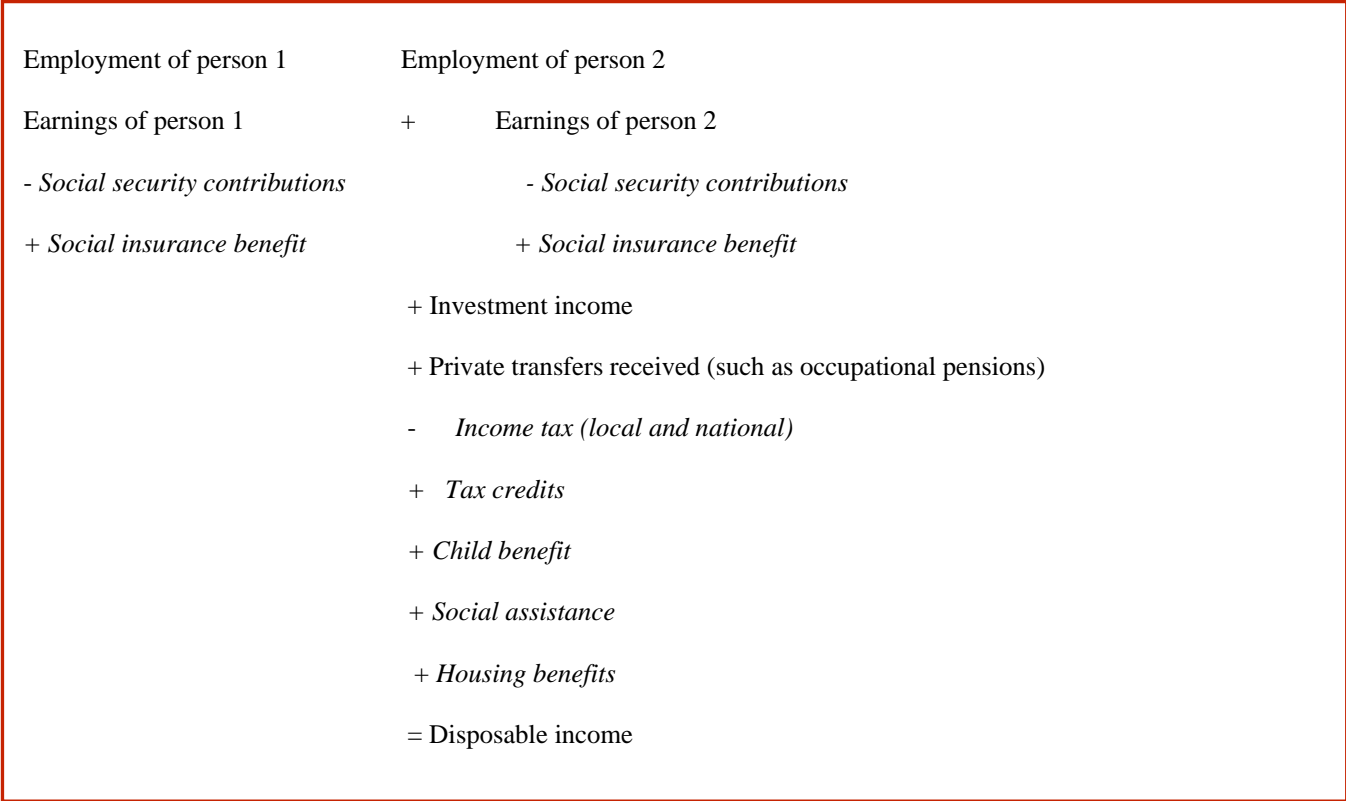
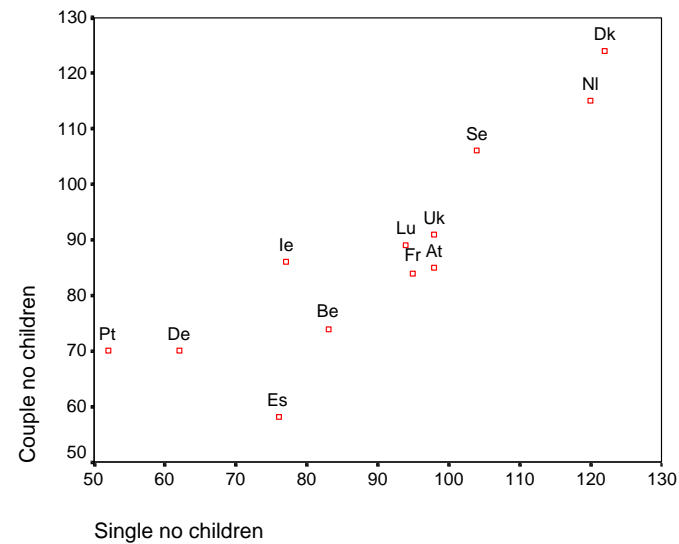
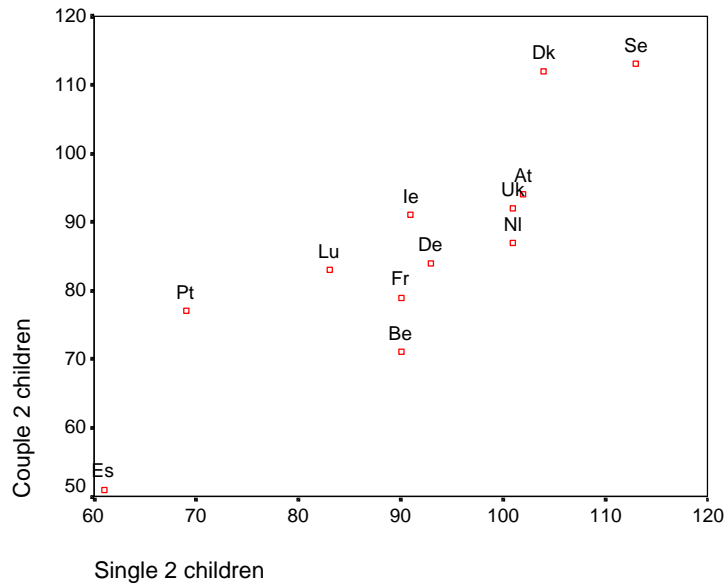
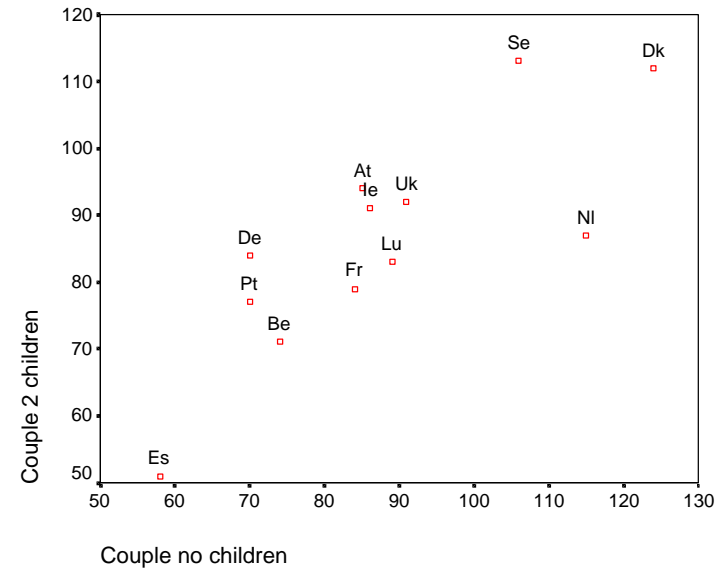
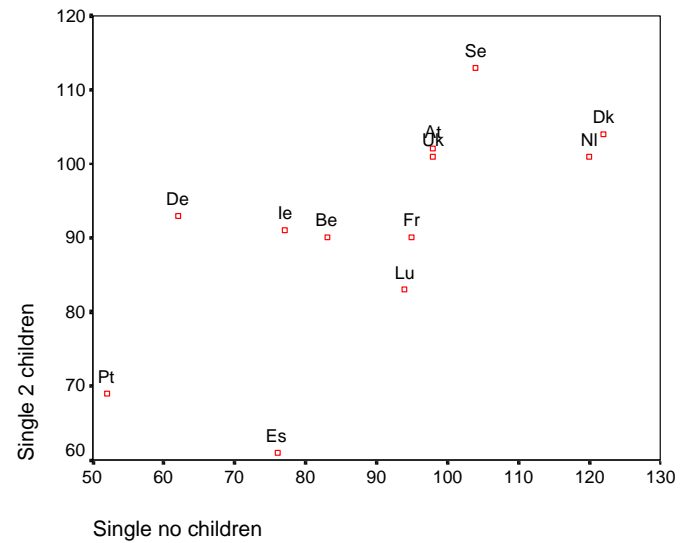


Figure 4.2 Cross-country Correlations Between Net Social Assistance Benefits of Various Household Types (Net Income as a Percentage of 60% of the Median Poverty Risk Threshold)



Source: 60% at-risk-of-poverty rate unemployed: ECHP, 2001 (statistical annex to European Commission, 2004b). Net social assistance benefits: Cantillon, Van Mechelen and Van den Bosch (2004).

Figure 4.3 Policies, Vulnerable Groups and Common Indicators

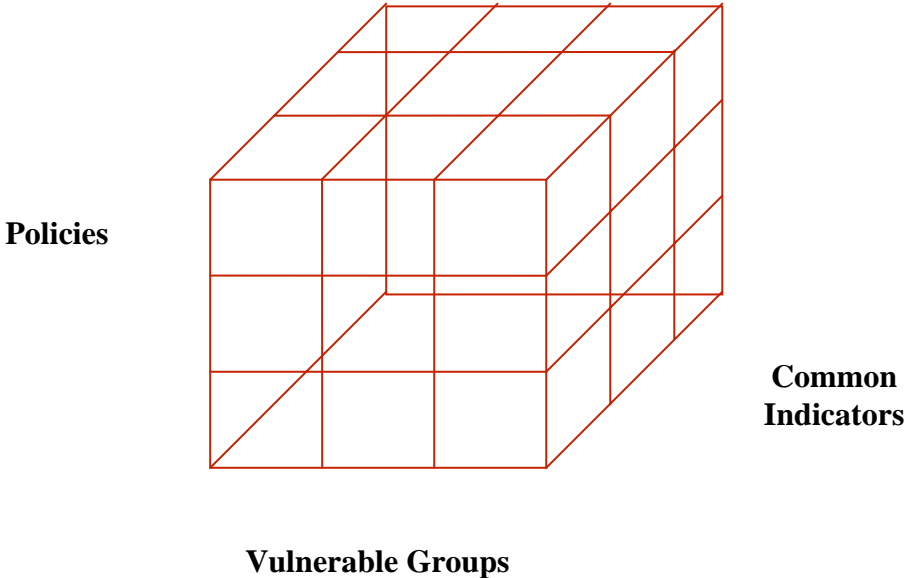


Figure 5.1 Aggregating Indicators

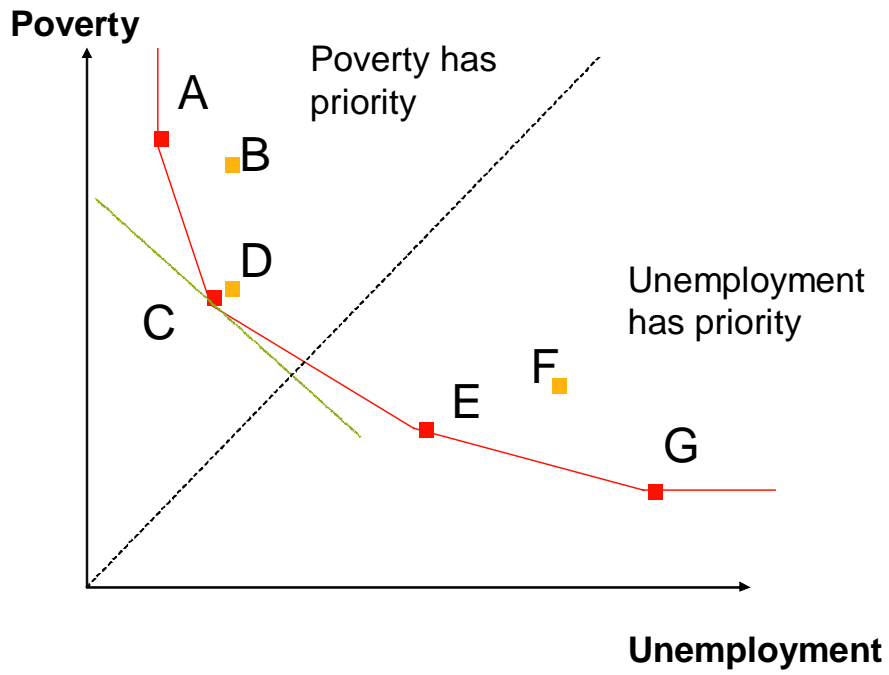


Figure 5.2 Revealed Preference Approach

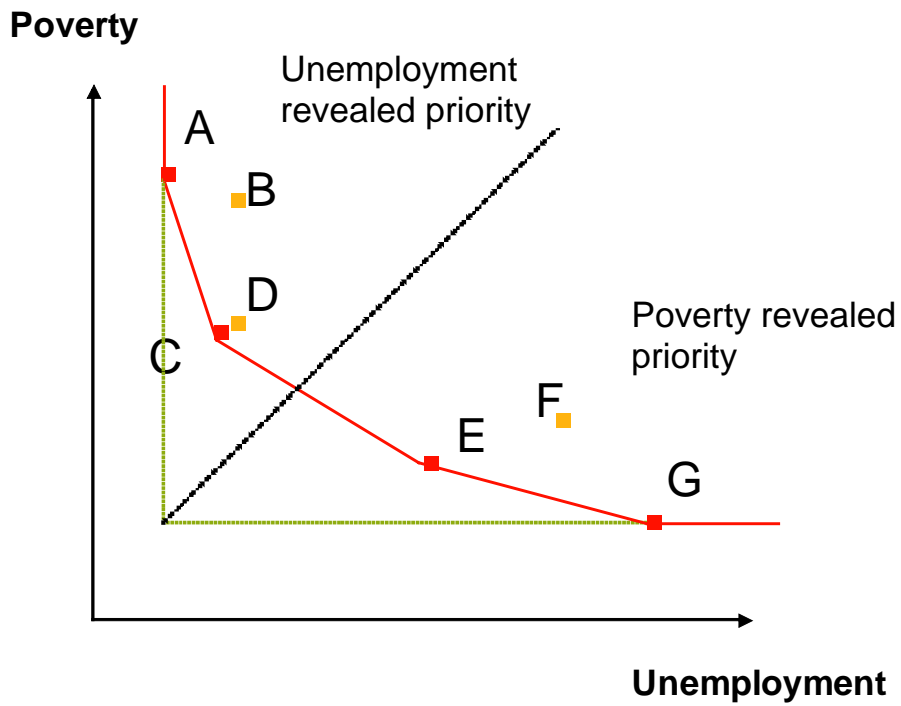
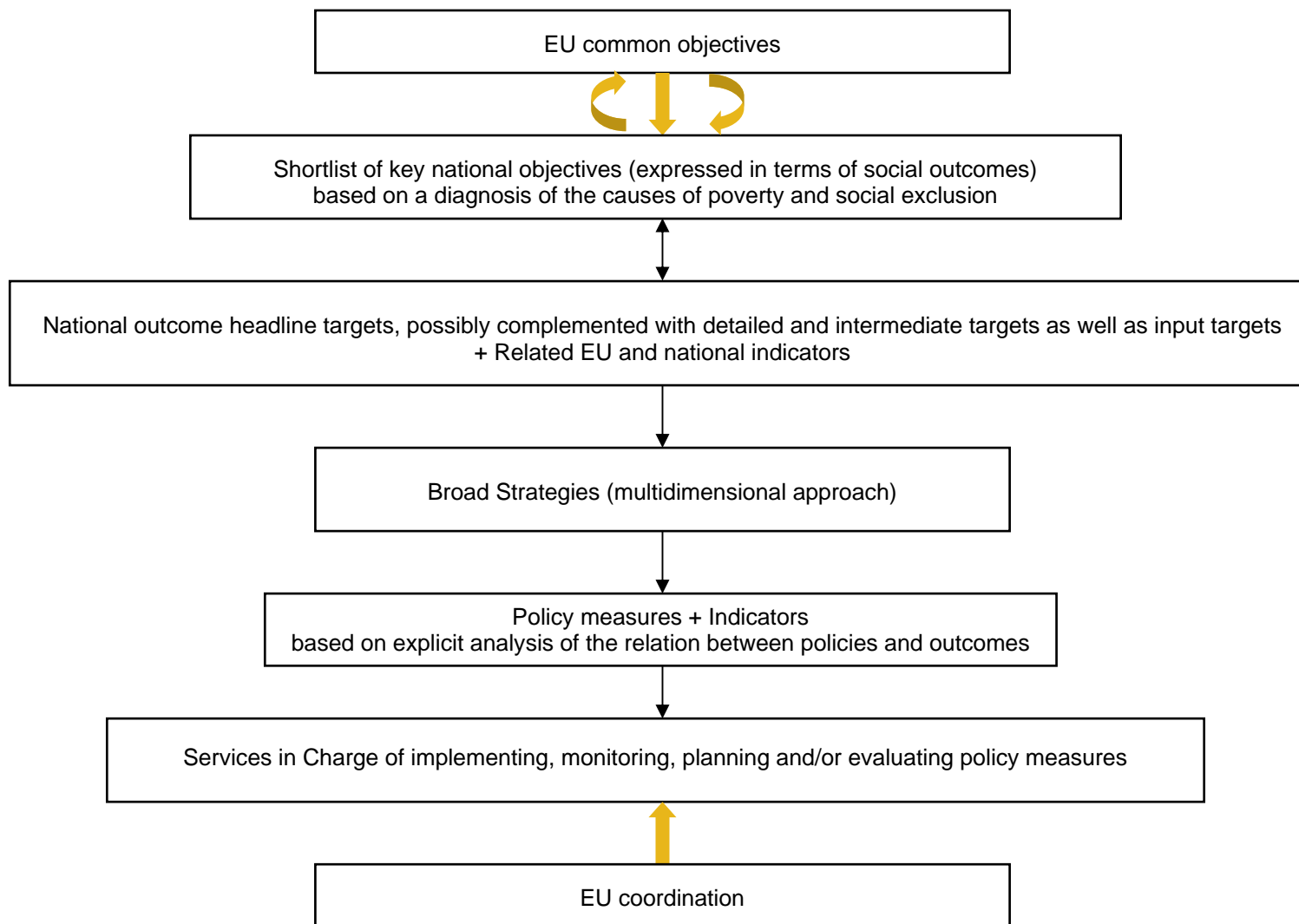


Figure 6.1 Restructured NAPs/inclusion – A Focused, Targeted and Monitored Approach



ANNEX 2

Tables

LIST OF TABLES

CHAPTER 1 INTRODUCTION

CHAPTER 2 THE EU SOCIAL INCLUSION PROCESS AND THE KEY ISSUES

Tables 2.1a	Some Important Steps in EU Cooperation in the Social Area between 1993 and the 2004 EU Enlargement to 25 Member States	XXXIII
Table 2.1b	Some Important Steps in EU Cooperation in the Social Area since the 2004 EU Enlargement to 25 Member States	XXXIV
Table 2.2a	Revised List of Laeken Indicators as Agreed to Date by the Social Protection Committee – Primary Indicators	XXXV
Table 2.2b	Revised List of Laeken Indicators as Agreed to Date by the Social Protection Committee – Secondary Indicators	XXXVI
Table 2.3	Shortlist of Structural Indicators	XXXVII
Table 2.4	Long List of Structural Indicators for Social Cohesion	XXXVII

CHAPTER 3 POVERTY AND SOCIAL EXCLUSION IN THE EU

Table 3.1	Dispersion Indicators for At-Risk-of-Poverty Rates (Share of Persons Living in Households with an Equivalised Income below 50% of State-Level (US) or National (EU) Median Income)	XXXVIII
Table 3.2	Ranking of EU-25 Member States on Four Dimensions	XXXVIII
Table 3.3	Correlation Coefficients between Different Indicators	XXXIX
Table 3.4	Pattern of Social Indicators for the 25 EU Member States	XL
Table 3.5	Searching for Explanations: Correlates and Breakdowns for the 25 EU Member States	XLI

CHAPTER 4 STRENGTHENING POLICY ANALYSIS

Table 4.1	Illustrative Matrix of Policy Interventions and Vulnerable Groups	XLII
------------------	---	------

CHAPTER 5 EU INDICATORS FOR POVERTY AND SOCIAL EXCLUSION

Table 5.1	Main Potential Deprivation Items in EU-SILC, by Dimensions	XLIII
Table 5.2a	Suggested Primary/Headline EU Indicators for Social Inclusion with Respective Breakdowns, by Dimensions	XLIV
Table 5.2b	Suggested Secondary EU Indicators for Social Inclusion with Respective Breakdowns, by Dimensions	XLV

CHAPTER 6 TAKING FORWARD THE EU SOCIAL INCLUSION PROCESS

Table 6.1	Use of Quantified Targets in the NAPs/inclusion in the EU-15	XLVI
Table 6.2	Use of Quantified Targets in the NAPs/inclusion in the 10 New Member States	XLVI

CHAPTER 7 CONCLUSIONS: ASSESSMENT AND PRINCIPAL ISSUES

Table 2.1a Some Important Steps in EU Cooperation in the Social Area between 1993 and the 2004 EU Enlargement to 25 Member States

June 1993	The Copenhagen European Council invites Central and Eastern European countries that so wish to join the EU and adopts the Copenhagen membership criteria
March 1994 – June 1996	Hungary, Poland, Romania, Slovakia, Latvia, Estonia, Lithuania, Bulgaria, Czech Republic and finally Slovenia apply for EU membership [Cyprus, Malta and Turkey applied before 1993]
January 1995	EU enlargement from 12 to 15 countries (Austria, Finland and Sweden)
October 1997	Signature of the Amsterdam Treaty (which came into force in May 1999), with its new legal base for the fight against social exclusion (Articles 136 and 137)
November 1997	The Luxembourg European Council (Jobs Summit) launches the European Employment Strategy (EES), following on from the introduction of a new title on employment in the Amsterdam Treaty
April 1998	First submission of annual National Action Plans on employment
December 1998	The Council adopts the first Joint Employment Report
January 1999	Completion of the Single European Market and establishment of a single European currency
December 1999	The Council endorses the Commission's Communication on "A Concerted Strategy for Modernising Social Protection" in its conclusions on "the strengthening of cooperation for modernising and improving social protection"
March 2000	The Lisbon European Council launches the Lisbon Strategy and the Social Inclusion Process
December 2000	The Nice European Council adopts the EU common objectives for the Social Inclusion Process, launches the pensions' process and adopts the <i>European Social Policy Agenda</i>
February 2001	Signature of the Nice Treaty (which came into force in February 2003)
June 2001	Member States submit their first NAPs/inclusion to the Commission
September 2001	Adoption of the first <i>Programme of Community action to encourage cooperation between Member States to combat social exclusion</i> (five-year programme which started on 1 January 2002)
December 2001	The Laeken European Council endorses a first set of 18 <i>Laeken indicators</i> for social inclusion and the first Joint Inclusion Report; it also adopts the common objectives for the pensions' process
March 2002	The Barcelona European Council invites Member States to set "appropriate national targets for significantly reducing the number of people at risk of poverty and social exclusion by 2010" in their next NAPs/inclusion
September 2002	Member States submit their first National Strategy Reports on pensions to the Commission [the second (EU25) round of national reporting on pensions takes place in July 2005]
December 2002	The Council slightly amends the Nice common objectives for social inclusion to stress the importance of setting quantitative targets in National Action Plans on social inclusion (as agreed in Barcelona in March 2000), the need to strengthen the gender perspective in those Plans, and the risks of poverty and social exclusion faced by immigrants The Council endorses the Commission's proposal to establish three-year cycles for the policy coordination and synchronisation of the Broad Economic Policy Guidelines and the Employment Guidelines
July 2003	Member States submit their second NAPs/inclusion to the Commission
October 2003	The Council endorses the Commission's proposal to streamline: i) the various EU social policy processes at EU level (launched as a follow-up of Lisbon) as from 2006; and ii) this "streamlined social protection and inclusion process" with the "streamlined Broad Economic Policy Guidelines and Employment Guidelines"
December 2003	Acceding countries and the Commission sign <i>Joint Memoranda on Social Inclusion (JIM)</i> , which outline the situation and policy priorities in relation to poverty and social exclusion in the acceding countries
March 2004	Adoption of the second Joint Report on Social Inclusion by the Council
May 2004	EU enlargement from 15 to 25 countries (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia)

Table 2.1b Some Important Steps in EU Cooperation in the Social Area since the 2004 EU Enlargement to 25 Member States

May 2004	EU enlargement from 15 to 25 countries (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia)
July 2004	The 10 new Member States submit their first NAPs/inclusion to the Commission, the examination of which being issued in a <i>Commission's staff report</i>
October 2004	Launch of the Health Care and Long-Term Care Process, with the first National Strategy Reports to be submitted by Member States to the Commission in April 2005
October 2004	Signature by 25 Heads of State and Government of the <i>Treaty establishing a Constitution for Europe</i>
November 2004	The Social Protection Committee starts preparing the mid-term review of the Lisbon process (preparation of the questionnaire to be answered by Member States, etc.)
February 2005	European Commission's Communication on the Social Agenda covering the period up to 2010
March 2005	In its meeting of 3 March 2005 the EU EPSCO Council of Ministers states: "On the conclusion of the discussion, the President stressed that the Council felt that (...) it was necessary to stress economic growth and job creation without, however, neglecting to provide a framework of action on social protection and inclusion. For the Council, the social agenda submitted by the Commission was an integral part of the Lisbon Strategy. It also recalled that, in its EPSCO formation, the Council had a central role to play in monitoring that strategy."
March 2005	<i>Spring Summit</i> , where EU leaders state that "it is essential to (...) re-focus priorities on growth and employment" (par 5), and at the same time reaffirm that "social inclusion policy should be pursued by the Union and by Member States, with its multifaceted approach focusing on target groups such as children in poverty." (par 36) The European Council also "welcomes the Commission communication on the social agenda, which will help to achieve the Lisbon Strategy objectives by reinforcing the European social model based on the quest for full employment and greater social cohesion." (par 29)
April 2005	EU Accession Treaty signed by Bulgaria and Romania. These Treaties are to be ratified by the present and future Member States and will then enter into force on 1 January 2007.

Table 2.2a Revised List of Laeken Indicators as Agreed to Date by the Social Protection Committee – Primary Indicators

Indicator	Definition
1. At-risk-of-poverty rate	Share of persons living in households with an income below 60% of national median income (breakdown by age with <i>inter alia</i> children aged 0-15 and elderly aged 65+ as specific groups) (breakdown by gender for people aged 16+) (breakdown by: household types, work intensity of households, most frequent activity status cross-tabulated by age, most frequent activity status cross-tabulated by gender, accommodation tenure status cross-tabulated by age, accommodation tenure status cross-tabulated by gender for people aged 16+)
2. At-risk-of-poverty threshold (illustrative values)	The value of the at-risk-of-poverty threshold (60% median national income) in PPS, Euro and national currency for two illustrative household types: Single person households and Households with 2 adults and two children
3. Income quintile ratio (S80/S20)	Ratio of total income received by the 20% of the country's population with the highest income (top quintile) to that received by the 20% of the country's population with the lowest income (lowest quintile)
4. Persistent at-risk-of-poverty rate	Share of persons with an income below the at-risk-of-poverty threshold in the current year and in at least two of the preceding three years (breakdown by age with <i>inter alia</i> children aged 0-15 and elderly aged 65+ as specific groups, breakdown by gender for people aged 16+)
5. Relative median poverty risk gap	Difference between the median income of persons below the at-risk-of-poverty threshold and the threshold itself, expressed as a percentage of the at-risk-of-poverty threshold (breakdown by age with <i>inter alia</i> children aged 0-15 and elderly aged 65+ as specific groups, breakdown by gender for people aged 16+)
6. Regional cohesion	Coefficient of variation of employment rates at NUTS (Nomenclature of Territorial Units for Statistics) level 2, with employment rates calculated as the share of the population (aged 15 years and above) who are in employment according to the ILO definition (breakdown by gender)
7. Long-term unemployment rate	Total long-term unemployed population (≥12 months; ILO definition) as a proportion of total active population aged 15 years or more (breakdowns by age and gender)
8a. Population living in jobless households: children	Proportion of children (aged 0-17 years) living in jobless households, expressed as a share of all children
8b. Population living in jobless households: prime-age adults	Proportion of all people aged 18-59 years who live in a jobless household as a proportion of all people in the same age group (including gender breakdown). Students aged 18-24 years living in households composed solely of students are not counted in neither numerator nor denominator (breakdown by gender)
9. Early school leavers not in education or training	Share of persons aged 18 to 24 who have only lower secondary education (level 0, 1 or 2 according to the 1997 International Standard Classification of Education - ISCED 97) and have not received education or training in the four weeks preceding the survey (breakdown by gender)
10. Low reading literacy performance of pupils	Share of 15-year old pupils who are at level 1 or below of the PISA combined reading literacy scale (breakdown by gender)
11. Life expectancy	Number of years a person aged 0, 1 and 60 may be expected to live (breakdown by gender)
12. Self-defined health status by income level	Proportion of the population aged 16 years and over in the bottom and top quintile of the income distribution who classify themselves as in a bad or very bad state of health (breakdowns by age and gender)

Notes:

- "Income" must be understood as equivalised disposable income. It is defined as the household's total disposable income divided by its 'equivalent size', to take account of the size and composition of the household, and is attributed to each household member including children. The equivalent scale that is used is the modified OECD scale, which gives a weight of 1 to the first adult, 0.5 to any other household member aged 14 and over and 0.3 to any child below the age of 14.
- The numbering of the indicators is that in European Commission, 2005c

Table 2.2b Revised List of Laeken Indicators as Agreed to Date by the Social Protection Committee – Secondary Indicators

Indicator	Definition
13. Dispersion around the at-risk-of-poverty threshold	Share of persons with an income below 40%, 50% and 70% of the national median income (breakdown by age with <i>inter alia</i> children aged 0-15 and elderly aged 65+ as specific groups, breakdown by gender for people aged 16+)
14. At-risk-of-poverty rate anchored at a moment in time	In year <i>t</i> , share of persons with an income below the at-risk-of-poverty threshold in year <i>t-3</i> , up-rated by inflation over the three years (breakdown by age with <i>inter alia</i> children aged 0-15 and elderly aged 65+ as specific groups, breakdown by gender for people aged 16+)
15. At-risk-of-poverty rate before social cash transfers	Relative at-risk-of-poverty rate where income is calculated as follows: - excluding all social cash transfers - including retirement and survivors pensions and excluding all other social cash transfers - including all social cash transfers (= indicator 1) NB: The same at-risk-of-poverty threshold is used for the three statistics and is set as 60% of the median national income (after social cash transfers) (breakdown by age with <i>inter alia</i> children aged 0-15 and elderly aged 65+ as specific groups, breakdown by gender for people aged 16+)
16. Gini coefficient	Summary measure of the cumulative share of income accounted for by the cumulative percentages of the number of individuals; values ranging from 0% (complete equality) to 100% (complete inequality)
17. Persistent at-risk-of-poverty rate (50% of median income)	Share of persons with an income below 50% of the national income in the current year and in at least two of the preceding three years (breakdown by age with <i>inter alia</i> children aged 0-15 and elderly aged 65+ as specific groups, breakdown by gender for people aged 16+)
18. Working poor (in-work poverty risk)	Individuals aged 16 years and above who are classified as employed (distinguishing between wage and salary employment and self-employment) according to the definition of most frequent activity status and who are at risk of poverty. This indicator needs to be analysed according to personal, job and household characteristics (breakdowns by age and gender)
19. Long-term unemployment share	Total long-term unemployed population (≥12 months; ILO definition) as a proportion of the total unemployed population aged 15 years and over (breakdowns by age and gender)
20. Very long-term unemployment rate	Total very long-term unemployed population (≥24 months; ILO definition) as a proportion of total active population aged 15 years and over (breakdowns by age and gender)
21. Persons with low educational attainment	Share of the adult population (aged 25 years and over) whose highest level of education or training is ISCED 0, 1 or 2 (breakdowns by age and gender)

Notes:

- "Income" must be understood as equivalised disposable income. It is defined as the household's total disposable income divided by its 'equivalent size', to take account of the size and composition of the household, and is attributed to each household member including children. The equivalent scale that is used in the modified OECD scale, which gives a weight of 1 to the first adult, 0.5 to any other household member aged 14 and over and 0.3 to any child below the age of 14.
- The numbering of the indicators is that in European Commission, 2005c

Table 2.3 Shortlist of Structural Indicators

Indicator 1	GDP per capita in PPS (General Economic Background)
Indicator 2	Labour productivity per person employed (General Economic Background)
Indicator 3	Employment rate* (Employment)
Indicator 4	Employment rate of older workers (55-64)* (Employment)
Indicator 5	Gross domestic expenditure on R&D – GERD (Innovation and Research)
Indicator 6	Youth educational attainment (20-24)* (Innovation and Research)
Indicator 7	Comparative price levels (Economic Reform)
Indicator 8	Business investment (Economic Reform)
Indicator 9	At-risk-of-poverty rate after social transfers* (Social Cohesion)
Indicator 10	Regional cohesion, i.e. dispersion of regional employment rates* (Social Cohesion)
Indicator 11	Long-term unemployment rate* (Social Cohesion)
Indicator 12	Total greenhouse gas emissions (Environment)
Indicator 13	Energy intensity of the economy (Environment)
Indicator 14	Volume of freight transport relative to GDP (Environment)

Note: * disaggregated by gender
Source: European Commission, 2005e

Table 2.4 Long List of Structural Indicators for Social Cohesion

Indicator 1	Inequality of income distribution (income quintile share ratio)
Indicator 2	At-risk-of-poverty rate before/after social transfers*
Indicator 3	At-persistent-risk-of-poverty rate*
Indicator 4	Regional cohesion, i.e. dispersion of regional employment rates*
Indicator 5	Early school-leavers*
Indicator 6	Long-term unemployment rate*
Indicator 7	Children aged 0-17 living in jobless households Prime-aged adults (18-59) living in jobless households*

Note: * disaggregated by gender
Source: Eurostat (<http://europa.eu.int/comm/eurostat/structuralindicators>)

Table 3.1 Dispersion Indicators for At-Risk-of-Poverty Rates (Share of Persons Living in Households with an Equivalised Income below 50% of State-Level (US) or National (EU) Median Income)

	Standard Deviation	Minimum	Maximum	Median	Interquartile Ratio	Interquartile Distance
US	2,5	10,9	21,6	16,5	1,2	3,3
EU-25	3,5	4,0	16,0	9,0	2,0	6,0
EU-15	3,6	6,0	15,0	7,0	2,2	7,0
EU-10	3,5	4,0	16,0	10,3	1,8	4,5

Source: US: Jesuit, Smeeding and Rainwater, 2002; EU-15: Statistical Annex to European Commission (2004b); EU-10: European Commission (2005c).

Table 3.2 Ranking of EU-25 Member States on Four Dimensions

	At-Risk-of-Poverty Rate	Long-term Unemployment	Adults Living in Jobless Households	Early School Leavers
CZ	1	16	7	3
SE	2	2	22	6
HU	3	11	23	11
DK	4	4	10	5
SI	5	12	5	1
DE	6	20	17	12
NL	7	3	9	16
FI	8	10	20	7
LU	9	1	3	20
AT	10	7	12	8
BE	11	15	24	10
FR	12	13	19	15
MT	13	14	13	25
CY	14	5	1	21
LV	15	18	6	18
LT	16	23	8	9
PL	17	24	25	2
UK	18	6	21	19
EE	19	19	15	14
ES	20	17	4	23
IT	21	21	16	22
GR	22	22	14	17
PT	23	9	2	24
IE	24	8	11	13
SK	25	25	18	4

Source: European Commission, 2004b, 2005b and 2005c.

Table 3.3 Correlation Coefficients between Different Indicators

EU-15			
Correlation Coefficient between			
	Long-term Unemployment	Adults Living in Jobless Households	Early School Leavers
At-Risk-of-Poverty Rate	0,406	-0,362	0,657
Long-term Unemployment	-	0,210	0,256
Adults Living in Jobless Households	-	-	-0,623
EU-25			
Correlation Coefficient between			
	Long-term Unemployment	Adults Living in Jobless Households	Early School Leavers
At-Risk-of-Poverty Rate	0,421	-0,123	0,400
Long-term Unemployment	-	0,443	-0,183
Adults Living in Jobless Households	-	-	-0,400

Source: European Commission, 2004a, 2004b and 2005c.

Table 3.4 Pattern of Social Indicators for the 25 EU Member States

	AT	BE	DE	DK	FR	FI	LU	NL	SE		CZ	HU	SI		CY	ES	EE	GR	LT	LV	PT	PL	SK		IT	IE	MT	UK	
At-Risk-of-Poverty Rate (60%) ¹	+	+	+	+	+	+	+	+	++		++	++	+		=	-	--	--	-	-	-	-	-	-		--	--	-	-
Long-term Unemployment Women	++	-	-	++	-	+	++	+	++		-	+	+		+	--	-	--	--	-	+	--	--		--	++	+	++	
Long-term Unemployment Men	++	-	--	++	-	+	++	++	++		-	+	-		++	+	--	+	--	--	+	--	--		-	+	-	+	
Youth Unemployment (15-24)	++	-	+	++	-	-	++	++	+		-	+	+		+	--	-	--	-	--	+	--	--		--	++	:	+	
Youth Unemployment Men (15-24)	++	-	+	++	-	--	++	++	+		-	+	+		++	-	-	-	--	--	+	--	--		--	++	:	+	
Youth Unemployment Women (15-24)	++	-	++	++	-	-	+	++	+		+	+	+		++	--	-	--	--	-	+	--	--		--	++	:	+	
Persons in Jobless Households	++	--	-	+	-	--	++	+	:		+	--	+		++	++	--	-	++	+	++	--	-		-	+	+	--	
Children in Jobless Households	++	--	-	+	+	+	++	+	:		+	--	++		++	+	+	++	+	+	+	:	--		+	--	+	--	
Early School-Leavers Women (at most lower sec. education, 18-24)	+	+	-	+	-	++	--	-	++		++	-	++		+	--	+	+	+	+	+	--	++	++		--	+	--	--
Early School-Leavers Men (at most lower sec. education, 18-24)	++	+	+	+	-	+	+	-	++		++	+	++		--	--	-	-	+	-	--	++	++		--	-	--	-	
Life Expectancy Women at Birth	++	+	+	-	++	+	+	+	++		-	--	+		-	++	--	+	--	--	+	-	--		++	-	+	+	
Life Expectancy Men at Birth	+	+	+	-	+	-	-	++	++		-	--	-		+	+	--	+	--	--	-	--	--		++	+	++	++	
Poverty Gap	+	++	+	++	+	+	+	-	+		++	++	+		--	--	--	--	-	-	-	-	--		--	--	+	-	
Deprivation on 7-Item Scale	+	++	-	+	++	+	++	++	:		-	--	+		+	-	--	-	--	--	--	--	-		+	-	++	+	

Notes: '++' best performing quartile; '+' between median and best performing quartile; '-' between median and worst performing quartile; '--' worst performing quartile; ':' unknown. In borderline cases, the classification is given as + (-) rather than ++ (--).

[Quartiles and median are used for their non-dependency on outliers]

Data source for calculations: EU-15: Statistical Annex to European Commission (2004b); EU-10: European Commission (2005c).

The values for jobless households and early school leavers are for 2003, rather than the provisional 2004 values used earlier in this Chapter.

¹ FR, MT and CY have the EU average score on at-risk-of-poverty, therefore the Gini-coefficient is used to assign these countries respectively '+', '-' and '='.

Table 3.5 Searching for Explanations: Correlates and Breakdowns for the 25 EU Member States

	AT	BE	DE	DK	FR	FI	LU	NL	SE		CZ	HU	SI		CY	ES	EE	GR	LT	LV	PT	PL	SK		IT	IE	MT	UK	
At-Risk-of-Poverty Rate (60%) ¹	+	+	+	++	+	+	+	+	++		++	++	+		=	-	--	--	-	-	--	-	--		--	--	-	-	
S80/S20 Ratio	+	+	+	++	+	+	+	+	++		++	++	++		=	--	--	--	-	--	--	-	--		-	-	-	-	
Social Expenditures (% GDP)	++	+	++	++	++	+	-	+	++		-	-	+		:	-	--	+	--	--	-	-	--		+	--	--	++	
Employment Rate (16-64)	++	-	+	++	+	+	-	++	++		+	-	-		++	-	+	--	-	-	+	--	--		--	+	--	++	
Employment Rate Women	++	-	+	++	-	++	-	++	++		+	--	+		+	--	+	--	+	+	+	--	-		--	-	--	++	
Employment Rate Men	++	-	-	++	-	-	+	++	+		+	-	-		++	+	--	+	--	--	+	--	--		-	++	+	++	
Employment Rate Older Women	-	--	+	++	+	++	-	+	++		-	-	--		+	-	++	-	+	+	++	--	--		--	+	--	++	
Employment Rate Older Men	--	--	-	++	-	-	--	+	++		+	-	--		++	+	+	+	+	-	++	--	-		-	++	+	++	
Average Labour Market Exit Age	-	--	+	+	--	-	-	++	++		-	--	+		+	+	+	-	--	++	++	--	--		-	++	:	++	
Labour Productivity per Employed	+	++	+	+	++	++	++	+	+		--	-	-		-	+	--	-	--	--	-	--	--		++	++	-	+	
Reduction in Poverty Risk by Transfers	+	+	++	++	+	+	++	++	+		++	++	-		--	--	-	--	-	-	-	--	++	-		--	-	-	+
At-Risk-of-Poverty Women (60%) ²	-	-	-	-	-	--	-	=	-		=	=	-		-	-	-	-	=	=	=	=	=		-	-	=	-	
At-Risk-of-Poverty Men (60%) ²	++	+	+	+	=	+	=	+	=		+	=	+		+	+	+	+	=	=	=	-	=		=	+	=	+	
At-Risk-of-Poverty 0-15 (60%) ²	-	+	--	++	-	++	--	--	++		=	=	=		=	--	=	+	=	=	--	=	--		--	-	=	--	
At-Risk-of-Poverty 16-24 (60%) ²	+	+	--	--	--	--	--	--	--		--	-	=		++	-	-	+	-	-	+	--	-		--	++	++	-	
At-Risk-of-Poverty 25-49 (60%) ²	++	+	+	++	+	++	+	+	++		+	+	+		++	+	+	++	=	=	++	-	=		+	+	+	++	
At-Risk-of-Poverty 50-64 (60%) ²	++	+	+	++	+	+	++	++	++		++	++	=		+	+	-	-	+	-	+	++	++		+	+	+	++	
At-Risk-of-Poverty 65+ (60%) ²	--	--	-	--	--	--	++	++	--		++	+	--		--	-	+	--	++	++	--	++	++		+	--	--	--	
At-Risk-of-Poverty Single Women (60%) ²	--	--	--	--	--	--	=	+	--		--	--	--		--	--	--	--	--	-	--	++	-		--	--	--	--	
At-Risk-of-Poverty Single Men (60%) ²	++	+	--	--	-	--	++	--	--		--	--	--		--	-	--	+	--	--	--	-	--		+	--	-	--	
At-Risk-of-Poverty Single 65+ (60%) ²	--	--	--	--	--	--	++	++	--		--	--	--		--	--	--	--	--	-	--	++	=		--	--	--	--	
At-Risk-of-Poverty 60% Couple 65- no Child ²	+	++	++	++	++	++	++	++	++		++	++	-		++	++	++	+	+	+	++	++	++		++	++	++	++	
At-Risk-of-Poverty Couple 1 Child (60%) ²	++	++	+	++	++	++	-	+	++		++	+	-		++	+	++	++	+	+	++	++	-		++	+	+	++	
At-Risk-of-Poverty Couple 2 Children (60%) ²	++	+	++	++	+	++	--	+	++		++	-	++		++	-	+	++	=	-	++	+	-		-	+	-	++	
At-Risk-of-Poverty Couple 3 Children (60%) ²	--	++	--	-	--	++	--	--	+		--	--	-		=	--	-	--	--	--	--	--	--		--	--	--	--	
At-Risk-of-Poverty Single Parents (60%) ²	--	--	--	-	--	=	--	--	--		--	--	--		--	--	--	--	--	--	--	--	--		-	--	--	--	
At-Risk-of-Poverty Employees (60%) ²	++	++	++	++	++	++	++	:	++		++	++	++		++	++	++	++	++	++	++	++	++		++	++	++	++	
At-Risk-of-Poverty Self-Employed (60%) ²	--	+	++	--	--	--	++	:	--		++	++	+		++	-	++	--	--	--	--	--	-		+	+	++	+	
At-Risk-of-Poverty Unemployed (60%) ²	--	--	--	--	--	--	--	--	--		--	--	--		--	--	--	--	--	--	--	--	--		--	--	--	--	
At-Risk-of-Poverty Pensioners (60%) ²	--	--	-	--	-	--	++	++	--		++	+	--		--	+	-	--	+	+	--	++	++		++	--	-	--	

Notes: '++' best performing quartile; '+' between median and best performing quartile; '-' between median and worst performing quartile; '--' worst performing quartile; ':' unknown. In borderline cases, the classification is given as + (-) rather than ++ (--).

[Quartiles and median are used for their non-dependency on outliers]

Data source for calculations: EU-15: Statistical Annex to European Commission (2004b); EU-10: European Commission (2005c).

¹ FR, MT and CY have the EU average score on at-risk-of-poverty, therefore the Gini-coefficient is used to assign these countries respectively '+', '-' and '='.

² The at-risk-of-poverty rate (60%) of the subgroup is being compared with the average national at-risk-of-poverty rate (60%): '+' lower risk than national average; '-' higher risk than national average; '++' and '--' more than 25% respectively lower and higher risk than national average.

Table 4.1 Illustrative Matrix of Policy Interventions and Vulnerable Groups

	Family Benefits	Labour Market Activation	Personal Social Services	...	
Children					
Long-term Unemployed					
Elderly Disabled					
...					

Table 5.1 Main Potential Deprivation Items in EU-SILC, by Dimensions

Dimension 1 – Economic strain
<i>Inability to afford</i>
- keeping the home adequately warm
- paying for a week's annual holiday away from home
- a meal with meat, chicken or fish every second day
- facing unexpected essential financial expenses
<i>Inability to meet payment schedules</i>
- arrears on mortgage payment, or rent, or utility bills or hire purchase instalments
Dimension 2 – Durables
<i>Enforced lack of</i>
- a car
- a colour TV
- a washing machine
- a telephone (including mobile phone)
Dimension 3 – Housing
<i>Absence of basic housing facilities</i>
- bath or shower
- indoor flushing toilet
<i>Problems with accommodation</i>
- too dark / not enough light
- leaky roof, damp walls, floors, foundation, rot in window frames or floors
Dimension 4 – Neighbourhood/Environment
- pollution, grime or other environmental problems caused by traffic or industry
- noise from neighbours or from the street
- crime, vandalism or violence in the area

Source: Table based on Eurostat work presented to the Indicators Sub-Group (Indicators Sub-Group, 2005a)

Table 5.2a Suggested Primary/Headline EU Indicators for Social Inclusion with Respective Breakdowns, by Dimensions

Dimension	Indicator	Breakdowns/Notes
Income Poverty	1a. At-risk-of-poverty rate (headline breakdowns)	Breakdown by age with <i>inter alia</i> children aged 0-15 and elderly aged 65+ as specific groups Breakdown by gender for people aged 16+
	1b. At-risk-of-poverty threshold (illustrative values)	For 2 household types: Single person households and Households with 2 adults and two children
Income Inequality	2. Income quintile ratio (S80/S20)	No breakdowns
Employment	3a. Population living in jobless households: children (aged 0-17)	No breakdowns
	3b. Population living in jobless households: prime-age adults	Breakdown by gender
	4. Long-term unemployment rate	Breakdowns by age and gender
Education	5. Early school leavers not in education or training	Breakdown by gender
Health	6. until 5. new becomes available: Life expectancy at 0, 1 and 60	Breakdown by gender (Once 5. new adopted, indicator to be moved to Secondary list)
	6. new: Premature mortality or life expectancy	(to be developed) Breakdowns by gender and socio-economic status
Housing Quality/ Adequacy	7. new: Aggregate index of 4 housing problems with same weight given to each item across countries and over time ("absolute" indicator)	(to be developed - Housing problems to be aggregated: Absence of bath/shower, indoor flushing toilet, problems such as too dark/ not enough light, and leaky roof/ damp walls/ floors/ foundation/ rot in window frames or floors) Breakdown by age with <i>inter alia</i> children aged 0-15 and elderly aged 65+ as specific groups Breakdown by gender Breakdown by at risk of poverty/not at risk of poverty
Homelessness	8. new: Homelessness	(to be developed) Breakdown by age with <i>inter alia</i> children aged 0-15 and elderly aged 65+ as specific groups Breakdown by gender
Deprivation	9. new: Aggregate index of 9 deprivation items in relation to broad living standards with same weight given to each item across the Member States and over time ("absolute" indicator)	(to be developed - Deprivation items to be aggregated: Inability to afford keeping the home adequately warm, paying for a week's annual holiday away from home, a meal with meat, chicken or fish every second day, facing unexpected essential financial expenses; Inability to meet payment schedules; Enforced lack of a car, a colour TV, a washing machine, a telephone including mobile phone) Breakdown by age with <i>inter alia</i> children aged 0-15 and elderly aged 65+ as specific groups Breakdown by gender for people aged 16+ Breakdown by at risk of poverty/not at risk of poverty
Child Well-being	10. new: Children-focused non-income based indicator	(to be developed)

Note:

- Except for the new indicators suggested for development by this report, all definitions/breakdowns are Laeken definitions/breakdowns as presented in Tables 2.2a and 2.2b. The sole exception relates to secondary indicators 11 (at-risk-of-poverty, secondary indicator) and 19 (working poor) where we suggest new breakdowns which are shown in italics.

Table 5.2b Suggested Secondary EU Indicators for Social Inclusion with Respective Breakdowns, by Dimensions

Dimension	Indicator	Breakdowns/Notes
Income Poverty	11. At-risk-of-poverty rate (Secondary breakdowns)	Breakdown by: household types, work intensity of households, most frequent activity status cross-tabulated by age, most frequent activity status cross-tabulated by gender, accommodation tenure status cross-tabulated by age, accommodation tenure status cross-tabulated by gender for people aged 16+ <i>Plus two new breakdowns focused on people aged 18-59: poverty risk for persons unemployed during entire reference year and for persons inactive entire reference year</i>
	12. Persistent at-risk-of-poverty rate (60 % median threshold)	Breakdown by age with <i>inter alia</i> children aged 0-15 and elderly aged 65+ as specific groups Breakdown by gender for people aged 16+
	13. Relative median poverty risk gap	Breakdown by age with <i>inter alia</i> children aged 0-15 and elderly aged 65+ as specific groups Breakdown by gender for people aged 16+
	14. Dispersion around the at-risk-of-poverty threshold	Breakdown by age with <i>inter alia</i> children aged 0-15 and elderly aged 65+ as specific groups Breakdown by gender for people aged 16+
	15. At-risk-of-poverty rate anchored at a moment in time	Breakdown by age with <i>inter alia</i> children aged 0-15 and elderly aged 65+ as specific groups Breakdown by gender for people aged 16+
	16. At-risk-of-poverty rate before social cash transfers	Breakdown by age with <i>inter alia</i> children aged 0-15 and elderly aged 65+ as specific groups Breakdown by gender for people aged 16+
Income Inequality	17. Gini coefficient	No breakdowns
Employment	18. Regional cohesion	Breakdown by gender
	19. Working poor (in-work poverty risk)	Breakdown by personal, job and household characteristics (see European Commission, 2004b) Breakdowns by age and gender <i>Plus one new breakdown: employees aged 18-59 (not the self-employed) in full-time work for the entire reference year</i>
Education	20. Low reading literacy performance of pupils	Breakdown by gender
	21. Persons with low educational attainment	Breakdowns by age and gender
Health	22. Self-defined health status by income level	Breakdowns by age and gender
Deprivation	23. <i>new: Aggregate index of 9 deprivation items in relation to broad living standards (same items as for indicator 8), not with same weight given to each item across Member States and over time ("relative" indicator)</i>	<i>(to be developed)</i> <i>Breakdown by age with inter alia children aged 0-15 and elderly aged 65+ as specific groups</i> <i>Breakdown by gender for people aged 16+</i> <i>Breakdown by at risk of poverty/not at risk of poverty</i>

Note:

- Except for the new indicators suggested for development by this report, all definitions/breakdowns are Laeken definitions/breakdowns as presented in Tables 2.2a and 2.2b. The sole exception relates to secondary indicators 11 (at-risk-of-poverty, secondary indicator) and 19 (working poor) where we suggest new breakdowns which are shown in italics.

Table 6.1 Use of Quantified Targets in the NAPs/inclusion in the EU-15

Country	Direct Outcome Targets 1		Intermediate Outcome Targets 2	Input Targets 3
	Laeken	Non Laeken		
Belgium				
Denmark			*	
Germany			*	
Greece	*		*	
Spain	*			
France		*	*	*
Ireland	*	*	*	*
Italy			*	
Luxembourg			*	*
Netherlands		*	*	*
Austria		*	*	*
Portugal	*	*	*	*
Sweden			*	
Finland			*	*
United Kingdom	*	*	*	*

Source: European Commission, 2004b, page 40

Table 6.2 Use of Quantified Targets in the NAPs/inclusion in the 10 New Member States

Country	Direct Outcome Targets 1				Direct Outcome Targets 2	Input Targets 3
	Income/ Deprivation	Long-term Unemployment/ Employment of Vulnerable Groups	Education	Health		
Cyprus						
Czech Republic					*	
Estonia	*	*	*	*	*	*
Hungary		*	*	*	*	*
Latvia					*	*
Lithuania	*	*			*	*
Malta		*	*		*	
Poland	*	*	*	*	*	*
Slovak Republic					*	*
Slovenia		*	*		*	*

Source: European Commission, 2005c, page 37

ANNEX 3

Appendix to Chapter 2

Six Key EU Texts on Social Exclusion

- A. The Council Resolution on “Combating social exclusion” (Council, 1989a) adopted in September 1989 emphasised that “combating social exclusion may be regarded as an important part of the social dimension of the internal market” and pointed to “the effectiveness of *coordinated, coherent development policies* based on active participation by local and national bodies and by the people involved”. It undertook “to continue and, as necessary, to step up the efforts undertaken *in common* as well as those made by each Member State, and to pool their knowledge and assessments of the phenomena of exclusion” and consequently called on the Commission “to study, together with the Member States, the measures they are taking to combat social exclusion” and “to report on the measures taken by the Member States and by the Community in the spheres covered by this Resolution”.
- B. Council Recommendation 92/441/EEC of June 1992 (Council, 1992b) on “Common criteria concerning sufficient resources and social assistance in social protection systems” urged EU Member States to recognise the “basic right of a person to sufficient resources and social assistance to live in a manner compatible with human dignity as a part of a comprehensive and consistent drive to combat social exclusion”. Practical guidelines suggested to organise the implementation of this right included: “fixing the amount of resources considered sufficient to cover essential needs with regard to respect for human dignity, taking account of living standards and price levels in the Member State concerned, for different types and sizes of household”, “adjusting or supplementing amounts to meet specific needs” and “in order to fix the amounts, referring to appropriate *indicators*, such as, for example, *statistical data* on the average disposable income in the Member State, statistical data on household consumption, the legal minimum wage if this exists or the level of prices”.
- C. The third text was adopted one month later, in July 1992: Council Recommendation 92/442/EEC on the “Convergence of social protection objectives and policies” (Council, 1992a). Because “comparable trends in most of the Member States may lead to common problems (in particular the ageing of the population, changing family situations, a persistently high level of unemployment and the spread of poverty and forms of poverty)”, the Council recommended that this “de facto convergence” should be further promoted by establishing what was termed a “*convergence strategy*” and which consists basically of the identification of “*common objectives*”. The Recommendation suggested that these “*fundamental objectives of the Community*” should act as guiding principles in the development of national social protection systems, while stressing that Member States remain free to determine how their systems should be financed and organised. It explicitly identified *social protection and inclusion as an integral part of the European Social Model and of the Community political “acquis”*. As a follow-up of the Recommendation, the Commission published several “Social Protection in Europe” Reports (starting with its 1993 Report; European Commission, 1993a) analysing developments in Member States’ systems with reference to the principles identified in the Recommendation.

- D. In March 1997, the Commission published a Communication on “Modernising and Improving Social Protection in the European Union (European Commission, 1997), which *inter alia* emphasised the emerging consensus that social protection systems, far from being an economic burden, can act as a *productive factor* that can contribute to economic and political stability and that can help EU economies to perform better. When pointing to the necessity of modernising and improving social protection, and to the need to see social protection as a productive factor, the Commission argued that national systems should be adapted to new realities by making better use of the resources available, not by lowering the level of social protection.
- E. The Treaty of Amsterdam, which was signed in October 1997 and came into force in May 1999, provided a *new legal base for the fight against social exclusion* (Title XI “Social policy, education, vocational training and youth”, Chapter 1 “Social provisions”, Articles 136 and 137).
- F. In July 1999 the Commission issued a Communication on “A Concerted Strategy for Modernising Social Protection” (European Commission, 1999). In its conclusions of 17 December 1999 on “the strengthening of cooperation for modernising and improving social protection” (Council, 1999), the Council endorsed the *four broad objectives identified by the Commission*: to make work pay and to provide secure income, to make pensions safe and pensions systems sustainable, to promote social inclusion and to ensure high quality and sustainable health care. The Council welcomed “the Commission's analysis of each of them as a basis for further work by a new high-level group”; a group which was indeed subsequently set up and then became the today's EU *Social Protection Committee*.

ANNEX 4

Members of the Steering Committee

Members of the Steering Committee

Jutta Allmendinger

Director, Institute for Employment Research (IAB)
Munich, Germany

Wilfried Beirnaert

Union of Industrial and Employers Confederations of Europe (UNICE)
Brussels, Belgium

Jos Berghman

Professor, Catholic University of Leuven (KUL)
Leuven, Belgium

Daniela Bobeva

Bulgarian National Bank
Director, Department of International Relations and European Integration
Sofia, Bulgaria

Andrea Brandolini

Bank of Italy
Economic Research Department
Rome, Italy

Mireille Elbaum

Director, Directorate for Research, Studies, Evaluation and Statistics (DREES)
Paris, France

Robert Erikson

Professor, SOFI, Stockholm University
Stockholm, Sweden

Fintan Farrell

Director, European Anti-Poverty Network (EAPN)
Brussels, Belgium

Gilda Farrell

Council of Europe
Head, "Social Cohesion Development Division"
Strasbourg, France

Zsuzsa Ferge

Professor, Eotvos University
Budapest, Hungary

Paolo Garonna

Professor of Political Economy at the University LUISS G. Carli of Rome and Chief Economist of Confindustria (Confederation of Italian Industrial Employers)
Rome, Italy

Michel Glaude

European Commission
Director for “Single Market, Employment and Social Statistics”, Eurostat
Luxembourg

John Hills

Professor, Centre for Analysis of Social Exclusion (CASE), LSE
London, UK

Dagmar Kutsar

Professor, Tartu University
Tartu, Estonia

Erika Kvapilová

National Programme Officer
United Nations Development Fund for Women (UNIFEM), Regional Office for CEE
Bratislava, Slovak Republic

Edmundo Martinho

President, Institute of Social Security
Sintra, Portugal

Tom Mulherin

Chair of the EU Social Protection Committee
Brussels (secretary: European Commission), Belgium

Józef Niemiec

Confederal Secretary, European Trade Union Confederation (ETUC)
Brussels, Belgium

Heinz-Herbert Noll

Director of the “Social Indicators Department”, ZUMA
Mannheim, Germany

Mark Pearson

OECD
Head, “Social Policy” Division
Paris, France

Martin Potůček

Professor, Head of the “Centre for social and economic strategies”, Charles University
Prague, Czech Republic

Odile Quintin

European Commission

Director General, Directorate-General “Employment, Social Affairs and Equal Opportunities”
Brussels, Belgium

Chiara Saraceno

Professor, University of Turin

Turin, Italy

Tomáš Sirovátka

Professor, School of Social Studies, Masaryk University

Brno, Czech Republic

David Stanton

Chairman of the Indicators Sub-Group of the EU Social Protection Committee

Brussels (secretary: European Commission), Belgium

Irena Topińska

Associate Professor, University of Warsaw

Warsaw, Poland

István Tóth

Director, TÁRKI

Budapest, Hungary

Frank Vandenbroucke

Vice-Minister-President of the Flemish Government and Professor at the Catholic University
of Leuven (KUL)

Leuven, Belgium

Edmunds Vaskis

Deputy Director, “Department of Social Statistics”

Central Statistical Bureau of Latvia

Riga, Latvia

Jiří Večerník

Professor, Institute for Sociology

Prague, Czech Republic

ANNEX 5
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