

## Monitoring progress on poverty: the EU approach and findings

**Jim Walsh and Martina Prunty**  
Research seminar; 8<sup>th</sup> June, 2006

## Presentation

- Use of social indicators in poverty monitoring
  - approach under the EU social inclusion strategy
- Findings
  - EU indicators of financial poverty
  - EU indicators of deprivation
- Towards better monitoring
  - national action plan
  - Combat Poverty initiative

## Social indicators

- indicators central to policy making/monitoring
  - statistic which measures a social reality/outcome
- social indicators underdeveloped in Ireland
- development of national framework for social/equality statistics (National Statistics Board, 2003)
- some recent initiatives
  - National progress indicators (NESC, 2002)
  - Measuring Ireland's progress (CSO, 2003)
  - Child wellbeing (NCO, 2005)
  - Disability inclusion (NDA, 2005)

## Poverty indicators (1)

- development of poverty indicators
  - expertise of the ESRI
  - dedicated data source (LIS)
- National Anti-Poverty Strategy
  - consistent poverty measure a policy target
  - annual monitoring reports since 1997
  - target groups and sub-national problematic
  - few indicators on other policy areas, including those with targets (NAPS evaluation)
  - requirement of poverty proofing/PIA

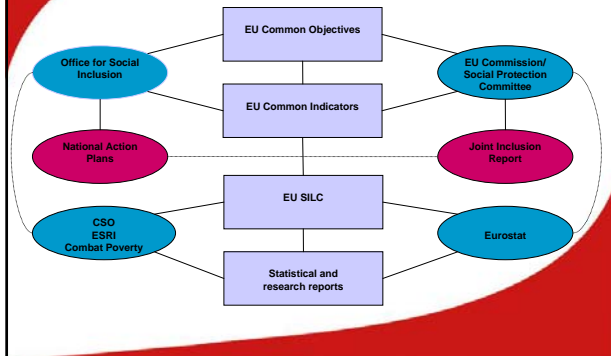
## Poverty indicators (2)

- International framework for monitoring progress on poverty: EU, UNDP, OECD
- Irish situation presented in comparative context
- EU framework the most important, because of dynamic policy agenda on poverty (the EU social inclusion strategy)

## EU monitoring framework

- 'common indicators' to monitor progress towards decisive impact on poverty by 2010
- provide comparative framework, to identify best practice
- central component of national action plans
- process overseen by Social Protection Ctte
  - background report
  - technical sub-committee
  - dynamic process

## EU monitoring framework



## Choice of poverty indicators

- criteria
  - reflects a core feature of poverty
  - robust and statistically validated
  - timely and up-to-date
  - outcome-focused, but responsive to policy/change over time
  - measurable in a comparative way and over time
- cover diverse domains of social exclusion (financial, employment, health, education)
- three tier structure:
  - primary: headline indicators
  - secondary: support lead indicators + other dimensions
  - tertiary: specific national concerns
- age and gender dimensions
- 21 indicators now

## Current set of poverty indicators

### primary indicators (12)

- 'at-risk-of-poverty' rate (+ value of threshold)
- income quintile ratio
- persistent 'at-risk-of-poverty' rate
- low-income gap
- regional cohesion
- long-term unemployment rate
- people in job-less households
- early school leaving
- literacy
- life expectancy
- health status

## Current set of poverty indicators

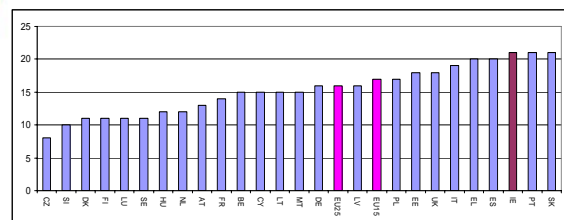
### secondary indicators (9)

- Dispersion around 'at-risk-of-poverty' thresholds
- 'at-risk-of-poverty' rate anchored in time
- 'at-risk-of-poverty' before cash transfers
- Distribution of income
- Persistence of 'at-risk-of-poverty'
- Working poor
- Long-term unemployment share
- Very long-term unemployment
- Low educational attainment

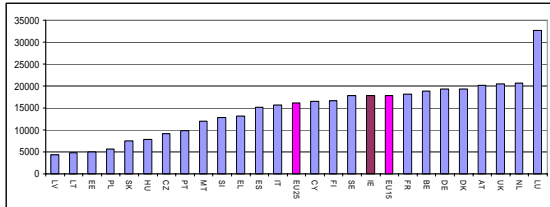
## Data source for indicators

- reliable and timely data critical
- comparable for all MS + others (EEA, AC)
- *Statistics on income and living conditions* (SILC)
  - a common data framework (private households, cross-sectional + longitudinal, income definition)
- overseen by Eurostat; implementation by national statistical agencies (CSO in Ireland)
- thematic modules
- public access

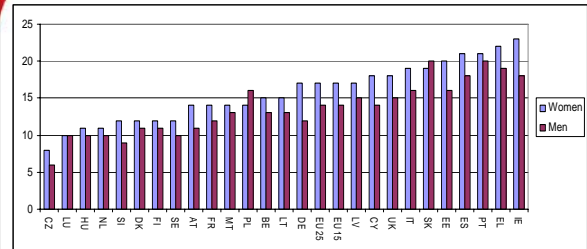
## At-risk-of-poverty rate, total population (2004 or nearest)



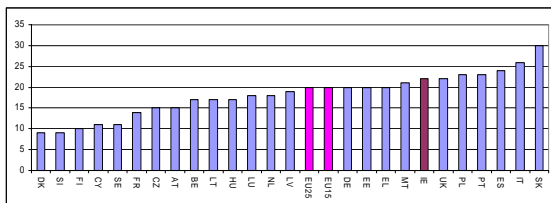
**At-risk-of-poverty threshold in PPS,  
2-adult, 2-child household  
(2004 or nearest)**



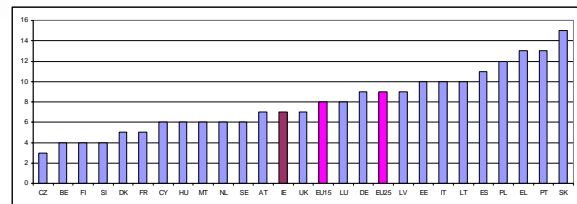
**At-risk-of-poverty rate by gender  
(2004 or nearest)**



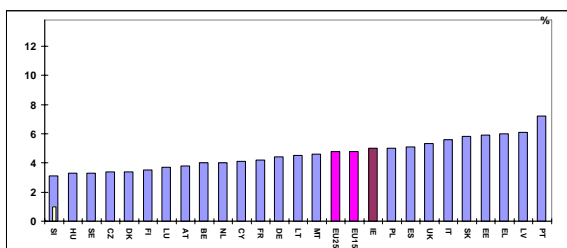
**At-risk-of-poverty rate, children (0-15)  
(2004 or nearest)**



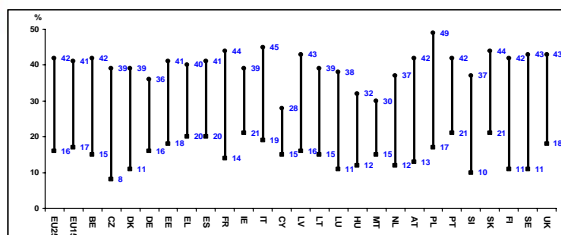
**In-work at-risk-of-poverty rate  
(2004 or nearest)**



**Income quintile share ratio  
(2004 or nearest year)**



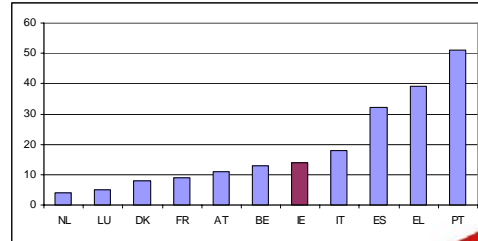
**At-risk-of-poverty rate before/  
after social transfers  
(2004 or nearest)**



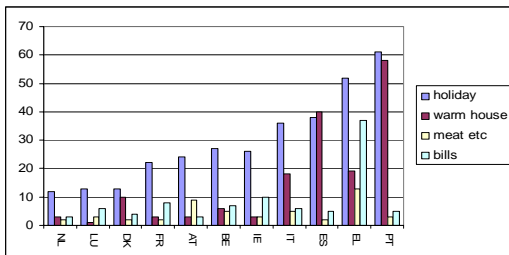
## EU non-monetary indicators

- limitations of financial indicators as measure of consumption/living standards
  - rising incomes (IE)
  - low living standards (new MS)
- indicators of deprivation across three dimensions
  - economic strain (cannot afford week's holidays, bills, meal, warm house)
  - durables (enforced lack of colour TV, telephone, car)
  - housing (damp, dark, no bath/shower, no toilet)
- 'un-official' status, but provides Irish comparison
- Limited countries so far (2001/2003 data)

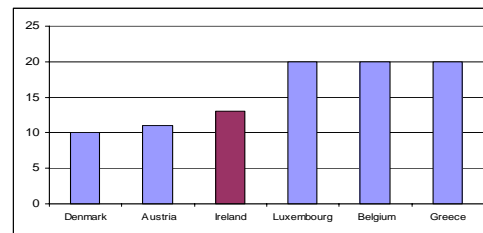
## Economic strain/durables deprivation (% lacking 2+ items) (2003 or nearest)



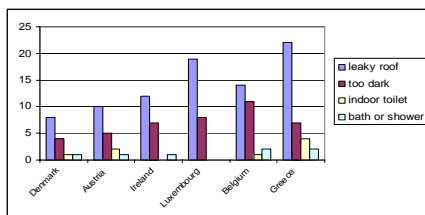
## Economic strain deprivation (% lacking individual items) (2003 or nearest)



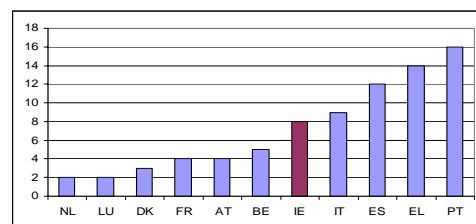
## Housing deprivation (% lacking 1+ items) (2003 or nearest)



## Housing deprivation (% lacking individual items) (2003 or nearest)



## 'At-risk-of-poverty' and deprived (2003 or nearest)



## Key Points

- Poverty is a significant EU problem with wide variation among member states.
- Women and children are more vulnerable to poverty.
- Ireland tends to be towards the bottom of the league tables.
- Social transfers are key to reducing poverty.
- Ireland's social welfare system is under-achieving.
- Ireland is at the mid point in terms of material deprivation

## Use of EU indicators in Ireland

- reference to EU indicators in 5 official reports since 2000
  - Opportunity to broaden the measurement of progress through indicators (2001)*
  - EU social indicators will be used to monitor progress (2002)*
  - Key part of monitoring the strategy is measuring outcomes (2004)*
- main indicator used is consistent poverty and to lesser extent, 'at-risk-of-poverty', all in Irish-specific context
- EU indicators confined to annex
- exception: report *Why is relative income poverty so high in Ireland?* (ESRI, 2004)
- similar approach in other NAPs

## Towards better monitoring

- scope for greater use in monitoring NAPs
- potential for comparative analysis
- encourage joined-up approach (cross-dept and national/local)
- use for policy targets (either absolute or relative, eg best performing MS)

## Towards better monitoring (2)

- include additional policy domains
- analyse for sub-sets of population
- improve statistical capacity
- also indicators of policy outcomes (eg social transfers, retention rates, smoking, consumption of fruit/vegetables)

## Towards better monitoring (3)

- work of Combat Poverty
  - child and spatial indicators
  - policy guide to use of poverty indicators
  - guide to poverty data sources
- new initiative to develop periodic monitoring report
  - use EU indicators to explore comparative context
  - identify additional national indicators (tertiary level)
  - use existing (admin and statistical) data sources
  - develop in-house expertise
  - periodic report series