



## Child poverty and social exclusion

### A framework for European action

**SUMMARY** *More than one child in four in the European Union (EU) is at risk of poverty and social exclusion. The poverty rate for children is higher than that for any other age group, though it varies widely across Member States (MS).*

*Over the past decade, exchanges between EU institutions, MS and civil society have led to a consensus on many aspects of the combat against child poverty. All agree that the multiple dimensions of child poverty should be taken into account; that the approach should be based on children's rights; and that there should be a balance between universal measures and support targeted at specific groups of people who are most at risk.*

*There is also broad support for a 'three pillar' action plan, focusing on ensuring children's access to resources; their access to essential services; and their participation in activities and decision-making that affects them.*

*In February 2013, the European Commission published a Recommendation on child poverty and exclusion which summarises the consensus. Since tackling child poverty and exclusion can produce benefits (and reduce social costs) in the future, this forms part of the Commission's Social Investment package. Implementation will depend primarily on MS, some of which are currently making considerable efforts to reduce budget deficits, including making reforms to social spending.*



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#### Background

Approximately [25 million children](#) under the age of 18 lived at risk of poverty and social exclusion in the European Union (EU) in 2011 (the latest figures available). The proportion of children at risk (27.0%) was greater than for any other age group and for the EU population as a whole (24.2%). With the on-going economic crisis, the situation is unlikely to have improved since 2011.

[Child poverty rates](#) have edged up in most developed countries over the past 20 years. Between 2008 and 2011, some EU Member States (MS) saw a reduction in children at risk of poverty and social exclusion (notably Poland, the UK and Romania). However the situation of children worsened in 18 others, most seriously in Ireland, Latvia, Bulgaria, Hungary and Estonia.

Child poverty affects the well-being of today's children. However the effects of prolonged poverty (especially on younger children) can last long into adult life. Measures to combat child poverty can be seen as an investment that may produce economic benefits and avoid future social costs. They can also contribute to achieving the Europe 2020 headline goal of lifting 20 million people out of poverty by 2020.

In response to the financial and economic crisis, [many MS](#) are trying to cut budget

deficits and to focus income support on the most vulnerable children and families. Some have restricted eligibility, reduced benefits or made cuts in coverage or specific schemes. Since 2010, social protection spending has [declined](#) overall in the EU but the long-term consequences of these reforms are not yet clear.

## Measuring child poverty & exclusion

### At risk of poverty or social exclusion

According to EU practice, children (defined as people under the age of 18) are considered 'at risk of poverty and social exclusion' (AROPE) if they experience one or more of three specific types of poverty: *monetary poverty*, *material deprivation* or *low work intensity*. This AROPE indicator is the broadest measure of child poverty and, applied to the general population, is used as the benchmark for the Europe 2020 headline goal for reducing poverty. The proportion of children at risk of poverty and exclusion (the overall AROPE indicator) ranges widely across EU MS, from around 16% in Sweden, Denmark and Finland to over 40% in Bulgaria, Romania and Latvia (see Figure 1).

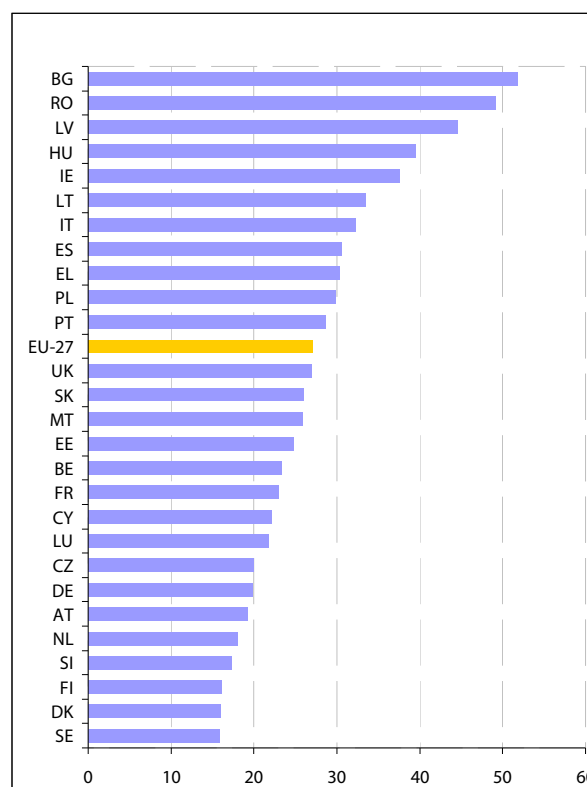
### Monetary poverty: at risk of poverty

Children are 'at risk of poverty' (ARP) if they are attributed an 'equivalised'<sup>1</sup> part of the family income lower than a national poverty threshold, considered to be 60% of the median income after social transfers. This 'monetary poverty' measure is a *relative* measure of poverty since the median income will be different from one MS to another.

In 2011, Romania (32.9%), Bulgaria (28.9%) and Spain (27.2%) had the highest levels of ARP children, while Denmark and Finland had the lowest (10.2% and 11.8% respectively). However the national poverty thresholds on which these figures are calculated also vary widely. The [poverty threshold](#) for a family of two adults and two young children (expressed in units that account for variations in purchasing power)

is under 8 000 in Bulgaria, Latvia, Lithuania and Romania and over 25 000 in Austria and Luxembourg. The median income also varies from year to year: after adjusting for inflation, it [fell](#) during 2010 in 15 MS.

**Fig. 1: Children at risk of poverty or social exclusion - AROPE (% of all children), 2011**



Source: Eurostat, SILC, 2013. (IE data from 2010)

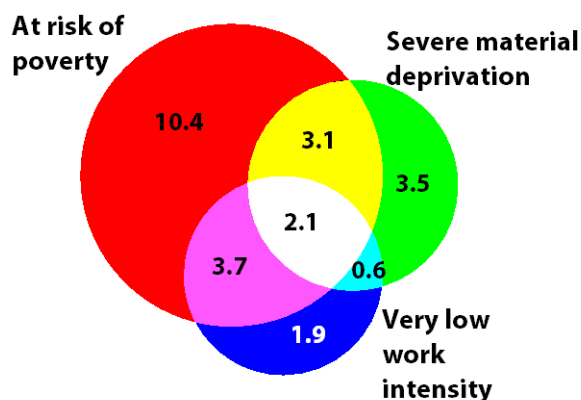
### Severe material deprivation

According to the EU, children experience '[severe material deprivation](#)' (SMD) if they live in households that cannot afford at least four of a list of nine basic items<sup>2</sup>. SMD is an *absolute* measure of poverty and exclusion since the items are the same for all MS.

Eurostat also established specific child-related criteria for a special survey in 2009. They decided that not being able to afford any nine out of 17 child-related items<sup>3</sup> meant a child was deprived. The 2009 survey [found](#) that overall in the EU, 4.5% of children could not afford two pairs of shoes; values ranged from 2% or under in Cyprus, Greece, the UK and Netherlands to 18.7% in Romania and 44% in Bulgaria. Similarly, 4.4% of children in the EU could not afford to eat fresh fruit or vegetables daily; the lowest

values were found in Sweden and Finland (under 0.5%) and highest in Latvia (15.4%), Romania (23.8%) and Bulgaria (34.5%). These figures do not reflect the on-going effect of the economic crisis since these child-oriented indicators have not been evaluated since 2009.

**Fig. 2: Millions of children at risk of poverty or exclusion (AROPE) by type of risk, EU 27, 2011**



Source: Eurostat, SILC, 2013.

### Low work intensity

Children suffer from 'very low work intensity' (LWI) if they live in a household where adults have worked less than 20% of their available work time in the previous year. This condition is most common in households with a single parent and one or more children. In 2010 Ireland had the highest rates, followed by Hungary, Bulgaria and the UK; Cyprus and Luxembourg had the lowest.

### EU policy

In Europe, the main responsibility for combating poverty and social exclusion remains with MS. The EU's role is limited to coordinating MS policies through the Open Method of Coordination for social protection (Social OMC), and providing some funding.

However child poverty has been an important policy concern for EU institutions as well as MS. Three recent **Council Presidencies** ([Belgium](#) in 2010, [Hungary](#) in 2011 and [Cyprus](#) in 2012) commissioned studies and convened conferences on child

poverty with the active participation of civil society. The **Employment and Social Affairs Council** adopted recommendations on child poverty in [2011](#) and [2012](#) and the [European Economic and Social Committee](#) and [Committee of the Regions](#) adopted opinions. In 2012, the **Social Protection Committee** (SPC), composed of representatives of MS and the Commission, issued [a report](#) on tackling child poverty and promoting child well-being.

The **European Parliament** has adopted resolutions addressing child poverty, including [2008/2034\(INI\)](#) on promoting inclusion and combating poverty, and [2011/2052\(INI\)](#) on the European Platform against poverty and social exclusion. In the latter, Parliament called for a preventive approach to child poverty, particularly in terms of early childhood care and education. It endorsed a combination of universal and targeted approaches to benefits and affirmed the rights of children.

As a result of these consultations and exchanges of view, a general consensus on a number of aspects of the fight against child poverty and exclusion has emerged. The consensus is driven by several basic principles and encompasses three areas of action or 'pillars'.

### Basic principles

#### Social investment

Combating child poverty and social exclusion can be seen as a social investment in the light of the long-term effects of child poverty and exclusion. [Research](#) has shown that poverty affects children's confidence and self-esteem and their relationship with others. The effects of longer-term poverty (especially on younger children) can last long into adult life, diminishing cognitive and behavioural development, health, education and employability of future adults and ultimately generating social costs for society.<sup>4</sup> An education system with an inclusive approach to disadvantaged

children helps to [reduce](#) the numbers of early school leavers and the disadvantages they face in their future employment prospects.

Reducing child poverty and exclusion can thus be seen to involve present costs but with the prospect of future benefits and lower social costs. In 2012, at a [convention](#) of the Platform against Poverty and Exclusion, MS agreed that carefully designed social policies can be an investment in society that leads to more social cohesion as well as growth.

### A multidimensional approach

Poverty means much more than just a low income or even the lack of basic items. A multidimensional approach to child poverty considers different facets of the life of disadvantaged children: living in overcrowded or poorly heated housing in a dangerous neighbourhood; lack of access to proper health treatment; attending poor quality schools; or being unable to participate in sports or recreational activities. Tackling child poverty requires a coordinated effort from housing services, schools, health clinics and social protection services.

### A rights-based approach

The [UN Convention on the Rights of the Child](#) (ratified by all MS) recognises the rights of every child to a standard of living

adequate for the child's physical, mental, spiritual and social development. Article 24 of the EU [Charter of Fundamental Rights](#) acknowledges that children have a right to

the protection and care necessary for their well-being, as well as to have their views taken into account on matters which concern them. Article 34 of the Charter also explicitly mentions social and housing assistance.

An approach to combating child poverty based on these rights puts the emphasis on the child as an independent rights-holder and on the child's needs, separate from the situation of parents or the family. It takes a broad view of child development and imposes a legal duty (as opposed to simply a moral obligation) on the state to assist a child in poverty. It also obliges MS to involve children in decision-making.

### Balance between universal and

#### targeted measures

Universal measures aimed at all children can be efficient to administer and can reach families that would have difficulty proving eligibility or might feel stigmatised by certain benefits. Targeted measures, on the other hand, are aimed towards those most at risk (e.g. children in lone parent or large families or those that have disabilities or a migrant background). Most stakeholders feel that a mixture of universal and targeted

**Percentage of children at risk of poverty, by type of risk, 2011**

Country/EU	AROPE	ARP	SMD	LWI
EU 27	27	20.6	10	8.8
Austria	19.2	15.4	5.6	6.7
Belgium	23.3	18.7	8.2	13.9
Bulgaria	51.8	28.9	45.6	14
Cyprus	22.1	11.9	13.7	2.9
Czech	20	15.2	8	6.9
Denmark	16	10.2	3.3	8.9
Estonia	24.8	19.5	9.1	9.1
Finland	16.1	11.8	3.2	7.6
France	23	18.8	7	8.2
Germany	19.9	15.6	5.4	8.6
Greece	30.4	23.7	16.4	7.2
Hungary	39.6	23	29.8	14.1
Ireland*	37.6	19.7	10.6	25.5
Italy	32.2	26.3	12.2	7.6
Latvia	44.6	25	33.5	12.9
Lithuania	33.4	24.3	15.9	11.3
Luxembourg	21.7	20.3	1.2	2.9
Malta	25.8	21.1	7	8.3
Netherlands	18	15.5	2.9	6.3
Poland	29.8	22	13.2	4.1
Portugal	28.6	22.4	11.3	7.1
Romania	49.1	32.9	35.8	4.6
Slovakia	26	21.2	12.4	7.3
Slovenia	17.3	14.7	5.3	4.4
Spain	30.6	27.2	4.2	9.8
Sweden	15.9	14.5	1.3	5.4
UK	26.9	18	7.1	14

Source: Eurostat, 2013 (tables [ilc\\_peps01](#), [ilc\\_ilo02](#), [ilc\\_mddd11](#), [ilc\\_lvh11](#)). \*Data for Ireland, 2010.



measures provides the best results in terms of reducing child poverty and exclusion.

## Three pillars

### Access to resources

Children need adequate financial resources to enable them to afford the goods and services necessary to their well-being and participation in social life. They depend on two main sources of income: parents' employment income and social transfers.

Given the importance of family employment income, many MS have given high priority to active measures to help parents find decent jobs as a means of combating child poverty. Affordable child care has been [singled out](#) as an important factor in enabling parents to work. However other measures to reconcile work and family life, such as flexible work hours, can also be useful, particularly for families which are at greater than average risk of poverty such as single parent families, or for large families where the second parent does not currently work.

Social transfers, such as child or family allowances, are the other principal source of income for children. The size of family cash transfers (through direct benefits or tax instruments) is [very important](#) in reducing child poverty. However [evidence](#) indicates that the design of the transfers is as important as the size and this aspect remains highly dependent on the situation in each MS.

Active employment policies and social benefits are complementary. Some economists point to the Nordic countries

which have low levels of child poverty and that combine low unemployment with effective redistribution policies; they believe that relying exclusively on only one approach is likely to be insufficient to reduce child poverty significantly.<sup>5</sup> Other experts<sup>6</sup> say that, since the crisis, too much emphasis has been put on active employment policies and too little notice taken of the effect of austerity measures on family income.

### Funding

In its 2014-20 Multiannual Financial Framework (MFF) proposal, the Commission [planned](#) that a quarter of Cohesion funding should go to the European Social Fund (ESF) and at least 20% of ESF funds in each MS to projects that combat poverty or promote social inclusion. However, the European Council did not endorse this in its February 2013 [Conclusions](#). Some organisations are [campaigning](#) to restore the original targets. An EP [resolution](#) in March underlined the importance of increasing investments in (among other areas) social inclusion. MFF negotiations between Commission, Parliament and Council [started](#) in May 2013.

The European Regional Development Fund has also been suggested as a major source of funding for infrastructure projects (such as expanding childcare facilities) that can have a positive impact on child poverty and exclusion.

Still other analysts<sup>7</sup> believe that, at a time when fiscal consolidation is needed, there is scope for reducing social transfers. In OECD countries in 2005, where family benefits averaged almost 2% of GDP, more than 40% of transfers went to households in the upper half of the income distribution. These analysts believe that capping benefits, clawing them back from well-off families, making them conditional or using means-testing can cut expenditure and concentrate resources on the most vulnerable, although at the cost of some administrative complexity.

### Affordable quality services

In a multidimensional approach, child poverty cannot be seen simply as a monetary problem. To realise their potential, children need access to affordable, high quality services in childcare, education, healthcare, housing and social protection services. Childcare and education are particularly important to stop 'intergenerational transmis-

sion' of poverty, where children of poor parents are in turn at greater risk of poverty as adults because of deprivation early in their lives. Increased availability and

affordability of child care has been found to have [a strong association](#) with lower child poverty rates as well as educational development.

However services may be affected by austerity measures, including budget cuts at local levels. [Some](#) organisations see these measures as short-sighted; [they feel](#) budget consolidation should not be at the cost of the most vulnerable since this would lead to a greater number of people at risk tomorrow. Others argue that reducing income support while increasing services such as childcare encourages more parents to work.

### Children's participation

The rights-based approach to poverty and exclusion affirms children's right to participate. Participation can be taken to mean that children can easily access a range of services, from basic education activities to broader developmental activities such as sports and cultural activities. However participation also means allowing children to express their views on matters concerning them and taking those views into account according to their level of maturity.

Nevertheless helping children to participate in decision-making is not easy. Forums are often dominated by middle class youth to the detriment of less advantaged children who lack confidence or social skills. [Experts](#) have noted that more experience is needed as to how the participation of children at risk of poverty can really be put into practice.

### Recommendation and reactions

In February 2013, as part of its Social Investment package, the Commission adopted a long-awaited Recommendation, [Investing in children: breaking the cycle of disadvantage](#). Within the context of the [Social OMC](#), the Recommendation provides greater visibility to the consensus that has developed and serves as a guide for MS implementation. Its publication also provides an opportunity for other institutions not directly involved in the

Social OMC, such as the European Parliament, to influence MS action.

Stakeholders who were consulted during the development of this consensus are in general agreement with the approach, including the three-pillar approach. However a group of NGOs<sup>8</sup> has [expressed](#) some concerns that have not been fully addressed including:

- More rigorous monitoring and reporting, including setting sub-targets in the Europe 2020 strategy and the development of better indicators of child well-being
- Development of a multi-annual roadmap setting out implementation plans for the Recommendation
- Commitment to long-term funding, particularly through earmarking portions of the structural funds for investments to help reduce poverty and exclusion.

### Further reading

[A social inclusion roadmap for Europe 2020](#) / H. Frazier, E. Marlier, I. Nicaise, Garant, 2010.

[Why care? Children's rights and child poverty](#) / W. Vandenhoe, J. Vranken, K. De Boyser, 2010.

[Social Europe: Current challenges and the way forward](#), European Commission, 2013. Social Protection Committee annual report for 2012.

[Children at risk of poverty or social exclusion](#) / Eurostat, 2013.

[Pauvreté dans l'Union européenne: impact social de la crise économique](#) / L. Amand-Eeckhout, EP Library, 2013.

[Child well-being in rich countries: a comparative overview](#) / UNICEF, 2013.

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## Endnotes

- <sup>1</sup> Income is attributed to the child by dividing the total household income by the number of 'equivalent adults' (children under 14 count as 30% of an 'adult' and older children as 50%). The resulting income is then attributed to each household member.
- <sup>2</sup> The [nine items](#) established by Eurostat are paying rent, mortgage or utility bills; keeping the home adequately warm; facing unexpected expenses; eating meat or proteins regularly; going on holiday; a television; a washing machine; a car; a telephone.
- <sup>3</sup> The [17 items](#) are some new clothes; two pairs of shoes; fresh fruits/vegetables daily; three meals a day; one meal with meat or equivalent protein; suitable books; outdoor leisure equipment; indoor games; a place to do homework; dental consultations; doctor consultations; leisure activities such as sports; celebrations on special occasions; ability to invite friends home; participation in school events/trips; safe outdoor play space; one week annual holiday away from home.
- <sup>4</sup> Links of perceived economic deprivation to adolescent's well-being six years later / S. Walper, Zeitschrift für Familienforschung, 21 Jahrg., 2009, Heft 2; [Promoting child development and child well-being](#) / OECD, 2011 in Doing better for families, p.180.
- <sup>5</sup> [What works best in reducing child poverty: a benefit or work strategy?](#) / P. Whiteford, W. Adema, OECD, 2007. [Less income inequality and more growth-- are they compatible?](#) / M. Pisu, OECD, 2012.
- <sup>6</sup> [2011 assessment of social inclusion policy developments in the EU](#) / H. Frazer, E. Marlier, EU network of independent experts on social inclusion, European Commission, 2012.
- <sup>7</sup> [Fiscal consolidation: Part 6. What are the best policy instruments for fiscal consolidation?](#) / R. Hagemann, OECD, 2012. OECD Economics Dept. Working Papers, no. 937, p. 22-24, 32.
- <sup>8</sup> ATD 4th World, Caritas, Coface, EAPN, Eurochild, Eurodiaconia, European Social Network and PICUM.