

Date last modification documentation sheet: 28-11-2011

Compared to previous version documentation sheet (12-07-2010) the following issues were adapted:

- Change in name: inequality in stead of equality
- Change in URLs to sustainable development indicators and OMC

<i>ECHIM Indicator name</i>	A) Demographic and socio-economic factors 9. Population below poverty line and income inequality
<i>Definition</i>	1) Population at risk of poverty: the share of persons with an income below the poverty line. 2) Income inequality: the ratio of total income received by 20% of the country's population with the highest income to that received by 20% of the country's population with the lowest income.
<i>Calculation</i>	1) Percentage of persons in the total population with an equivalised disposable income below the "national poverty line" (i.e. below 60% of the national median equivalised disposable income). Total population is all persons living in private household on the national territory. Total disposable income of a household is calculated by adding together the personal income received by all of the household members, plus income received at household level. Disposable household income includes all income from work, private income from investment in property, transfers between households and all social transfers received in cash including old-age pensions (see remarks for more detailed definition). Personal equivalised income is obtained by dividing the total household disposable income by the equivalised size of the household, using modified OECD scale: 1 for the first person aged 14 or more; 0.5 for any subsequent person aged 14 or more; and 0.3 for persons aged less than 14. 2) Income inequality is calculated as the ratio of the sum of equivalised disposable income received by the 20% of the country's population with the highest equivalised disposable income (top inter-quintile interval) to that received by the 20% of the country's population with the lowest equivalised disposable income (lowest inter-quintile interval).
<i>Relevant dimensions and subgroups</i>	- Calendar year - Country - Region (according to ISARE recommendations; see data availability) - Sex - Age group (0-17, 18-64 and 65+ for indicator 1, 0-64 and 65+ for indicator 2)
<i>Preferred data type and data source</i>	Preferred data type: - Survey Preferred source: - Eurostat, European Statistics of Income and Living Conditions (EU- SILC)
<i>Data availability</i>	1) Partial coverage partly due to the fact that countries implemented the European Statistics on Income and Living Conditions in different years (see remarks). Data available from 1995 onwards. From 2005 onwards fairly continuous data for EU-27 plus Iceland and Norway. Data are available for sex and age. There are no data available for region. 2) Partial coverage. Data available from 1995 onwards. From 2005 onwards fairly continuous data for EU-27 plus Iceland and Norway. Data are available for sex and age. There are no data available for region. The ISARE project on regional data has not collected data on population below poverty line and/or income inequality.
<i>Data periodicity</i>	Data are updated annually.
<i>Rationale</i>	Important indicator for social inclusion. Economic deprivation can have a negative effect on health and well-being. Children are especially vulnerable.
<i>Remarks</i>	- 'Population at risk of poverty' and 'income inequality' are EU Structural Indicators and are also indicators of the social inclusion strand of the Open Method of Coordination on Social Inclusion and Social Protection (OMC). Both indicators are overarching indicators of the OMC. 'At risk of poverty rate' is also one of the EU Sustainable Development Indicators. - A more detailed definition of disposable income as applied by Eurostat; Disposable household income includes: the sum for all household members of gross personal income

	<p>components (gross employee cash or near cash income; company car; gross cash benefits or losses from self-employment; pensions received from individual private plans; unemployment benefits; old-age benefits; survivor' benefits, sickness benefits; disability benefits and education-related allowances), plus: gross income components at household level (income from rental of a property or land; family/children related allowances; social exclusion not elsewhere classified; housing allowances; regular inter-household cash transfers received; interests, dividends, profit from capital investments in unincorporated business; income received by people aged under 16), minus: regular taxes on wealth; regular inter-household cash transfer paid; tax on income and social insurance contributions.</p> <p>- After 2001 The European Statistics on Income and Living Conditions (SILC) replaced the European Community Household Panel (ECHP). The ECHP was the primary source of data for 1994 to 2001 for 15 EU member states. For other countries national databases (mainly based on household budget surveys) were used.</p> <p>- Countries launched SILC at different times. In 2003: BE, DK, EL, IE, LU, AT, NO. In 2004: EE, ES, FR, T, PL, FI, SE, IS. In 2005: CZ,DE,CY,LV,LT,HU,MT,NL,PL,SI,SK,UK. In 2007: BG, RO, TR, CH. During the transition between ECHP and EU-SILC data was provided by National Statistical Institutes from national sources (with some breaks in series due to lack of information, transition from national data source to EU-SILC).</p>
<i>References</i>	<ul style="list-style-type: none"> - Eurostat database, At risk of poverty rates by age and gender: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_li02&lang=en - Eurostat database, S80/S20 income quintile share ratio by gender and selected age group: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_di11&lang=en - Metadata Income and living conditions, 22 April 2010: http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/EN/ilc_esms.htm - Health Indicators in the European Regions (ISARE) project: http://www.isare.org - EU Structural Indicators, Eurostat website : http://epp.eurostat.ec.europa.eu/portal/page/portal/structural_indicators/indicators/social_cohesion - EU Sustainable Development Indicators, Eurostat website : http://epp.eurostat.ec.europa.eu/portal/page/portal/sdi/indicators - OMC, indicators of the social inclusion strand, Eurostat website: http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_social_policy_equality/omc_social_inclusion_and_social_protection/social_inclusion_strand - OMC, overarching indicators, Eurostat website : http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_social_policy_equality/omc_social_inclusion_and_social_protection/overarching
<i>Work to do</i>	