

# TiPSE

## The **T**erritorial **D**imension of **P**overty and **S**ocial **E**xclusion in Europe

Applied Research 2013/1/24

Draft Final Report

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This report does not necessarily reflect the opinion of the members of the Monitoring Committee.

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## LIST OF ABBREVIATIONS

ARoP	At Risk of Poverty (rate)
MS	Member State
NMS	New Member States
NSI	National Statistical Institute
OMC	Open Method of Coordination
PSE	Poverty and Social Exclusion
SE	Social Exclusion
SGI	Services of General Interest
TPG	Transnational Project Group
WB	World Bank

### Standard Abbreviations for Country Names:

AL	Albania	IT	Italy
AT	Austria	KO	Kosovo
BE	Belgium	LI	Liechtenstein
BG	Bulgaria	LT	Lithuania
CH	Switzerland	LU	Luxemburg
CR	Croatia	LV	Latvia
CY	Cyprus	MO	Montenegro
CZ	Czech Republic	MT	Malta
DE	Germany	NO	Norway
DK	Denmark	NL	Netherlands
EE	Estonia	PL	Poland
ES	Spain	PT	Portugal
FI	Finland	RO	Romania
FR	France	SB	Serbia
FY	FYROM	SE	Sweden
EL	Greece	SI	Slovenia
HU	Hungary	SK	Slovakia
IE	Ireland	TR	Turkey
IS	Iceland	UK	United Kingdom

The TiPSE research team comprises 6 partners from 5 EU Member States:

No.	Partner	MS	Principal Researchers
LP	Nordregio - Nordic Centre for Spatial Development	SE	Petri Kahila
2	UHI Millennium Institute	UK	Philomena de Lima
3	Newcastle University	UK	Mark Shucksmith
4	Institute of Economics Hungarian Academy of Sciences	HU	Katalin Kovács
5	ILS - Research Institute for Regional and Urban Development	DE	Sabine Weck
6	EKKE - National Centre for Social Research	EL	Thomas Maloutas
7	The James Hutton Institute	UK	Andrew Copus



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## Part A: EXECUTIVE SUMMARY

### Introduction

Processes of poverty and social exclusion operate at multiple scales across Europe, but these are poorly captured by the available data. As a result, European policies are less well-informed than might be expected in promoting economic, social and territorial cohesion.

The TIPSE project is the first comprehensive and systematic attempt to map (NUTS 3) regional patterns of Poverty and Social Exclusion across Europe to inform the decisions of policymakers at EU and national levels. Despite poor data availability, the project offers many new insights for policy and practice.

The key findings of the TIPSE project include:

- Income poverty is both an urban and a rural phenomenon. Low incomes are associated with parts of capital cities, and other urban areas, but also with remote, sparsely populated, insular and agrarian regions.
- Low income is not a “failsafe” indicator of subjectively experienced poverty, since basic living costs also vary considerably between different areas, often exacerbating both urban and rural income disparities. The key EU 2020 indicator, the At-Risk-of-Poverty (ARoP) rate fails to capture this interaction.
- Measuring and mapping patterns of Social Exclusion is deeply challenging. Part of the difficulty relates to precisely specifying the phenomena. TIPSE has responded to this by disaggregating exclusion into a number of components (Domains and Dimensions).
- This is only part of the solution, however, since measurement and mapping must use available proxy indicators, which can only tell us where the *risk* of exclusion is elevated.
- To add to the difficulty, it quickly became evident that different components of exclusion risk exhibit different spatial distributions – they are poorly correlated, with the result that any attempt to map the *overall* risk of social exclusion is very vulnerable to misinterpretation.
- Both poverty and social exclusion mapping efforts have been severely hampered by data inadequacies. Much of the work has so far been dependent upon 2001 Census data, in anticipation of the 2011 data. This has only recently become available and much of the analysis reported below will need to be updated for the Final Report.

### Concepts and Policy Approaches

Poverty is commonly defined in absolute or relative terms: relative poverty is more commonly used in a European context and is usually specified in terms of income below a minimum acceptable level. Social Exclusion relates not only to income or physical well-being but also to inclusion within various aspects of society, such as the labour market, administrative systems, association and community, institutions and democracy. It is essentially relational, multi-dimensional and dynamic. While poverty and social exclusion are closely related, they are

distinct in a number of ways (Table (i)). Furthermore, interpretations and ways of measuring them vary considerably between countries.

**Table (i): Income Poverty and Social Exclusion – key conceptual differences**

	<b>Income Poverty</b>	<b>Social Exclusion</b>
<b>Applies to</b>	Individuals or households	Groups
<b>Defined by</b>	Access to material or financial resources	Relations, processes of exclusion/inclusion
<b>Temporal characteristics</b>	Static	Dynamic process
<b>Usually measured by:</b>	Quantitative income data	Qualitative description of process

The TIPSE project characterised national approaches to addressing poverty and social exclusion in terms of a well-known set of ‘welfare regimes’, (Map (i) below):

1. **Universalistic**, Nordic or Social Democratic Model (Finland, Sweden, Denmark, Norway).
2. **Liberal**, or “Anglo Saxon” (UK and Ireland).
3. **Corporatist-Statist**, (Germany, Austria, France and Belgium).
4. **Familialistic**, Mediterranean, or Southern Model (Greece, Portugal, Italy and Spain)
5. **Post-Socialist/Transitory**, (the former socialist New Member States of Central and Eastern Europe).

The project compared this established classification of *policy responses* with a new national typology of profiles of poverty and social exclusion *indicators*, following a cluster analysis (see Map (i) below). Five clusters were identified, as follows:

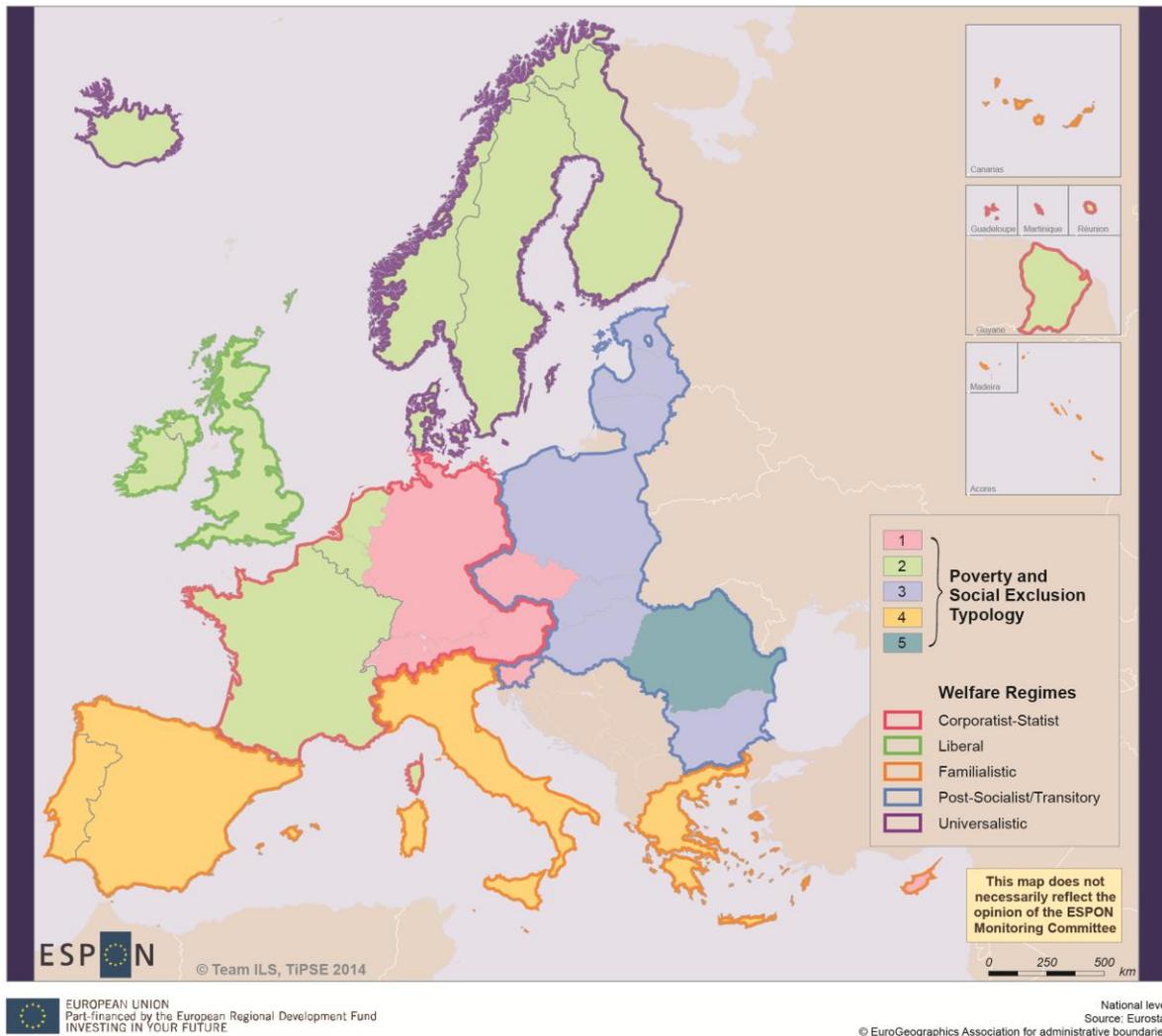
**Cluster 1: “Inclusive Centre”** (Austria, Cyprus, Czech Republic, Germany, Luxembourg, Malta, Slovenia, Switzerland). This cluster showed relatively positive (inclusive) performance across all aspects of poverty and social exclusion.

**Cluster 2: “Competitive North-West”** (Belgium, Denmark, Finland, France, Iceland, Ireland, Netherlands, Norway, Sweden, United Kingdom). This cluster performed particularly strongly in relation to labour market characteristics, but had a higher share of foreign born population and a larger numbers of single parents.

**Cluster 3: “Disparate East”** (Bulgaria, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia). This cluster is characterised by higher material deprivation, low life expectancy and poor housing conditions, combined with moderate labour market and education indicators.

**Cluster 4: “Mediterranean Crisis”** (Greece, Italy, Portugal, Spain). This cluster is distinctive for its relatively high rates of poverty, relatively poor labour market conditions and ageing population.

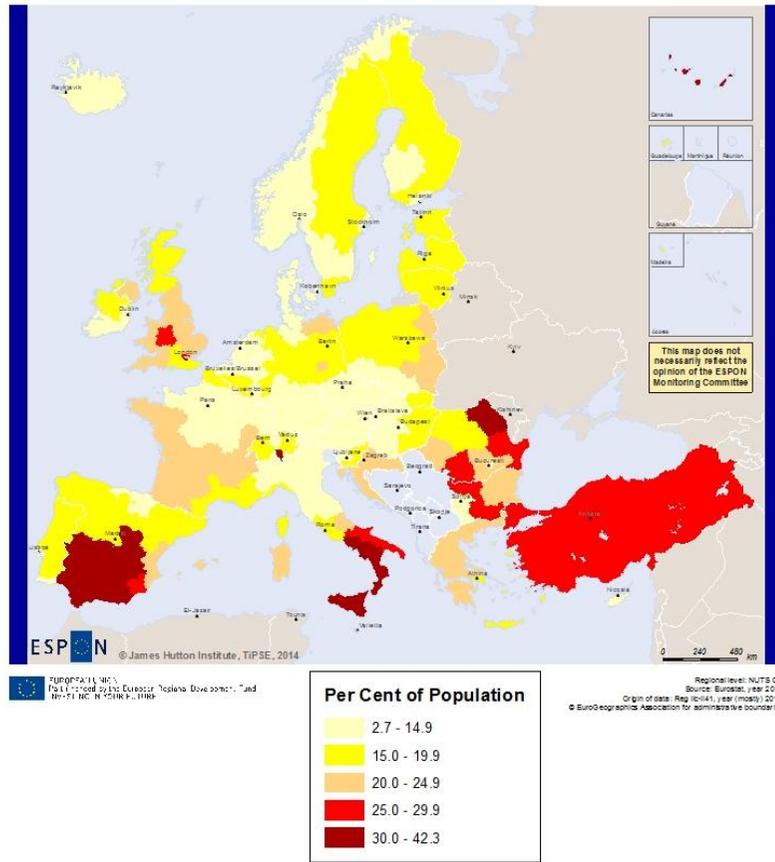
**Cluster 5: Romania:** This is an outlier in terms of poverty, labour market conditions, material deprivation housing, and education indicators.



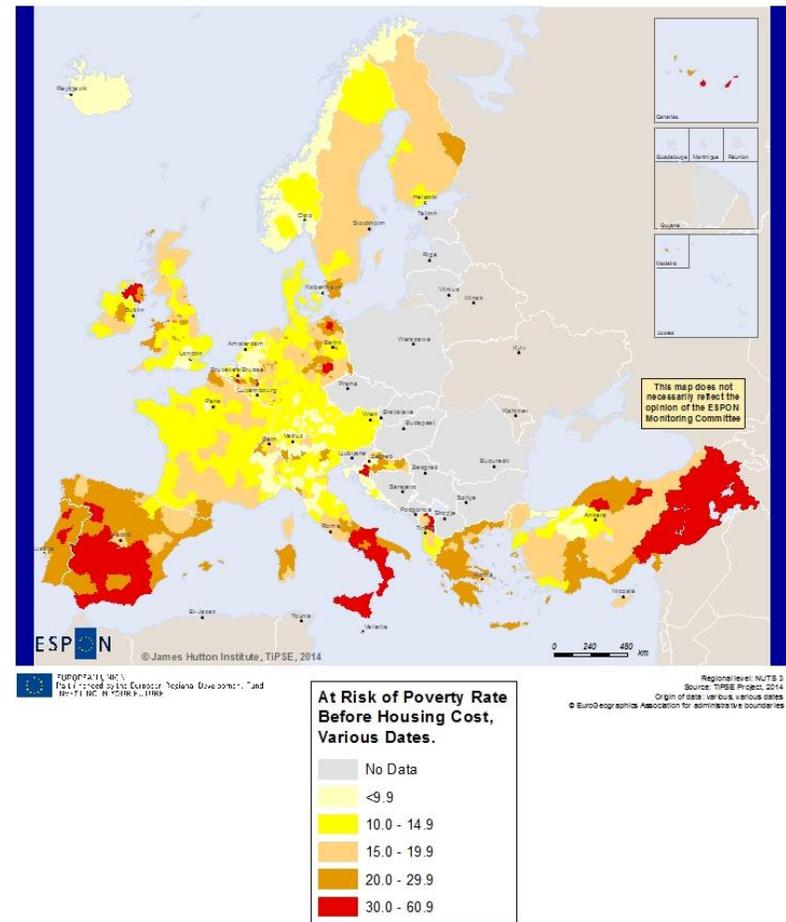
**Map (i): Welfare Regimes and Poverty-Social Exclusion Clusters**

### Patterns of Poverty

Eurostat data allows mapping of poverty (ARoP) rates at NUTS 2 level in some countries, and at NUTS 1 in others. In order to better understand the role of poverty in wider processes of territorial cohesion it is important to establish patterns and explore processes at a finer geographical scale. The TIPSE project team were tasked with producing NUTS 3 poverty (ARoP) maps for all countries of the ESPON space, with the exception of the former socialist New Member States of central and eastern Europe (which are covered by a parallel World Bank project).



Map (ii): At Risk of Poverty Rate at NUTS 2 (Eurostat) 2012



Map (iii): At Risk of Poverty Rates: NUTS 3, Various Sources (Unadjusted)

Ideally the intention was to use an econometric modelling technique, developed by the World Bank (PovMaP) to generate estimates of the NUTS 3 ARoP rates. However PovMap's rigorous data requirements (compatible survey and census microdata) mean that successful implementation was achieved in just a handful of countries. Nevertheless, by adopting a variety of approaches (area based regression modelling, simple apportionment, the use of national "register data" and estimates developed by national statisticians) TIPSE researchers have succeeded in gathering data and maps for all but a couple of countries.

In relation to Poverty, our results show:

- At a macro-scale the highest rates of poverty tend to be in the Mediterranean countries and Turkey, with the lowest in the Northern and Western countries (Map (ii) and (iii)).
- At a more meso-scale, the relationship between capital cities, secondary cities, and rural areas in terms of the At Risk of Poverty (ARoP) rates is complex. Broadly speaking large cities in the North and West of Europe often contain areas with highest rates of income poverty, whilst in the South and East, urban rates (although high compared with those of NW Europe) are lower than those of the countryside.
- Accessible rural areas, especially those close to larger cities and capitals, tend to have relatively low rates of income poverty.
- Remote rural regions often exhibit relatively high ARoP rates.
- Island regions tend to have higher ARoP rates than mainland regions.
- The relationship between mountain regions, border regions and industrial regions and poverty rates is variable, depending upon national and macro-region context.

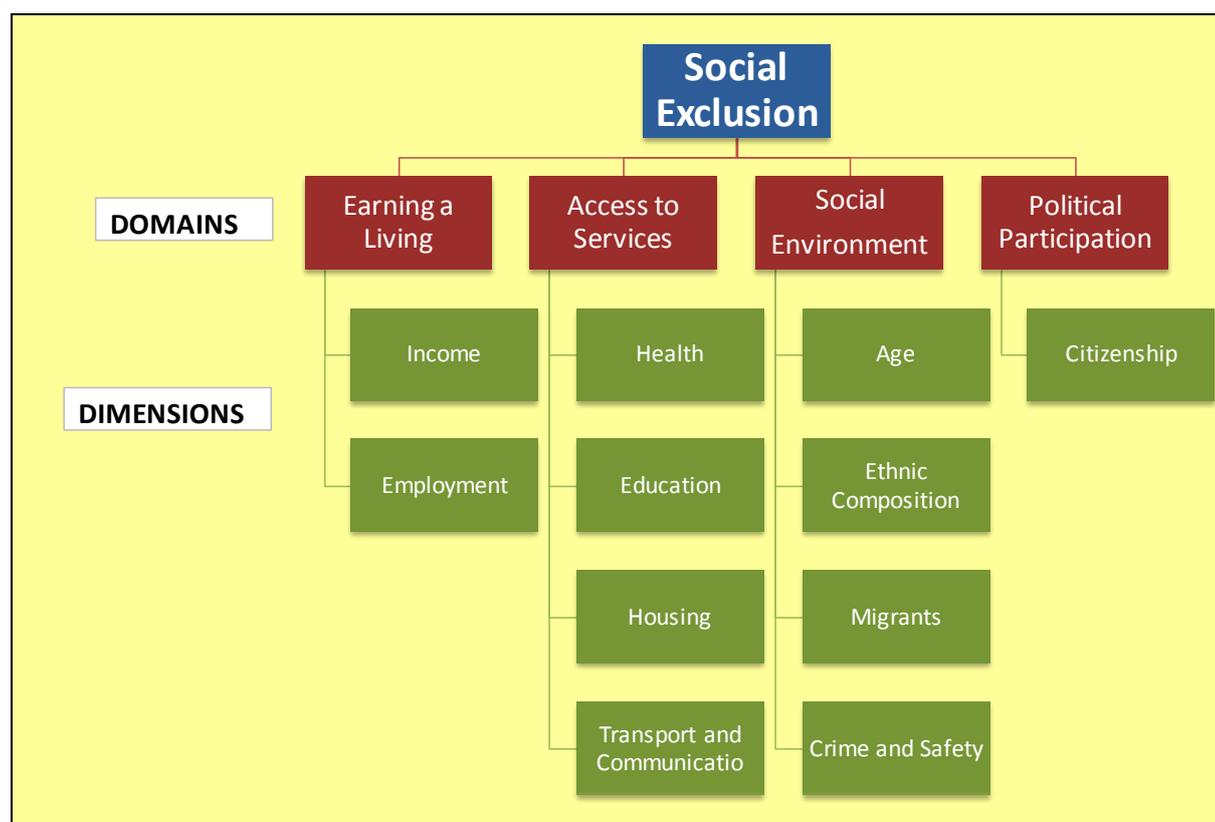
The ARoP rate is a strange statistic, it reflects both the *level* of income in a region, and the *distribution* of income within that region. The "poverty line" which is incorporated in ARoP calculations is conventionally set at 60% of the *national* median disposable income. This means that each of the countries calibrates their ARoP rates according to the national median income, and in this sense Maps (ii) and (iii) reflect patterns of intra-regional inequality more effectively than broad macro-scale differences in the level of income. Unfortunately, because of the mixed provenance of the ARoP rate data, there is no simple way to "recalibrate" the map to a European poverty-line. Further consideration will be given to this and the results incorporated in the Final Report.

## **Patterns of Social Exclusion**

Social Exclusion is a multi-faceted concept. Our review of the literature led us to conclude that it may be represented as comprising four broad "Domains", each of which may be further disaggregated into individual "Dimensions". The full list is presented in Table (ii). This classification is derived from the conceptual literature – it is not based upon an empirical analysis. Indeed it should not be implied that each of the domains and dimensions are equally well served in terms of secondary data availability, as indeed they are not.

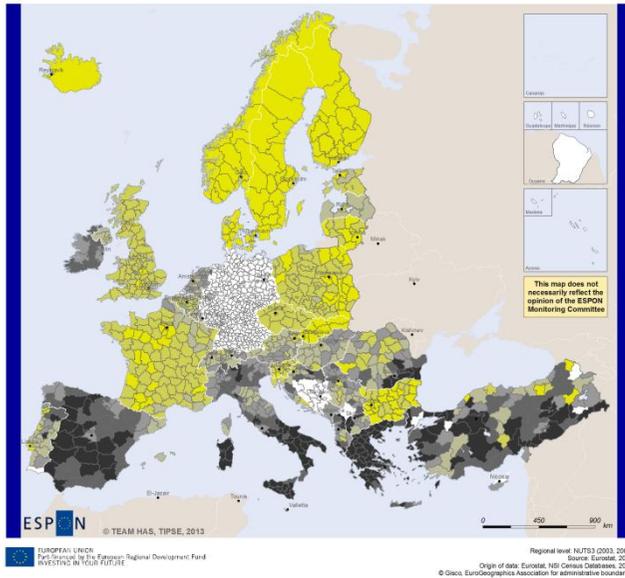
A complex multi-faceted concept like social exclusion cannot be mapped using a simple indicator. The first step has to be to map the different domains/dimensions separately, and then to consider the potential to synthesise them. The difficulty of capturing patterns of exclusion is heightened by the fact that it is intrinsically a set of processes rather than static characteristics. Thus exclusion (or more precisely, an aspect of it) cannot be measured directly, it is necessary to work with proxy indicators which do not count the number/proportion of excluded individuals, but rather (we assume) reflect the *risk* of different kinds of exclusion.

**Figure (i): The Structure of Social Exclusion**

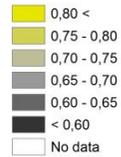


Secondary data availability for mapping aspects of social exclusion across the ESPON-space, as represented by the Eurostat Regio database has two major shortcomings:

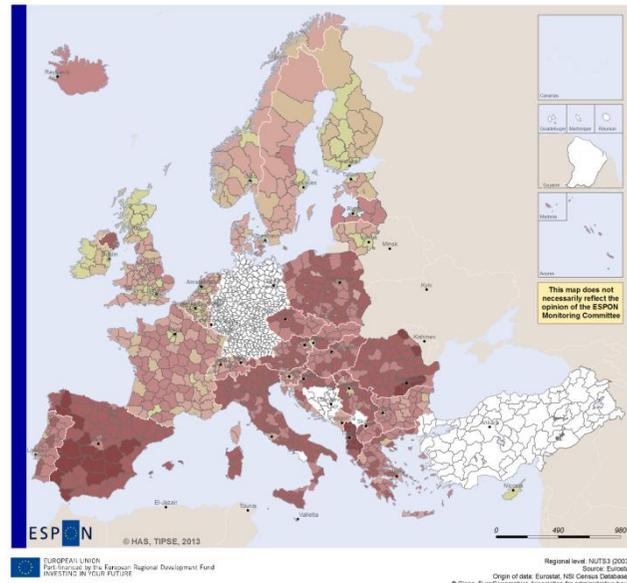
- (a) Domain/dimension coverage is unbalanced, the first domain (labour market) is well represented, the second and third are sparse, whilst the fourth (political participation) is barely covered at all.
- (b) The key source, the Labour Force Survey, provides data at NUTS 2. Sample sizes are not designed to facilitate analysis at NUTS 3.



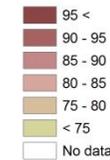
Female rate per male rate



**Domain 1: Earning a living** - Gender ratio: Economic Activity Rate

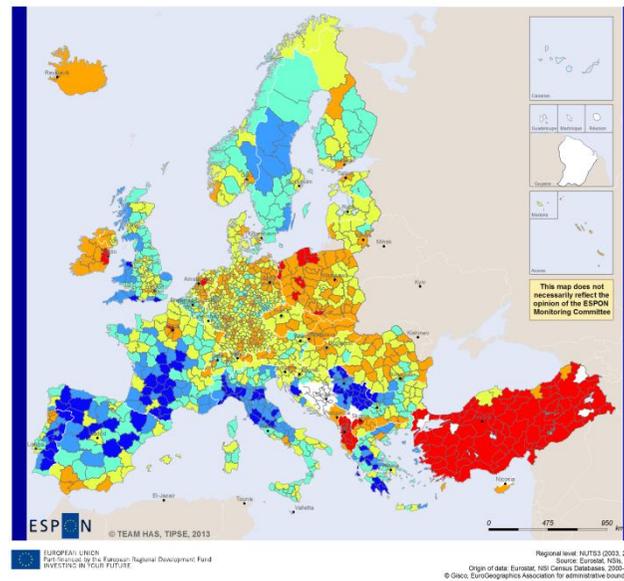


Per cent of 25+ population



**Domain 2: Access to Services** - Per cent of adults without high level qualification

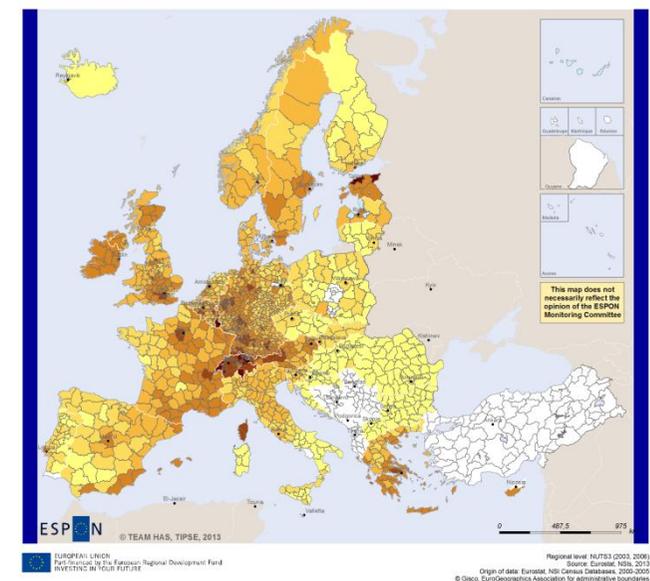
**Map (iv): A Selection of Social Exclusion Maps**



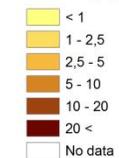
Per cent of 15-64 population



**Domain 3: Social Environment** - Old Age Dependency Rate



Per cent of total population



**Domain 4: Citizenship** - Per cent of Foreign Citizens

In response to these issues TiPSE researchers have turned to the Population Census as a principal source. Of course this decision does not immediately solve all the problems! Coverage of the four domains remains unbalanced. Although some variables from the 2001 Census have been harmonised and collated by Eurostat, others must be collected from numerous separate national sources. Additional complexity comes from the abandonment of the conventional census, in favour of administrative “registers” and sample surveys, by the majority of ESPON countries. The most substantial issue, however, has been the delayed release of 2011 data. Whilst some standardised outputs have very recently become available through the new Eurostat Census Hub, this has come too late to be reflected in the analysis described in the Draft Final Report, which presents preliminary analysis based upon 2001 data.

The maps presented in Section 4 of the main report reveal four broad patterns of spatial differentiation in the risk of social exclusion:

- Between macro-regions; especially between the former socialist countries and NW Europe; and between the Mediterranean countries and the Northern countries.
- Urban-rural differentiation; in some areas of Europe, and in some respects, rural households were at greater risk of social exclusion, while in other regions and in other domains urban households were at greater risk.
- Peripherality or marginality; not to be confused with technical meanings of periphery, this is a generic term for regions with specific geographic ‘marginality’, such as islands, mountains, coasts or border areas.
- Place-specific issues; including areas which have failed to adapt their industrial structures, areas with particularly severe issues of demographic ageing, joblessness or outmigration, and regions with specific issues of stigmatisation or discrimination relating to ethnic minority groups.

However the limitations of the 2001 data set are serious. There remain a significant number of gaps in the database, which it has not been possible to fill. There was no European Directive encouraging harmonisation of definitions in 2001; so direct comparisons between countries is sometimes misleading. Even for those indicators for which harmonisation of definitions is not an issue, differences in the way in which exclusion processes take place within different geographic and cultural contexts mean that care needs to be taken in interpreting the maps.

Some exploratory analysis of the potential to estimate overall risk of social exclusion has been carried out with a subset of the 2001 data. The fact that different domains and dimensions exhibit different spatial distributions – leading to some element of “cancelling out” interactions remains a strong challenge. The issue of the relative weight of different indicators/domains/dimensions within a synthetic index is also a matter of continuing discussion.

Summing up, although substantial progress has been made with the 2001 data, and a lot has been learned, further progress must await the 2011 data, and (assuming a successful outcome) this will be reported in the Final Report.

## The Case Studies

Ten case study areas were selected to represent different European macro regions, territorial and socio-economic typologies, and welfare regimes.

The case studies focus on five different thematic challenges.

- **Ethnicity-related social exclusion**, with a focus on social exclusion and social integration of Roma population, studied in the Hungarian and Slovakian case study, in a predominantly rural context.
- Age-related exclusion, both youth and elderly and **access to services of general interest in sparsely populated areas**, studied in the Western Isles, UK, and La Manchuela/Albacete, Spain.
- **Urban Education**, with a focus on educational success, school performance and segregation patterns, studied in Dortmund, Germany and Izmir, Turkey.
- Patterns and processes of **ethnic and social segregation in metropolitan regions**, studied in the metropolitan regions of Athens and Stockholm.
- **Unemployment**, studied with a focus on long-term unemployment in the rural context of the Finnish case and a focus on youth unemployment in the city of Porto, Portugal.

A cross thematic analysis of the ten case studies led to the following conclusions:

**Space** plays a role in reproducing and intensifying individual experiences of social exclusion or poverty, for example by making it more difficult to access services or to participate in community activities. On the other hand geographical isolation may act as a “bonding” factor, strengthening community cohesion.

Similarly concentration and segregation of poor, excluded or immigrant groups in an urban context may both provide a sense of solidarity and support, whilst at the same time reinforce marginalisation, as association with a particular environment becomes a social stigma.

Immobility; the inability to relocate, either in terms of residence, or in terms of travel to work or other daily activities, may in itself lead to a degree of exclusion, by limiting an individual or household’s ability to obtain a sufficient income, or to participate in social activities.

Concentrations of poverty and social exclusion exist at a number of different *scales*, from that of a few streets to the broad continental contrasts identified by Eurostat’s NUTS 1/2 data. Each of these scales are valid for analysis, each revealing aspects of multi-level processes.

Comparisons between the case study regions suggest that *perceived exclusion* varies between cultural and policy contexts, so that risk factors, such as unemployment, or old age, do not carry the same meaning everywhere in Europe. This is at least in part due to differences in support, associated (for example) with trust placed in the family in the Mediterranean countries, or in the Welfare State in the Nordic area. Such are important aspects of the “territorial capital” under different welfare regimes associated with regions and places. These play a role in subjective quality of life, and have an influence (positive or negative) upon the effectiveness of policies to

support inclusion. They merit further analysis, and explicit consideration during policy formulation in different contexts.

## **Monitoring and Policy Implications**

Full and final policy recommendations will be presented in the Final Report. In this Draft Final Report we will limit ourselves to some preliminary observations drawn directly from the three key elements of the project; poverty mapping, social exclusion mapping, and the case studies:

- Whilst the NUTS 3 map of ARoP rates featured in this report already provides considerably more geographical detail compared with what is currently available from Eurostat, further work is required on the issue of comparability between countries. It is also important to take account of variations in living costs, both in urban and in remote rural areas.
- The Population Census is a practical source for NUTS 3 proxy indicators of the risk of social inclusion. However, in the medium to longer term consideration should be given to developing more direct monitoring indicators, to be collected either from administrative databases, or through surveys with adequate samples at NUTS 3 region level.
- The Domain/Dimension structure of social exclusion, combined with the Open Method of Coordination (OMC) approach to social policy, suggests that it may be appropriate to consider a multi-sectoral programme guideline, in order to increase coherence within Member State policies addressing exclusion. Nevertheless, an awareness of the variety of ways in which Member States approach the issue of poverty and social exclusion should be reflected in EU strategy and documentation.
- There is no single best level of scale at which social exclusion and poverty processes should be observed and responded to. Multi-scale monitoring, from the European level to the local level, within a harmonized set of framework concepts, domains, indicators and data sets, is necessary.
- The Case Studies have very clearly underlined the need for locally appropriate responses, reflecting different combinations of risk factors and local contexts. Poverty and social exclusion are very important aspects of territorial cohesion which should be addressed by neo-endogenous policy measures informed by improved monitoring on a local level.
- At the same time there is a need for this to be complemented by higher-level policies which address macro-level processes beyond local jurisdiction. This might, for example be addressed by careful targeting of European Structural and Investment Funds.

An overarching conclusion of the research so far is that territorial cohesion and balanced territorial development require a much stronger evidence base and innovative methods for informing decisions. The above findings provide some pointers as to how this might be achieved.

Consideration of the impacts of the recent financial crisis upon patterns of poverty and social exclusion in Europe must await the analysis of 2011 data, and will be reported in the Final version of this report.

## Part B: MAIN REPORT

### 1 Concepts, indicators and policy context

#### 1.1 What is meant by the terms *poverty* and *social exclusion (PSE)*?

This project is about poverty and social exclusion. It is important to be as clear as possible at the outset about what we understand by these terms, and how they relate to similar concepts, such as disadvantage.

The distinctive feature about poverty and social exclusion as a subject for academic research is the fact that it seems impossible to escape being “normative” – in other words all the definitions which follow derive from a view of what ***should be***, or what is considered acceptable.

**Poverty** is commonly defined in two ways:

1. *Absolute poverty* is generally used in the context of less developed countries, and is characterised by deprivation in respect to a range of basic human needs.
2. *Relative poverty* is more commonly used in the European and US context, and is usually specified in terms of income (or access to/consumption of, material resources) below a minimum acceptable level.

**Social Exclusion** is a more complex, multi-faceted concept. Many would argue that it includes poverty within its broader definition. It may be distinguished from the more specific concept of poverty in a variety of ways:

- It tends to characterise *groups*, rather than individuals.
- It relates not only to income or physical wellbeing, but also to *inclusion* within various aspects of society, including the labour market, administrative systems, association and community, institutions and democracy. These are sometimes referred to collectively as “normal citizenship”.
- It is essentially *relational*, whereas poverty concerns distribution of resources.
- It is conceived as a dynamic social and economic *process*, rather than a state, or an arithmetic calculation.
- It seems to have originated in a French discourse during the 1960s and 1970s, and has been more influential across “continental” Europe, (whilst poverty is a more commonly used concept in the UK and Ireland).

**Poverty and Social Exclusion:** It has become conventional in the context of EU policy to combine both of the above concepts, and thus avoid the difficulty of drawing a line between them. It is important to recognise, however that such a formulation introduces difficulties in some contexts. For example in the wealthier Member States

the groups which may be identified as experiencing exclusion cannot easily be conceived as being in poverty. On the other hand, in some of the less prosperous parts of the New Member States it may be argued that poverty may be ameliorated relatively quickly, whilst some aspects of social exclusion are more deeply rooted, being, for example, associated with minority groups.

Talbot, Madanipour and Shucksmith (Working Paper 1, p8-9) provide the following statement, which neatly summarises the approach adopted in this project: *“In the TIPSE project we take the view,... that poverty and social exclusion are closely related, but nevertheless are distinct phenomena. Within a policy context, at least, poverty is usually considered a relatively narrow income-based concept, which is amenable to quantification and definition according to specific benchmarks.... Social exclusion, on the other hand, is a multi-dimensional characteristic, defined according to context, and often assessed in more qualitative ways. ...social exclusion is often a process rather than simply a state at a point in time: it refers to both processes and consequent situations... Poverty and social exclusion are not necessarily associated or co-located, since social exclusion is not always a function of low income.”*

**Different kinds of Poverty and Social Exclusion: Domains and Dimensions:** The multi-faceted nature of PSE has already been noted. The review of concepts (Working Paper 1) suggested a simple thematic structure (similar to that proposed by the UNDP (2011)), which helpfully summarises the range of relevant issues within four broad “domains”:

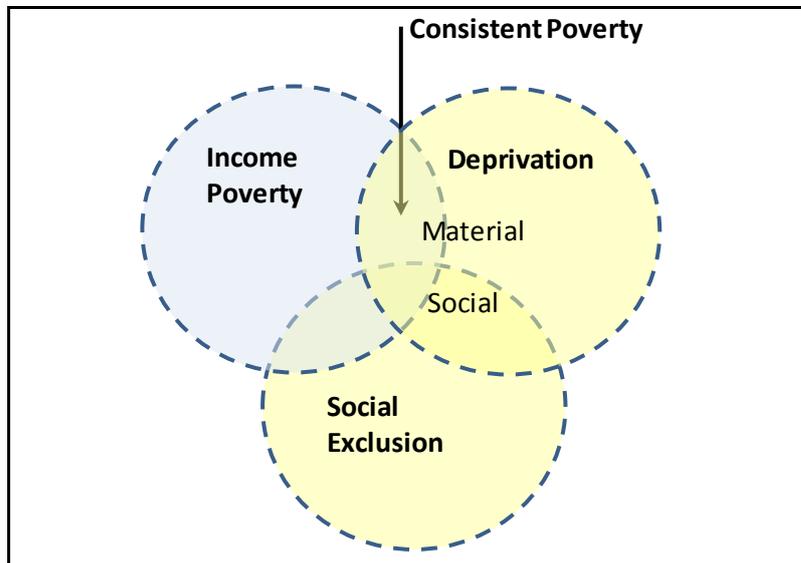
1. Earning a living
2. Access to basic services
3. Social environment
4. Political participation

Each of these domains is further subdivided into a series of more specific “dimensions”. This structure has proved a helpful framework for the organisation of empirical material (see section 4 in particular).

**Closely related concepts:** Before moving on to consider what the research literature tell us about how poverty and social exclusion tend to be distributed across space, it will be helpful to take note of some other concepts/terminology which are commonly used.

*Deprivation* is commonly associated with poverty. It has, for example, long been the preferred measure upon which to base allocation of regeneration funding in the UK. A definition originating almost three decades ago (Townsend 1987, p140) continues to be cited: “People can be said to be deprived if they lack the material standards of diet, clothing, housing, household facilities, working, environmental and locational conditions and facilities which are ordinarily available in their society, and do not participate in or have access to the forms of employment, occupation, education, recreation and family and social activities and relationships which are commonly

experienced or accepted.” Thus deprivation has links to poverty, in that material aspects are generally associated with a lack of financial resources, but deprivation can also be social, and thus also partly overlaps with social exclusion. In practice, due to availability of indicators, it has been operationalised as *material deprivation*.



**Figure 1: Key Concepts; Income Poverty, Social Exclusion and Deprivation**

Some have argued (Ringen 1988) that assessing material deprivation is in fact a more *direct* approach to poverty than the measurement of disposable income. Several analyses of the distribution of material deprivation, on the one hand, and income on the other, using European Household Panel Survey data, have shown that “a relatively weak relationship exists between income poverty and deprivation. A substantial proportion of those on low incomes are not suffering deprivation...” (Whelan, et al 2002a p93 see also Whelan et al 2002b). The intersection between income poverty and deprivation has been termed “*consistent*” poverty. One of the key reasons for the mismatch between income poverty and deprivation is the fact that the population below the poverty line seems to be rather fluid. Deprivation is more likely for those households which endure income poverty for prolonged periods, and whose reserves are exhausted. These are sometimes described as being in “*persistent*” poverty (Förster et al 2004) These concepts seem to have influenced the way in which the EU currently monitors its progress towards its poverty and social exclusion targets (see below).

## 1.2 Poverty and Social Exclusion as Spatial Phenomena

Here the objective is not to describe the geography of poverty and social exclusion, *per se*, but rather to consider the processes which may lead to spatial differentiation. Having said this, the question of scale immediately arises. It is unlikely that processes associated with macro-regional contrasts between (for example) the New Member States, especially Bulgaria and Romania, and the “pentagon” at the heart of

Europe, or between the “Mediterranean Arc” and the Nordic Member States, are of any relevance when considering micro-scale variations between urban neighbourhoods, and vice versa.

In fact the academic literature on poverty and social exclusion tells us little about macro scale disparities (which are perhaps seen as just one element of broader regional analyses). Poverty and social exclusion experts have instead focused upon what may be seen as a “chicken and egg” problem: whether micro-scale patterns simply reflect geographical variations in resource endowments, or the tendency for poor/excluded people to congregate, or whether vicious circles of negative feedback reinforce and exacerbate the disparities. The latter is commonly referred to as the “neighbourhood effect”. Potential explanations relate to property market mechanisms, planning processes, social stereotyping and fear, and limitations to access and mobility.

A more “concrete” issue is whether poverty and social exclusion is associated with rural/sparse/peripheral localities, or whether it is associated with dense urban environments, or those particularly affected by structural changes in the economy. The answer is in part inter-connected with the macro-scale patterns mentioned in the previous paragraph: - Eurostat analysis has suggested that poverty is broadly associated with rurality in the New Member States, and in the East and South, but with urban neighbourhoods in the Old Member States and the Centre and North<sup>1</sup>. Throughout Europe social exclusion may be associated with geographical remoteness or isolation, often exacerbated by poor access to services of general interest (SGI).

It is a key task for the TiPSE project to enhance the understanding of the spatial distribution of poverty and social exclusion, in relation (for example) to the different contexts identified by the ESPON typologies ( see Section 3).

### **1.3 How are Poverty and Social Exclusion generally measured?**

In the light of the complexity of the conceptual background, and the subtle differences between the various academic perspectives on the phenomena, it is perhaps encouraging that, when faced with the challenge of measurement, data availability constraints dictate that some of the fine distinctions disappear. In particular, social exclusion and disadvantage, when operationalised, turn out to be fairly similar species.

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<sup>1</sup> See: [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Population\\_density\\_effects\\_on\\_living\\_conditions](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Population_density_effects_on_living_conditions)

There are broadly three types of data which are commonly used as indicators of poverty or social exclusion. The first is *administrative* or “*register*” data, such as income data collected by tax authorities, or information associated with the delivery of social welfare payments. Clearly these kinds of data are the most comprehensive and reliable, but they may also be problematic, especially when spatially disaggregated, in terms of the disclosure of personal information. Furthermore they cannot cover the less material aspects of social exclusion.

The second (more common) type of data is *survey* data, collected for a sample of individuals or households. This provides an opportunity both to explore income and expenditure in detail, and to ask specific questions about “direct” poverty indicators, usually in terms of the ability to afford a specific range of goods and services, or subjective perceptions of financial stress.

The third type of data differs rather fundamentally from the first two in several ways. Proxy indicators are frequently derived from Population Census, or other secondary data sources. Unlike register or survey data, these are generally aggregated over regions or small areas, and expressed as ratios to the total population or a segment of it.

The most commonly used poverty indicators are the at-risk-of-poverty (ARoP) rate, the poverty gap, the inter-quintile share ratio, and the material deprivation indicator. These were described in detail in Annex 2 of the TiPSE Inception Report. The first of these is the focus of Section 3 of this report. There are no generally accepted indicators of social exclusion, though some of the indicators defined in conjunction with the EU’s Lisbon and EU2020 strategies (the Laeken indicators) could be considered candidates. These were listed and described in Annex 3 of the Inception Report. The TiPSE approach has been to begin by defining the different facets of exclusion, based upon the conceptual literature, and to use this as a guide in the search for appropriate indicators (Section 4).

## **1.4 The role of PSE in EU and Member State policy**

### **1.4.1 EU Policy**

The EU has no specific, dedicated, Community policy to address poverty and social exclusion. Whilst a number of community policies, especially Cohesion policy, undoubtedly have some impact, poverty and social exclusion are mainly tackled through interventions organised at the Member State level. Since 2000 these have been ‘orchestrated’ through a procedure known as the Open Method of Coordination (OMC), within the structures provided first by the Lisbon Objectives (2000-10) and more recently by EU2020 (2010-20). The key poverty and social exclusion target in the context of EU2020 was to lift 20 million people out of poverty by the year 2020.

Talbot, Madanipour and Shucksmith (Working Paper 1 p13-17) describe the evolution of this policy structure in detail, noting a shift in objectives from poverty

towards social exclusion during the 1990s, and then an apparent drift back towards a narrower focus on poverty in recent years. They also draw attention to the increasing association between interventions intended to tackle poverty and social exclusion and the economic growth agenda. This has resulted in a particular focus upon labour market aspects of social exclusion. Thus the term “active inclusion” has become associated with incentives to encourage the unemployed away from reliance upon benefits, and towards some form of employment, even if poorly paid.

In addition to the elements of the EU2020 objectives, and the OMC, which directly address poverty and social exclusion, Talbot, Madanipour and Shucksmith (Working Paper 1 18-19) highlight Cohesion policy and Rural Development policy as likely to have important indirect impacts.

#### **1.4.2 Member State Policies**

The OMC inevitably has some tendency to drive convergence in Member State policies. The authors of Working Paper 1 identify two broad tendencies in this respect (p19-20). The first is the increasing emphasis upon “active inclusion” incentives, whilst the second is a focus upon minorities or vulnerable groups, the most well-known being the Roma. In addition, there is an underlying movement (which probably does not come from the OMC) towards “neo-liberalisation”, rolling back of welfare state approaches, marketization of the public sector, and (especially in the context of austerity) reductions in social security expenditure.

This convergence has not yet, however, erased the heritage of different welfare regime traditions. The seminal work of Esping-Anderson is well known in this respect. Taking account of subsequent development of the typology, Talbot, Madanipour and Shucksmith (p23) propose the following classification:

6. Universalistic, represented by countries such Finland, Sweden, or Denmark (also called Nordic or Social Democratic Model).
7. Liberal, represented best by the UK and Ireland.
8. Corporatist-Statist, represented by countries such as Germany and Austria, France and Belgium (also called Continental or Conservative Model).
9. Familialistic, represented by countries such as Greece, Portugal, Italy or Spain (also called Mediterranean or Southern Model).
10. Post-Socialist/Transitory, covered essentially by the central and eastern European countries, and representing a quite heterogeneous group, so that e.g. Fenger (2007) distinguishes further between former USSR-type of countries, Post-communist European type and developing welfare states type of countries.

Although such a classification has a ring of truth about it, it should be kept in mind that these are ideal types, and attaching them to specific countries is debateable, since the reality is that the policy outcome in each country reflects a unique balance between social and political “culture”, differing availability of resources, specific geographic characteristics, and governance structures (Talbot, Madanipour and Shucksmith p23-28). Furthermore, each country’s policy is constantly evolving.

## 2 What Eurostat data can tell us about patterns of Poverty and Social Exclusion

In our Interim Report we provided a brief account of the OMC (“Laeken”) indicators, which need not be repeated here. Instead we will provide an updated overview of the availability of the EU2020 indicators. This is followed by a description of a typology of ESPON countries, clustered according to their poverty and social exclusion profile.

### 2.1 The EU2020 Target Monitoring Indicators

The EU2020 target (lifting 20 million people out of poverty by 2020) has been operationalized in terms of three indicators:

- The number of persons at risk of poverty – the number of persons in households whose equivalised<sup>2</sup> disposable income is less than 60% of the national median.
- The number of persons not able to afford four of the nine items indicative of material deprivation.
- The number of persons living in households where adults (together) work less than 20% of a full time year.

The three indicators above, added together but avoiding “double counting” of individuals constitute the means of monitoring the EU2020 goal in aggregate terms, though differences in the way in which Member States define their targets mean that it cannot be reconciled directly with the 28 national objectives<sup>3</sup>.

Data requirements for the three EU2020 indicators are satisfied from the Survey of Incomes and Living Conditions (EU-SILC). Although, in the context of the EU2020 targets, monitoring is only required at Member State level, Eurostat publishes NUTS 2 data for the three constituent indicators. Coverage varies from country to country, some at NUTS 2, some NUTS 1, and some for the whole country (NUTS 0). In most countries the most recent data relates to 2012.

The three indicators are mapped on the pages which follow. In each case the map is accompanied by a “traffic light” graphic showing the NUTS level of regional data, and the most recent availability.

The traffic light graphics show very clearly that the most detailed regional data is available for the “At Risk of Poverty” indicator. In this case NUTS 2 data is currently available for 19 countries, and NUTS 1 for 4 countries. Of the remaining 9 countries

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<sup>2</sup> This is an adjustment for household size.

<sup>3</sup> [http://ec.europa.eu/europe2020/pdf/targets\\_en.pdf](http://ec.europa.eu/europe2020/pdf/targets_en.pdf) [accessed 10th April 2014]

in which there is no regional data, three do not have any NUTS region subdivision (i.e they have only one region). Compared with our previous review (in 2012) one country (Poland) has moved out of the NUTS 2 group into the NUTS 1 group.

For “Low Work Intensity” indicator NUTS 2 data is available for 14 countries, NUTS 1 for 4 countries. The remaining 14 countries provide only national data. There have been some changes since our last review, Poland moving from NUTS 2 to NUTS 1, Austria moving from NUTS 0 to NUTS 2, and the Netherlands from NUTS 0 to NUTS 1.

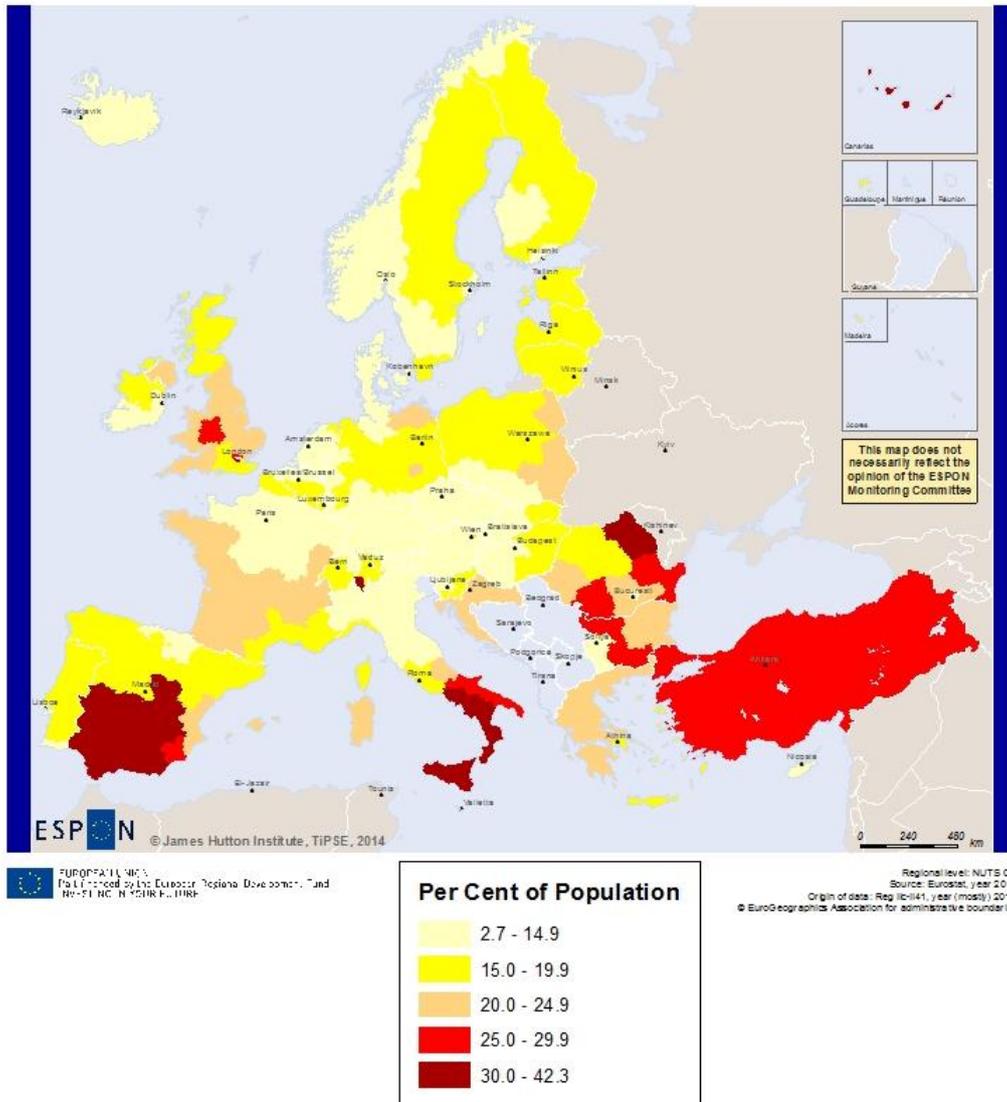
The “Severe Deprivation Rate” map has 14 countries at NUTS 2, 3 at NUTS 1, and 9 only national averages (NUTS 0). The changes since 2012 are the same as for the Low Work Intensity indicator.

The above summary shows rather clearly the relatively low level of regional data provided by the Eurostat data series, and illustrates the basic rationale for the TIPSE project.

The three maps also provide some helpful first hints about broad “macro-regional” differences in poverty across the EU. When interpreting the “At Risk of Poverty” map it is important to keep in mind two characteristics of the indicator: The first is that it can be viewed as an indicator of the degree of disparity within each country, rather than as a measure of the absolute level of poverty. The second is that each country uses its own national median disposable income as a benchmark, and therefore (in this sense) the indicator for each country is not directly comparable with others.

Map 1 shows the broad-brush, macro-regional pattern of income inequality across Europe. The highest rates of “at risk of poverty” are revealed in an arc running east and south from Poland to Greece, in southern Italy and Spain, and in the UK. The lowest levels are found in Austria, the Czech Republic, Southern Germany and Northern Italy. Some of the larger cities of the New Member States (e.g. Budapest), appear as “islands” of lower rates of poverty, whilst London stands out for the opposite reason. This hints at some interesting urban-rural contrasts, to which we shall return later.

# At Risk of Poverty Rate (Most recent data in each country)



## At Risk of Poverty Rate:

ilc-li41

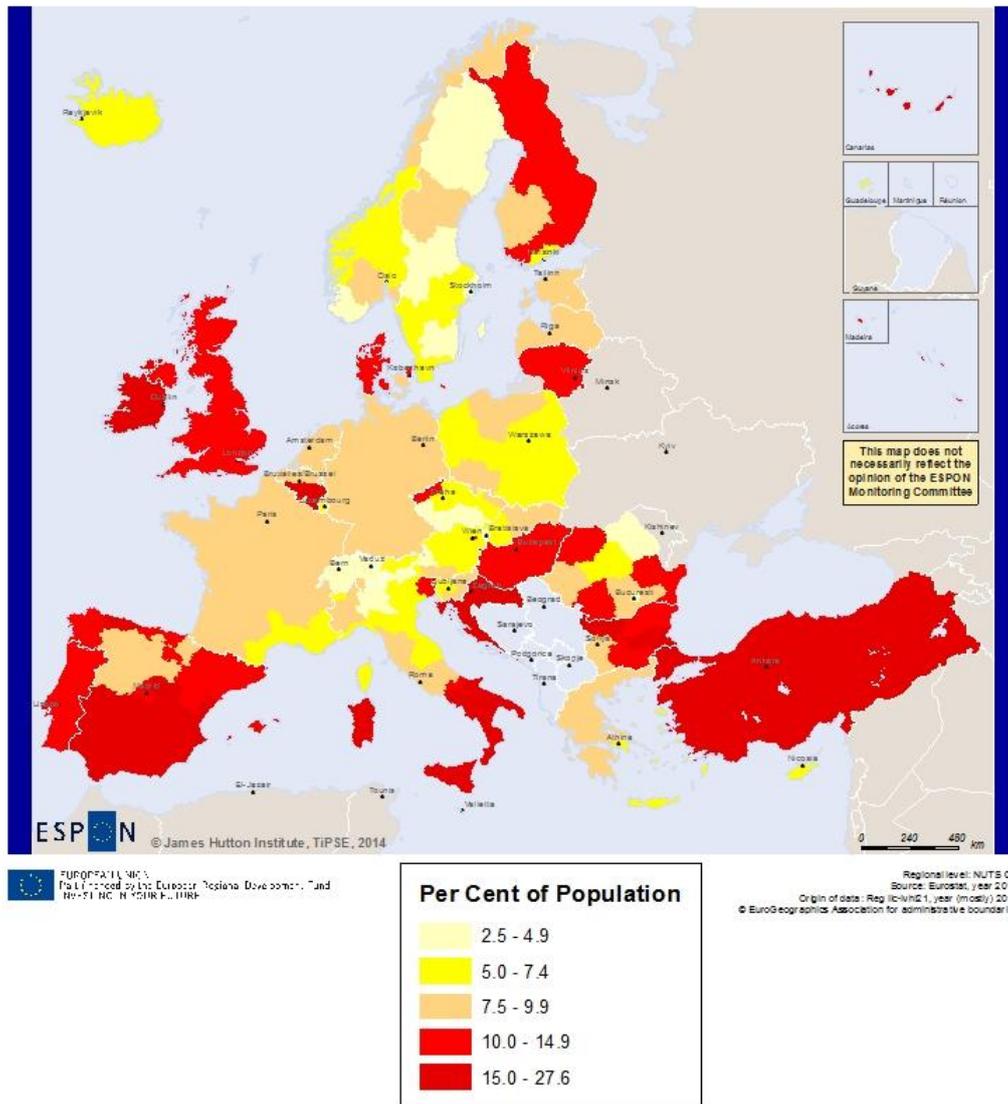
Data availability by Country (updated 28/03/14)

	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	IS	NO	CH	HR	TR
NUTS	1	2	2	2	2	0	2	1	2	2	2	0	0	0	0	1	0	2	2	1	2	2	2	2	2	2	2	0	2	2	0	0
Year	12	12	12	12	12	12	11	12	12	12	12	12	13	12	12	13	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	06

Map 1: At Risk of Poverty Rate (Eurostat) 2012

The Low Work Intensity map (Map 2) shows a rather different pattern. Although Southern Italy, parts of Hungary, and Southern Spain are again highlighted, some new areas also show up as problematic; these include Ireland, Wallonia, Jutland, Lithuania and Eastern Finland. However the lack of regional detail makes some parts of the map (such as Germany) more difficult to interpret.

## Low Work Intensity Rate (Most recent data in each country)



**Low Work Intensity Rate:**

ilc-lvl21

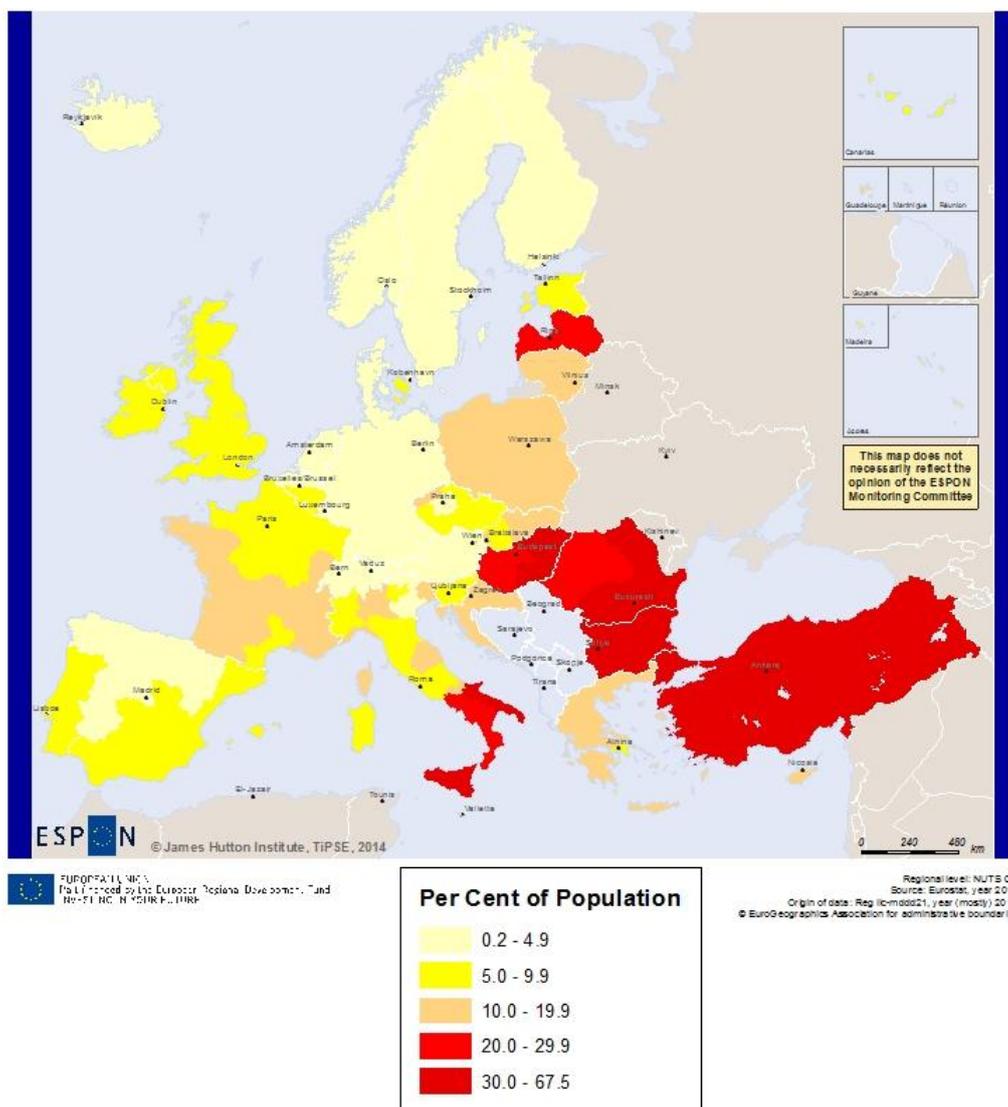
Data availability by Country (updated 28/03/14)

	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	IS	NO	CH	HR	TR
NUTS	1	2	2	2	0	0	2	1	2	0	2	0	0	0	0	1	0	1	2	1	0	2	2	2	2	2	0	0	2	2	0	0
Year	12	12	12	12	12	12	11	12	12	12	12	12	13	12	12	13	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	06

**Map 2: Low Work Intensity (Eurostat) 2012**

Similarly, the Severe Deprivation map (Map 3) suffers from “low definition”. Nevertheless the pattern in Eastern Europe is very similar to that of the At Risk indicator. In the West and North, (especially Spain and the UK) however, there is little evidence of high levels of deprivation.

## Severe Material Deprivation Rate (Most recent data in each country)



### Severe Material Deprivation Rate:

ilc-mddd21

Data availability by Country (updated 28/09/12)

	BE	BG	CZ	DK	DE	EE	IE	EL	ES	FR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	IS	NO	CH	HR	TR
NUTS	1	2	2	2	0	0	2	1	2	0	2	0	0	0	0	1	0	1	2	1	0	2	2	2	2	2	0	0	2	2	0	0
Year	12	12	12	12	12	12	11	12	12	12	12	12	13	12	12	13	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	06

**Map 3: Severe Material Deprivation (Eurostat) 2012**

## 2.2 A Typology of Countries according to PSE

This typology seeks to identify groups of countries with similar profiles in terms of poverty and social exclusion. It is based upon a cluster analysis using a range of poverty and social exclusion indicators which are available at the national level. The results provide an interesting “cross reference” to the widely accepted welfare regime classification (Section 1.4), and may also serve to inform the policy implications (Section 5).

After eliminating strongly correlated indicators a database consisting of 21 variables, and covering 30 ESPON countries was available. Full details of the methodology are provided in Annex 7 (Working Paper 9). Here we shall focus upon the results.

Five clusters were identified, as follows:

**Cluster 1: “Inclusive Centre”** (Austria, Cyprus, Czech Republic, Germany, Luxembourg, Malta, Slovenia, Switzerland)

**Cluster 2: “Competitive North-West”** (Belgium, Denmark, Finland, France, Iceland, Ireland, Netherlands, Norway, Sweden, United Kingdom)

**Cluster 3: “Disparate East”** (Bulgaria, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia)

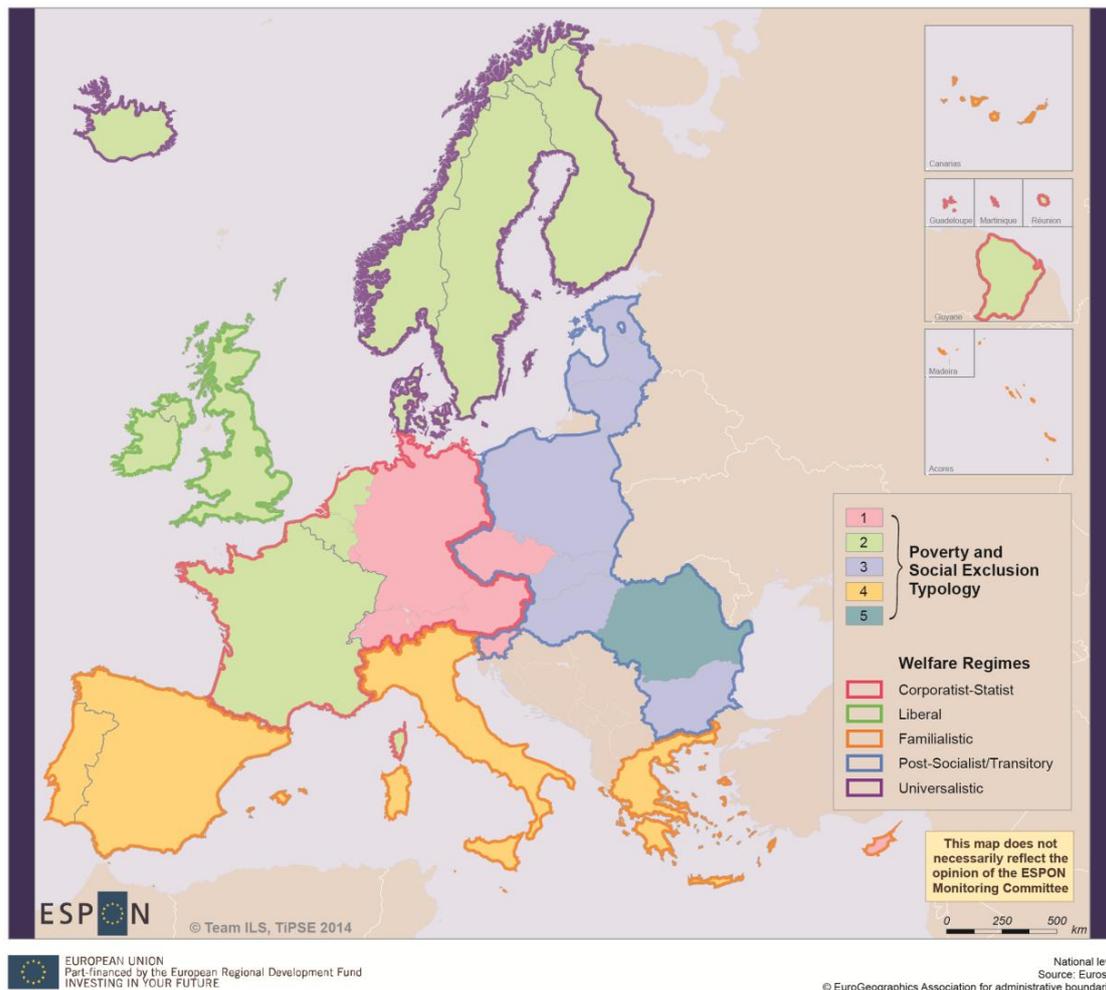
**Cluster 4: “Mediterranean Crisis”** (Greece, Italy, Portugal, Spain)

**Cluster 5: Romania**

Clearly these clusters have elements in common with the welfare regime classification (see Map 4) – the key example being the separation of the Mediterranean (Familistic) countries (Cluster 4), and to a lesser extent the former socialist New Member States (Cluster 3). However there are also interesting differences, combining the Liberal and Universalistic types with parts of the Corporatist-Statist. This underlines the fact that this is a typology based upon the profile of poverty and social exclusion, whereas the welfare regime classification considers only the policy response. A brief description of the five types follows.

**Inclusive Centre:** This type of countries is characterised by high employment rates, comparatively good values as regards health care, education and housing, high rates of foreign-born population as well as distinctively low share of severe material deprivation and in-work at risk-of-poverty rates. Nevertheless, this seems to be the least homogenous cluster; with strong variation in indicators relating to education, and the proportion of foreign born persons..

**Competitive North-West:** This cluster exhibits the best values as regards the labour market, an outstanding share of people with tertiary education, the highest life expectancy at birth, good housing conditions, a distinctively low rate of severe material deprivation, and low in-work at risk-of-poverty rates. However, the share of foreign-born population, and the share of single persons with children are both high. This cluster has the highest homogeneity, with the exception of the low work intensity indicator.



**Map 4: Poverty and Social Exclusion Typology and Welfare Regime classification**

**Disparate East:** This cluster including post-communist countries ranks in the middle of all clusters as regards the quality of the employment market and the educational sector. It is characterised by the lowest life expectancy at birth, is highly challenged by the poor conditions of its housing markets as well as by one of the highest values concerning material deprivation. However, in both dimensions this group of countries shows high dissimilarities: Whereas the share of households with 6 or more persons varies between Estonia with the lowest and Poland with the highest value, the severe material deprivation rate shows the highest range; although all countries have comparatively inflated rates, Bulgaria shows by far the highest value (44.1%).

**Mediterranean Crisis:** All countries in this cluster are hit hard by the economic and fiscal crisis and consequently show the worst conditions on the employment market. The cluster is characterised by elevated income disparities, the highest shares of employed persons in elementary occupation and the lowest employment rates. Whereas the life expectancy is comparatively high, indicators illustrating the quality of education are partly even lower than in Cluster 5 (Romania) (with exception of the share of persons with tertiary education). Moreover, this cluster is highly challenged

by an ageing population and a comparatively high rate of working poor. The cluster is very homogenous in almost every indicator; only few indicators vary significantly.

**Romania:** Romania seems to be an outlier as regards its profile of poverty and social exclusion. It is one of the countries achieving the worst values in terms of the employment market, tertiary education and severe material deprivation. Moreover, Romania shows, by far, the poorest housing market conditions, the highest value of in-work-poverty and, at the same time, the lowest share of foreign-born population. Thus, several indicators are distinctively higher or lower than in the other four clusters; the economic, physical and social situation remains clearly behind the levels of the other countries.

In this section we have tried to “paint the background picture” of broad, national scale variations in poverty and social exclusion. The next two sections will consider regional (NUTS 3) patterns in poverty and social exclusion respectively, whilst in Section 5 we will focus upon processes which lead to poverty or exclusion at a local level.

## 3 Mapping patterns of Income Poverty

### 3.1 Data Sources and Methodology

We now focus upon the first of the three indicators presented above; the at-risk-of-poverty (ARoP) rate. As already explained, the EU-SILC survey allows some regional disaggregation, down to NUTS 2 in some countries, and NUTS 1 in some others. However the samples are not designed as a basis for regional indicators, and in most countries another approach is necessary to produce the ARoP rate indicator at NUTS 3.

The TiPSE TPG is responsible for poverty mapping in approximately 20 European countries, paralleling work currently being carried out in the New Member States of Central and Eastern Europe, by a team from the World Bank.

The World Bank have been using a regression modelling technique (PovMap), which combines (household or individual) information from both a sample survey (in this case EU-SILC) and population census microdata, to generate estimates of various poverty indicators, including ARoP rates, for small areas and regions. This was also assumed to be the preferred approach to producing NUTS 3 ARoP rates for the remaining (EU15 and non EU ESPON countries).

However the raw data requirements of PovMap have proved rather difficult to satisfy from the available secondary data sources, which were never designed to be used for this purpose. The key challenges have included:

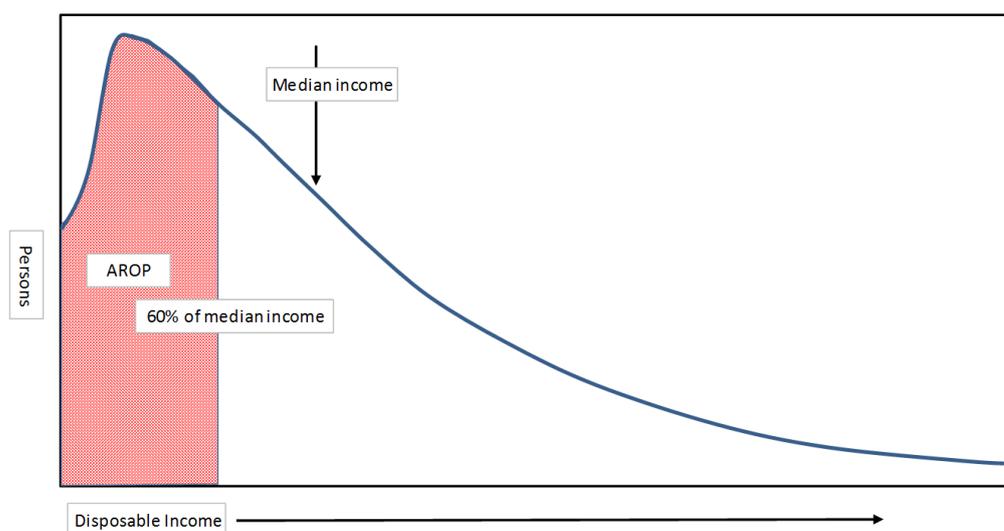
- The absence of any regional classification below the whole country, in the EU-SILC data for some countries. Some sub-national “cluster” data is required for the PovMap methodology to work.
- A relatively small number of EU-SILC variables which can be “harmonised” with population census variables. It is necessary for each matched variable to have exactly the same definition, and if categorical, to have identical categories.
- Non-availability of Census microdata, sometimes due to disclosure rules, sometimes because the traditional census has been replaced by analysis of registers and administrative records.
- Delays in publication of 2011 census data, meaning that the most recent data is from 2001.

On a more positive note, it has become evident that a number of countries, including the Nordic countries and the Netherlands, are able to provide regional ARoP rates which are based upon register data (and therefore not subject to sampling or estimation errors). In other countries, (Ireland, France) the national statistical agency has published estimates at NUTS 3. In a few countries a simpler version of the PovMap approach, based upon area data rather than data for individual households

(Copus and Coombes 2013) has been used by TiPSE researchers, whilst in a few more, simpler, ad hoc, univariate apportionment procedures were developed. All these approaches are fully explained and documented in Working Paper 5 (Part C).

### 3.2 Interpreting ARoP rates

The ARoP indicator has some rather unusual characteristics, which makes it rather tricky to interpret. It is both an indicator of the regional *level* of income, and its *distribution*. The relative strength of these two sources of variation depends upon the choice of “benchmark” to define the “60%” of median disposable income. Thus if a single European benchmark was used the ARoP rate in any individual region would be closely correlated with the median disposable income level. At the other extreme, if each region had its own ARoP benchmark, based upon its median income, variation in the ARoP would be entirely a function of the local income distribution – or degree of inequity (Eurostat 2004). To express it another way the geography of ARoP rates is a complex combination of variations in income levels and distributions. In terms of Figure 2, regional rates vary partly as a result of *shifts* in the income distribution curve to the left or right, and partly due to changes in the *shape* of the distribution.



**Figure 2: The ARoP Rate**

The EU2020 ARoP indicator is specified in terms of national benchmarks. It therefore reflects both income levels and distribution within each region. In addition the poverty line varies from country to country, raising questions of comparability. If the principal concern is within-country variation this is not an issue. On the other hand in order to better illustrate macro-scale patterns it would have been preferable to estimate the rates on the basis of a standardised poverty line. Unfortunately the variety of sources and estimation methodologies which have been involved in the TiPSE data collection precludes this.

Thus the following composite maps of the ESPON space require careful interpretation. First the (unadjusted) map of available NUTS 3 ARoP rates is presented, followed by two further versions illustrating simple adjustments which can aid the understanding of the macro-scale pattern.

### **3.3 Composite Maps**

Map 5 shows all the NUTS 3 ARoP rates estimated or collected by the TiPSE research team. As already explained each country has a different poverty threshold, depending upon the distribution of household disposable income across its population. These range from €20,362 in Switzerland to €5,520 in Greece. From one perspective this could be said to be justified by differences in the cost of living, and by different expectations or perceptions of poverty. Nevertheless it seems problematic that such differences take place abruptly along national borders, and either the map must be carefully interpreted with this in mind, or some form of adjustment must be attempted.

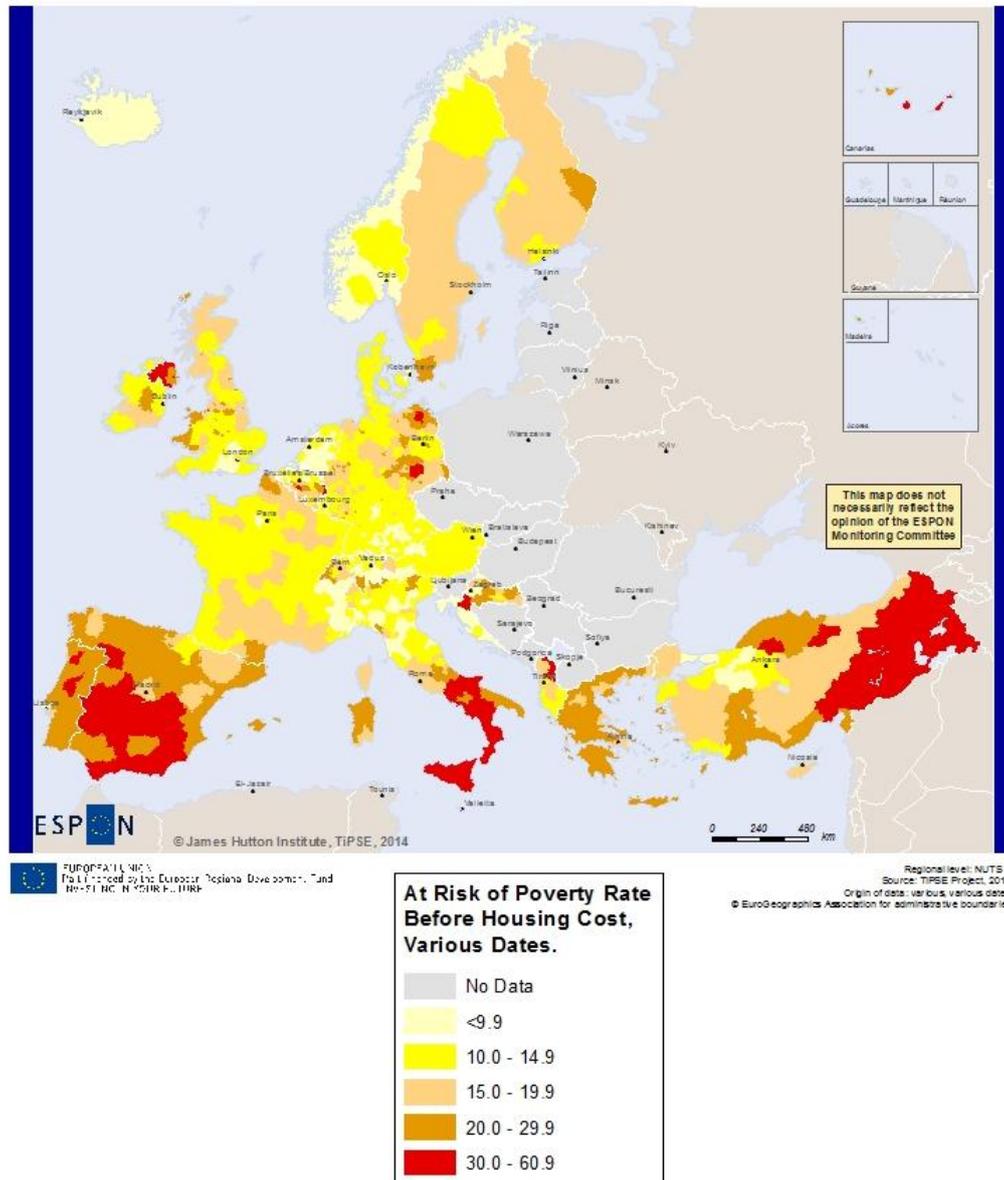
Taking the first of these options, the pattern revealed by Map 5 is mostly quite reassuring. The highest rates of poverty (similar to Map 1) are in Southern Spain, Southern Italy, and Greece, whilst the lowest rates are generally found in Northern Italy, Austria, Southern Germany, Netherlands the South of England, Norway, Southern Sweden and Iceland.

In Map 6 the ARoP rates are shown as within-country-quintiles. The darkest reds pick out those regions within the highest 20% in each country, whilst the palest yellow regions are those in the 20% of regions with the lowest ARoP rates. In this map broad macro-regional disparities are “downplayed” and more localised variation is emphasised. The pattern reveals a tendency for lower ARoP rates in the vicinity of capitals and other large cities (but not necessarily in the cities themselves, if tightly bounded), and relatively high rates of income poverty in remoter regions (such as Eastern Turkey, the Southern parts of Italy, Greece, France and Spain, South-West Ireland, West Wales, Western Scotland, Eastern Germany, Northern Sweden and Eastern Finland. The area along the Franco-Belgian border, and the North-East coast of the Netherlands also show up as having relatively high rates of income poverty.

Map 7 shows the same ARoP data, but this time expressed as an index of the national mean. The difference between this approach and the previous map is that the index reflects the scale/degree of the disparity between each region and the national mean, a metric which is to some extent lost in the quintile approach. Map 6 therefore enables us to pick out the more extreme values, both positive and negative. Some of these reinforce the generalisations derived from Map 4 (for example low rates around capital cities, high rates in Southern Italy and Spain). Others are less

expected, such as the low rates of poverty along the border between Spain and France, in Brittany, and in parts of Northern England.

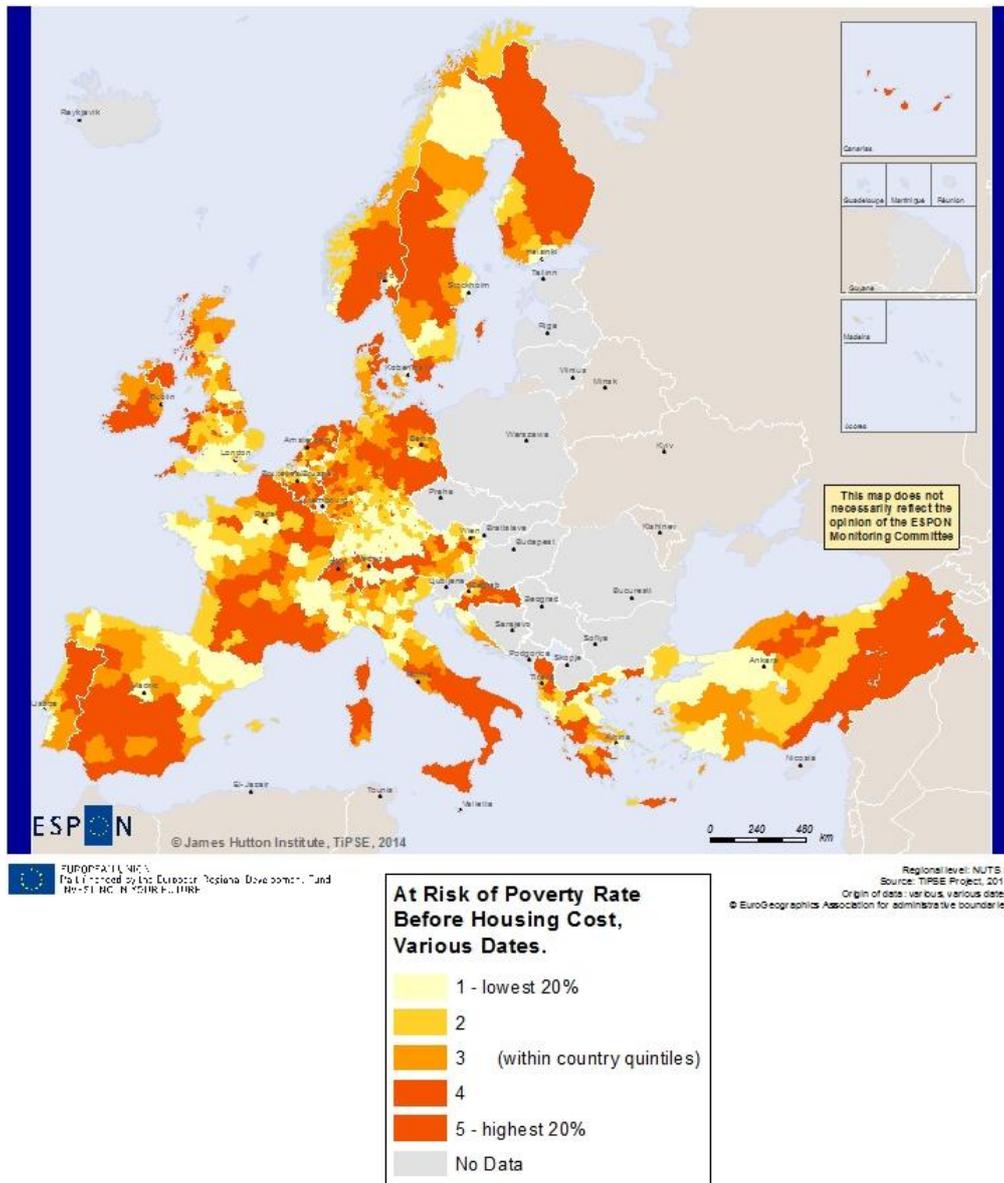
## At Risk of Poverty Rate Composite of TIPSE Maps



- Notes:
1. Estimates for the regions of the Central and Eastern European New Member States are to be estimated by the World Bank
  2. The dates of the estimates vary, but are mostly from 2009-11. The main exceptions are UK (2005), Austria (2001), Croatia (2004), and Greece (2001). It is intended to update these countries for the Final Report.

**Map 5: NUTS 3 At Risk of Poverty Rates: Unadjusted**

# At Risk of Poverty Rate Composite of TiPSE Maps

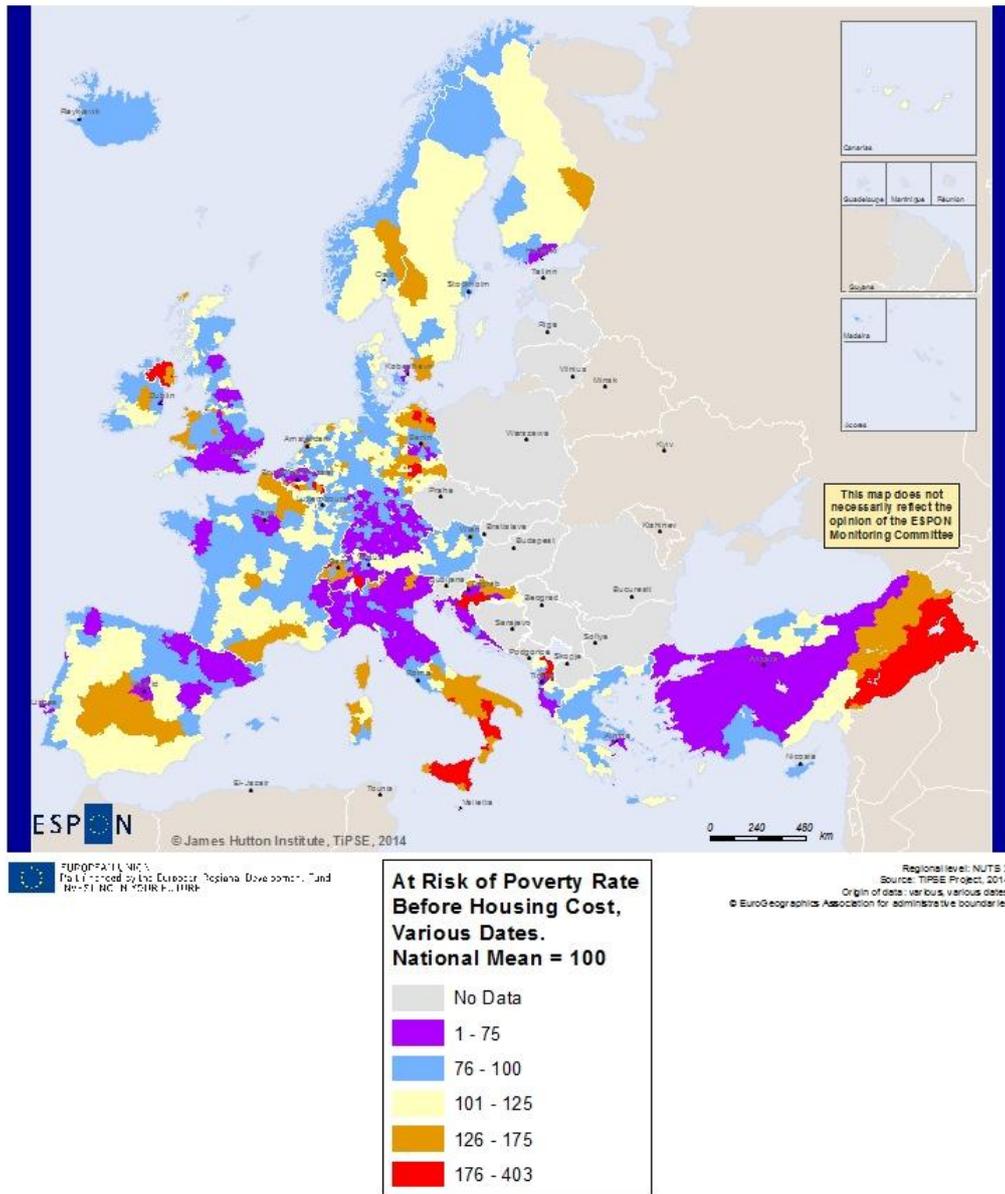


**Notes:**

1. Estimates for the regions of the Central and Eastern European New Member States are to be estimated by the World Bank
2. It is not possible to calculate quintiles for Member States with less than five NUTS 3 regions, hence these countries are shown as having no data.
3. The dates of the estimates vary, but are mostly from 2009-11. The main exceptions are UK (2005), Austria (2001), Croatia (2004), and Greece (2001). It is intended to update these countries for the Final Report.

**Map 6: NUTS 3 At-Risk-of-Poverty Rates: National Quintiles**

# At Risk of Poverty Rate Composite of TIPSE Maps

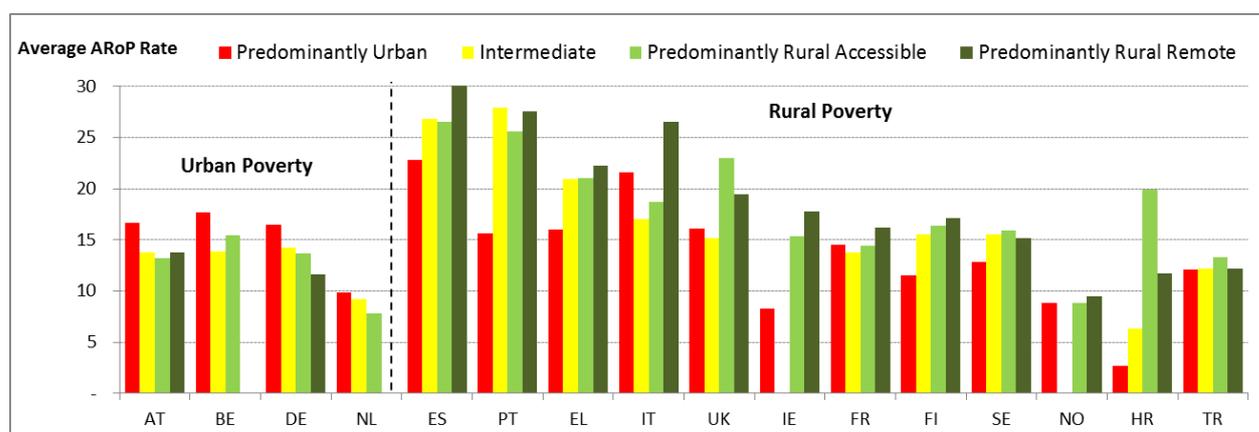


**Map 7: NUTS 3 At Risk of Poverty Rates: National Average =100**

### 3.4 Using the ESPON Typologies to explore the geography of ARoP rates

The above maps and commentary provide some initial first impressions of the spatial variation of income poverty at the NUTS 3 level. However they do not take us very far in terms of developing an explanation of the processes which cause regional differentiation in income poverty. One simple way to begin to shed light upon such processes is to use the ESPON regional typologies to explore how ARoP rates vary in different kinds of region. A large number of typologies have been devised within the auspices of the ESPON programme. In the following analysis we will restrict ourselves to what may be described as the “core” typologies, which relate to rurality, metropolitan regions, border regions, islands, mountain regions, coastal regions, and regions in industrial transition<sup>4</sup>. Two typologies (sparsely populated regions and outermost regions) have been excluded from this review, since they relate to a relatively small number of regions.

The review has been implemented through a series of simple bar charts, which present ARoP rates averaged across each type of region within each country. This approach both avoids including data from countries in which a typology is not relevant (such as island regions in Austria), and means that we are not combining data from different countries, with different poverty lines.



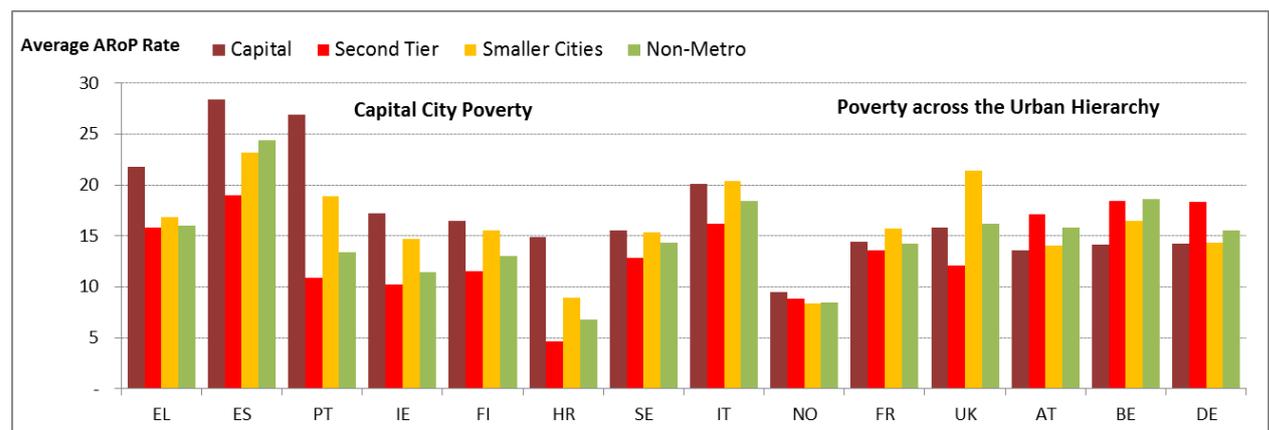
**Figure 3: At Risk of Poverty by Urban-Rural Type, Selected Countries**

The first typology (Figure 3) is the classification of NUTS 3 regions by **rurality and accessibility** (Dijkstra and Poelman 2011). The five categories are predominantly urban, intermediate close to a city, intermediate remote, predominantly rural close to a city, and predominantly rural remote. There are very few regions in the third

<sup>4</sup> These are all available in a spreadsheet which may be downloaded from the ESPON website [http://www.espon.eu/main/Menu\\_ToolsandMaps/ESPONTypologies/](http://www.espon.eu/main/Menu_ToolsandMaps/ESPONTypologies/) [accessed 1<sup>st</sup> April 2014]

category, and for this reason we do not distinguish accessible and remote intermediate regions.

Figure 3 shows that there are some quite substantial differences between ARoP rates across this typology. In four central countries (Austria, Belgium, Germany and Netherlands) income poverty rates are higher in urban areas than in intermediate or rural areas. In the other twelve countries for which we have data, income poverty rates are higher in rural and/or intermediate regions. The strongest associations with rurality are in the Mediterranean countries (Spain, Portugal Greece and Italy). Interestingly rurality seems to be least influential in three very different national contexts, France, Norway and Turkey.



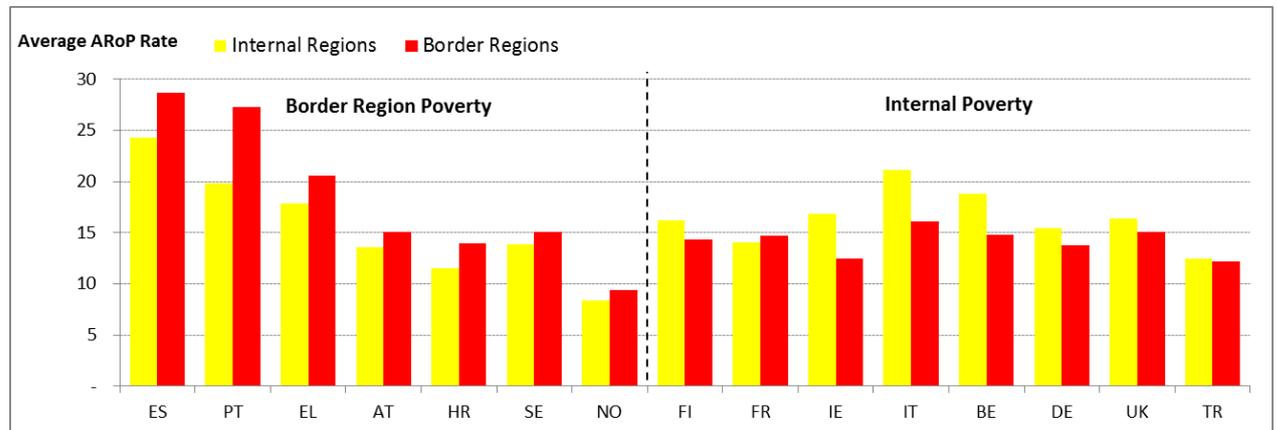
**Figure 4: At Risk of Poverty Rate by Metropolitan Region Type, Selected Countries**

The second typology focuses on **capitals and other cities**. The pattern is rather complex. Several countries, including Greece, Spain, Portugal, Ireland, Finland and Croatia have their highest rates of poverty in their capital cities. At the other extreme, the UK and Italy have higher rates in smaller cities, and a number (including Austria, Belgium and Germany), have higher rates in “second tier” cities.

At first sight the fact that Greece, Spain and Portugal show substantially higher poverty rates in their capital cities than in other urban (and rural) regions seems to contradict the finding from the previous typology, that these countries had high levels of poverty in remote rural areas. However it is important to note that “non-metropolitan” regions in Figure 4 are a combination of (smaller) urban, intermediate, and rural regions, and that the predominantly urban category in Figure 2 combines capital cities with a range of smaller urban areas. The likely interpretation of these apparently contradictory patterns is that both remote rural and metropolitan areas (even within the same countries) are characterised by high rates of income poverty, with a “U” shaped distribution across more prosperous intermediate regions.

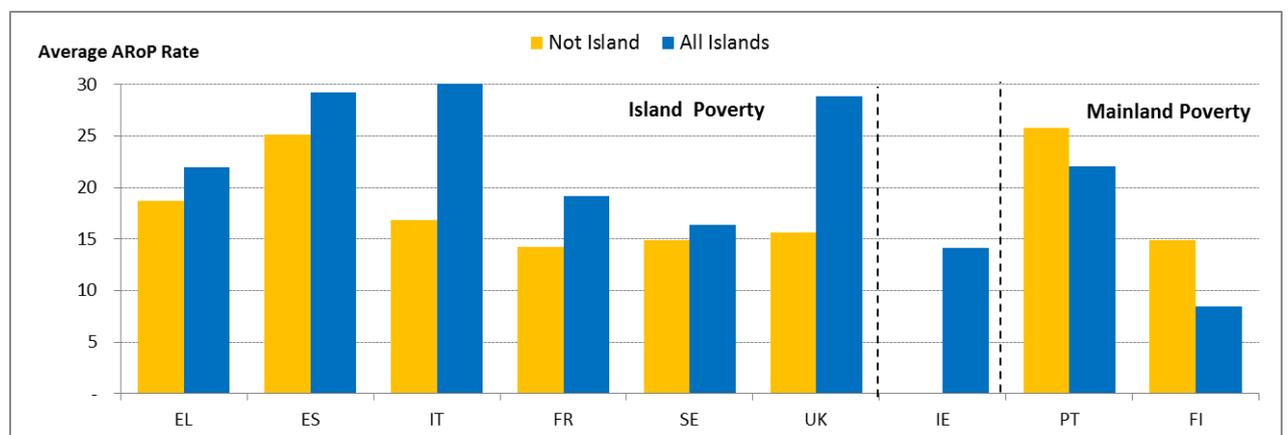
The third typology distinguishes **border regions** (Figure 5) from internal regions. Border regions are defined as “regions participating in the core areas of cross-border cooperation programmes in the programming period 2007-2013”. No very clear

pattern emerges. Seven countries show higher ARoP rates in border regions, whilst eight have higher rates of poverty in “internal” regions. Clearly a great deal depends upon other characteristics of the border regions, and the nature of the the region on the other side of the border.



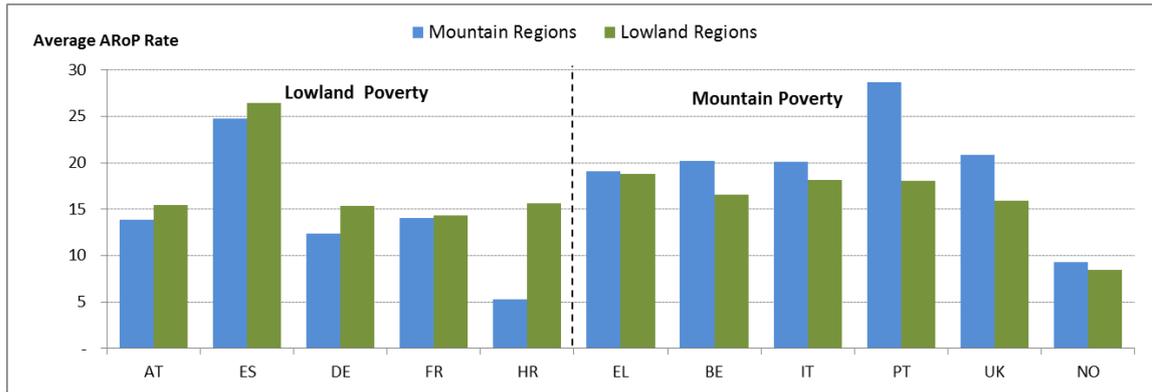
**Figure 5: At Risk of Poverty Rate, Border and Internal Regions**

In the majority of countries for which we have data **island regions** exhibited higher rates of poverty than mainland regions (Figure 6) In the UK and Italy the contrast was extreme, due to the inclusion of Sicily and Northern Ireland in the island category. Ireland is entirely defined as an island. The remaining two countries, Portugal and Finland can be seen as special cases, due to the relatively low rates in Madeira (the only Portuguese island region for which there is data), and in Finnish Åland. In Sweden the risk of poverty seems to be not significantly higher in island regions.



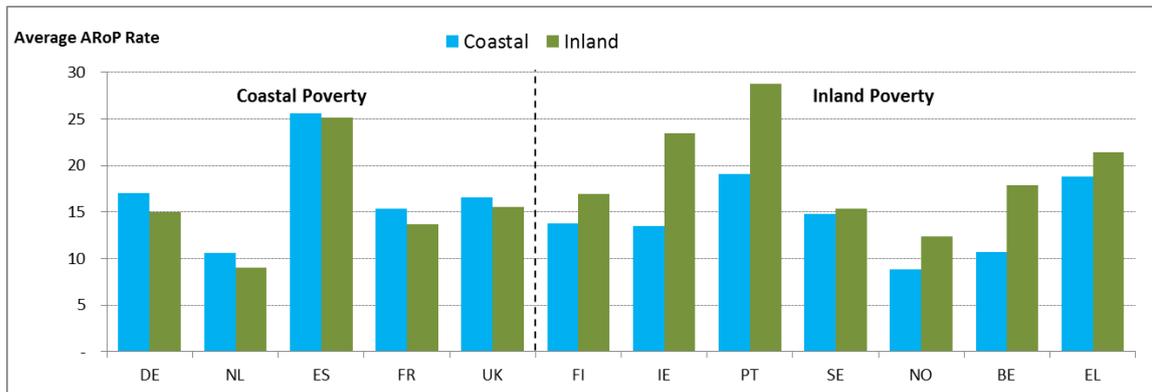
**Figure 6: At Risk of Poverty Rate, Island and Mainland Regions**

In only four countries (Belgium, Italy, Portugal and the UK) could it be said that **mountain regions** are associated with significantly greater rates of income poverty (Figure 7). In Belgium, Greece and Norway the presence of mountains seems to make little difference, whilst in Croatia ARoP rates are substantially higher in lowland regions.



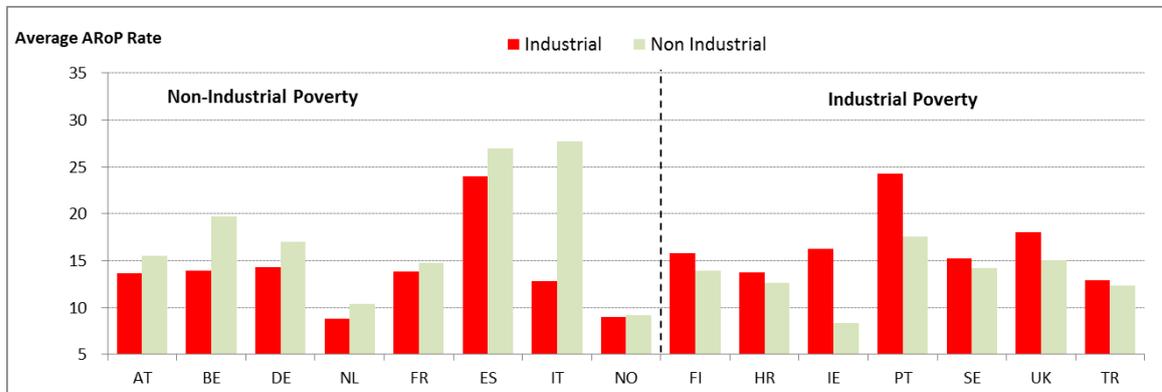
**Figure 7: At Risk of Poverty Rate, Mountain and Lowland Regions**

Similarly the effect of being a **coastal region** (Figure 8) seems to be relatively small. Substantial differences in poverty rates were evident only in Ireland, Portugal and Belgium, where in each case the inland regions had a higher proportion of people below the poverty line.



**Figure 8: At Risk of Poverty Rate, Coastal and Inland Regions**

In some European countries **industrial regions** have higher poverty rates. The UK, Ireland and Portugal are notable in this respect (Figure 9). In others, notably Italy, Belgium and Germany, the highest ARoP rates are in non-industrial regions. In Norway, France, Croatia, Sweden and Turkey industrial structure seems to make no difference.



**Figure 9: At Risk of Poverty Rate, Industrial and Non-Industrial Regions**

### 3.5 Discussion

#### *Patterns of Income Poverty*

The income poverty maps assembled in this chapter suggests the following observations about the geography of income poverty within that part of the ESPON space for which the TiPSE project is responsible (EU15 + Cyprus, Malta, Norway, Switzerland and Turkey):

- At a macro-scale the highest rates of poverty tend to be in the Mediterranean countries and Turkey, the lowest in the Northern and Western countries.
- The relationship between capital cities, and secondary cities, and ARoP rates is complex. Broadly speaking large cities in the North and West of Europe often contain areas with high rates of income poverty, whilst in the South and East cities tend to have relatively lower rates.
- Accessible rural areas, especially those close to larger cities and capitals, tend to have relatively low rates of income poverty.
- Remote rural regions often exhibit relatively high ARoP rates.
- Island regions tend to have higher ARoP rates than mainland regions.
- The relationship between mountain regions, border regions and industrial regions and poverty rates is variable, depending upon national and macro-region context.

The majority of the ESPON typologies relate to geographical features, rather than socio-economic characteristics. The latter will be explored through correlation analysis with a selection of key indicators from the Eurostat Regio database, such as:

- Productivity – GDP per Capita
- Labour market participation – Employment/Unemployment rates
- Industrial structure – Shares of primary, secondary, tertiary employment
- Peripherality

The results of these analyses will be described in the Final Report.

#### *Further Reflections on the adequacy of the ARoP Rate as a Poverty Indicator*

It is important to recognise the fact that measures related to disposable income may not identify all individuals and groups who are experiencing poverty in a narrow financial sense. In our Interim Report we noted a suggestion to adjust ARoP rates by excluding housing costs (rent and mortgage interest) from disposable income. The rationale for this change was that housing costs are the most significant component of regional differences in the cost of living within countries, and that excluding them is a way to “level the playing field” between the regions. Analysis by the Commission suggested that this adjustment would (on average) increase the ARoP rate (from 16% to 22% for the EU27), affecting some Member States more than others, and reducing the difference between urban and rural areas.

In fact, because of the variety of estimation methods adopted in different countries, it has only proved possible to calculate “after housing cost” ARoP rates for three countries (AT, GR, UK).

However recent research in the UK (Hirsch et al 2013) suggests that housing costs are not the only form of expenditure which varies substantially between regions. A broad range of consumer goods, food and fuels all tend to be higher in remote rural or island areas. In addition sparsity and climate may impact upon the average expenditure profile of families in these areas, increasing the travel cost of daily life, and the cost of heating the home.

Of course it would not be realistic to call for detailed regional living cost indicators, and for the present this issue can best be noted in the form of a caveat to the basic (before housing cost) ARoP rate. However to adjust for housing cost but to ignore the very significant cost increases associated with insularity and peripherality would appear to introduce an unintentional urban bias in the indicator.

## 4 Mapping Patterns of Social Exclusion

### 4.1 Domains and Dimensions

As we have already established in Section 1, Social Exclusion is a multi-faceted concept – it is very difficult to represent it with a single indicator, or a single map. Our review of the literature led us to conclude that it may be represented as comprising four broad “Domains”, each of which may be further disaggregated into individual “Dimensions”. The full list is presented in Table 1. This classification is derived from the conceptual literature – it is not based upon an empirical analysis. Indeed it should not be implied that each of the domains and dimensions should be equally well served in terms of secondary data availability. Sadly this is far from the case.

**Table 1: The Structure of Social Exclusion**

<b>DOMAIN</b>	<b>Dimension</b>	<b>Examples/ Descriptions</b>		
<b>1. EARNING A LIVING</b>	<b>(a) Income</b>	Disposable income		
	<b>(b) Employment</b>	Employed		
		Unemployed		
		Inactive		
		Long term unemployed Jobless households		
<b>2. ACCESS TO SERVICES</b>	<b>(a) Health</b>	Access to primary health Healthy life expectancy		
		<b>(b) Education</b>	Access to different kinds of school, college, cultural facility Attainment (ISCED levels)	
	<b>(c) Housing</b>		Tenure status Density Amenities	
		<b>(d) Transport and Communication</b>	Post Office Broadband Public transport Car availability	
			<b>3. SOCIAL ENVIRONMENT</b>	<b>(a) Age</b>
	<b>(b) Ethnic composition</b>			Proportion from minorities
	<b>(c) Migrants</b>			Migrants as share of population
	<b>(d) Crime and safety</b>	Crime rates		
	<b>4. POLITICAL PARTICIPATION</b>	<b>(a) Citizenship</b>	Voters Civic engagement Membership of NGOs	

## 4.2 National attempts to monitor and map social exclusion

The macro-region review chapters in Working Paper 8 provide a rich source of information on how measuring and mapping of social exclusion is handled by the NSIs and by relevant government departments within ESPON countries.

As might be expected, - given that the concept originated in the French literature, - France has a national observatory on poverty and social exclusion (ONPES), tasked with monitoring poverty and social exclusion. Besides measuring poverty, social minima and income inequalities, ONPES' 11 PSE indicators include

- the rate of people who forego health care due to financial reasons,
- the rate of people exiting school system without any qualifications,
- the rate of job-seekers not receiving welfare payments and
- the proportion of social housing requests not fulfilled after one year.

The work of ONPES has recently been supplemented by the Freyssinet Working Group – which is developing regional (mostly NUTS 2) social exclusion indicators.

In the Netherlands register data is combined with a number of sample surveys as the basis for regular reports entitled “The social state of the Netherlands”. The Netherlands Institute for Social Research operationalises “social exclusion” as a combination of material deprivation, insufficient access to basic social rights (access to institutions and provisions and access to adequate housing and safe environment), inadequate social participation and inadequate normative integration. More to the fore is however a conceptual focus on quality of life and life situation (and less on social exclusion). A “life situation index” aims at measuring quality of life in eight domains: health, sport, social participation (loneliness, volunteering), cultural/leisure activities, housing, mobility, holidays and possession of assets. Monitoring is carried out at a variety of spatial levels.

The UK and Ireland constitute the “liberal” or “Anglo-Saxon” group in the classification of welfare regimes, and here the narrower notion of income poverty, tied closely to employment, and placing some emphasis upon material deprivation, is preferred to the concept of social exclusion. In Ireland for example The Department of Social Protection recently began to publish an annual “Social Exclusion Monitor”. Closer inspection reveals that the indicators described are restricted to At Risk of Poverty and Material Deprivation. Within the UK third sector organisations such as the Joseph Rowntree Foundation, and research networks, such as the PSE (Poverty and Social Exclusion) project, strive to raise awareness of broader issues of social exclusion, in part by highlighting available data.

The UK and Ireland have a relatively long history of working with regional/local indicators of poverty and disadvantage. There is a very substantial academic

literature, notably centred around attempts to operationalise the concept of “multiple deprivation”. Multiple deprivation is not the same as social exclusion<sup>5</sup> – although it shares with exclusion the breadth involvement across different aspects of life, it has at its heart the notion of resource scarcity which is closer to income poverty. Multiple deprivation goes beyond using ownership of consumer goods as an indicator of poverty, and includes less tangible aspects of “wellbeing”. Pioneering work on indicators of multiple deprivation was carried out by a team led by Prof Michael Noble (Oxford) at the end of the 1990s. By the beginning of this decade Indices of Multiple Deprivation (IMD) had been produced for all four countries of the UK. Since then they have been adopted by the UK Department for Communities and Local Government and the devolved administrations, and regularly updated.

The IMDs are generated for very small areas. They utilize a range of raw data, mainly from the population census, and from government administrative databases. The overall index is built up from a series of “domains”, such as income, employment, health and disability, education skills and training, housing and services, living environment, and crime. These vary slightly between the four countries of the UK. In all the variants domains are combined to form a single weighted average index of disadvantage for each small area. For larger areas (such as Local Government areas) the results are usually presented in terms of counts/proportions of small areas falling within the top quintile. The IMDs are quite widely used to support bids for spatially targeted policy expenditure.

In the Nordic countries the ethos of the Welfare State predates the concept of social exclusion. There is a sense in which the pre-existence of the Nordic Welfare State, which places a strong emphasis upon equality of opportunity and access to resources by all societal groups (by gender, age, ethnicity, location etc) renders an explicit focus upon social exclusion redundant. This probably explains the absence of any specific attempts to separately monitor social exclusion *per se*. Nevertheless the underlying principle of inclusion is very much woven into the policy fabric of these countries. For example, the (2012) Norwegian presidency of the Nordic Council of Ministers placed particular emphasis upon:

- Inclusion, including the labour market
- Quality of health and care services
- Culture and inclusion
- Research, education/training and innovation
- Equality
- Freedom of movement

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<sup>5</sup> It is also important not to confuse “multiple” deprivation, with “material” deprivation (as in the second EU 2020 indicator).

There are, however some differences in emphasis between the Nordic countries, Denmark, for instance paying particular attention to housing and household structures, and Norway and Iceland to the “earning a living” domain. Sweden covers employment, income, education and health, but not housing. In Finland many indicators are used for monitoring; they relate to three of the four TiPSE social exclusion domains (political participation is not addressed).

In the Baltic States the focus upon social exclusion was introduced as part of the accession process. Particularly important issues are labour market inclusion (to combat long term unemployment), more inclusive policies relating to ethnic minorities, especially in education, and (in the context of combating demographic decline) enhanced maternity leave rights. Interestingly, attempts to stimulate more involvement of the second and third sectors in health care could be regarded as initiatives to support the fourth domain (political participation).

In the Mediterranean countries the concept of social exclusion has been adopted in the context of high level policy documents (such as the National Action Plans). Here social exclusion indicators are dominated by those relating to the “earning a living” domain. There are some indicators relating to “access to services” and the “social environment”, but none relating to “political participation”. However there seems to be a tendency to fall back on macro-economic indicators which have an at best indirect link with social exclusion. National initiatives to measure social exclusion were, as in the Nordic countries, but for different reasons, not very evident. In the Mediterranean context the traditional role of familial support has perhaps slowed the full adoption of social exclusion as a policy principle. Recent austerity programmes have simultaneously reduced the capacity of this informal “safety net” and at the same time undermined the ability of the state to fill the gap.

A number of academic analyses of social exclusion, originating in the Mediterranean countries, have adopted the concepts, and attempted to measure and map across the domains, in a way which seems independent and disconnected from the policy discourse. These studies are valuable examples of practical implementation of the use of various data sources to measure social exclusion, but it is striking to note that there seems to have been little or no “buy in” by national governments, like that (for example) in France, Netherlands or UK.

In the post-socialist countries of East-Central macro region social exclusion (as a concept) and the development of indicators has an interesting and unique history. In their socialist past poverty was usually associated with stages in the life cycle, rather than social groups or different geographical contexts. It was defined in narrow income/material terms. Economic transition, and accession to the EU brought with it both increasing inequality and the broader concept of social exclusion. In this context the term “social exclusion” became associated with the various manifestations of increasing (income/material) inequality. So here too, but for different reasons, the

concept and usage of social exclusion became weighted towards the first (earning a living) domain.

The Hungarian Most Disadvantaged Micro-Regions (MDM) programme of 2007 provides an interesting example with many echoes of the UK Indices of Multiple Deprivation. This is a programme targeted at LAU 1 areas which has evolved from the early 1990s, when it was very much focused upon the “earning a living domain”. The 2007 analysis incorporated more than thirty indicators, organised within five “domains” relating to economic development, infrastructure, demography and housing, social environment, and employment. A synthetic index was generated using a ranking system. This led to the designation of 47 local areas as “most disadvantaged”, and 94 as “disadvantaged”. These areas were allocated support for “neo-endogenous” development programmes. Clearly the focus of this exercise was broader than “social exclusion” – equating more closely to the UK concept of deprivation. However it is still a very interesting example of the way in which policy targeting can be guided by a (micro)regional statistical analysis.

### **4.3 Data Sources for European-wide Mapping**

Having established the broad structure of social exclusion, in terms of domains and dimensions, the project team considered available data sources.

We have already noted that the EU policy discourse relating to social exclusion has tended to be excessively focused upon the first domain, especially the “earning a living” dimension. It is possible that this is at least in part a consequence of the relative abundance of indicators derived from the Labour Force Survey (LFS). Apart from the ambition to “rebalance” our analysis away from “earning a living” the LFS has the major shortcoming that it is a sample survey designed to be representative only at NUTS 2 (or above). As a consequence only a few relevant variables are available at NUTS 3 from the Eurostat Regio database. These were reviewed in Section 4 of the TiPSE Interim Report.

The relatively low level of regional detail available through the Eurostat database and the LFS prompted the TiPSE team to consider an alternative – the decennial population census. A few variables from 2001 are already incorporated in the Eurostat database, but several more which are of relevance to social exclusion have not previously been assembled for NUTS 3 regions across the ESPON space.

Until recently there was no EU legislation governing population census, and the NSIs have, over the years developed a range of different approaches, so that the idea that each country can supply roughly the same data, collected through a traditional 100% census, is now a long way from the reality. A recent Eurostat bulletin listed seven different approaches, which are (with one exception) based upon three basic components, a conventional census (questionnaires completed by every household),

a census based on extracting data from a continuously maintained register of residents, and sample surveys:

1. Conventional census (e.g. UK, IE)
2. Census based on a register (e.g. SE)
3. Combined conventional census and sample survey.
4. Combined register-based census and sample survey (e.g. AT)
5. Combined conventional and register-based census
6. Combined conventional and register-based census and sample survey (e.g. DE)
7. Rolling (partial) census (e.g. FR)

Add to this the variation in census dates/frequency, different questions, different definitions for individual variables, and differences in the level of detail in the published results, and it becomes clear why so little harmonised data is available through the Eurostat online database.

However, in 2008 a European regulation (No 763) was passed, with the intention of standardising census data in terms of output, whilst respecting the individual MS approaches to data collection. Two more regulations added detail in 2009 (1201) and 2010 (519). These regulations established the date of the next 'Census' as 2011, set out a standard list of variables and definitions, specify sampling and quality control, and make provision for Eurostat to act as a 'one-stop-shop' for data access. The latter will be achieved through an 'EU Census Hub' which will provide access to data through a standard set of three-dimensional tables known as 'hypercubes'.

Unfortunately there is a risk that EU Census Hub will not be launched in time to be useful as a data source for TiPSE. We understand that the deadline for NSI's to deliver data to Eurostat is end of March 2014, and that it is planned that the Census Hub will become operational and accessible at the end of June 2014. Furthermore, it seems likely that some of the indicators which are of interest to us will only become available through the Hub at NUTS 2. However it seems reasonable to assume that the requirement for compatibility with the hypercubes will impose a greater degree of harmonisation on the individual national census databases, and the required NUTS 3 data may therefore become available from the NSIs direct.

Some NSI's released small area data for 2011 towards the close of 2013, others will release the data only after it has been delivered to Eurostat. Whilst it seems feasible to base analysis for the TiPSE Final Report on a collation of 2011 "census" data, a decision was taken at a project meeting in November 2013 to carry out a pilot analysis for the Draft Final Report on the basis of available 2001 data.

#### **4.4 The risk of social exclusion – searching for spatial organisation**

The inclusion of the word "risk" in the above heading is very deliberate. It is worth emphasising before embarking on a brief commentary about the 2001 census maps, that all the indicators are proxies, and that the maps should not be viewed as showing rates of exclusion, but patterns of the variation in **the risk of exclusion**.

Combining data collected from the Eurostat database with that derived from NSI sources, it proved possible to produce fifty maps of indicators considered relevant to social exclusion. Of these more than half related to the first domain (earning a living). At the other extreme the fourth domain (political participation) was represented by a single map. These were assessed by the TiPSE research partners within four “macro-region” contexts: Atlantic-Central, Nordic and Baltic, Mediterranean, and East-Central-Balkan (see Annex 6; Working Paper 8). Consideration was given to four criteria: **coverage, harmonisation, discrimination and interpretability**.

In the Atlantic-Central macro-region Copus and Weck found the indicator coverage of the four domains partial and unbalanced. They also observed that different dimensions exhibited rather different kinds of spatial pattern, urban-focused, rural/coastal/periphery focused, and concentrations which were individualistically “place based”.

In the Nordic-Baltic macro-region Dymén *et al* noted a tendency for lower levels of social exclusion indicators in capital cities compared with more remote regions, and a rather clear contrast in levels, across all domains, between the Nordic and Baltic countries.

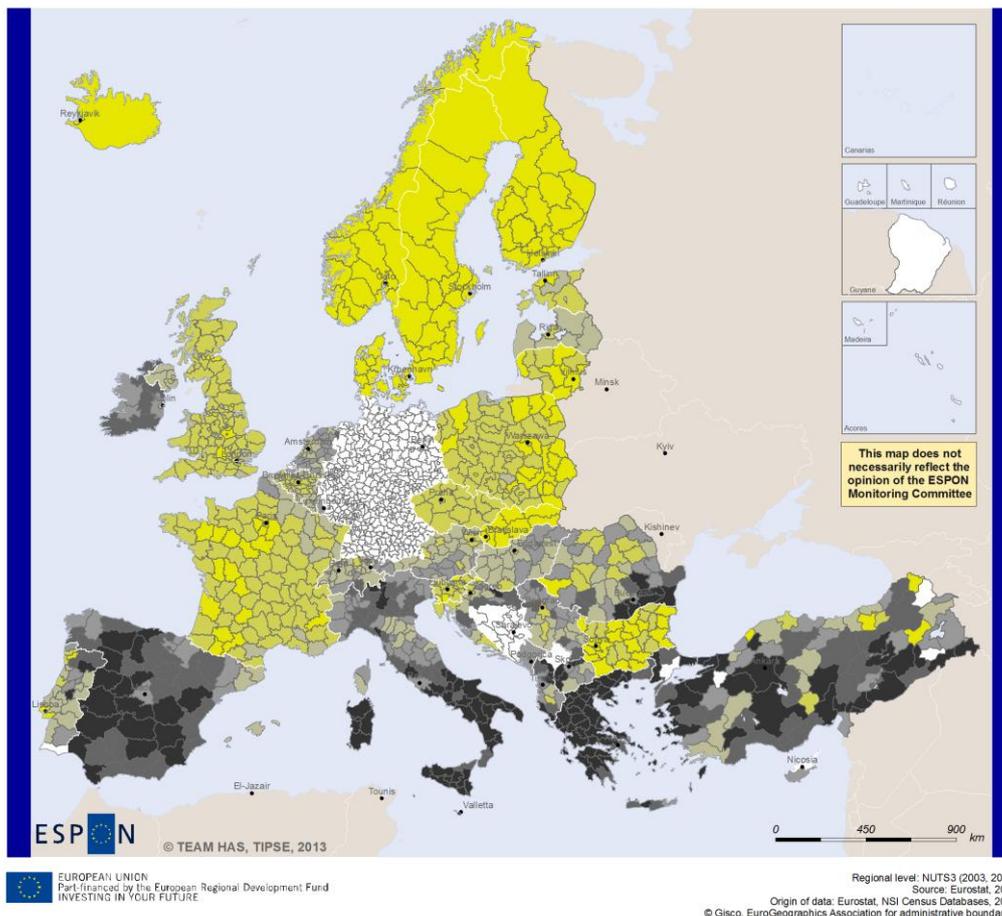
In the Mediterranean macro-region Kandylis *et al* remarked on the inconsistency between countries in terms of availability of social inclusion indicators, making comparisons difficult. They suggested that the link between indicators and the theoretical rational was sometimes tenuous. Finally they pointed out that data on immigrants and political participation were rather serious gaps in coverage for several of the Mediterranean countries.

Tagai *et al*, in their review of the East-Central-Balkan macro region noted the same imbalance in terms of coverage of the four domains. In terms of common geographic patterns urban and capital regions seem to have less exclusion than rural or peripheral regions, and there is some evidence of a general East-West gradient.

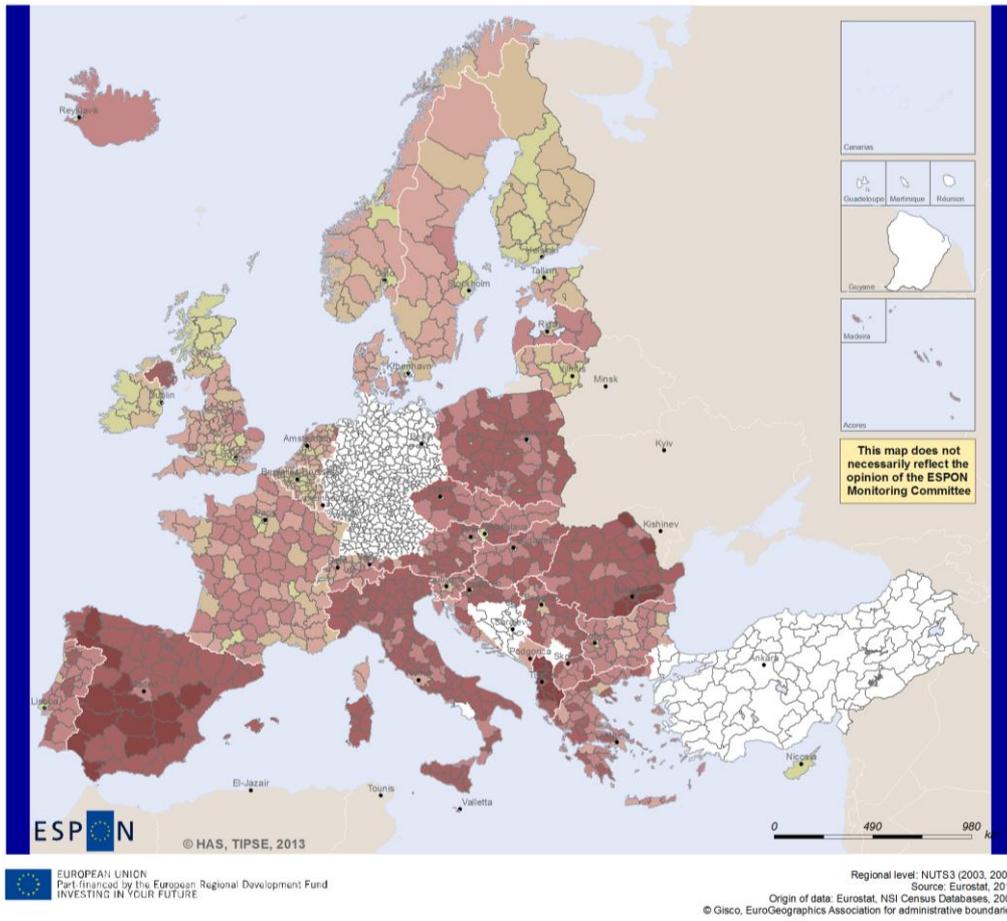
Summing up, on the basis of maps of the entire ESPON space Tagai points to four broad patterns of differentiation as revealed by the four domains and various dimensions of social exclusion: The first of these is between the **macro-regions**, especially between the former socialist countries and North-West Europe, and between the Mediterranean countries and the Northern countries. The second is **urban-rural** differentiation. The third is termed “**peripherality**”, but should not be confused with the specific technical usage; it is used here as a generic term for regions with specific geographic “marginality”; islands, mountains, coasts, or border areas. The final pattern relates to (socio-economic) “**place specific**” issues, including areas which have failed to adapt their industrial structure, areas with particularly severe issues of demographic ageing, or outmigration, and regions with specific issues relating to ethnic minority groups.

After an honest assessment of the many weaknesses of the Census-based database, Tagai concludes:

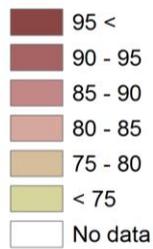
*“Despite these limitations the indicators selected for the analysis of spatial patterns of social exclusion are suitable. They illustrate directly or (usually) indirectly the symptoms of exclusion related to the analysed domains and dimensions. Considerations on certain limitations do not annul the outlined patterns – but they show where the applied indicators do not work – and by refining the patterns they can contribute to a more careful interpretation of the spatiality of exclusion in Europe. In this way, these reflections can be one type of source for further development of measurements for analysing (and monitoring) social exclusion...”*



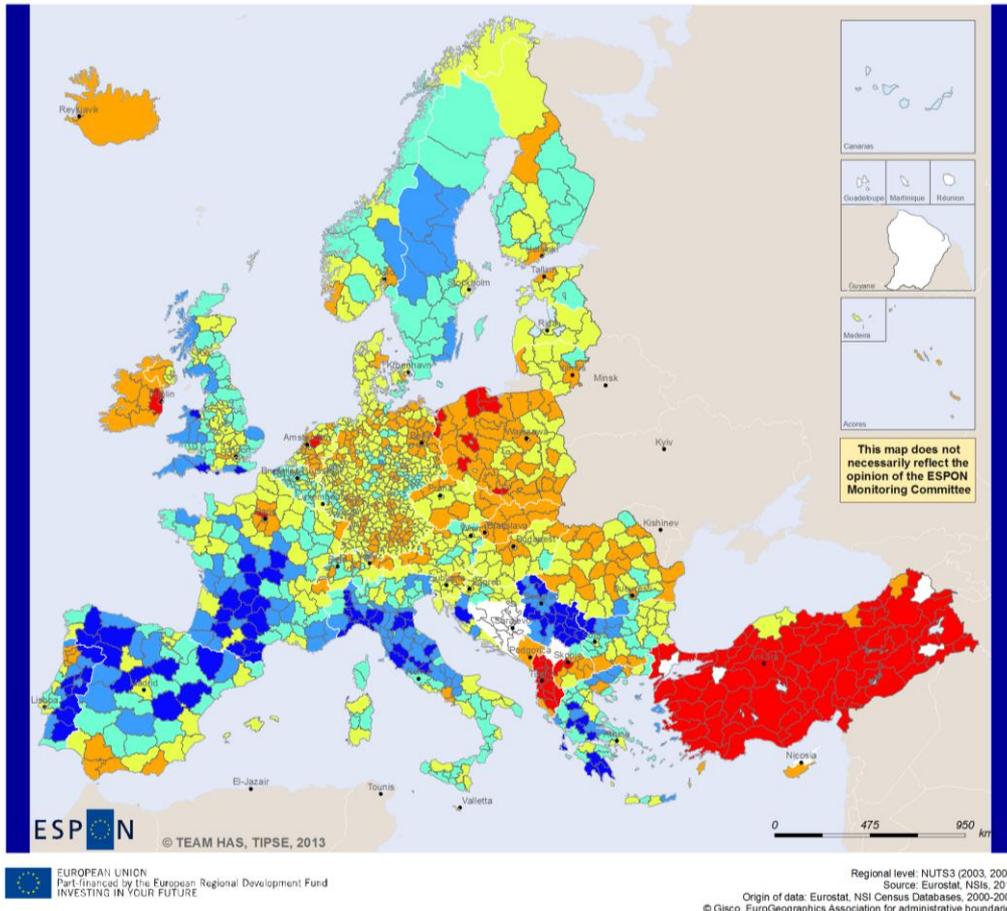
**Map 8: Domain 1: Gender Ratio in Economic Activity Rates - An Example of Macro-Region Variation:**



**Per cent of 25+ population**



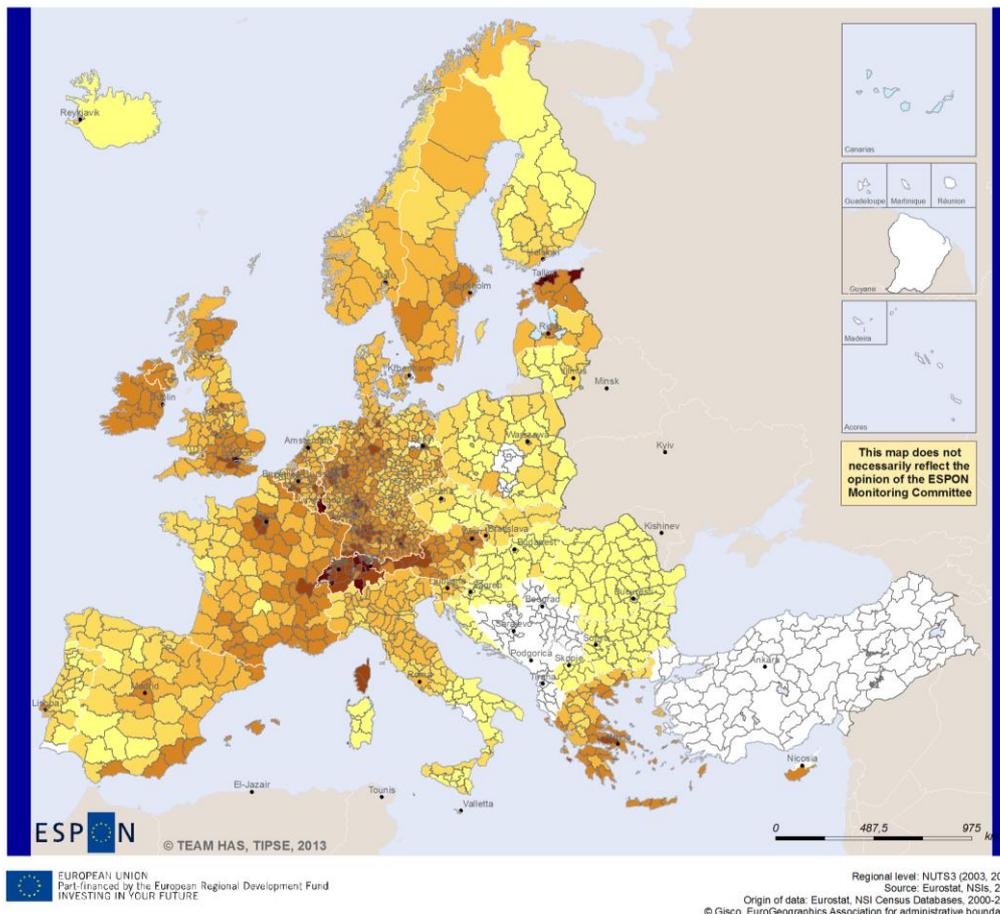
**Map 9: Domain 2: Ratio of Population without a High Qualification - An Example of Rural-focused Variation**



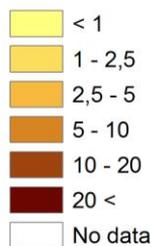
**Per cent of 15-64 population**



**Map 10: Domain 3: Old Age Dependency rates - An Example of a Rural-focused Variation**



**Per cent of total population**



**Map 11: Domain 4: Citizenship – An Example of a Metropolitan-focused Variation**

**4.5 Learning from other ESPON projects**

The TiPSE research team is currently studying various ESPON projects in order to have an insight into their applied indicator structure and find linkages to their potential coverage on poverty and social exclusion. Key projects include:

- DEMIFER, dealing with demographic and migratory flows in Europe,
- ECR2, analysing the resilience of European regions against the economic crisis,
- SIESTA, setting up a structure of indicators related to the Europe 2020 goals,
- EDORA, on the development opportunities in European rural regions,
- SeGI dealing with perspectives for services of general interest in territorial cohesion,

- and SEMIGRA which is about the (gender) selective migration in rural regions.

It is hoped to incorporate selected indicators provided by these projects into the TiPSE Social Exclusion mapping exercise, although opportunities may be restricted by several factors: Many of the indicators applied in other ESPON projects are already covered by TiPSE, while others were only considered rather than fully implemented. Several interesting indicators have no coverage at a lower territorial level than NUTS 0-2 or it is hard to gather them for other reasons.

A selection of indicators (not so far used in TiPSE reports but under consideration) is presented in the Table 2. Most of the indicators relate to the ‘Earning a living’ and ‘Access to basic services’ exclusion domains.

**Table 2: Selected poverty and social exclusion indicators from other ESPON projects**

DEMIFER	ECR2	SIESTA	EDORA	SeGI	SEMIGRA
Long-term unemployment rate	Low work households.	Long-term unemployment rate	Long-term unemployment rate	School enrolment ratio (primary, secondary, tertiary)	Average household income
Labour force participation (55-64) rate	Household disposable income	Ratio of young people not in work, education or training NEET (15-24)	Participation rate in life-long learning	Broadband internet access ratio	Long-term unemployment rate
Economic old-age dependency ratio	Level of self employment.	Participation rate of adults in education and training	Broadband internet access ratio	Ratio of individuals who have never used a computer	Ratio of young people not in work, education or training NEET (15-24)
Labour market dependency ratio		Ratio of early school leavers (18-24)	Accessibility to hospitals, schools	Accessibility to hospitals, schools	
		Broadband internet access ratio	Transport accessibility (airport, railway station, motorway)	Transport accessibility (airport, railway station, motorway)	
		Ratio of individuals who have never used a computer			
		Ageing index			

## 4.6 Discussion

Unlike the relatively unambiguous concept of income poverty, and the simple metric of the ARoP rate, social exclusion is a frustratingly flexible notion; it is intrinsically subjective, and is more wholeheartedly accepted in some European countries than others. It is a process, rather than a state defined by a simple (binary or in-out) criterion. Mapping it is a tough challenge, and it is inevitable that the outcome will raise questions from both academic and practitioner readers.

Two issues conspire to confound this task:

- The first relates to data; the difficulty of direct measurement necessitating a reliance upon proxies for exclusion *risk*, which leave substantial gaps, both in terms of dimensions, and in terms of geographic coverage. Furthermore NUTS 3 analysis is probably too coarse grained to correctly capture micro-spatial patterns, raising questions about “ecological fallacy and MAUP (modifiable areal

unit problem) effects. These issues will only partly be addressed by the proposed use of 2011 data.

- The second problem is the fact that there seems to be very little consistency of geographic distribution of the proxies for risk, within dimensions, let alone across the domains. This may be partly a consequence of inadequacies of the variables as proxies for the aspects of risk they are intended to capture, and partly a consequence of the above-mentioned shortcomings of NUTS 3 analysis.

The above points underline the importance of distinguishing social exclusion, as a phenomenon which is near impossible to measure directly, from risk factors which we may attempt to measure through proxy indicators. An important finding of the work reported above is that the various risk factors may have very different spatial manifestations. One element of risk may be commonly associated with large urban areas, another with remote, inaccessible and sparsely populated areas, or islands, another with industrial restructuring, or with national policy legacies. A high risk in one domain or dimension may easily be co-located with minimal risk from others. This has perplexing implications both for any attempt to estimate a cumulative or total risk of exclusion across the domains, and in terms of policy implications (Section 6).

It is not unusual, within national contexts, to attempt to generate a synthetic index of exclusion (or deprivation/disadvantage) using small area statistics. Several examples have been given above. This raises the question whether such a composite social exclusion indicator might be feasible at the scale of NUTS 3 across the ESPON space. Although not specified in the Inception Report's description of Task 2.8, this issue has been explored in some detail, using data from the New Member States and the Balkans as a pilot area. This analysis is reported in an appendix to Working Paper 8 (Annex 6).

This work has highlighted the challenges associated with developing a synthetic social exclusion risk indicator on the basis of NUTS 3. These include:

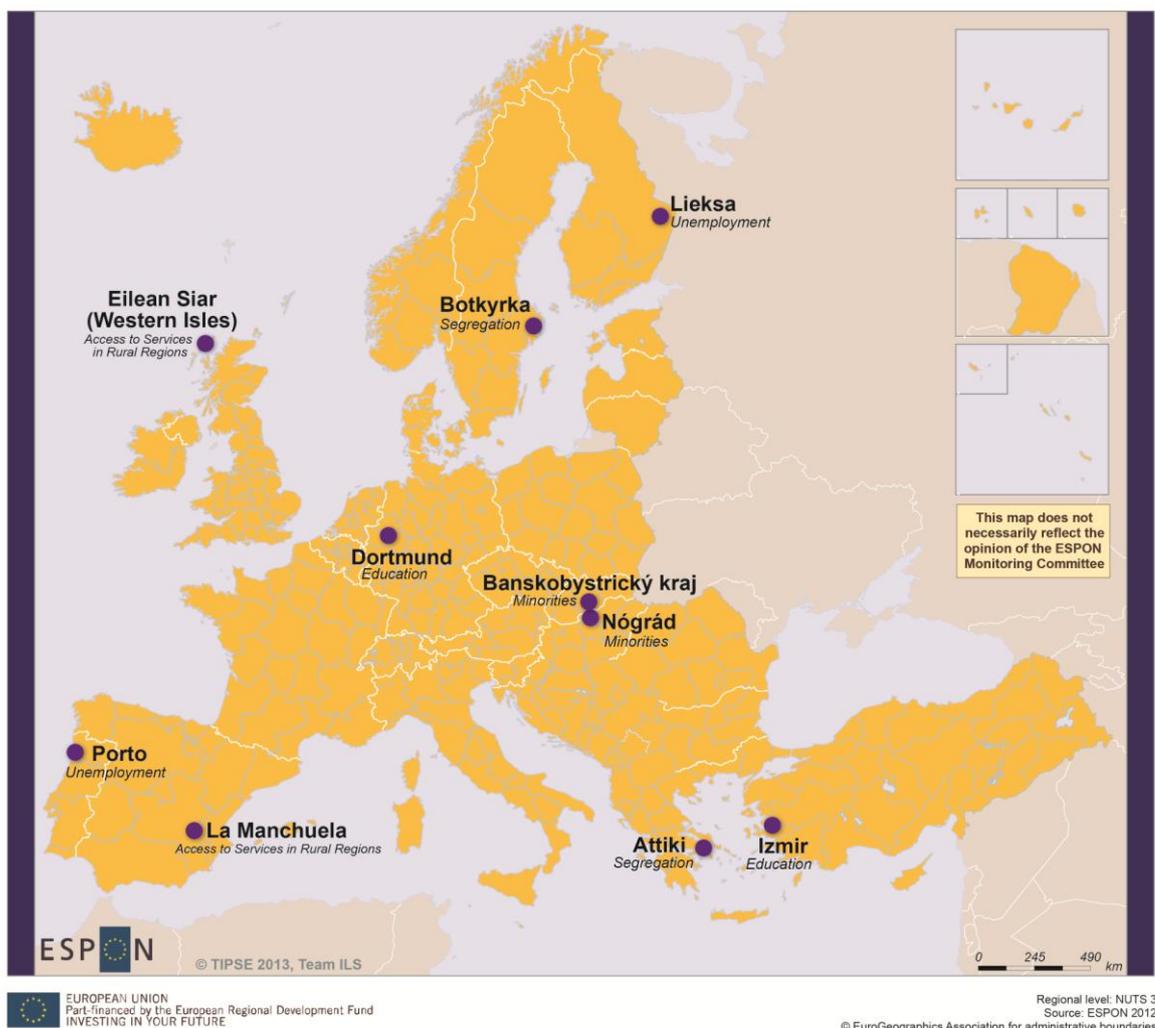
- Dealing with the significant number of gaps in the database
- Differences in definition between countries.
- Differences in the way in which exclusion processes take place within different geographic and cultural contexts – and the resulting lack of comparability in the interpretation of an indicator in different parts of Europe.
- The fact that different dimensions and domains exhibit different spatial distributions – leading to considerations about how they could be combined without some element of “cancelling out” interactions.
- Deciding on the relative weight of different indicators within the synthetic index.

Although progress has been made, and a lot has been learned, further progress must await the 2011 data, and (assuming a successful outcome) will be reported in the Final Report.

## 5 Local Complexity of Pattern and Process – some findings from the Case Studies

The case studies are intended to provide in-depth (mainly qualitative) analyses for different types of regions. Much of the TiPSE analysis (especially poverty mapping and social exclusion mapping), takes place at a NUTS 3 level. However, analysis on a smaller, sub-regional scale is also helpful, since poverty and social exclusion are often concentrated below the regional level, in smaller localities. The case studies thus have the objective to illustrate these fine-grained processes in the set of selected regions, to understand the underlying factors and their interdependencies, and to analyse policy development and responses.

Ten case study areas (Map 12) were selected to represent different European macro regions, territorial and socio-economic typologies, and welfare regimes.



Map 12: The ten case studies selected for analysis and their thematic focus

**Table 3: The Case Studies; some key characteristics**

<b>Nuts 3 Code</b>	<b>Case Studies</b>	<ul style="list-style-type: none"> <li>▪ <b>European Macro Region</b></li> <li>▪ <b>Territorial characteristics according to ESPON typologies</b></li> <li>▪ <b>Welfare Regimes</b></li> </ul>
<b>DEA52</b>	Dortmund, Germany	<ul style="list-style-type: none"> <li>▪ Atlantic/Central Region</li> <li>▪ predominantly urban, in industrial transition</li> <li>▪ Corporatist-Statist</li> </ul>
<b>EL 300</b>	Attiki, Greece	<ul style="list-style-type: none"> <li>▪ Mediterranean/Southern countries</li> <li>▪ predominantly urban</li> <li>▪ Familialistic</li> </ul>
<b>ES 421</b>	Albacete, La Manchuela, Spain	<ul style="list-style-type: none"> <li>▪ Mediterranean/Southern countries</li> <li>▪ predominantly rural, remote area</li> <li>▪ Familialistic</li> </ul>
<b>FI133/ FI1D3</b>	Liekka, Pohjois-Karjala, Finland	<ul style="list-style-type: none"> <li>▪ Nordic/Baltic Region</li> <li>▪ predominantly rural, remote area</li> <li>▪ Universalistic</li> </ul>
<b>HU313</b>	Nógrád, Hungary	<ul style="list-style-type: none"> <li>▪ East Europe/New Member States</li> <li>▪ predominantly rural, remote area, in industrial transition</li> <li>▪ Post-Socialist/Transitory</li> </ul>
<b>PT114</b>	Porto, Portugal	<ul style="list-style-type: none"> <li>▪ Mediterranean/Southern countries</li> <li>▪ predominantly urban, in industrial transition</li> <li>▪ Familialistic</li> </ul>
<b>SE110</b>	Botkyrka, Stockholms län, Sweden	<ul style="list-style-type: none"> <li>▪ Nordic/Baltic Region</li> <li>▪ predominantly urban</li> <li>▪ Universalistic</li> </ul>
<b>SK032</b>	Banskobystrický kraj, Slovakia	<ul style="list-style-type: none"> <li>▪ East Europe/New Member States</li> <li>▪ predominantly rural, mountainous region, in industrial transition</li> <li>▪ Post-Socialist/Transitory</li> </ul>
<b>TR310</b>	Izmir, Turkey	<ul style="list-style-type: none"> <li>▪ Mediterranean/Southern countries</li> <li>▪ predominantly urban</li> <li>▪ Familialistic</li> </ul>
<b>UKM64</b>	Eilean Siar, Western Isles, UK	<ul style="list-style-type: none"> <li>▪ Atlantic/Central Region</li> <li>▪ predominantly rural, island region, remote area</li> <li>▪ Liberal</li> </ul>

The case studies focus on five different thematic challenges.

- **Ethnicity-related social exclusion**, with a focus on social exclusion and social integration of Roma population, studied in the Hungarian and Slovakian case study, in a predominantly rural context
- Age-related exclusion, both youth and elderly and **access to services of general interest in sparsely populated areas**, studied in the Western Isles, UK, and La Manchuela/Albacete, Spain
- **Urban Education**, with a focus on educational success, school performance and segregation patterns, studied in Dortmund, Germany and Izmir, Turkey
- Patterns and processes of **ethnic and social segregation in metropolitan regions**, studied in the metropolitan regions of Athens and Stockholm
- **Unemployment**, studied with a focus on long-term unemployment in the rural context of the Finnish case and a focus on youth unemployment in the city of Porto, Portugal

## 5.1 Summary of Findings

Full details of the ten case studies are provided in Section C (Annex 3). Unfortunately space will not permit us to convey the empirical richness of the case studies here. We shall instead summarise the key findings emerging from a cross-comparative perspective, focusing particularly on the role of space, and scale issues. Policy implications are drawn out in Section 6.

### 5.1.1 Space

Space plays a role in reproducing and intensifying individual experiences of social exclusion or poverty. Spatial closeness, meaningful networks and encounters in lived space may also, however, help to overcome individual situations of stress.

#### *Space as a driver of social exclusion*

The role of space as a driver of social exclusion is clearer for the rural than the urban context. Living in a remote, difficult to access or sparsely populated area are factors which can aggravate individual situations of social exclusion. Though individual challenges related to being poor or being exposed to social exclusion may be similar in rural as compared to urban areas, the territorial dimension should not be underestimated. In that sense, socially excluded population in border regions like Nógrád, or islands like the Western Isles, additionally suffer from problems related to remoteness or difficult accessibility. Limited access to the labour market or education, and lacking or inadequate quality of public services are key issues exacerbating individual challenges linked to social exclusion and poverty in rural and remote areas. The poor or lacking access to services and infrastructure, in combination with often poor or expensive public transport, is one of the main characteristics of social exclusion in the rural areas. Widespread austerity policy, and

the thinning out and centralization of public services due to budget cuts, additionally have negative repercussions. Mobility and energy issues play an essential role, visible above all in the case of the Western Isles, where public transport is scarce, the prices for most goods shipped to the isles are more expensive, and fuel prices are elevated, so that covering the costs of heating is a problem in poor households.

In the urban context, the role of space and its influence on individual situations of exclusion or poverty is less obvious and direct. There is evidence from Dortmund and Izmir on the relationship between a polarized urban structure in socio-economic terms, and the respective patterns of educational achievements of students. The cases of Athens and Botkyrka, however, also point to the fact that living in segregated areas not necessarily goes along with a higher exposure to poverty or social exclusion. Thus, patterns and processes of poverty and social exclusion are often place-specific and have to be analyzed against the backdrop of their specific local context. The impact of segregation on poverty and social exclusion is stronger, however, if segregation goes along with stigmatization of specific localities (for instance, due to the low quality of housing estates), or the insufficient quality of infrastructure and services in the area. Where a person lives, in these cases, has an additional effect on the risk of poverty or social exclusion.

The concentration of poor households in specific neighbourhoods, blocks or streets may increase the risk of social exclusion over and above individual characteristics. Reports from the case studies show that neighbourhood effects may work on a symbolic level, i.e. in terms of stigmatisation of an area and its inhabitants (see Porto), it may also work on a social level, if and when the level of segregation is hindering contacts between households of higher and lower status or ethnic minority groups and the mainstream society (see Botkyrka). These neighbourhood effects, working on a social, institutional or symbolic level, however are not confined to urban areas, as the rural case studies of Nógrád and Banskobystrický kraj, show.

#### *Space as a factor alleviating situations of poverty and social exclusion*

There is evidence in the case study reports for spatiality having a contrary role and influence, too: Spatial co-existence and locally embedded networks can help to overcome situations of poverty and social exclusion, as well. Social relations to family or a wider social network may help individuals to overcome situations of stress in daily life. The importance of family support, and the relevance of a wider social network is very clear in the rural areas (Liekša, Albacete, Western Isles) across different welfare regimes. However, it also becomes clear, that these resources, available via social support networks, are being put under great strain – due to necessities for individual mobility, out-migration, and austerity policies which reduce household incomes and thus threaten the families' capability to provide financial support for needy family members. Also, case studies point to potential negative effects of local social networks, such as social control or judgmental attitudes, which might arise from being integrated into small local communities.

For the urban areas, studies likewise point to the relevance of social networks and support in urban neighbourhoods (see Porto). Especially for (newly arriving) migrants, ethnic networks, ties and resources are relevant for facing and overcoming situations of social exclusion and poverty (see Botkyrka and Athens). However, these networks are not exclusively restricted to the neighbourhood level, as the example of Porto shows, where ethnic networks play an important role in combating poverty and unemployment although immigrants are located in different neighbourhoods across the city.

### *Space and Immobility*

Children and elderly, but also disabled and ill persons, are specifically dependent upon availability and quality of services and access to infrastructure in their immediate living environment. While it is the younger and more qualified groups which may look for and take up opportunities elsewhere, those staying behind, be it for family ties or property or lack of resources, become most vulnerable to structural change in the local environment. Geographical immobility, as in the case of Lieksa or Western Isles, also limits job search and job opportunities. Immigrants as well, due to different constraints, may become confined to specific localities, be it due to affordable public transport, lack of affordable housing elsewhere, stigmatization, legal issues or cultural factors. However, access to high-quality infrastructure is not only shaped by geographical distance; socio-economic, familial and institutional disadvantages play a role as well, and may shape expectations, perceptions and aspirations. Geographical distance is thus only one factor influencing access to opportunity structures.

On the long run, it is often the most vulnerable population groups who become trapped in a vicious cycle of immobility, exclusion and poverty. It is specifically critical when, within this cycle of immobility and poverty, disadvantage is transmitted from one generation to the next. The cases of segregated rural neighbourhoods in Nógrád and Banskobystrický kraj show, how the rise of early motherhood among the Roma population adds to the cycle of inter-generational transmission of poverty and exclusion. Prejudice and stigmatization increases the risk of poverty and contributes to a downward spiral. Sectoral policies, such as increasing education opportunities, or work programmes, are not sufficient to overcome multiple disadvantages in these places. Rather, there is a need for holistic and place-specific policies for promoting social mobility of children and young people.

#### **5.1.2 Scale**

Scale plays an important role in making trends and patterns of social exclusion visible for policy makers, and at the same time, questions of scale are important for finding the adequate level for policy interventions.

### *Implications of scale for recognizing patterns*

The degree to which patterns of social exclusion become visible depends on scale: Levels and patterns of social exclusion or poverty may vary quite dramatically depending on the scale at which they are observed. Pockets of concentrated disadvantage at block or street level disappear with sampling data on city-wide level. On the other hand, a close spot on local communities may fail to identify the wider, more dispersed patterns of social exclusion in a rural or urban context. There is no single best level of scale at which social exclusion and poverty processes are observed, but multi-scale monitoring, from the European level to the local level, within a harmonized set of framework concepts, domains, indicators and data sets, is necessary.

### *Social exclusion and poverty as relative phenomena*

Whether an individual feels socially excluded or not, when unemployed, depends on individual characteristics, but also the characteristics of the wider environment. Where cyclical unemployment is historically rooted and always has been a characteristics of the local labour market, as in Lieksa, or, where unemployment or precariousness of employment is the feeling of a whole generation, as in Porto, being unemployed may be perceived as a less stigmatizing experience as in other local societies. This is not to say, that combating unemployment should raise less worries for policy makers under these circumstances. To the contrary, wide-spread feelings of disillusion and resignation, or growing distance to the labour market call for ambitious policies.

On a spatial scale, there needs to be political attention in how far an increased attractiveness of specific (metropolitan) regions affects the relational position of other (peripheral) regions. There needs to be increased attention towards poverty and social exclusion processes in rural, peripheral areas over time, where there is a process of slow deterioration, characterized by a gradual cutback of services and infrastructure. Likewise the intra-EU migration patterns call for further observation. Here again, it is a specific pattern of centrality and peripherality, caused by disparities in the relative attractiveness of regions in economic and labour-market terms, which prompts migratory movements across Europe, with consequences and impacts for the receiving as well as the sending localities.

### **5.1.3 Understanding the patterns of social exclusion**

The driving forces for social exclusion and poverty processes act at different levels and scales, crossing administrative borders. For identifying the main drivers and, at the same time, the mechanisms for counteracting policies and measures, it is essential to understand how drivers and processes are interacting at different scales, from the European to the very local level. Though social exclusion and poverty tend to become visible on local and often very small-scale level, it is obvious from the case studies that the main factors which are underlying experiences of social

exclusion and poverty are often outside the local sphere of influence. Factors and structures influencing inclusion and opportunity structures at individual household level, such as access to labour market or social protection schemes, are likewise related to different and often supra-local scales.

There are welfare regime-specific, as well as nationally specific main actors, key policy ideas and policies behind patterns and processes of social exclusion. For instance, stigmatized housing areas are the result of private market processes in the case of Athens, while in Stockholm policy interventions played a major role. The mix of prevention, support and activation in the set-up of national social policy also is different across European welfare regimes and influences patterns of concentration or diffusion, affected population groups and level and scale of social exclusion. Despite these differences, there is also a range of European-wide trends, such as the above mentioned processes of centrality and peripherality, widespread austerity programmes and public sector cuts, and the impacts of the fiscal and economic crisis, which have had a particular impact over and above nationally and regionally specific trends and patterns of social exclusion and poverty.

These broad observations about the nature of poverty and social exclusion processes are essential context for the work on indicators and mapping within the TiPSE project. They can help us to avoid carrying out mechanical statistical procedures without considering how the proxied phenomena behave and interact in the real world. They can also help us in our interpretation of mapped distributions of risk, and perhaps to avoid “over-interpreting”, or mis-attributing cause and effect relationships.

In Section 6 the case study findings can point to rationales for intervention which are more sensitive to the “fabric” of poverty and social processes, and their spatial manifestations.

## **6 Implications of these findings for EU Cohesion policy, and for MS policy**

Full and final policy recommendations will be presented in the Final Report. In this Draft Final Report we will limit ourselves to some preliminary observations drawn directly from the three key elements of the project; poverty mapping, social exclusion mapping, and the case studies.

### **6.1 Poverty Mapping**

The key points raised by Section 3 are of two types; firstly those relating to the ARoP indicator, and secondly those relating to the observed pattern of spatial variation of income poverty.

#### *The ARoP Indicator*

As regards the ARoP rate as a poverty indicator the first issue is the use of national median disposable income as a basis for the poverty line. Whilst this is perfectly reasonable so long as the focus of interest is upon within-country variation, it makes comparisons between countries, and European scale mapping rather difficult. We would propose that in future two ARoP rates are published, based upon national and EU28 poverty lines. Purchasing parity adjustments would be necessary.

The second ARoP rate issue is the need to be explicit that the indicator is based upon income only, and that geographical variations in living cost also play a role in determining the reality of poverty at the local or regional level. We are concerned that introducing an adjustment for housing costs only will introduce a bias towards urban areas, whilst failing to recognise living cost issues in remote and insular regions.

#### *The need for place sensitive interventions*

The analysis of ARoP rates within the framework of the ESPON typologies has shown that spatial patterns of income poverty, and by implication, the processes of impoverishment, are complex. The clearest relationship was between urban and rural areas, where a U shaped distribution was evident (poverty rates being lowest in accessible rural or intermediate areas). Islands also tended to have higher rates of poverty. With regard to the other typologies (coasts, mountains, border areas, industrial regions) no “universal” relationship with rates of poverty was found – national and macro-regional contexts seem to make a difference. The very simple policy implication of this finding is that interventions to tackle poverty need to be sensitive to context, adapting to the different processes which occur in urban and rural contexts, and perhaps offering different solutions. The case study findings pick up this point below.

## **6.2 Social Exclusion Mapping**

### *Improving proxy indicators*

A key issue with regard to social exclusion indicators to support policy is the urgent need for more direct measurement. Realistically, given the nature of the experience of exclusion, there will always be a role for proxy indicators. However at present the available indicators are collected for a range of reasons unrelated to exclusion, and there is much scope for improvement in terms of specifying more reliable proxies. This could perhaps be achieved by developing certain EU-SILC indicators (or indicators from national surveys) into census variables, for future inclusion in the Census Hub hypertables. Such ideas may (for example) be further developed in the Final Report, on the basis of Task 2.11 (Monitoring Proposal).

### *Accommodating different national policy approaches within the OMC*

The review of national approaches to measuring social exclusion revealed a level of innovation, and a widespread recognition that monitoring income poverty is not sufficient. At the same time it was evident that there is no common formulation of the wider concept of social inequality. The terminology includes “consistent poverty”, “multiple deprivation” “life situation” and “quality of life”. However, behind the differing terminology many of the elements, and the way they are measured by indicators, are similar. It is desirable that OMC structures and procedures should, in the spirit of subsidiarity, accommodate and derive robustness from these differences.

### *Strategic Planning and Coherence*

When it comes to interventions to address social exclusion, the Domain and Dimension structure immediately tells us that a narrow “policy silo” approach is not appropriate. In addition the maps tell us that social exclusion is not an issue which can easily be addressed by simple regional targeting. A range of policies, relating to the labour market, housing, education, immigration, and so on, will be required to contribute in a coordinated way. This suggests a need for coherent national strategies, rather like those currently under development for the European Structural and Investment Funds, on the basis of the 11 Common Strategic Framework objectives.

## **6.3 Case Studies**

### *Monitoring at a local level*

Regional or city-wide data may mask considerable inner-regional or inner-city disparities. Given the small-scale nature of processes at work, the available statistics fail to provide policy makers with a clear picture of social exclusion and poverty processes. Changing scale to a less aggregated level is obviously challenging, but a necessary step in order to identify small-scale pockets of disadvantage. Data sets

need to be sampled and interpreted at local level. In order to allow for comparisons and learning across populations, geographic areas and institutional settings, these data sets would need to be harmonized across the European territory, within a common frame for sampling and analysis.

#### *The need for place-specific and coherent policies*

There is a need for place-based poverty and social exclusion policies, i.e. for taking account of the different territorial, socio-economic and institutional context and different path of localities. The Open Method of Co-ordination and horizontal social programmes are important for the integration of different national policy programmes and priorities. Due to the quite different policy backgrounds and specific institutional environments across the member states, there is likewise a need to support place-specific policies and the regional or local set-up of policies for combating social exclusion and poverty across Europe, which might be promoted best by the European Structural and Investment Funds.

Poverty and social exclusion comes in many different forms, dependent on different local contexts, and therefore requires local, tailored responses. Intervention into poverty and social exclusion processes and their specific spatial patterns calls for a coherent approach. Coherence in policy response is best achieved by bringing together the relevant actors, stakeholders and institutions. Different actors and institutions have different knowledge, experience and insights, which needs to be drawn upon for developing a full understanding of problems and potentials, and defining the policy approach.

Devolution of power and resources from higher policy levels to the local level needs to go hand in hand with an inclusive approach at local level, i.e., integrating the views and perspectives of the affected population groups, into the policy process. This is still not wide-spread practice, as the case studies show. Government and the public sector only are not able to solve societal problems, but need to forge new social relationships and collaborations. Multi-level co-ordination and co-operation networks and relationships help to devise effective policy approaches: A coherent framing and conception of social exclusion processes at higher policy levels allows for a more coherent approach at the lower, local policy making levels. At the same time, evaluations of area-based approaches and inclusive local programmes might offer valuable insights on how to improve the effectiveness of policies at higher levels. What we have just describe would in a rural development context be termed “neo-endogenous development”.

## 7 Continuing work

Although most of the components of the Final Report are already well formed in this draft there much remains to be accomplished over the coming months. A major reason for this is the slow release of 2011 Census data. This has particularly had implications for social exclusion mapping, which it is planned will undergo a full revision, based upon (hopefully) more complete data for 2011.

The poverty mapping section will undergo a more limited revision, since most of the maps are already based upon more recent data. Those which use 2001 census microdata will, if possible, be replaced with maps based upon 2011 data. In addition the relationship between poverty and key socio-economic variables will be further explored through correlation analysis.

In addition to the revision of poverty and social exclusion mapping, two final tasks will be described in the Final Report. These are Tasks 2.10 (Policy Matrix) and 2.11 (Monitoring Proposal).

The first of these will reflect upon the implications for policy of the findings of the empirical and analytical phases of the research. It will be important to organise the policy recommendations which may be derived from all the preceding research tasks according to a structure which corresponds in some way to the broad dimensions of spatial variation across the ESPON space. A range of perspectives will need to be addressed, including appropriate 'horizontal' objectives to be applied to Member State interventions, territorial targeting, and local development instruments to address 'crisis areas' and small-scale concentrations of disadvantage. Particular care will be taken to identify new opportunities for "inclusive growth", and principles for targeting of interventions, in response to the impacts of the recent economic crisis. Consideration will be given to the most effective way to 'package' such measures.

In relation to the Monitoring Proposal the research team will reflect upon the strengths and weaknesses of the data resources used in the various preceding tasks, and the requirements of the policy recommendations, in order to identify gaps which should be filled in order to render the task of monitoring patterns and trends in poverty and social exclusion more effective.<sup>6</sup>

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<sup>6</sup> In the Inception Report a second element was proposed, which concerned the practical administration of OMC monitoring. It is proposed that this sub-task be dropped, on grounds of difficulty of accessing detailed information about the way in which OMC procedures are carried out, which is a huge task and one for which the research team are not really equipped.

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## **Part C: SCIENTIFIC REPORT (Working Papers)**