

# TiPSE

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

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Interim 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

MS	Member State
NMS	New Member States
NSI	National Statistical Institute
OMC	Open Method of Coordination
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

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## **EXECUTIVE SUMMARY**

### **Clarifying the Concepts**

Poverty and social exclusion are closely related, but distinct concepts. Poverty relates to individual or household income or assets. It tends to be defined in a quantitative way, either in absolute terms (in relation to basic human needs), or, more commonly in the Western World, relatively, in relation to average levels. Social exclusion is a less specific, multi-dimensional concept. It relates not only to income or physical wellbeing, but to participation in a range of aspects of what is sometimes termed “normal citizenship”. It is thus essentially relational and dynamic, it concerns a process. Both poverty and social exclusion are normative concepts, and therefore inseparable from their policy context.

Within the academic sphere attempts to understand or explain spatial patterns of poverty and social exclusion have tended to concentrate upon micro-regional “neighbourhood” effects. Macro-regional patterns across the ESPON space have tended to be considered within the concept of more general regional analysis or policy. One aspect which has received attention in a macro-regional context is the relationship between intensity of poverty in rural and urban areas, where there is a striking contrast (broadly speaking) between the New Member States of the East, where poverty is more common in rural areas, and the North and West, where it tends to be more concentrated in urban environments. It is one of the key aims of the TiPSE project to explore and to reveal region-scale patterns, disparities and processes, and their relationship with territorial contexts.

### **Policy Structures and Ethos**

There being no dedicated Community policy for poverty and social exclusion, the Open Method of Coordination (OMC) has, for the past decade, attempted to orchestrate Member State interventions. More recently the EU2020 strategy has added very precise targets in relation to reducing the number of people in poverty in each Member State. Direct involvement of the Commission has also been introduced through Community Initiatives.

Over the years the ethos of EU policy seems to have drifted from an initial emphasis upon poverty, towards social inclusion, (in the 1990s) and, more recently under the Lisbon and EU2020 strategies, towards a concentration upon labour market issues, and “active inclusion”. Some have argued that this takes the underpinning ideas away from unconditional rights and compensation towards personal responsibility and support for “self-help”.

Surveying Member State policies and their underlying approaches is an enormous task, but a few (admittedly superficial) generalisations may be offered: Firstly the OMC has undoubtedly led to some convergence between Member State policies. Secondly there is a widespread shift towards “active inclusion” policies. Thirdly there is a near universal move towards neo-liberal, “marketisation” approaches.

Despite these signs of increasing conformity strong differences persist between attitudes to the role of public policy, the responsibilities of individuals, family, and the community. These have been famously summarised in a typology of welfare state traditions originally devised by Esping Anderson. The project team have adopted a modified version of this classification, distinguishing:

1. Universalistic (social democratic)
2. Liberal
3. Familialistic
4. Post-Socialist/Transitional.

### **Towards a Rationale for Poverty and Social Exclusion Indicators**

Two observations arise from the review of the academic and policy literature, which should be taken into account in the overall structure and design of a schema for poverty and social exclusion indicators. The first is a version of the Modifiable Areal Unit Problem (MAUP); simply stressing the fact that regional data often masks a great deal of local variation. The second relates to the need to diversify indicators beyond the focus on labour market metrics, to cover a wider range of economic, social and political aspects. To this end the authors propose a classification consisting of four broad “Domains”, subdivided into more specific “Dimensions”. The four domains are:

1. Earning a living
2. Access to services of general interest
3. The social environment
4. Political participation.

### **Current availability, and use, of EU Policy Monitoring Indicators.**

The OMC is monitored through an extensive set of indicators (known as the Laeken indicators). However there is little or no regional data for these indicators. The EU2020 poverty and social exclusion target is monitored through three indicators:

1. The at-risk of poverty rate
2. The number/percentage of persons suffering material deprivation.
3. The number/percentage of persons living in households characterised by “low work intensity” (underemployment).

The regional data situation for these indicators is better (at least as far as NUTS 2 regions are concerned), and the data is only a couple of years old. The most detailed data is for the first of the three indicators, for the other two Eurostat only provide national averages for many Member States. Nevertheless it is already possible to identify broad macro-regional patterns in the maps created from the data.

### **Availability of Social Exclusion Indicators from Eurostat.**

A careful assessment of regional data available from Eurostat, has been carried out. Indicators were classified into the following broad themes: poverty indicators, demography, labour market,

ethnicity and citizenship, education, and health. Broadly speaking the finding is that only the first of the four domains of social exclusion is well represented, the other three, especially the fourth, are not well covered. Furthermore, reflecting on the maps produced, it is evident that interpretation is often tricky, even if the data is clearly specified and apparently “harmonised”. Contextual information is an essential complement to the indicators.

### **Poverty Mapping**

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

“Poverty Mapping” is a form of spatial microsimulation, designed specifically to generate estimates of the At-Risk of Poverty Rate indicator for small areas, where “real data” is only available at the national level, or rather for a few large regions. Free software (PovMap) has been developed to carry out this procedure by the World Bank. PovMap is designed to combine survey data on disposable income and various associated socio-economic indicators, with census data, which contains no income data, but some of the same socio-economic indicators (referred to as ‘covariates’ or “matched variables”). Both survey and census data must be “microdata” for individual households, and must contain information to allow regional disaggregation.

It would be true to say that the awareness of the extremely demanding data requirements associated with implementing PovMap have increased as the work has proceeded. Early optimism about the potential for combining EU-SILC microdata and 2011 Population Census data has gradually been replaced by a sober realisation of the scale of the challenge. More detailed information about the specific issues faced is provided at the beginning of Section 6.

The pilot poverty mapping task has familiarised researchers from four TPG members with the complexities of PovMap, and prepared them for the continuation of this task during 2013. A workshop, organised by the World Bank team in November 2012 was extremely helpful in this respect. The release (also in November) of an improved version of the PovMap software, better adapted to the European context, and solving some of the difficulties previously identified by TiPSE researchers, also represents a substantial step forward.

Perhaps the most valuable contribution of the pilot phase has been the direct mapping of the at-risk of poverty rate, using small area data derived from registers which are maintained for each of the Nordic countries. This has “opened a window” on spatial patterns of poverty which is not available for most of the ESPON space. Although we must be careful about generalising from a specific context, there is nevertheless a great deal to be learned from the Nordic poverty maps. In fact these maps have become crucial to the proposed strategy for “rolling out” poverty mapping across the other countries for which TiPSE is responsible. In particular two important conclusions have been reached:

- (i) Spatial patterns of poverty change rather slowly. Therefore where delays with the release of 2011 Census microdata necessitates the use of older data the outcome (map) is still likely to be valid as a means of identifying broad regional patterns.
- (ii) Having both small area and microdata for certain Nordic countries provides a very valuable “laboratory” within which to experiment with a range of models, based upon different combinations of socio-economic covariates. This for the first time gives an objective means of specifying which variables to incorporate. This should enhance the degree of comparability between the PovMap models for the different countries, and reduce the time required for experimentation in each.

Looking ahead, the overarching goal will be to assemble a “patchwork” of national poverty maps by the beginning of June 2013. Where the release schedule of 2011 Census microdata permits, these maps will combine 2011 EU-SILC data with 2011 Census data. In those countries where 2011 Census data is not available maps will be generated on the basis of the most recent data available. In some cases mid-decade census data will be available. In a few cases it may be necessary to use 2001 census data with 2005 EU-SILC data.

### **Further detail on the Rationale for Social Exclusion Mapping**

The first part of Section 7 reiterates five characteristics of social exclusion, derived from the conceptual framework. Social exclusion:

- Is multifaceted
- May present in different forms in different geographical contexts.
- Is relational
- Is dynamic
- Takes place at a variety of scales.

All these make the challenge of devising indicators of social exclusion, and interpreting the associated maps, rather challenging. Almost all candidates for social exclusion indicators are proxies of some sort, not measuring exclusion directly, but informing us about the degree of vulnerability to exclusion. The validity of generating some form of composite or synthetic index of social exclusion is questionable for a number of reasons, as set out in Section 7. However it may be a feasible and worthwhile exercise at the dimension level.

Considering the four domains, we have already noted that the first (earning a living) has tended to be the main focus of EU policy, and it is also best served in terms of indicators. At the other extreme the fourth domain (political participation) is extremely difficult to objectively measure, and is very poorly served in terms of regional data. Domains 2 (access to services) and 3 (social environment) occupy intermediate positions, and it seems reasonable to concentrate the efforts of TiPSE in these areas. A more detailed review of data availability, by dimension, and taking account of the likely timetable for release of 2011 data, allows the formulation of a step by step approach to data acquisition and mapping to be followed during the coming months. A detailed timetable for this process was agreed at a recent TPG meeting.

## Progress with the Case Studies

Section 8 of the report sets out the methodology adopted for the case studies, a brief description of the chosen areas, some key (comparable) socio-economic statistics and compares the policy contexts. Preliminary findings are as follows:

**1. Dortmund:** The analysis of quantitative data reveals a clear linkage between the socio-spatial environment of children and their educational achievements in Dortmund. Reasons seem to consist in individual factors, often connected to poverty, as well as the low permeability of the German education system. Attempts are being made to increase the educational chances of children, however, a more coherent approach is needed.

**2. Pohjois-Karjala:** Lieksa has suffered from structural unemployment as a result of the pace of technological and production change in the economy for an extended period. The remoteness of the town means that job seekers confront a range of problems common to many rural labour markets, such as the limited number, and choice, of available employment opportunities. Long-term unemployment substantially raises the risk of social exclusion in Lieksa. However, despite their weak social and economic situation, long-term unemployed persons do not necessarily feel themselves to be social excluded.

**3. Attiki:** There is no linear relationship between spatial segregation and the levels of exposure to poverty and social exclusion. However, the challenges associated with the concentration of immigrant groups in specific localities within the metropolitan area call for policy interventions, in order to fight the negative and promote the positive aspects of immigrants' congregation.

**4. Nógrád:** Empirical research revealed that the correlation between Roma ethnicity and long-term unemployment is close in most Roma communities and generates extreme levels of poverty in rural areas. This derives partly, but not entirely, from the low level of schooling of the Roma. Cultural traits, the deepness of poverty on the one hand, and non-Roma lower middle class ambitions on the other hand, generate and maintain segregation at schools, and vice versa. Residential and school ghettos can be identified as both causes and consequences of extreme poverty and social exclusion.

**5. Eilean Siar:** Preliminary analysis of interviews suggests that six interrelated factors are significant in shaping poverty and social exclusion across different groups in the Western Isles; current and projected demographic trends; the impact of remoteness, fragmented geography and sparsity of population, with regard to access to goods and services, and fuel poverty; the economic downturn; limitations of its labour market; changes in the state welfare provision; individual biographies and circumstances; and culture.

The section concludes by presenting a set of research questions, designed to guide further analysis, and by looking ahead to plans for the second set of Case Studies, to be carried out during the first half of 2013.

## Reflections and the way ahead.

The last section of the report reflects upon, and summarises some broad themes from the findings so far, possible policy implications, and plans for the coming six months. The first key finding relates to the disparity between academic and policy concepts of social exclusion, and the even narrower focus in terms of indicators and regional data. The second is the challenge presented by the multiscalar nature of poverty and social exclusion processes and patterns.

Key policy implications include:

- The recognition of the need for Task 2.10 to be preceded and strengthened by a review of current policy directions and initiatives (EU and National) to act as a “baseline” for any recommendations from the project.
- The need for better integration (horizontal and vertical) at a regional level, of policy addressing poverty and social exclusion.
- The role of a multi-dimensional “policy matrix” cross-tabulating different types of exclusion, different geographic contexts, and different policy responses.
- A specific proposal to explore the validity of a call for regional action plans for poverty and social exclusion.
- The need for any recommendations to be very sensitive to national specificities of economic structure.
- The need to accommodate the implications of the economic crisis, and the way in which this is changing attitudes and expectations both of policy makers and citizens. This is particularly true in relation to the increasing recourse to informal/voluntary local community-based solutions, and the potential to create precedents which drive long term shifts in welfare state perspectives.

The way ahead for the next six months is highly contingent upon data availability, especially the 2011 Census, both regional data and microdata. Careful plans have been made, with respect to both Poverty Mapping, and Social Exclusion Mapping, to ensure that unexpected delays can be accommodated, and that indicators and maps will be delivered as near to schedule as possible. This may mean that some of the maps will utilise data from earlier censuses. Responsibilities for data collection in the Balkan countries and Turkey are included in these plans, and these countries will be incorporate as far as is practicable.

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# 1 Introduction

The TiPSE project's Inception Report began by listing a range of current trends which underlie the necessity for concerted European to address inequalities of wealth, living standards, and opportunity, within the European Community. These included globalisation, agglomeration, EU enlargement and border effects, rising energy prices and the economic downturn. The last of these, in particular, has become increasingly grave in the intervening months, adding urgency to the task set before us. As the sovereign debt crisis intensifies, societal disparities are on the increase. In some Member States signs of poverty are more conspicuous and tangible than at any time in living memory. In others it is more a case of moderate belt tightening and deferred investment. Public policy responses vary according to national traditions, but in all Member States the options available are to an extent limited by the demands of austerity programmes. At worst the state of public finances could lead to the emasculation of the entire welfare system. Whether the solution is considered to lie in intensified voluntary activity, increased competition in public services, greater incentives for "self-help", or societal solidarity, a crucial foundation for effective action is a better understanding of patterns and processes of impoverishment and exclusion. A second prerequisite for progress is the dissemination of social innovation and good practice. "Necessity is the mother of invention", and new approaches are emerging in many parts of Europe. Institutional learning should be shared. The TiPSE project timeously addresses both the need for a stronger evidence base and the opportunity for dissemination of tacit knowledge associated with evolving policy responses.

This report begins with a short summary of the recent academic and policy literature on poverty and social exclusion, as distinct but closely related concepts. The former is self-evidently a predominantly economic phenomenon, to some extent amenable to quantification, and experienced by individuals or families. In the academic discourse social exclusion is a much broader, multi-dimensional issue, more qualitative, and associated with social groups. In the policy context, and as represented by indicators, social exclusion has a narrower manifestation, focused upon labour market opportunities. This is clearly illustrated in Section 3, which presents a review of current availability and use of indicators. The observed scarcity of regional data for key indicators, such as the At-Risk of Poverty Rate provides the motivation for implementing the World Bank's Poverty Mapping procedure within TiPSE. Progress in this task is described in Sections 5 and 6. The goal of mapping regional patterns of social exclusion is considered in Section 7, whilst Section 8 provides a preliminary account of case studies which are exploring processes of exclusion in a range of different geographic contexts across the ESPON space. In the final section some emerging broad themes are highlighted, preliminary reflections on policy implications are articulated, and the implications for future work are considered.

## 2 The Concepts of Poverty and Social Exclusion.

This section summarises, in everyday language, the conceptual foundation for the TiPSE project. Readers interested in greater depth and supporting references are recommended to turn to the Working Paper which is reproduced as Annex 1. This section follows the same broad structure as Annex 1: It begins by explaining how academics have defined “poverty”, “social exclusion”, and the combined concept of “poverty and social exclusion”. It continues with an account of literature on the geography of poverty and social exclusion. This is followed by an overview of relevant policy. The section concludes by pointing out the broad implications of the academic and policy concepts for the approach to the empirical analysis which forms the heart of the TiPSE project.

### 2.1 Definitions:-

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, perhaps, associated with minority groups.

Talbot, Madanipour and Shucksmith (Annex 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.”*

## **2.2 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.

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: - 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.

## **2.3 Overview of Policy Responses**

### **2.3.1 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 is to lift 20 million people out of poverty by the year 2020.

Talbot, Madanipour and Shucksmith (Annex 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. Talbot Madanipour and Shucksmith (Annex 1 p17) comment that for some observers "The shift to active inclusion can be seen as a shift from unconditional social rights which were the EU's focus in earlier iterations of social exclusion... to an emphasis on personal responsibility as a moralistic discourse..." Others view the emphasis upon inclusion in the EU2020 objectives as "gesture politics" on a rather grand scale. Wherever the truth lies on that point, from the perspective of the TiPSE project it is

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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)

significant to note that recognition of the territorial nature of exclusion processes is woven into the rationale (ibid p17).

In addition to the elements of the EU2020 objectives, and the OMC, which directly address poverty and social exclusion, Talbot, Madanipour and Shucksmith (Annex 2 18-19) highlight Cohesion policy and Rural Development policy as likely to have important indirect impacts.

### **2.3.2 Member State Policies.**

The OMC inevitably has some tendency to drive convergence in Member State policies. The authors of Annex 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, the Talbot, Madanipour and Shucksmith (p23) propose the following classification:

1. Universalistic, represented by countries such as Finland, Sweden, or Denmark (also called Nordic or Social Democratic Model).
2. Liberal, represented best by the UK and Ireland.
3. Corporatist-Statist, represented by countries such as Germany and Austria, France and Belgium (also called Continental or Conservative Model).
4. Familialistic, represented by countries such as Greece, Portugal, Italy or Spain (also called Mediterranean or Southern Model).
5. 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, fitting specific Member States into a single type is not necessarily a fruitful exercise, since the reality is that the policy outcome in each of them 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).

## **2.4 Some Reflections relating to Indicators**

Having reviewed the academic literature, and the development of EU and Member State policy, the authors of Annex 1 note the following implications with respect to indicators of poverty and social exclusion:

- (i) Issues of scale (and the modifiable area unit problem) call for careful and sensitive handling. Regional data will often mask local patterns of variation, which may only be revealed by a case study approach.
- (ii) The multi-faceted nature of the phenomena calls for multidimensional analysis, combining economic, social and political aspects.
- (iii) In this respect the current availability and use of indicators privileges economic and labour market aspects, to the neglect of the other two themes.
- (iv) More specifically they propose four “domains” of indicators, relating to:
  1. Earning a living.
  2. Access to services of general interest.
  3. The social environment.
  4. Political participation.

Within each of these domains a number of specific “dimensions” and approximately twenty (loosely defined) indicators are suggested. These are more fully discussed in section 7 below.

### **3 Current availability of EU policy monitoring indicators.**

In this section we focus on the use of indicators within the current EU policy environment. As we have already seen (section 2.3.1) this implies a focus upon the “Laeken” indicators (2009 update), which monitor the OMC, and with those which are associated with the EU2020 target.

#### **3.1 Availability of the OMC monitoring indicators.**

The most recent version of the OMC monitoring indicators, (EC 2009), is structured into four main ‘portfolios’:

1. Overarching
2. Social Exclusion
3. Pensions
4. Health and Long Term Care

Each of the four portfolios is further subdivided into two or more sub-sections. Only the first two are of interest here (See Box 1). The Overarching portfolio is divided into a set of ‘main indicators, and a set of ‘contextual information’ indicators. The Social Exclusion portfolio has ‘primary’, ‘secondary’ and ‘contextual’ indicators.’ There is some degree of overlap between the Overarching and Social Inclusion lists – for example the ‘at risk of poverty’ rate occurs in both. Some of the indicators are based on harmonised EU data and are agreed to be suitable for comparisons between Member States, others are measured according to national definitions and are suitable for monitoring progress within Member States only.

The Commission (Employment, Social Affairs and Inclusion) offers a spreadsheet of indicator data at its web page<sup>2</sup>, but this contains no regional data, and many of the indicators are described as estimates or provisional.

#### **3.2 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 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 number of persons in each of these categories are added together (but avoiding double counting of individuals), and each Member State has a separate target which, added together, gives the EU total of 20 million.

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<sup>2</sup> <http://ec.europa.eu/social/BlobServlet?docId=3885&langId=en>

**Box 1: The OMC Indicators  
(Overarching and Social Inclusion  
Portfolios only)**

**The Overarching (Main) Indicators:**

- 1a. At-risk-of poverty rate
- 1a. + At-risk-of-poverty threshold
- 1b. Relative median poverty risk gap
2. S80/S20
3. Healthy life expectancy
4. Early school leavers
5. People living in jobless households
6. Projected total public social expenditure
- 7a. Median relative income of elderly people
- 7b. Aggregate replacement ratio
8. Self-reported unmet need for medical care
8. + Care utilisation
9. At-risk-of-poverty rate anchored at a fixed moment in time
10. Employment rate of older workers
11. In-work poverty risk
12. Activity rate
13. Regional disparities – coefficient of variation of employment rates
14. Total health expenditure per capita

**The Social Inclusion (Primary)  
Indicators:**

1. At-risk-of poverty rate
- 1+ At-risk-of-poverty threshold
2. Persistent at-risk-of-poverty rate
3. Relative median poverty risk gap
4. Long-term unemployment rate
5. People living in jobless households
6. Early school leavers
7. Employment gap of immigrants
8. Material deprivation rate
9. Housing indicators
10. Self-reported unmet need for medical care
- 10+ Care utilisation
11. Child well-being (under development)

**The Social Inclusion (Secondary)  
Indicators:**

- 1a. At-risk-of-poverty rate by household type
- 1b. At-risk-of-poverty rate by work intensity of the household
- 1c. At-risk-of-poverty rate by most frequent activity status
- 1d. At-risk-of-poverty rate by accommodation tenure status
- 1e. Dispersion around the at-risk-of-poverty threshold
2. Persons with low educational attainment
3. Low reading literacy performance of pupils
4. Depth of material deprivation
5. Housing costs
6. Overcrowding

Data requirements for the three EU2020 indicators are satisfied from the Survey of Incomes and Living Standards (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 either to 2010 or 2011.

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 available for 20 countries, and NUTS 1 for 3 countries. Of the remaining 8 countries in which there is no regional data, three do not have any NUTS region subdivision (i.e they have only one region). For “Low Work Intensity” indicator NUTS 2 data is available for 14 countries, NUTS 1 for 3 countries. Of the remaining 14 countries all but one (Turkey) provide only national data. The “Severe Deprivation Rate” map has the least regional data, only 9 countries providing NUTS 2, 3 providing NUTS 1, and the rest (again excepting Turkey) national averages. This brief summary encapsulates the basic rationale for the TiPSE project.

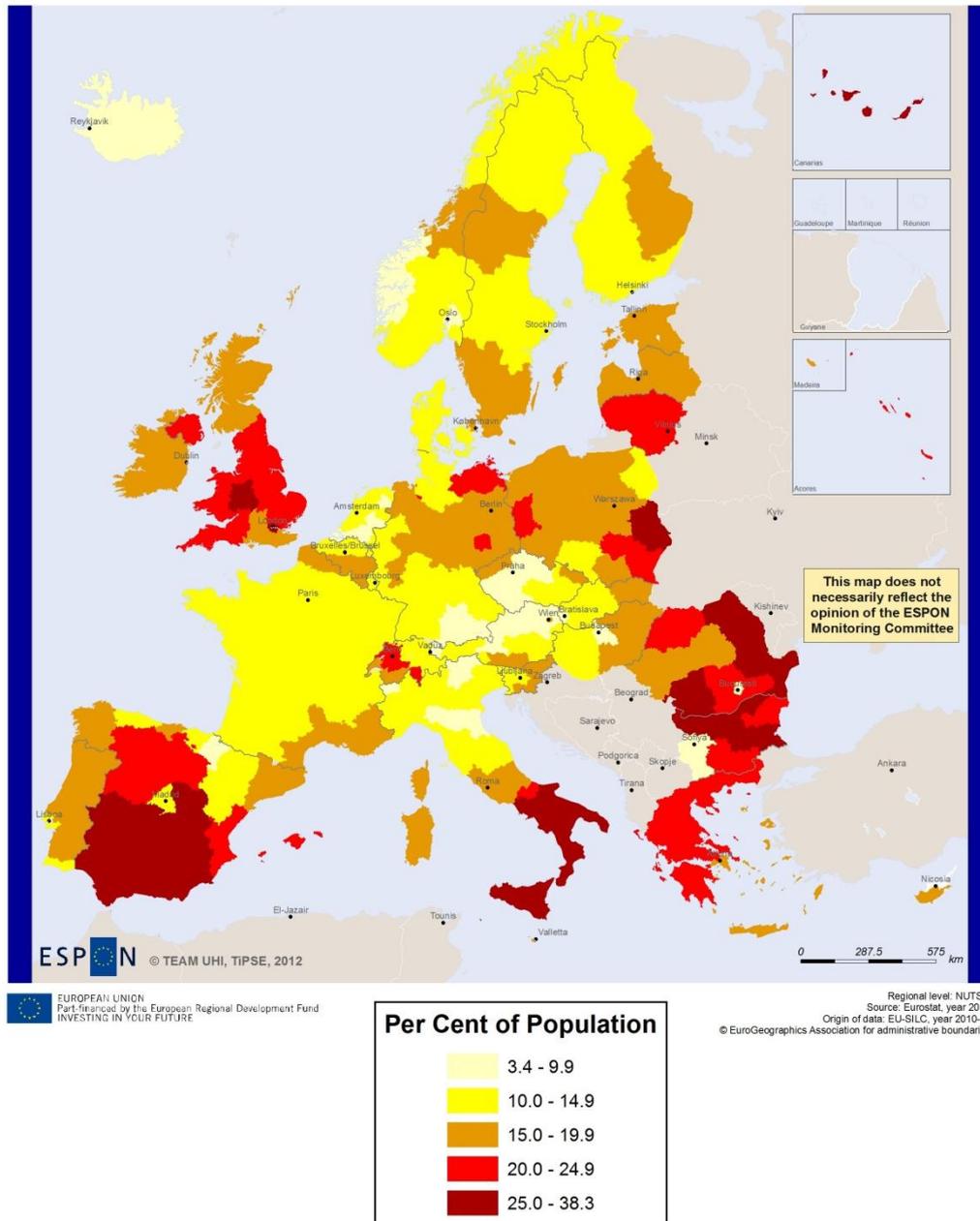
The three maps also provide some helpful first hints about broad “macro-regional” differences in poverty across the EU. When interpreting the “At Risk of Poverty” map it is important to keep in mind two characteristics of the indicator: The first is that it can be viewed as an indicator of the degree 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, Bucharest), Madrid in Spain and Oslo in Norway, 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.

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

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.

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



#### At Risk of Poverty Rate:

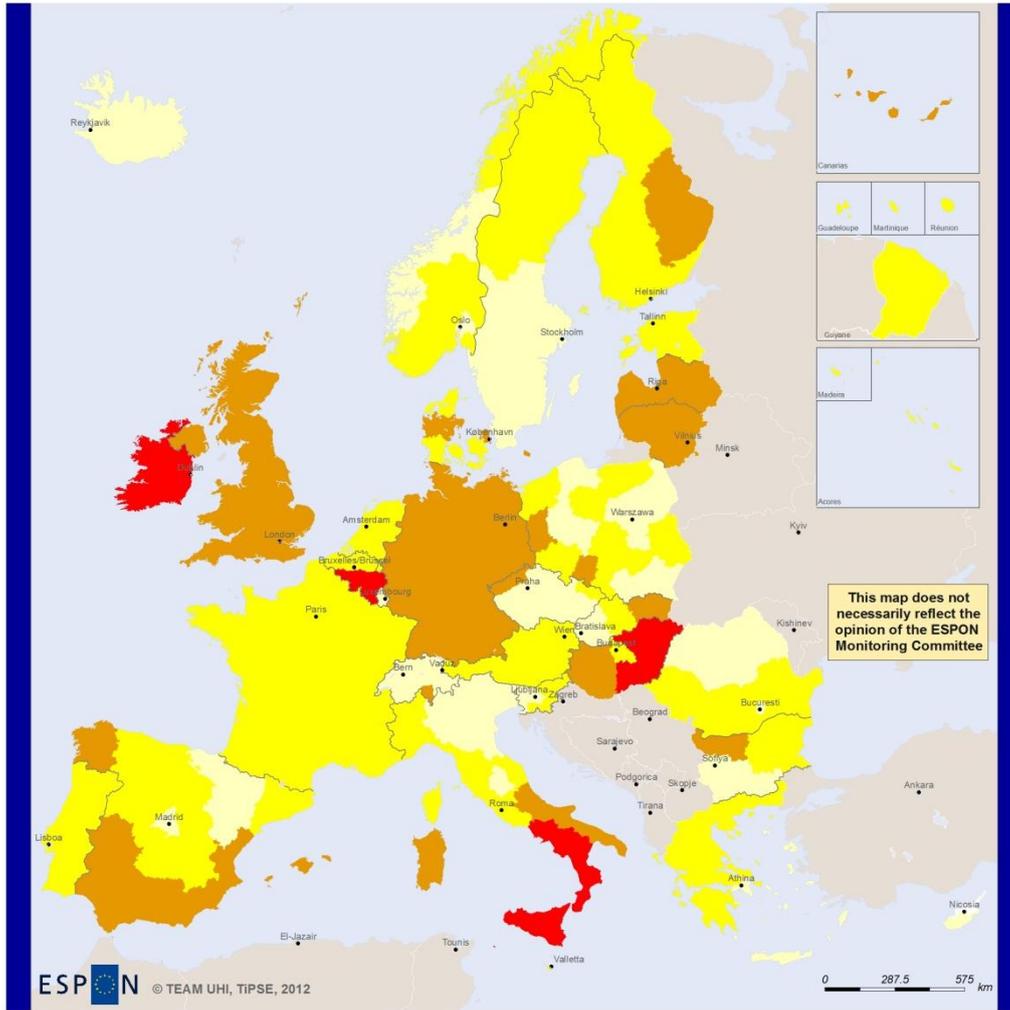
ilc-li41

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	2	0	2	1	2	2	2	0	0	0	0	1	0	2	2	2	2	2	2	2	2	2	2	0	2	2	0	0
Year	10	10	11	10	10	11	10	10	11	10	10	10	11	11	10	11	10	10	11	11	10	11	11	10	11	11	10	10	11	10	10	06

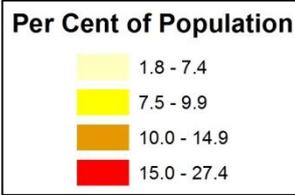
Map 1: At Risk of Poverty Rate 2010-11

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



EUROPEAN UNION  
 Part-financed by the European Regional Development Fund  
 INVESTING IN YOUR FUTURE

Regional level: NUTS 2  
 Source: Eurostat, year 2012  
 Origin of data: EU-SILC, year 2010-11  
 © EuroGeographics Association for administrative boundaries



### Low Work Intensity Rate:

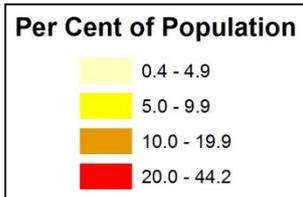
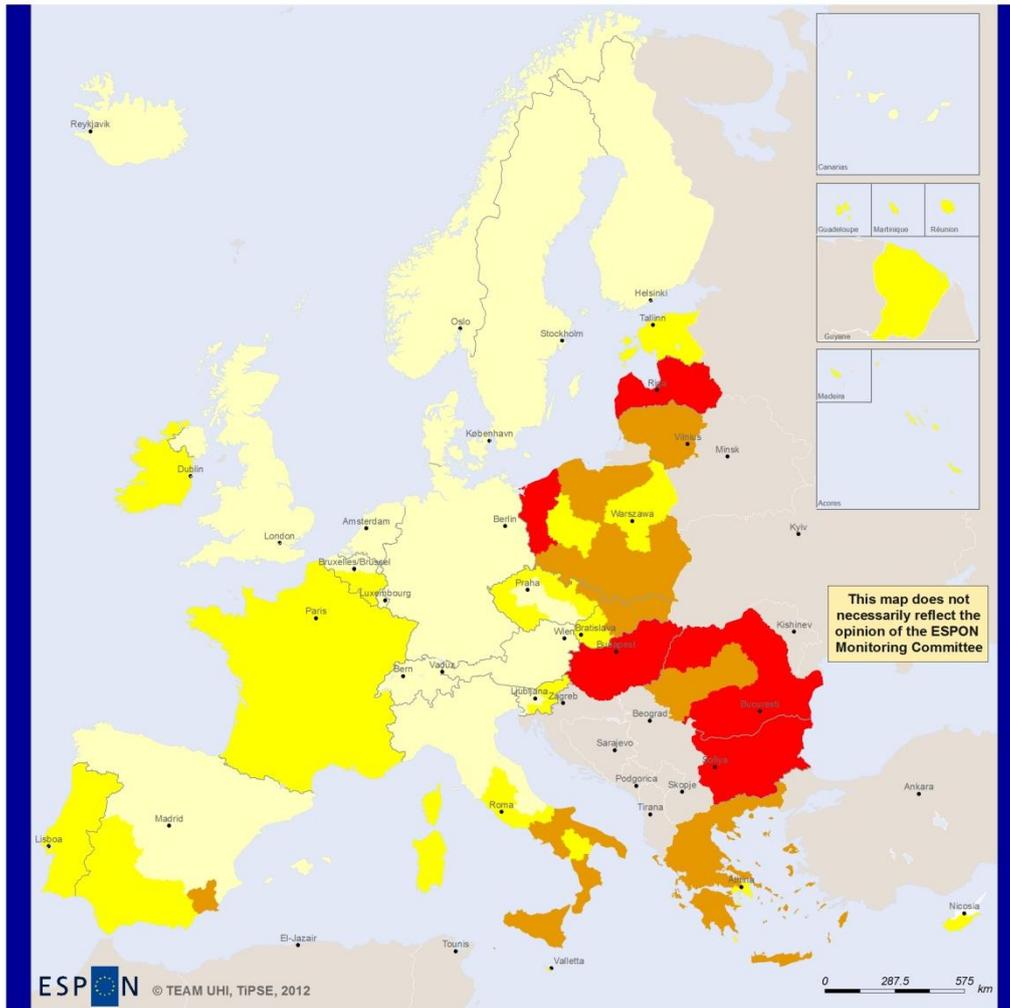
ilc-lvl121

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	0	0	2	0	2	2	2	2	2	0	0	2	2	0	
Year	10	10	11	10	10	11	10	10	11	10	10	10	11	11	10	11	10	10	11	11	10	11	11	10	11	11	10	10	11	10	10	

**Map 2: Low Work Intensity 2010-11**

## Severe 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	0	0	2	0	2	2	2	2	2	0	0	2	2	0	
Year	10	10	11	10	10	11	10	10	11	10	10	10	11	11	10	11	10	10	11	11	10	11	11	10	11	11	10	10	11	10	10	

**Map 3: Severe Material Deprivation 2010-11**

## **4 Review of Potential Indicators and Data (Eurostat).**

This section of the report is based upon work carried out under Task 2.3 (regional data collection), and reported in Working Paper 3 (Annex 4). The subsequent sections (6-8) dealing with poverty mapping (Tasks 2.2 and 2.5) and social exclusion mapping (2.6) necessarily discuss specific issues relating to EU-SILC and 2011 Population Census data. It is therefore appropriate to restrict our focus here to regional data available from Eurostat.

Annex 4 provides a careful review of a selection of Eurostat regional datasets which may potentially be useful as indicators of (macro-scale) patterns of poverty or social exclusion. A standard format is used, incorporating one or more maps, “traffic light” graphics to illustrate data availability, and explanatory notes, under a standard set of headings.

The selected datasets are organised within a set of seven broad themes:

- (i) EU2020 indicators
- (ii) Other poverty indicators
- (iii) Demography
- (iv) Labour Market
- (v) Ethnicity and Citizenship
- (vi) Education
- (vii) Health

The first of these categories has already featured in section 2.4, and need not detain us here.

### **4.1 Other Poverty Indicators**

Under “other poverty indicators” two datasets are considered. The first is average disposable income (in purchasing power standard – PPS), at NUTS 2 region level, estimated in the regional accounts context. Although not directly comparable with the At Risk of Poverty rate, these data to some extent provide an independent “cross-check”, since they are generated in an entirely different way. Interestingly the map (Annex 4 Map 4) illustrates two differences in the geographical pattern, compared with that shown in Map 1: The first is the relatively modest disposable incomes in the Nordic Member States, (presumably depressed by high tax rates). The second is the relatively high average disposable income in most UK regions, which is a reminder that the average can mask substantial inequalities (which are highlighted by the At Risk indicator).

The second indicator – “social transfers” - is also a product of the regional accounts framework. It may be expressed in a variety of ratios, with Euros per capita and transfers as a percentage of disposable income being selected as the most interesting for inclusion in Annex 4. The transfers per capita map (Annex 4 Map 5) shows that the Nordic welfare state tradition, although widely perceived as under

threat, is still associated with high levels of expenditure per head, especially in Denmark. Other regions with high levels of social transfers are found in East Germany, Austria, France, Belgium, the Netherlands and Ireland. Most of the New Member States of Eastern Europe are estimated to have relatively small social transfers per head. This is to some extent explained by differences in prices (the figures are in €, not PPS).

Expressed as a percentage of disposable income (Annex 4 Map 6), a slightly more nuanced pattern emerges, showing up, for example, regional patterns within the UK.

## **4.2 Demography**

From the demographic section of the Eurostat regional database the key indicators of interest in terms of poverty and social exclusion relate to age structure, and more specifically to dependency rates. These data are particularly rich in regional detail, almost all of the ESPON space is covered at NUTS 3 level. The map of the overall dependency rate (Annex 4 Map 7) is easier to interpret once the old age and child dependency rates are considered separately. Clearly there is a profound difference in the age structure of Eastern Turkey, with its relatively young population, from areas such as East Germany, Northern Italy or Portugal and the west of Spain, where ageing is the issue (Annex 4 Maps 8-9).

## **4.3 Labour Market**

Under the labour market heading Annex 4 considers economic activity rates, and unemployment (including youth and long-term rates). Data availability is rather variable: Economic activity rates are mostly for 2009 and NUTS 3. Unemployment rate coverage is more patchy, most complete (NUTS 3) coverage for overall and youth rates is for 2005, whilst long-term rates are available only at NUTS 2, but for 2011.

A key thing to remember when interpreting labour market variables in the context of social exclusion and poverty is that they are rather indirect indicators; a range of social, cultural and policy factors may ameliorate (or exacerbate) the associated exclusion effect.

Low activity rates (Annex 4 Maps 10-12) are a feature of Europe's eastern border areas, from Finland to Turkey, but also in Southern Italy, France and the interior of Spain. Unemployment (Annex 4 Maps 13-14) is particularly concentrated in certain parts of Poland, Slovakia, Finland, eastern Turkey, southern Italy, and southern France. The distribution of youth unemployment (Annex 4 Maps 15-16) is broadly similar, although parts of northern Sweden and Ireland show up, and the severity of the problem in southern Spain is particularly evident. Finally long-term unemployment crisis areas (Annex 4 Maps 17-18) include Estonia, Slovakia, Greece, southern Spain, and Ireland.

#### **4.4 Ethnicity and Citizenship**

Currently the best indicators available through Eurostat, on ethnicity and citizenship, derive from 2001 censuses. Not only are they therefore rather dated, but there are substantial gaps (no data for Germany, Belgium, or Greece). Nevertheless, mapping the data (Annex 4 Maps 19-20) shows that “foreigners” and non-EU citizens are concentrated in capital cities and EU border regions. It is hoped that 2011 data will become available within the lifetime of the project.

#### **4.5 Education**

It is a common assumption that poor education excludes individuals and groups from a range of life opportunities, including in terms of economic activity, but also with respect to leisure and political representation. There are of course substantial issues relating to harmonisation of indicators and comparability between the outcomes of different education systems. We also need to take account of historical legacy effects, as the implications of pre-EU era education policies work their way through the age cohorts of a country’s population.

There are three kinds of data available from Eurostat. The first, which originates from UNESCO surveys, relates to tertiary level attainment, among working age people. The second (from the Labour Force Survey) gives information on the incidence of tertiary students among 20-25 year olds, and participation rates for 4 year olds. Finally the 2001 Census provides information on educational attainment among different age groups.

The first two of these are available only at NUTS 2, but are quite up to date (2010 or 2011). The last is available at NUTS 2, but some important countries are missing, and of course the information is rather dated. Interpretation of the maps (Annex 4 Maps 21-28) is complicated, not only by national differences in education systems, but also (for example) by the effects of the location of universities.

#### **4.6 Health**

A small number of indicators relating to exclusion from, or poor access to, opportunities for health care may be extracted from the Eurostat Regio database. Annex 4 Maps 29-30 relate to the number of inhabitants which “share” each available doctor, and each hospital bed, within each region. Clearly the latter (especially) is a crude measure, since hospital catchment areas rarely coincide with regional boundaries. There are (as in the case of the education indicators) substantial difficulties in terms of harmonisation, and the maps are very tricky to interpret.

#### **4.7 Some reflections**

The above brief review of potential poverty and social exclusion indicators has demonstrated that whilst the availability of data is gradually improving, there are still substantial gaps in terms of regional data, even for the three EU 2020 target indicators.

It also underlines the need for care, and contextual information, when it comes to interpreting indicators relating to “softer” forms of social exclusion. Furthermore some of the less tangible forms of exclusion, (e.g. participation in social networks and political activities) are not represented at all.

## 5 Introduction to Poverty Mapping.

Tasks 2.2 and 2.5 in the TiPSE project relate to the requirement set out in the project specification, to generate maps of estimated At Risk of Poverty rates at NUTS 3 (or smaller) for 20 European countries. A similar mapping exercise in the remaining 11 EU Member States is being carried out by a team from the World Bank, in a project funded by DG Regio. It is clearly desirable, in order to maximise the comparability of the two sets of estimates, that TiPSE follows, as far as resource constraints permit, a similar approach to that of the World Bank team.

“Poverty Mapping” is a form of spatial microsimulation, designed specifically to generate estimates of the At Risk of Poverty Rate indicator for small areas, where “real data” is only available at the national level, or rather for a few large regions. This procedure has been developed and tested (mainly in developing countries) by the World Bank. It is distinguished from earlier methods of estimation by its use of individual household data, rather than data averaged over areas or regions. This is believed to deliver a substantial increase in accuracy. The World Bank have developed a “tailor made” piece of freeware, known as PovMap<sup>3</sup>, which provides a software environment in which the sequence of procedures involved in carrying out the simulation may be reproduced.

### 5.1 Overview of what PovMap does

PovMap is designed to combine *survey data* on disposable income and various associated socio-economic indicators, (for which sample sizes are representative only at a large region or “cluster” level), with *census data*, which contains no income data, but some of the same socio-economic indicators (referred to as ‘covariates’ or “matched variables”), again at individual household level, but this time with representative samples for smaller “target” regions.

The poverty mapping procedure takes place in two broad phases, the first using “cluster” level survey data only, and the second incorporating “target” region census covariates:

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<sup>3</sup> The World Bank’s Poverty Mapping website (<http://iresearch.worldbank.org/PovMap/index.htm>) provides a range of resources, including reports on poverty mapping exercises and software download.

(i) **Modelling** of the relationship between the dependent variable (income) and the covariate indicators carried out with individual household data from the sample survey.

(ii) A **bootstrap simulation** procedure carried out using individual household level census data, and aggregated to the “target” areas. This generates estimates of the At Risk of Poverty rate for each of the target areas, which may then be mapped using ArcGIS or similar mapping software.

## 5.2 PovMap’s Data Requirements

As is already clear from the description above, PovMap requires two kinds of data:

(i) **Survey** data, representative at a large regional level (such as NUTS 2 or NUTS 1), covering disposable income (the dependent variable) and various socio-economic indicators which may be assumed to be correlated in some way with income/poverty. The PovMap Manual calls these “candidate variables”. It goes on to suggest (p47-8) that these candidate variables are likely to relate to:

- demography (size of household, age etc),
- education,
- occupation,
- housing, and,
- ownership of consumer durables.

(ii) **Census** microdata for indicators which are *exactly matched* to the candidate independent variables from the survey. Each case in the microdata should be an individual household, and each must have a “target area” identifier, so that it is possible to allocate them to the chosen small area level (NUTS 3, LAU 1/2 etc).

The individual rows in each of two data files (survey and census) must have a unique identifiers, constructed in a specific way which PovMap is able to interpret, in order to make the correct relationships between cluster level coefficients, and target level covariates.

It is worth emphasising here that the candidate variables (survey and census) should not simply be correlated (as in conventional regression-based microsimulation procedures with area data), they must be *identical* in definition, and if categorical, the categories must be the same. It is even helpful (in terms of running PovMap), if the variable names are the same in both survey and census data files. Clearly these conditions are very demanding, and since they are extremely unlikely to be satisfied by secondary data sources, (i.e., where the data is not collected specifically for the

poverty mapping exercise) imply considerable data preparation efforts, in order to “reconcile” the two data files<sup>4</sup>.

### 5.3 Implementing Poverty Mapping in Europe – Data Considerations

The two key data sources for implementing Poverty Mapping in a European context are:

- (a) The European Survey of Incomes and Living Conditions (EU-SILC).
- (b) Population censuses, conducted by National Statistical Institutes (NSIs) usually on a decennial basis.

		UDB		Potential Cluster	
		2005	2010	NUTS 2	NUTS 1
Austria	AT	✓	✓		✓
Belgium	BE	✓	✓		✓
Bulgaria	BG		✓		✓
Cyprus	CY	✓	✓		✓
Czech Republic	CZ	✓	✓	✓	
Germany	DE	✓	✓		
Denmark	DK	✓	✓		✓
Estonia	EE	✓	✓		✓
Greece	EL	✓	✓		✓
Spain	ES	✓	✓	✓	
Finland	FI	✓	✓	✓	
France	FR	✓	✓	✓	
Hungary	HU	✓	✓		✓
Ireland	IE	✓	✓		✓
Italy	IT	✓	✓		✓
Lithuania	LT	✓	✓		✓
Luxembourg	LU	✓	✓		✓
Latvia	LV	✓	✓		✓
Malta	MT		✓		✓
Netherlands	NL	✓	✓		
Poland	PL	✓	✓		✓
Portugal	PT	✓	✓		
Romania	RO		✓		✓
Sweden	SE	✓	✓		✓
Slovakia	SK	✓	✓		✓
Slovenia	SL	✓	✓		
United Kingdom	UK	✓	✓		
Albania	AL				
Switzerland	CH				✓
Croatia	CR				
FYROM	FY				
Iceland	IS	✓	✓		
Kosovo	KO				
Liechtenstein	LI				
Montenegro	MO				
Norway	NO	✓	✓		✓
Serbia	SB				
Turkey	TR				

#### 5.3.1 EU-SILC

EU-SILC is an annual survey, beginning (only 14 countries) in 2004. The most recent year for which data is currently available is 2010 (Figure 1).

In fact the word “survey” is a misnomer, since it is not a single questionnaire survey in all the participating countries. In six countries (DK, FI, IS, NL, NO, SE and SL) income data is derived from existing national registers. In the remaining countries the data comes from sample surveys. However these surveys do not use a standard questionnaire, rather the EU-SILC regulations define target variables which are collected either by pre-existing national surveys or new surveys designed around the SILC rules.

EU-SILC Microdata files, containing individual household level data, are freely available from Eurostat for bona fide research purposes. These data files have the advantage of being in a standard format, harmonised across all participating countries.

One of the variables in the EU-SILC microdata (DB040) provides the codes for NUTS regions. These are essential for Poverty Mapping as a cluster identifier. In the case of four countries DB040 is a NUTS 2 code, in another 20 it relates to NUTS 1.

**Figure 1: Availability of EU-SILC Microdata**

<sup>4</sup> Further data preparation is required to eliminate missing value codes (such as -999) which cannot be correctly interpreted by PovMap.

### 5.3.2 Census Data

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 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 establish 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 the EU Census Hub may not be launched in time to be useful as a data source for TiPSE. However it seems likely that microdata will become available from at least some of the NSIs in time for inclusion in Task 2.5 (see below), and 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 files.

## 6 Pilot Poverty Mapping: Developing the TiPSE Approach

Task 2.3 (Pilot Poverty Mapping) has proved rather less straightforward than anticipated. There were a number of reasons for this, including:

- Delays in acquiring the EU-SILC microdata.
- The challenge of acquiring appropriate Census microdata.
- The very large size of some of the data files (several million rows).
- The need for all partners to familiarise themselves with PovMap, and to share the lessons which they learned (there seem to be a number of undocumented pitfalls which can only be overcome by experimentation).
- A World Bank PovMap training workshop was provided in early November. This was extremely helpful for the two TiPSE researchers able to attend, although it was too late to significantly change the contents of this report.
- The acquisition of a new version of the PovMap software during November 2012. This (potentially) solved some of our earlier difficulties, apparently improving the “performance” of the bootstrap simulation, but again arrived too late to allow re-running analyses in time for inclusion in this report.
- Finally, TiPSE Poverty Mapping is envisaged as “shadowing” the World Bank work in the New Member States, and the schedule of this has inevitably been affected by the availability of 2011 Census microdata.

The achievements of Task 2.2 may be summarised as follows:

- Poverty maps have been produced for the four Nordic countries, at municipal and NUTS 3 level.
- All the researchers (from four partners) have familiarised themselves with the PovMap software, using “real” data.
- All these researchers also have a clear understanding of the data requirements,

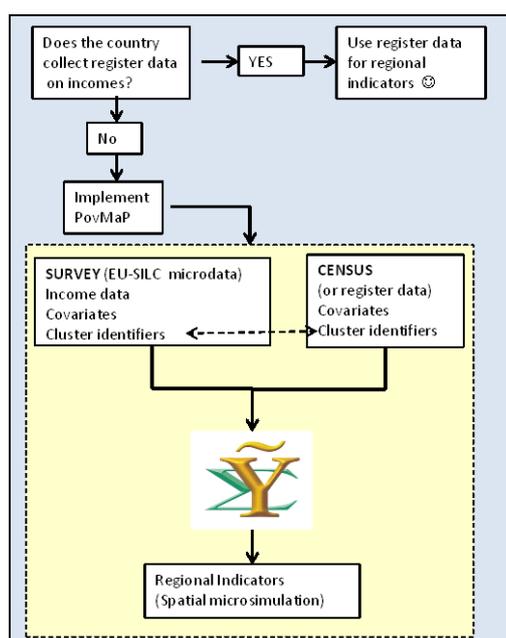
and how to prepare data for PovMap modelling.

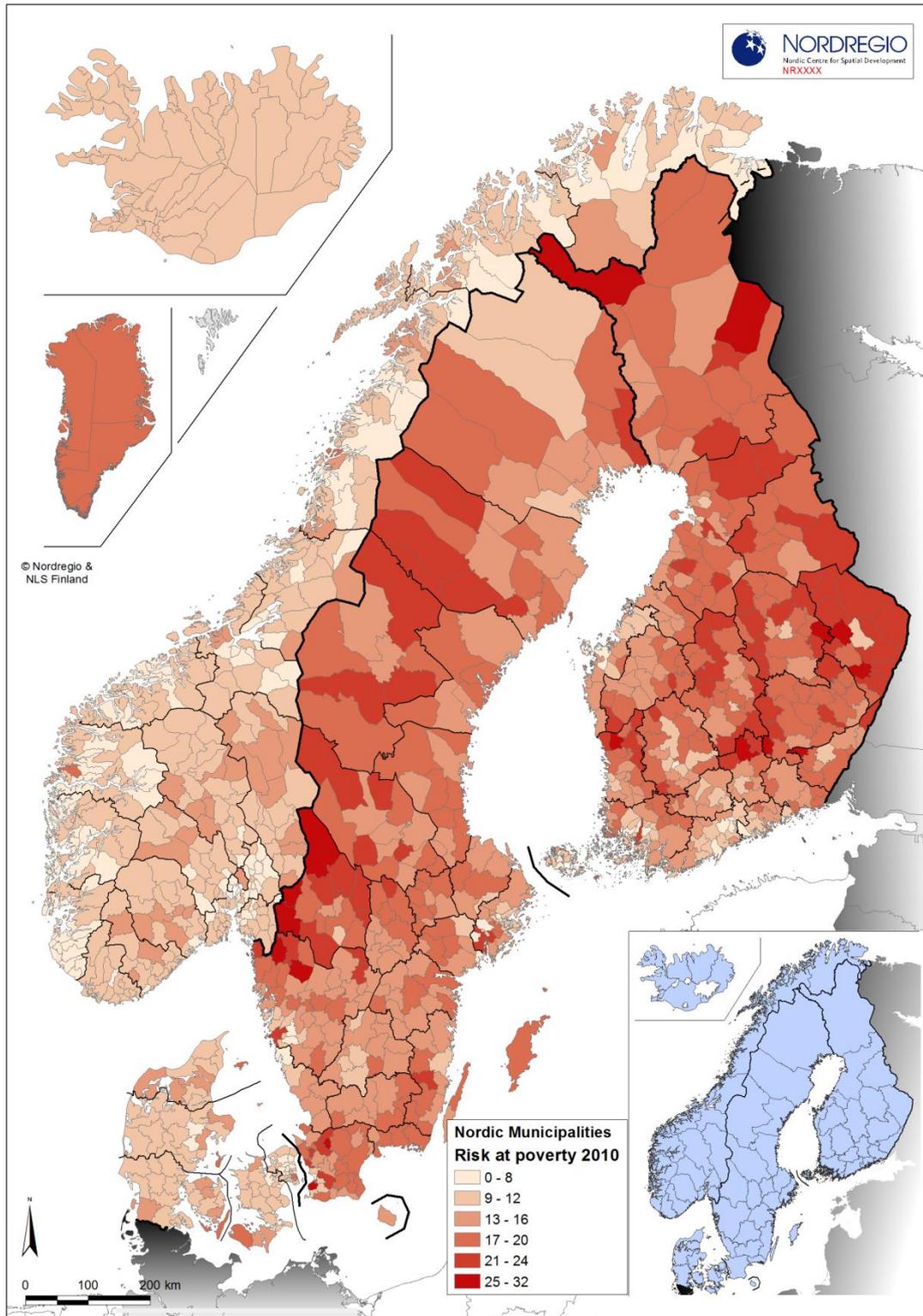
- A strategy for maximising the coverage (in terms of countries) of Task 2.5 has been agreed.

### 6.1 Using Register data where available.

It has already been noted that a number of countries do not carry out an EU-SILC survey, on grounds that they already have the required data in various “registers”. Such registers contain data on 100% of households. This applies particularly in the Nordic countries. In these countries the PovMap procedure is unnecessary, maps may be drawn at the municipal level (and for any aggregation, such as NUTS 3) without any need for estimation (Figure 2).

**Figure 2: The Decision to Implement PovMap**





**Map 4: At Risk of Poverty Rate in the Nordic Countries, by Municipality**

Map 4 underlines the fact that the use of register data is certainly to be preferred where the option is available. It provides a “true picture” of the geography of poverty (according to the definition of the indicator) with a relatively fine resolution. In the case of the Nordic countries it shows very clearly that poverty is by no means

exclusively an urban phenomena. Some of the municipalities with the highest At risk rates are remote, rural, sparsely populated, and many of them are adjacent to national borders.

## **6.2 Adapting Poverty Mapping to the European Context.**

As already noted, the World Bank Poverty Mapping procedure is extremely demanding in terms of data requirements, and in some respects is not well adapted to use with secondary data (where the researcher has no influence over the selection and definition of either Census or Survey variables). Furthermore, the requirement to carry out mapping in the context of 20 countries, each with a unique set of data resources adds a substantial challenge if even a basic level of comparability is desirable.

The TiPSE team's first step in preparation for pilot poverty mapping, was to apply for a licence to use the EU-SILC microdata (known by Eurostat as the UDB – user database). This was contingent upon having a finalised contract for the project. Initial contact was made with Eurostat on April 16<sup>th</sup>. Access to the data was enabled (by the release of passwords, in exchange for a confidentiality agreement, signed by all project partners) on September 6<sup>th</sup>.

In advance of gaining access to the microdata the list of EU-SILC variables was scanned, in order to assess the availability of variables which could potentially match those in the population censuses of the 20 countries for which the TiPSE team is responsible (but excluding the countries in which register data on poverty is available). An indicative list of potential EU-SILC covariates is shown in Table 1 (overleaf). On the basis of this list (but without exact information on the definition of the variables, - or categorisation - in the EU-SILC and Census microdata files) an initial overview of the availability of potential matched variables was generated (Table 2).

This initial review produced some rather optimistic findings. Labour market, housing and demographic characteristics seemed to be particularly well endowed, whilst health and material deprivation seemed less likely to be favoured with covariate availability. Some countries seemed likely to be able to provide more than twenty variables which could be matched, others less than ten.

The next step was to acquire Census microdata files. By this stage a review of progress of 2011 Census analysis and publication schedules in the 20 countries had made it clear that relatively little 2011 Census microdata would be available in time for Task 2.2. A decision was therefore taken to use 2001 microdata for the Pilot Poverty Mapping, each of the five partners involved working on a single country.

Although mindful of the project specification's preference for "Cohesion countries" the choice was necessarily much influenced by availability of "viable" microdata files. The choice was further constrained by the condition that the EU-SILC microdata had to contain (unsuppressed) DB040 (cluster level), region names, and at the same time

the Census microdata file must contain region identifiers for the “target” level – i.e NUTS 3 or smaller. In fact this rendered the list of possible pilot countries rather short, and Austria, Greece, Spain, UK, and Sweden were selected. In Greece and the UK data was supplied by the NSIs, for Spain and Austria, microdata files were downloaded from the IPUMS<sup>5</sup> archive. In the case of Sweden (or Finland) the plan was to take a “survey sample” out of the register data, implement PovMap, and experiment with different models, comparing the resulting maps with the “real” map of register data.

**Table 1: Indicative list of potential covariates in EU-SILC**

Variable	Description
RB080	YEAR OF BIRTH
RB090	SEX
RB210	BASIC ACTIVITY STATUS
RX020	AGE AT THE END OF THE INCOME REFERENCE PERIOD
RX010	AGE AT THE DATE OF INTERVIEW
HS040	CAPACITY TO AFFORD PAYING FOR ONE WEEK ANNUAL HOLIDAY AWAY FROM HOME
HS050	CAPACITY TO AFFORD A MEAL WITH MEAT, CHICKEN, FISH (OR VEGETARIAN EQUIVALENT) EVERY SECOND DAY
HS060	CAPACITY TO FACE UNEXPECTED FINANCIAL EXPENSES
HS070	DO YOU HAVE A TELEPHONE (INCLUDING MOBILE PHONE)?
HS080	DO YOU HAVE A COLOUR TV?
HS090	DO YOU HAVE A COMPUTER?
HS100	DO YOU HAVE A WASHING MACHINE?
HS110	DO YOU HAVE A CAR?
HS120	ABILITY TO MAKE ENDS MEET
HS130	LOWEST MONTHLY INCOME TO MAKE ENDS MEET
HS140	FINANCIAL BURDEN OF THE TOTAL HOUSING COST
HS160	PROBLEMS WITH THE DWELLING TOO DARK, NOT ENOUGH LIGHT
HH010	DWELLING TYPE
HH020	TENURE STATUS
HH030	NUMBER OF ROOMS AVAILABLE TO THE HOUSEHOLD
HH040	LEAKING ROOF, DAMP WALLS/FLOORS/FOUNDATION, OR ROT IN WINDOW FRAMES OR FLOOR
HH050	ABILITY TO KEEP HOME ADEQUATELY WARM
HH060	CURRENT RENT RELATED TO OCCUPIED DWELLING
HH061	SUBJECTIVE RENT
HH070	TOTAL HOUSING COST
HH080	BATH OR SHOWER IN DWELLING
HH090	INDOOR FLUSHING TOILET FOR SOLE USE OF HOUSEHOLD
HX040	HOUSEHOLD SIZE
HX050	EQUIVALISED HOUSEHOLD SIZE
HX060	HOUSEHOLD TYPE
HX070	TENURE STATUS
HX080	POVERTY INDICATOR
HX090	EQUIVALISED DISPOSABLE INCOME PERSONAL DATA
PB190	MARITAL STATUS
PB200	CONSENSUAL UNION
PB210	COUNTRY OF BIRTH
PB220A	CITIZENSHIP 1
PE040	HIGHEST ISCED LEVEL ATTAINED
PL030	SELF-DEFINED CURRENT ECONOMIC STATUS
PL025	AVAILABLE FOR WORK
PL040	STATUS IN EMPLOYMENT
PL050	OCCUPATION (ISCO-88 (COM))
PL060	NUMBER OF HOURS USUALLY WORKED PER WEEK IN MAIN JOB
PL110	NACE (REV 1.1)
PL150	MANAGERIAL POSITION
PH010	GENERAL HEALTH
PH020	SUFFER FROM ANY A CHRONIC (LONG-STANDING) ILLNESS OR CONDITION
PH030	LIMITATION IN ACTIVITIES BECAUSE OF HEALTH PROBLEMS

<sup>5</sup> Integrated Public Use Microdata Series (<https://international.ipums.org/international/>).

**Table 2: Overview of Potential Census Covariates**

		<b>Demog.</b>	<b>Educ.</b>	<b>Labour</b>	<b>Health</b>	<b>House.</b>	<b>Mat. Dep.</b>	<b>Total</b>
Austria	AT	3	1	2		5		11
Belgium	BE	3	1	6		8		18
Bulgaria	BG							
Cyprus	CY	5	2	5		6	1	19
Czech Republic	CZ							
Germany	DE	1	1	1		7		10
Denmark	DK							
Estonia	EE							
Greece	EL	5	1	8		5		19
Spain	ES	4	3	6		6	1	20
Finland	FI							
France	FR	2	1	4		9	1	17
Hungary	HU							
Ireland	IE	3	1	4	1	3	2	14
Italy	IT	5	1	4		6		16
Lithuania	LT							
Luxembourg	LU	2		4		6	4	16
Latvia	LV							
Malta	MT	6	1	6	1	7	4	25
Netherlands	NL	2	1	5		2		10
Poland	PL							
Portugal	PT	2	1	5	1	6		15
Romania	RO							
Sweden	SE							
Slovakia	SK							
Slovenia	SL							
United Kingdom	UK	2	1	4	2	4	1	14
Albania	AL	3	1	2		3		9
Switzerland	CH	2	1	4				7
Croatia	CR	4	3	5	2	9		23
FYROM	FY	3	1	2		1		7
Iceland	IS							
Kosovo	KO	2						2
Liechtenstein	LI							
Montenegro	MO	2		2		1		5
Norway	NO	4	1	3		5	1	14
Serbia	SB	2	5	2		1		10
Turkey	TR	3	1					4
<b>Total</b>		<b>91</b>	<b>37</b>	<b>104</b>	<b>10</b>	<b>139</b>	<b>15</b>	<b>396</b>
<b>Countries</b>		<b>29</b>	<b>26</b>	<b>27</b>	<b>7</b>	<b>25</b>	<b>8</b>	<b>29</b>

Note: Countries for which the World Bank team are responsible are shown in grey, whilst register countries are shown in blue.

The optimistic view of data availability was further undermined as work progressed on the four PovMap models (AT, EL, ES, and UK)<sup>6</sup>. It became evident that

<sup>6</sup> The microdata for Sweden has yet to be received. Confidentiality concerns may mean that Nordregio will switch to Finland for the register-based PovMap model benchmarking analysis.

definitional differences, the prevalence of categorical (rather than continuous) variables, and discrepancies between the coding of data, substantially reduce the number of variables which can meet the rigorous matching criteria within PovMap. The average number of matched variables in the four countries was about ten. The surviving ten covariates are unlikely to support a well specified model upon which to estimate the pattern of variation at the target level, and only in the case of Spain and Greece have maps been successfully generated. Whilst it is gratifying to have carried a very complex statistical procedure through to its conclusion, it is important to note that there is no objective way to evaluate the validity of the maps – i.e how closely they reflect the real distribution of poverty in Spain and Greece. This is particularly a matter of concern given the degree to which the model (of necessity) reflected data availability.

### **6.3 Implications for Task 2.5**

Although the outcomes of Task 2.2 are not quite as planned, the value of the learning experience, as a platform for Task 2.5, should not be underestimated. In this section we will outline this plan for Task 2.5.

The overarching goal of Task 2.5 will be to provide poverty maps, at NUTS 3 (and if possible for smaller areas) for as many countries as possible, whilst upholding the timetable agreed in the Interim Report. In other words the aim is to assemble a “patchwork” of national poverty maps by the beginning of June 2013. Where the release schedule of 2011 Census microdata permits these maps will combine 2011 EU-SILC data (release anticipated in March 2013) with 2011 Census data. In those countries where 2011 Census data is not available maps will be generated on the basis of the most recent data available. In some cases mid-decade census data will be available. In a few cases it may be necessary to use 2001 census data with 2005 EU-SILC data.

#### **6.3.1 The assumption of stability in patterns of poverty**

Of course it would be preferable to generate maps for all countries at the same date. However there is some evidence from the Nordic countries register data that geographical patterns of poverty are relatively stable through time. The maps and graphs presented in Annex 5 indicate that whilst there has (on average) been a general increase in the At Risk of Poverty rate in both Norway, Sweden and Finland between 2005 and 2010, the poorest municipalities in 2005 retained this position in 2010, and vice versa. Therefore, whilst it would be preferable to update the poverty maps using 2011 data as soon as it is available it is reasonable to assume that this will not result in dramatic changes to the patterns revealed.

#### **6.3.2 Benchmarking the models using register country as a means of “calibration”**

One of the key findings of Task 2.2 was that due to the extreme constraints on data compatibility the models of the relationships between levels of disposable income

and the covariates were largely determined by availability. Furthermore, there is no objective way to assess the validity of the maps generated by the PovMap exercise. One pragmatic way to address these weaknesses is to use data from the “register countries” as a “laboratory”, in which to experiment with different PovMap models, combining covariates from different socio-economic themes in different ways. It is to be hoped that such an exercise could generate guidelines, priorities for covariate data acquisition, or even a “standard model” which could enhance comparability between countries. In doing so it would be important to be mindful of the degree of standardisation of national censuses which seems likely to be associated with the new Regulations, and the requirements of the “hypercubes”.

It seems unlikely that the new census regulations and the hypercubes will solve all the issues relating to compatibility with the EU-SILC data. However, there are ways in which “hybrid” PovMap models may be generated, combining both microdata, and area data. Having objective guidance (based on register country analysis) about which are the key covariates to include in the model would provide a valuable “steer” and reduce the amount of time consuming experimentation.

### **6.3.3 Adjustment of Equivalised Disposable Income.**

Following the recommendation of Eurostat and DG Regio (Dijkstra 2012), the At Risk of Poverty rate modelled and estimated within Task 2.5 will incorporate an adjustment to exclude housing costs (rent and mortgage interest) from equivalised disposable income. The rationale for this change is 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 suggests that this adjustment will (on average) increase the At Risk of Poverty rate (from 16% to 22% for the EU27), affecting some Member States more than others, and reducing the difference between urban and rural areas.

## **7 Social Exclusion Mapping: Conceptual foundations, pragmatic approaches**

In this section we report on progress in Task 2.6 (Social Exclusion Mapping). This is presented and discussed in rather greater detail in Annex 5. The TiPSE Inception Report (p13) stressed that in this part of the project “Particular consideration will be given to linking the specification of indicators to the conceptual framework and definitions and to the requirements of the policy context.” Consistent with this ambition, this brief overview aims to provide a clear rationale for the approach which will be followed during the coming months, both reflecting the theoretical issues presented in Section 2, and delivering a pragmatic response balancing the requirements of policy on the one hand, and the current availability of data on the other.

### **7.1 Implications derived from the Conceptual Framework**

Annex 5 considers a number of important theoretical issues which have implications for Task 2.6, underlining the points made at the end of Annex 1, but also further developing the discussion in terms of spatial aspects. It will be helpful to provide a brief summary, as a starting point for the approach to social exclusion mapping:

- (i) Social exclusion is a multi-faceted phenomena – it takes a wide variety of forms.
- (ii) Even the same aspect of exclusion may manifest itself in subtly different ways in different contexts.
- (iii) It is essentially about relationships (between people or groups and “society”).
- (iv) It is often defined by processes, rather than states. It is essentially dynamic.
- (v) Social exclusion processes take place at a variety of scales. Often the resulting patterns are micro-scale or local, rather than regional.

These characteristics suggest that we have to accept that, even if data availability were much better than it is, *mapping at a NUTS 3 regional scale is unlikely to be capable of revealing the full story of the geography of social exclusion*. Careful interpretation of the maps is therefore essential. It is also for this reason that the TiPSE case studies are such an important complement to the mapping tasks.

### **7.2 Domains, Dimensions and Indicators.**

At the end of Section 2 it was noted that the authors of Annex 1 proposed that the TiPSE exploration of available data resources, and the potential for social exclusion mapping should be structured around four broad domains:

1. Earning a living.
2. Access to services of general interest.
3. The social environment.
4. Political participation.

Annex 5 (Table A5.2) helpfully explores the relationship between these four dimensions and the four types of relations which social scientists have identified as the key “arenas” for inclusion (market, bureaucratic, associative and communal).

Attention then turns to the task of translating the four “domains” into a practical schema for collecting and analysing data and indicator. This takes place in two steps, first breaking down the domains into more focused “dimensions” (Table 3), and then proposing individual indicators which could represent each of these. This list of potential indicators includes the twenty suggested by the authors of Annex 1, but adds a dozen more, and tightens the definitions of some of them.

**Table 3: Proposed Domains and Dimensions to structure TIPSE Social Exclusion Mapping.**

Domain identified by WP2.1	Dimension recommended by WP2.6
1. Earning a living	(a) Income
	(b) Employment
2. Access to basic services	(a) Health
	(b) Education
	(c) Housing
	(d) Transport and communication
3. Social environment	(a) Age
	(b) Ethnic composition
	(c) Immigrants
	(d) Crime and safety
	(e) Municipal income from property taxes
	(f) Municipal spending on social assistance
4. Political participation	(a) Citizenship
	(b) Voters
	(c) Civic engagement

### 7.3 Proxies and the Potential for Synthesis

The list of potential indicators includes few, if any, which directly measure a specific dimension of social exclusion, most are (for reasons explained above) proxies of some kind. In most cases they could best be described as reflecting the potential vulnerability of a region’s population to social exclusion. Most often this is measured in terms of the share of the population with certain characteristics commonly associated with exclusion (age, health, education attainment, income, employment status, ethnicity, accessibility etc). Sometimes it is measured in terms of resources or public expenditure, and occasionally in terms of the prevalence among the population of certain kinds of behaviour (such as voter turnout, or membership of NGOs). Again, it is important to be clear that maps of such indicators do not (strictly speaking) show us where the dimensions of social exclusion are most/least severe, only where the population is thought to be most vulnerable to particular aspects of exclusion.

Whether an array of such indicators could form the basis of some kind of synthetic index of social exclusion (or rather potential for exclusion) is probably a question which would be debated among experts in the field and statisticians. Within the context of TiPSE, this is not required by the project specification, and the following considerations would suggest that it is not a good use of limited project resources:

(i) Preliminary mapping of indicators (both within the context of Task 2.3 and Task 2.6) highlight the fact that different dimensions of social exclusion present rather different spatial patterns of vulnerability. Combining these into a synthetic indicator would obscure these distinctive patterns.

(ii) The availability of data which could be used for indicators is not balanced, across the four domains (see below), A synthetic index would probably reflect this, rather than whatever balance between the four domains which could be justified in terms of theory.

(iii) Unfortunately, at present, policy interventions are most likely to be dimension specific, (rather than tackling social exclusion as a whole, or even one of the four domains), and separate indicators are probably more useful to practitioners.

(iv) Methodologies for constructing synthetic indexes are contested, and the outcomes can sometimes lack the transparency preferred by practitioners.

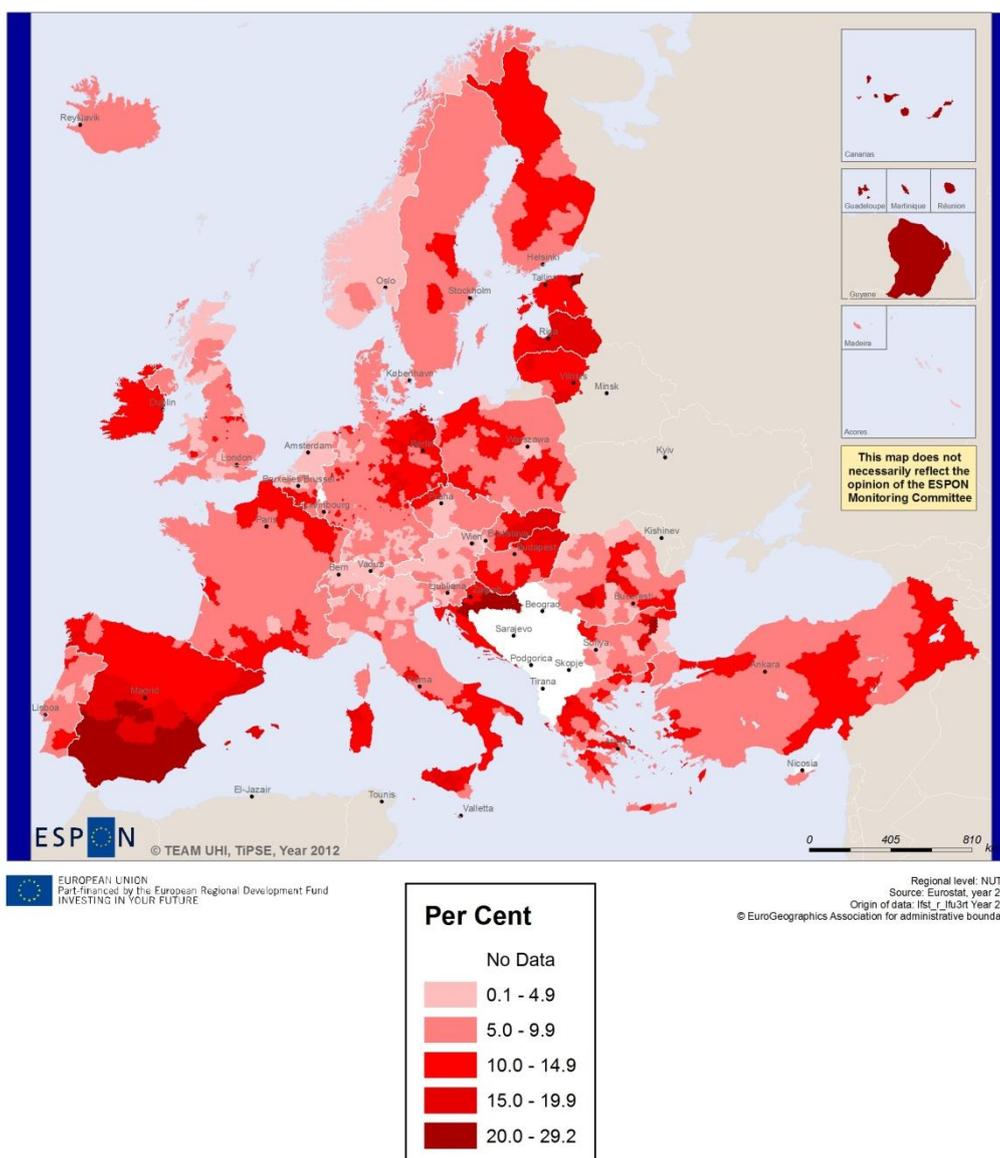
#### **7.4 Reflections on the Policy Context**

As noted in Section 2 above, it has been suggested that in recent years the EU policy discourse on social exclusion has focused largely upon the first domain (earning a living) and associated labour market aspects, as part of the drive to align it with EU2020 “inclusive growth” objectives. It is therefore not surprising to observe that the first domain is the best supported with data and indicators.

The attention given to labour market issues both in policy discussions and data provision presents two challenges for researchers, (and specifically in terms of social exclusion mapping): both to channel effort into supporting current policy, and to attempt to raise awareness of the other three domains. It is reasonable to assume that the first of these will continue to be covered by the activities of Eurostat and by a range of research directly sponsored by the Commission.

A further reflection upon the four domains, and their relationship to EU policy, is that Domain 4 is probably the least connected to current interventions, indeed it is perhaps open to question whether it is within the competence of either the OMC or EU2020.

Therefore, whilst it will be impossible to ignore the wealth of information available for the first domain, TiPSE 2.6 should pay particular attention to Domains 2 and 3.



**Map 5: Unemployment Rate (15 years and over) 2005**

## 7.5 The Implications of Data Availability

Table 4 provides an indicative assessment of data availability (at NUTS 3) for each of the dimensions of social exclusion. For three dimensions (from Domain 1 and Domain 3) data availability is assessed as “good”. Eight dimensions are described as having “sparse” data. Four dimensions (from Domains 3 and 4) are assessed as having no potential sources of data at NUTS 3.

The key sources cited include the Labour Force Survey (LFS), the Regional Accounts, UNESCO Education statistics and the Population Census. The last of these, as already noted in Section 6, is subject to some constraints in terms of the schedule for publication of 2011 data. However in the context of Task 2.6 the requirement is for area data (not microdata, as in Task 2.5), which it is anticipated will

be available (through the NSIs) for at least some (if not most) countries in time to support social exclusion indicators and mapping.

**Table 4: Indicative overview of data availability by Domain and Dimension**

Domain	Dimension	Availability (at NUTS 3)	Key Source
<b>1. Earning a living</b>	(a) Income	Good	LFS, Regional Accounts
	(b) Employment/ Unemployment	Good	LFS, Regional Accounts
<b>2. Access to basic services</b>	(a) Health	Sparse	Population Census, Eurostat.
	(b) Education	Sparse	UNESCO (Eurostat), Population Census.
	(c) Housing	Sparse	Population Census
	(d) Transport and communication	Sparse	Eurostat
<b>3. Social environment</b>	(a) Age	Good	Eurostat/Population Census
	(b) Ethnic composition	Sparse	Population Census
	(c) Immigrants	Sparse	Population Census
	(d) Crime and safety	None	
	(e) Municipal income from property taxes	None	
	(f) Municipal spending on social assistance	Sparse	Regional Accounts (social transfers?)
<b>4. Political participation</b>	(a) Citizenship	Sparse	Population Census
	(b) Voters	None	
	(c) Civic engagement	None	

## 7.6 The Way Ahead

During the next six months Task 2.6 is expected to deliver a number of maps showing regional patterns of (vulnerability to) social exclusion across the ESPON space. These maps should relate to as many of the dimensions of exclusion listed in Table 3 and 4 as possible. As we have seen, data constraints will probably limit what may be achieved, and there is a need to focus and prioritise.

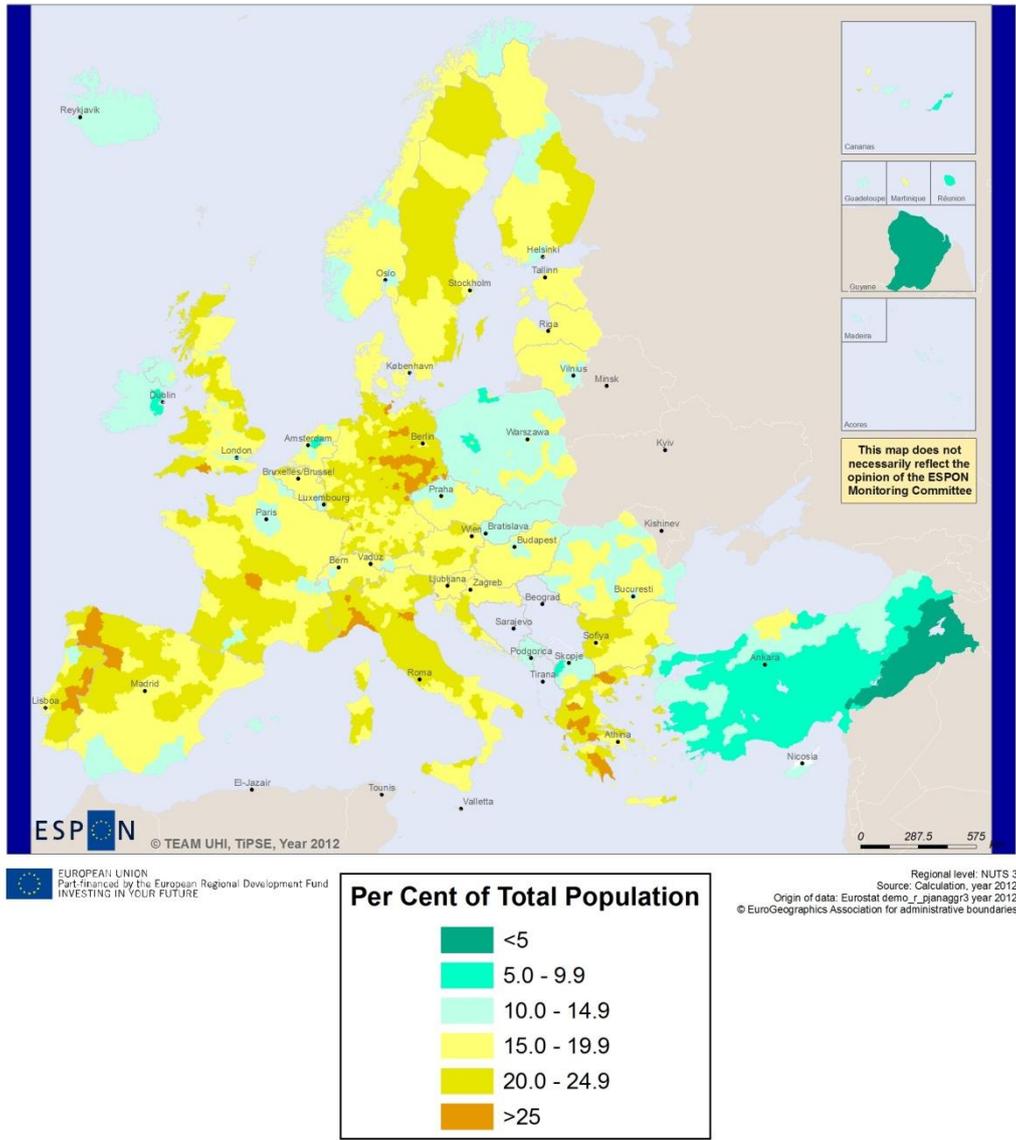
A step by step approach would seem to be advisable. The following phases of activity are proposed:

1. Finalise at least one indicator and map for each Dimension in Domain 1, using the most recent Eurostat data.
2. Finalise at least one indicator/map for dimensions 2a, 2b, and 3a.
3. Assemble 2011 Census data (acquired from the NSIs) for dimensions 2a-2c, and 3a-3c

The third priority will be prepared in detail in advance of the anticipated release of Census data by the NSIs. The task of assembling the data will be shared between all partners involved in Task 2.3. It will be rendered efficient by strictly limiting and carefully specifying the variables which should be collected. Partner 2 (leading Task

2.3) in collaboration with Partner 4 (Task 2.6) will take responsibility for specifying the data request and collating the data.

In the light of the virtual absence of data for Domain 4, and the reservation expressed earlier about its policy, it will not be included in the priorities for Task 2.6.



**Map 6: Old Age Dependency Rate 2011**

## **8 Case Studies: Progress, Reflections, and Future Plans.**

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.

### **8.1 Methodology and Progress**

10 case study areas have been selected, covering a wide and representative range of geographical and institutional environments. The choice of case studies and the selection criteria were explained in the Inception Report. Each case study considers two geographical scales:

(1) A description of the regional context - in most of the cases NUTS 3 level, - for the purpose of “setting the scene”.

(2) A smaller sub-region for in-depth analysis, - in most of the cases at LAU 1 level or smaller. In this context analyses is directed towards specific thematic challenges.

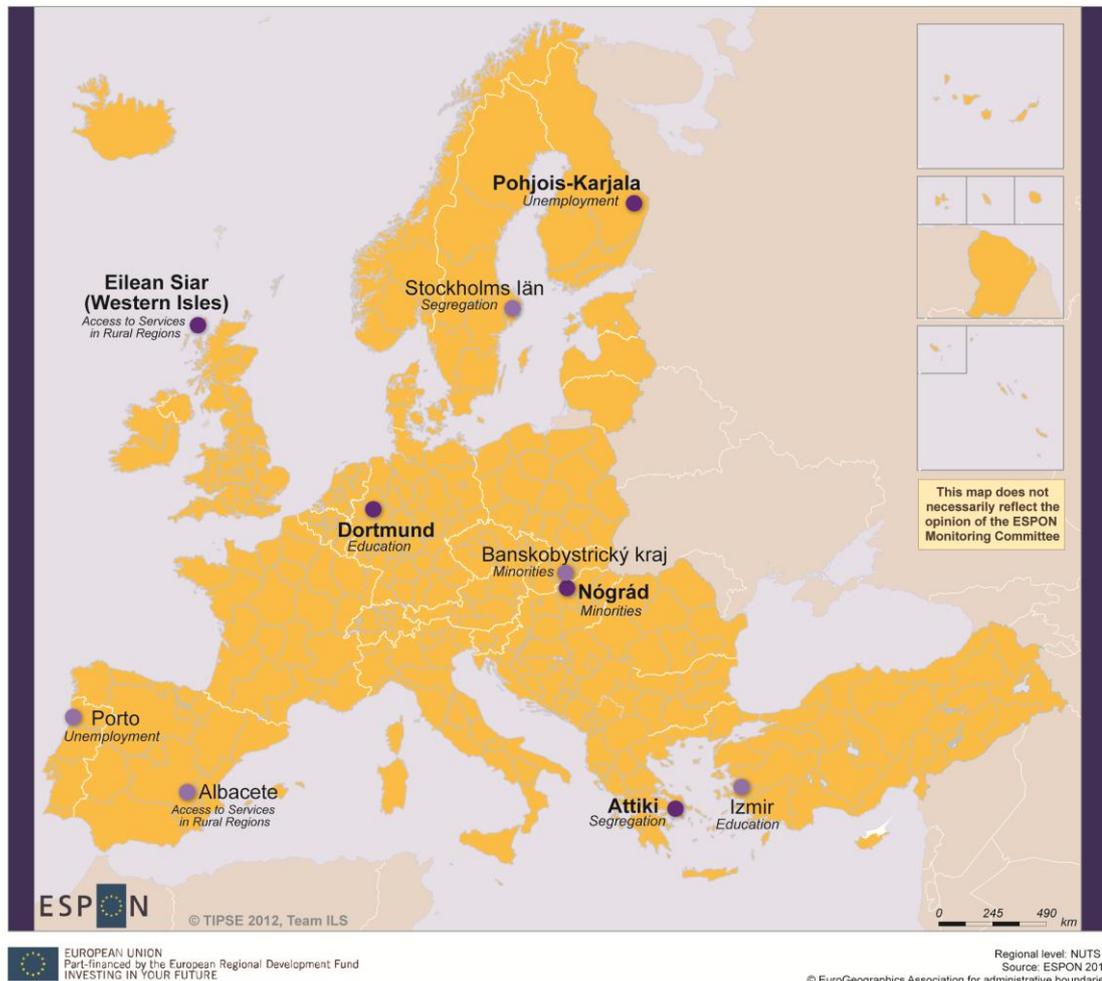
Two case studies will be carried out on each of the following themes;

- education,
- access to services in rural regions,
- unemployment,
- segregation, and,
- ethnic minorities.

To ensure comparability across the case studies, detailed guidelines were developed (Annex 2). These specify the requirements for data gathering and analysis on the regional and sub-regional level, and provide a standardised outline of the expected output, - the case study report. Comparability across the selected 5 thematic pairs of case studies, was further strengthened by bilateral communication between the researchers.

The project partners involved in case study research have conducted interviews with a number of representatives in the first set of five case studies and have prepared initial reports on these cases (see Annex 3 ). It should be noted that, as this Interim Report is being produced, work in the case studies is ongoing, and that the information presented here is subject to a more detailed analysis in the following months. A TPG meeting (3-4<sup>th</sup> December 2012) provided the opportunity to review results from the first set of 5 case studies and plan the second set of case studies, which are scheduled to commence in January 2013 (see Map 7 for an overview on

all case studies). Partners discussed and defined needs for streamlining the work of the different work groups towards the Draft Final Report.



**Map 7: The ten case studies selected for analysis and their thematic focus.**  
(dark coloured dot for first set of case studies and light coloured dot for second set of case studies)

## 8.2 The First Set of Case Studies: Characteristics, Dimensions of Social Exclusion and Preliminary Findings

The following section provides short profiles of the first five case study areas. Further and more detailed information on the cases is provided in Annex 3 of this report. Section 8.2.2 presents the characteristics of the studied cases in terms of labour market and demographic characteristics; section 8.2.3 provides information on their social exclusion and poverty characteristics; and section 8.2.4 sets the studied cases into a wider institutional and policy context. The main research questions regarding the comparative analysis of the ten case studies will be presented in section 8.2.6.

### 8.2.1 Characteristics of the five case study areas

1. **Dortmund** (Germany, DEA52). The city of Dortmund belongs to the metropolitan region of the Ruhr, an industrial transition region. Once a national production centre

for steel and coal mining industries, attracting workforce from abroad, the Ruhr has undergone substantial economic restructuring processes. In Germany, integration into the labour market is essential for societal integration. However, for low-qualified workforce access to the labour market has become more limited, and higher education becomes more and more a prerequisite for participation in society. The focus of the case study is on school careers and educational success for young people, analysed along ethnic and socio-economic lines. It is a key issue in Germany as for many other central European countries, to provide children with a low social status or children whose parents migrated, with sufficient resources for upward social mobility.

2. **Pohjois-Karjala** (Finland, FI133): The case study area is the town of Lieksa, located near the eastern border of Finland, in the peripheral, sparsely populated and remote parts of Finland. In Lieksa, employment in the primary and secondary economic sectors still plays a significant role. Lieksa has been experiencing fast population decrease since the 1990s. The population is aging and the young people are moving to the bigger cities of Finland to escape the high unemployment. About one third of unemployed people are subject to long-term unemployment, and many of them are older. This group is a key focus of the case study. Long-term unemployment is an especially crucial question in the context of social inclusion, in many countries across the ESPON territory, and the study explores its characteristics and challenges, as well as policies for social inclusion, in a sparsely populated and remote type of territory.

3. **Attiki** (Greece, EL 300): The case study area is the Metropolitan Region of Attiki (Athens). The economy of the region is, and traditionally always was, based mainly on the tertiary sector. Since the 1990s, social inequality, and its inscription into the urban fabrics in the form of socio-spatial segregation processes, has increased. The recent sovereign debt crisis has dramatically aggravated social inequality. Immigrants are most vulnerable to the risk of poverty and social exclusion, as their insertion into the labour and the housing market has remained rather fragile, partly due to the weakness of national or local state inclusion policies. The thematic focus of the Attiki case study is therefore on the connection between poverty and social exclusion processes and the residential segregation of different socio-ethnic groups in the metropolitan region.

4. **Nógrád** (Hungary, HU313): Nógrád is situated in the northern part of Hungary, next to the Slovakian border, in a moderately mountainous and remote region. The region has never been a prosperous one, and the last two decades have seen the collapse of industries which formerly formed the backbone of the economy. Outmigration of young age groups and a generally low economic activity rate poses severe threats to the economic development potential of the region. In this context, the Roma population, being exposed to social exclusion and poverty throughout the European territory, experiences severe forms of deprivation and marginalization. The focus of the Nógrád case study is therefore on residential segregation and its impact

on the reproduction of poverty in three villages, where fast residential segregation has been taking place (Mátraszőlős, Szirák, Kálló), and two neighbouring settlements (Erdőkürt and Pásztó).

5. **Eilean Siar** (Western Isles, UKM64): The Western Isles is a collection of more than 60 islands, most of them sparsely populated, others uninhabited. The key issue for the islands, in relation to social exclusion, is the difficulty and cost of providing adequate public services in the context of sparse settlement and long distances. This presents challenges at both ends of the age range. Provision of youth activities, and handling the transition from school to higher education or work, are particular areas of concern. A long-standing issue is the fact that young people who leave the area to pursue studies tend not to return. For the elderly, social isolation, difficulty of accessing retail and other services where public transport provision is expensive, together with the increasing centralisation of health and welfare services (as a consequence of expenditure constraints in the public sector), are all major aspects exacerbating social exclusion. The Western Isles represents an extreme case of exclusion and poor access to services which is a widespread problem in rural areas of Northern and Western Europe, especially in UK and Ireland, but increasingly also in the Nordic countries.

### **8.2.2 A comparative view of the demographic and economic characteristics of case studies**

As the short profile of selected case studies in the former section has shown, these cover a wide range of demographic and labour-market or economy related contexts and characteristics. The nature of disadvantage affecting people in situation of poverty and social exclusion is influenced by the area where they live. Thus, the following Table 1 provides a summary of key socio-economic characteristics of the five case studies, available at NUTS 3 level for all cases. Demographic and labour-market related indicators point to common as well as specific social exclusion aspects and challenges in the studied cases.

Reading across the case study reports, the following common or divergent trends within the range of our studied cases become obvious.

**Growth and decline show particular territorial patterns across the European space.** Across the European territory there is a tendency for knowledge-intense sectors to concentrate in few dynamic metropolitan regions. Cities outside these regions find it increasingly hard to foster new economic activities and keep a relevant size of qualified workforce. Unemployment and low economic activity rates are affecting particular localities, such as old-industrial areas or peripherally located areas, and particular population groups, such as low-qualified workforce or immigrants. The available data on workforce employed in professional, scientific, administration and support points to a relative weakness of the labour market in terms of creating new employment (in modern, knowledge- or technology intense sectors) in the Finnish and the Hungarian case, above all. Both case study regions

also have low levels of GDP per inhabitant. Unemployment has increased Europe-wide from 2009 to 2010, and within the range of our cases, most notably in Athens. Besides unemployment, low economic activity rates call for policies to promote and realise the full potential of all population groups to participate in the labour market, including older workers, non-qualified young, or women (see the target of a 75% Employment rate for EU 27, Europe Europe 2020 Strategy). Labour market participation is especially low in the Hungarian case, with the respective female participation rate even lower, at 39.8%.

**Table 5: Case Study Regions: Demographic and labour market indicators.**

	DEA52	FI133	EL300	HU313	UKM64	EU 27
<b>Population</b>						
Total Population, 2011 (*2010)	580,444	165,866	4,113,979	201,919	26,185*	
Population Change, 2010	-1,5	-0,6	1,0	-14,8	-0,2	2,7
Under 15, in %, 2011 (*2010)	13.1	14.9	14.2	14.5	15.9	15.6
Old-age dependency ratio, 2011	31.6	30.8	25.5	27.2	34.4	25.9
<b>Activity</b>						
Economic Activity rate, 2009 (*2007)	53.9	52.8	53.0	45.2	90.4	70.9
Deviation from national average, 2009 (*2007)	-5.4	-7.6	1.4	-4.0	28.9	
Female activity rate, 2009 (*2007)	46.8	50.8	44.7	39.8	84.3	64.1
<b>Unemployment</b>						
Unemployment rate, 2010	10-12.5	10-12.5	10-12.5	>12.5	7.5-10	9.7
Unemployment rate, 2009 (*2007; ** 2005)	12.7	12.5*	8.8	15.9	3.1**	9.0
Deviation from national average, 2009 (*2007; ** 2005)	5	4.3*	-0.7	5.9	-4.5**	
Female unemployment rate, 2009 (*2007; ** 2005)	11.2	12.5*	11.1	14.3	4.5**	9.0
Unemployment rate, 15-24, 2009	19.0	37.4	21.9	32.0	n/a	20.1
Unemployment rate, 25 and older, 2009	11.8	10.2	8.0	14.2	n/a	7.7
<b>Economy</b>						
GDP per inhabitant, 2009, in PPS	123,0	82,1	123,8	29,8	80,4	100

Sources: (Data is for NUTS 3 regions)

Data on Total Population and Population under 15 years: Eurostat, Statistical database, [demo\_r\_pjanaggr3]

Data on Population Change, Old-age dependency ratio, GDP per inhabitant, and Unemployment rate 2010: Eurostat regional yearbook, 2012

Data on Economic Activity and Unemployment: Eurostat, Statistical database, [lfst\_r\_lfu3rt]

**Peripheral locations face particular challenges regarding processes of social exclusion, particularly due to selective out-migration and an often less dynamic economic development.** In terms of demographic challenges, the Hungarian, Finnish and UK case studies point to the out-migration of young population groups, often in search for higher education or better employment prospects. This process also affects the quality of life of those remaining, and the

overall attractiveness of a region for living and working. Negative population development is especially noticeable in the case of Nógrád. The loss of younger population groups, often the higher qualified ones, poses particular threats to the future economic potential, as it may create labour market bottlenecks and thus hamper innovation and competitiveness. The other side of the coin is the over-representation of elder population groups, and accordingly the need for appropriate infrastructure and services, most noticeable in the UK and Finnish case, both of them having an old-age dependency rate above the European average.

**Social exclusion of immigrants or ethnic minorities**, - in terms of restricted opportunities to successfully integrate into the labour or housing market, and unequal representation in higher education institutions, - are key challenges in the metropolitan areas of Athens and Dortmund, but also in the rural region of Nógrád. While there is no comparative and standardised data available on the NUTS3 level, national or local data provided by the case study reports points to immigrants being a very vulnerable population group, and that their situation worsens in times of economic crisis. Precarious employment, low wages, or in-work poverty, combined with a lack of state policies for social inclusion in the case of Athens and Nógrád, or, in the case of Dortmund, a strongly regulated labour market, and institutions (such as schools) that fail to mitigate disadvantage, pose threats to the social process by which immigrants and their descendants become integrated with and enjoy equal opportunities as members of the host society.

### **8.2.3 A comparative view on social exclusion and poverty statistics in the wider context of case studies**

The at-risk-of-poverty rate, which indicates the percentage of the population coping with less than 60% of the national median equivalised disposable income (after social transfers), does not indicate that the selected case study regions are highly disadvantaged. However, a general problem with available statistics is the fact that the at-risk-of-poverty data is on NUTS2 or even NUTS1 level only, thus masking considerable disparities within these regions. Finland, for example, clearly appears with a (national) percentage below EU 27-average (16.4%), ranking 9th place with 13.1%, when comparing country level data (Eurostat 2012). This rate increases when looking at the equivalent data at NUTS2 level for the case study region (16.8%), and it further increases for the case study town Lieksa (22.6%). The same applies to Germany, where the NUTS2 level data is only moderately above the EU-average; however, in national surveys, Dortmund (23% in 2010) is stated to be third-poorest among the 15 biggest German cities (WSI 2012). In general, social democratic (such as Sweden or Finland) and corporatist (such as Germany) Western European countries show comparatively moderate levels of within-country income inequality, while Southern European States, represented by Greece and Spain in our sample, and liberal states (UK) are showing higher levels of inequality (OECD 2011; Albers, 2006). Thus, even in countries with comparatively low levels of inequalities and disparities in Europe, the existing data does not help to come close to reality.

**Table 6: Case Study Regions: Indicators of the wider social exclusion context.**

	DE / DEA5	FI13	EL3	HU3	UK / UKM	EU 27
<b>Poverty or Social Exclusion , EU 2020 strategy indicators</b>						
People at risk of poverty or social exclusion, %, 2010 Data available for NUTS2: FI / NUTS1: HU and EL / NUTS0: DE, UK	19.7	20.6	23.1	36.6	23.1	23.4
<ul style="list-style-type: none"> <li>People at risk of poverty (after social transfers), %, 2010 Data available for NUTS2: DE, FI / NUTS1: HU, EL, UK (*2009)</li> </ul>	17.0	16.8	16.3	17.1	19.0*	16.4
<ul style="list-style-type: none"> <li>Severe material deprivation rate, %, 2010 Data available for NUTS2: FI / NUTS1: HU and EL / NUTS0: DE, UK</li> </ul>	4.5	2.5	9.5	25.0	4.8	8.1
<ul style="list-style-type: none"> <li>People living in households with very low work intensity (population aged 0 to 59 years), %, 2010 Data available for NUTS2: FI / NUTS1: HU and EL / NUTS0: DE, UK</li> </ul>	11.1	12.3	6.8	15.6	13.1	10.0

Sources: (Data is for NUTS 2/1/0 regions)

All data: Eurostat, Statistical database; [ils\_mddd21] on severe material deprivation rate; [ilc\_li41] on at-risk-of-poverty rate; [ilc\_peps11] on people at risk of poverty and social exclusion and [ilc\_lvhl21] on people living in households with very low work intensity

The same is true for the two other EU 2020 strategy indicators, severe material deprivation rate and the percentage of people living in households with very low work intensity. Across the case study countries, only in the Finnish case data is available on NUTS2 level; in the UK and German case data is given mainly for the national context only, with the rest of countries in-between. The existing data cannot capture the considerable disparities within countries, nor does it allow us to identify the groups affected by poverty and social exclusion.

**Table 7: Case Study Regions: Education Indicators.**

	DEA	FI	EL3	HU3	UKM	EU 27
<b>Education , EU 2020 strategy indicators</b>						
Early leavers from education and training, % of population aged 18-24, 2010 Data available for NUTS1: DE, EL, HU, UK / NUTS0: FI	14.6	10.3	11.4	12.1	13.8	13.5
Tertiary educational attainment, % of population aged 30-34, 2010, national data Data available for NUTS1: DE, EL, HU, UK / NUTS0: FI	25.0	45.7	34.1	20.7	46.6	34.6

Sources: (Data is for NUTS 1/0 regions)

All data: Eurostat, Statistical database; [edat\_lfse\_16] for Early leavers from education and training; [edat\_lfse\_12 ] for persons aged 30-34 years with tertiary education (ISCED levels 5 and 6) attainment

Income is only one potential factor influencing social inequality levels. The access to higher education is clearly a factor influencing the risk of poverty and social exclusion. Again, most data on education is available on NUTS1 or higher levels

only. Setting our case studies into the wider regional or national context, table 3 provides a picture across the case studies. Performance is clearly below EU-average for the German case.

The above examples and commentary illustrate the fact that regional statistics cannot provide us with a clear picture of social exclusion and inclusion processes operating at a micro-regional level. Also, even if available statistics allow for a comparison, careful interpretation of the national data, considering the cultural context and framing is essential.

#### **8.2.4 The policy context.**

The chosen case studies provide the opportunity to explore cases in different institutional settings or regimes. In the tradition of Esping-Andersen (1990) and following work (Ferrera 1996; Leibfried 1992; Katrougalos 1996; Alber 2006; Fenger 2007), different institutional arrangements/welfare regimes within Europe can be broadly distinguished. While it is problematic to relate the cases directly to a supposed wider institutional regime, these provide nevertheless a conceptual framework that has proven to be relevant for explaining different levels of social inequality among Member States, and the set-up of social inclusion policies at different territorial levels (see e.g. EC 2012). In accordance with the WP 1 report on Social Exclusion and Poverty (see Annex 1) the consortium distinguishes between five types of regime (see p6). The case studies reflect well some of the general characteristics attributed to the wider institutional regimes.

The urban area of Athens concentrates some of the typical characteristics of the Southern European welfare regime, concerning the significance of familialism in aggregating and distributing resources, the large presence of an informal economic sector and the restricted capacity of civil administration. Similarly, Athens seems to summarize some characteristics of a Southern European model of urban development, one of rapid and more or less unplanned urbanisation in recent decades, weak industrial development and low direct state intervention. Athens is at present a place of intense concentration of recent transnational immigrant groups, comprising significant numbers of undocumented men and women, trapped in a state of exception with no social rights and enjoying restricted integration opportunities. At the same time, the insertion of immigrants into the labour market and Greek society has taken place without institutional regulation.

Corporatist environments are typically related to strong social institutions, and regulated employment and labour markets. The Ruhr district, with case study Dortmund, is a prominent example in this respect, with former strong coalitions of local business sector, labour (trade unions) and the state in the dominant coal and mining sector, which formerly guaranteed stable and well-paid jobs for those covered by these agreements. On the other side, employment inflexibilities, relatively high labour costs and strong contrasts between the “Insiders” and the “Outsiders” are characteristic for this model. Putting a spotlight on the education system within the

German employment-centred model of welfare, studies have repeatedly pointed to the fact that the school-system fails to equip children with a low social status – and therefore often children whose parents migrated to Germany – with sufficient resources for upward social mobility and equal participation in society (OECD 2012; EC 2012: 28). The case study focuses on the reasons for this failure, within a highly regulated and institutionalized system of cooperative federalism, and within a system of, in general, inclusive and generous social policies.

The Nordic countries, based on the basic principles of an egalitarian welfare state, are usually regarded as the most comprehensive welfare states, which offer high levels of welfare to most citizens, financed to a large degree from general taxation, and a generous system of publicly produced welfare services. A recent National Reform Programme in Finland is aimed at preventing social exclusion, poverty and health problems. Decreasing long-term unemployment is one of the main targets in the 2012 National Reform Programme. This makes the analysis of the Finnish case study, with its high concentration of long-term unemployed, interesting with respect to the question, how policy and institutional actors in a universalist welfare state regime react, and with what consequences, against the challenges of unemployment.

Economic reforms and structural adjustments as consequences of the transition and the EU integration process have dramatically changed the situation in the central and East European countries. Poverty in East European societies in former times was mainly related to the stages of the life cycle (Vecernik, 2004); under the socialist regime, countries were characterized by more egalitarian income distribution than western market economies (Paas, 2003). The situation of the Roma, a most marginalised group, has always been precarious and their stigmatisation and exclusion has intensified in the last years. Segregation along ethnic lines and the extreme poverty of Roma in rural areas are major problems in Hungary, Slovakia, Romania and Hungary, explored in detail with the case of Nógrád.

The Western Isles represents an extreme case of the geographical challenges associated with service provision in remote and sparsely populated rural areas of Northern and Western Europe, especially in UK and Ireland, but increasingly in the Nordic countries, where the welfare regime has seen big changes in the last decade, despite a strong tradition of 'territorial equivalence'.

### **8.2.5 Preliminary findings/impressions from the first five Case Study Areas**

The following paragraphs provide synopses of the preliminary findings of the first five case studies:

**1. Dortmund:** The analysis of quantitative data reveals a clear linkage between the socio-spatial environment of children and their educational achievements in Dortmund. Reasons seem to consist in individual factors, often connected to poverty, as well as the low permeability of the German education system. Attempts are being

made to increase the educational chances of children, however, a more coherent approach is needed.

**2. Pohjois-Karjala:** Lieksa has suffered from structural unemployment as a result of the pace of technological and production change in the economy for an extended period. The remoteness of the town means that job seekers confront a range of problems common to many rural labour markets, such as the limited number, and choice, of available employment opportunities. Long-term unemployment substantially raises the risk of social exclusion in Lieksa. However, despite their weak social and economic situation, long-term unemployed persons do not necessarily feel themselves to be social excluded.

**3. Attiki:** There is no linear relationship between spatial segregation and the levels of exposure to poverty and social exclusion. However, the challenges associated with the concentration of immigrant groups in specific localities within the metropolitan area call for policy interventions, in order to fight the negative and promote the positive aspects of immigrants' congregation.

**4. Nógrád:** Empirical research revealed that the correlation between Roma ethnicity and long-term unemployment is close in most Roma communities and generates extreme levels of poverty in rural areas. This derives partly, but not entirely, from the low level of schooling of the Roma. Cultural traits, the deepness of poverty on the one hand, and non-Roma lower middle class ambitions on the other hand, generate and maintain segregation at schools, and vice versa. Residential and school ghettos can be identified as both causes and consequences of extreme poverty and social exclusion.

**5. Eilean Siar:** Preliminary analysis of interviews suggests that six interrelated factors are significant in shaping poverty and social exclusion across different groups in the Western Isles; current and projected demographic trends; the impact of remoteness, fragmented geography and sparsity of population, with regard to access to goods and services, and fuel poverty; the economic downturn; limitations of its labour market; changes in the state welfare provision; individual biographies and circumstances; and culture.

#### **8.2.6 Research questions for analysing main findings**

According to the project specifications (p.9), the aim of the case studies is to “analyse in greater detail different territorial concentrations of poverty and exclusion, e.g. urban poverty. They should also deal with the integration of migrants coming from outside the EU. In particular, the case studies should look at the following aspects:

- The type of poverty or social exclusion;
- The obstacles faced by the inhabitants of areas with high concentrations of poverty and social exclusion;
- The policies used at different levels to address these problems.”

On this basis, the following research and policy questions are defined and will guide the analysis across the ten case studies:

- (R1) What are main trends across the case studies?
- What are general trends?
  - What are case-specific or territorial-specific trends?

*Our hypothesis here is, that urban - rural, and central - peripheral form the most relevant factors for characterising trends and patterns across the case studies. Central and peripheral are used in terms of connectedness (to main infrastructure, global networks, etc.), rather than being confined to geographical location. Well-connected metropolitan areas (urban and central) would form one extreme with very specific and typical patterns and trends of social exclusion and poverty; and remote, rural areas the other extreme, with the rest of cases in-between.*

- (R2) Is it possible to identify main factors and drivers behind social exclusion and poverty processes throughout the European territory?
- Which are main factors behind these processes across the case studies?
  - What are case-specific, regime-specific or territorial-specific trends and challenges?

*Our hypothesis here is that the factors and drivers behind the processes are generalisable to a certain extent and rooted in wider processes that affect localities across the European territory (globalisation of economic processes, global migration processes, economic restructuring processes towards a knowledge society, etc.). However, we expect relevant differences in the way these wider processes impact on different territorial categories and different welfare systems. Our hypothesis here is that the wider economic context and institutional environment are main factors shaping the dimension and impact of social exclusion and poverty processes on individuals and places.*

- (P1) How and to what extent do the various policies at different levels help to overcome social exclusion and poverty?
- Which policy responses seem to be effective? Are there any elements of good practice?
  - What indicators are suitable and appropriate for measuring PSE processes?

*Our hypothesis is that it is possible to identify and transfer elements of good practice, even across different institutional welfare regimes. Horizontal and vertical integration of policies, joint working of actors bringing in resources from different sectors, and sustained and long-term efforts are expected to be a key factor for success. We see the use of contextualised local indicators as appropriate for local or regional monitoring and policy learning. However, there is also a need for standardised data available on micro-scale level, across the European territory. The way these two monitoring systems are connected and linked with each other, is to be explored.*

### 8.3 Description of further work

It is premature to report any essential findings from the case studies. Initial findings have been discussed at the TPG meeting in Athens, however, the evidence from the in-depth studies still needs to be analysed in detail, when all of the case study reports are finalised.

**Table 8: Responsibilities of partners for case studies**

	Case Study 1	Case Study 2
<b>Ethnicity-related social exclusion</b> Focus on social exclusion and social integration of Roma population	Rural area Hungaria (HAS)	Rural area Slovakia (HAS)
<b>Age-related exclusion, both youth and elderly and access to services of general interest in sparsely populated areas</b>	The Western Isles, UK (UHI)	Rural area Spain (UHI)
<b>Education</b> - focus on educational success of young people, school segregation and school performance of children with migrant background and/or from low-income households	The Ruhr Area, Germany (ILS)	Izmir, Turkey (EKKE)
Patterns and processes of <b>ethnic and social segregation in metropolitan regions</b>	Metropolitan region of Athens (EKKE)	Metropolitan region of Stockholm (Nordregio)
<b>Long-term unemployment and youth unemployment</b>	North Finland area (Nordregio)	Porto, Portugal (ILS)

The first set of five case study reports is due to be completed at the end of December, with work on the second set starting in January 2013. As this second set of case studies has been selected at an early stage of the project's lifetime, the researchers had time to become familiar with issues such as data access and availability. Thus, it is supposed that no major challenges arise in this second set of cases, although 4 out of 5 research groups carry out their work abroad (see Table 8).

The NUTS3 regions selected for the second set of case studies are Albacete (Spain, ES 421), Porto (Portugal, PT114), Stockholms län (Sweden, SE110), Banskobystrický kraj (Slovakia, SK032), and Izmir (Turkey, TR310). Table 1 in the Case Study Guidelines (see Annex 2) provides more information on their territorial and institutional affiliation.

Cross-cutting analysis will follow the research and policy questions stated above. The Draft Final Report will encompass all case study reports in the annex and a chapter on the main findings from these in the report.

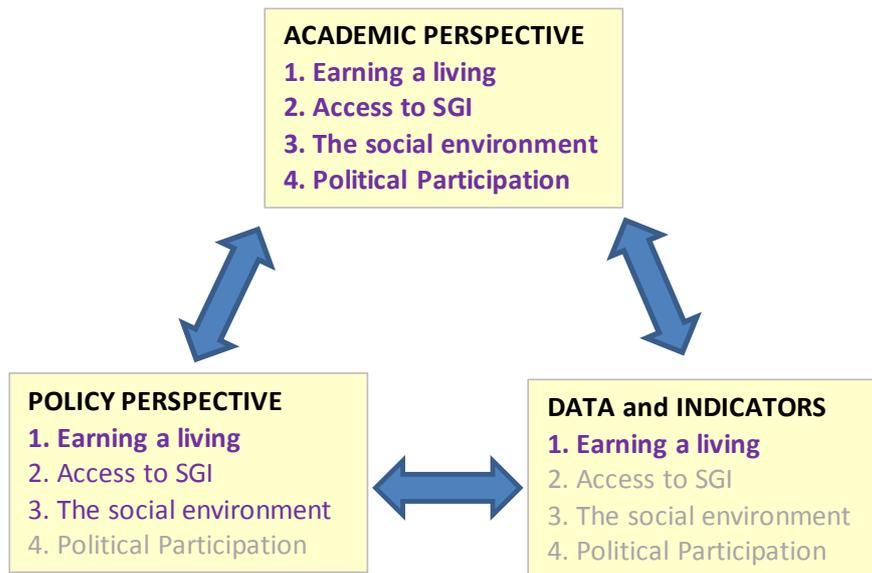
## 9 Reflections; the way ahead.

### 9.1 Operationalising the Concept of Poverty and Social Exclusion, some Reflections

Having reviewed progress with the various specific research tasks which have occupied the TPG during the past months it is instructive to briefly reflect upon what we have learned about the concepts of poverty and social exclusion, and their spatial manifestations in particular. The final two sections will consider policy implications, and implications for further work, between now and the submission of the Draft Final Report.

#### Different Concepts of Social Exclusion

As we have explored the policy context and the availability of data it has become rather clear that the concept of social exclusion varies between the academic, and policy spheres, and what is implied by the availability of indicators and data. This is perhaps best illustrated in terms of the four “Domains” defined in sections 2 and 7 (Figure 3).



**Figure 3: Different Concepts of Social Exclusion in Different Contexts**

Although most academics would subscribe to the multi-dimensional view of social exclusion, as represented by all four “domains”, the policy perspective seems to be more limited, focussing mainly upon economic aspects (employment and incomes), but also taking account of issues relating to access to services of general interest, and (to some extent) social relationships. When we consider the realm of data and indicators the focus is even more strongly upon employment and incomes, whilst the other three domains are rather poorly served. Clearly this narrowing of perspective in

the policy and indicator contexts is a challenge for the TiPSE project, and a constraint which must be kept in mind when reviewing its achievements.

### **Patterns, Scale, and Context**

A recurrent theme in our discussions, to some extent reflected in this report, is the tension between different scales of analysis, (region, sub-region, locality, micro-region), processes of exclusion, and socio-political or governance contexts.

Whilst it is clear that conventional ESPON NUTS 3 maps show some macro-scale differentiation between (for example) New Member States, the “Pentagon”, and the Mediterranean, Atlantic and Arctic peripheries, it is nevertheless evident that many processes operate on a much smaller scale, between the urban and rural parts of a region, across cities, and even within neighbourhoods. A better understanding of these micro-scale processes is crucial for the development of effective forms of intervention to combat poverty and social exclusion. Herein lies the importance of the case studies in the TiPSE project, as a resource upon which policy considerations may draw (Section 10).

However it is also very clear that the case study findings are inescapably context dependent. Social conventions, concepts of the welfare state, and the relative roles of local, regional and national governments are combined in many different ways. Generalisation is very difficult, and the same indicator takes on a different meaning in different parts of the ESPON space. It is very important to keep this in mind when considering possible policy implications of the indicators and maps which will appear in the Draft Final Report. One (limited) response to this challenge will be the typology of countries (Task 2.9).

## **9.2 Possible Policy Implications**

The key consideration here is how the findings of this project may help in examining and developing policy at the regional level for combating poverty and social exclusion. What is the added value of a territorial perspective of poverty and social exclusion? In policy terms, how can a territorial perspective help in developing policy on poverty and social exclusion? For this project, the scale of territoriality is primarily at the level of the region. So the question becomes: how can the project contribute to regional policy development on poverty and social exclusion? The following paragraphs offer some potential starting points and approaches, which will be the subject of further consideration and refinement over the next months.

**The policy baseline:** It is important to have a clear picture of the policies that have recently been used, or are currently being developed, to address poverty and social exclusion. Task 2.1 has already included a review of policy documents, but primarily for the purpose of analysing the concepts of social exclusion and poverty implied by

them. A further review would be needed, in the context of Task 2.10, to summarise the existing key policy directions and initiatives in this area.

**Policy integration at the regional level:** Poverty and social exclusion are multidimensional, and it is important that the relevant policies should be multidimensional, rather than remaining within sectoral boundaries. Horizontal and vertical policy integration with a focus at the regional level would enable policy development to go beyond sectoral boundaries and have access to a more detailed level of data and sensitivity, while responding in an integrated manner. Regional focus would offer the possibility of integrative governance.

**A policy matrix:** A (multi-dimensional) policy matrix will be developed by cross-tabulating the typology of countries developed in WP2.8 and the types of poverty and social exclusion identified in WP 2.7 and WP 2.9. This tabulation will then be placed in the context of ESPON's regional typology. Thus the following will contribute to the definition of the matrix:

***Indicators of poverty and social exclusion:*** The project's findings will include regional maps of the indicators for poverty and social exclusion. These maps should identify areas of vulnerability that need to become the targets of policy attention and strategic action.

***Typology of welfare regimes:*** In addition to our indicators, the typology of the existing welfare regimes offers a context for assessing the cultures and capacities with which poverty and social exclusion is addressed.

***ESPON typology of regions:*** Furthermore, the 9 ESPON regional typologies provide a spatial framework for which targeted policies could be devised according to the specific features of different types of region.

An overlaid map of these levels of analysis may provide the basis for an analytical schema of vulnerability at the regional level.

### **Regionalisation of EU 2020 targets**

The project will pay special attention to the regionalisation of the EU2020 targets. The EU targets are currently outlined at the overall EU level, and for each Member State. To achieve these targets, we could argue for regionalisation of these targets, by identifying which regions are more at risk and how many persons should be helped, and where. This can be achieved through the following measures:

***Regional Action Plans:*** At the moment, the EU level targets are translated into National Action Plans. By introducing data and maps at the regional level, we could suggest the production of Regional Action Plans for Poverty and Social Exclusion, or at least introducing regional annexes for the National Action Plans.

**Revisiting existing policies:** The project's findings could refine the map of regional vulnerabilities, so that existing regional policies and funds may be revisited with the objective of delivering greater "accuracy" and effectiveness.

**Monitoring:** The regional data and maps help identify the regions with the largest numbers or highest proportions of people in or at risk of poverty and social exclusion. By targeting policy at the regional level and monitoring the changes in the numbers, which could, for example be represented through traffic lights, weather charts or a similar visual representation, actions can be monitored, and accountability improved.

**Timescale:** It should be considered whether the year 2020 is still a reasonable/achievable target, a longer timescale for policy development should be considered.

It is also very important that the development of policy recommendations is sensitive to changes in socio-economic and political contexts, both through time, and across space:

**Sensitivity to the differences in the structure of economy:** Problems of poverty and social exclusion are context-based. The structure of the economy varies in different countries: in some countries large organisations and a large percentage of the workforce is employed by others, while in others a larger proportion are self-employed or in small to medium size organisations. The level of flexibility and therefore the shape of the response in these different contexts would vary.

**The impact of the current economic crisis** should be included in the analysis and development of policy, in particular regarding the effectiveness of the open method of coordination in a tense atmosphere, the extent to which the convergence of policies between different territories is still possible, the impact of long term economic difficulties on the ease of movement of people around Europe, and the role of regionalisation in addressing the rise of extreme nationalist tendencies.

**Informality and the role of the state:** Informal/voluntary local community-based arrangements may offer an immediate (and inexpensive) way out of some problems of social exclusion and poverty in the context of austerity programmes. However, such solutions should be approached critically, as they create precedents in respect to the role of the state, and the concepts of welfare provision. Careful and conscious decisions should be made in order to avoid establishing "de facto" alternatives to the state's response to social exclusion and poverty. This project may have a role to play in raising awareness of quiet but fundamental changes in welfare state perspectives.

### **9.3 Implications for work during the next 12 months and the Draft Final Report**

The TiPSE team has finalised the Working Paper 1, which sets out the conceptual foundation for the project. This task has clarified the definitions of poverty, social exclusion and also the combined concept of poverty and social exclusion. The review of the concepts showed that poverty and social exclusion are multi-dimensional and relative. This outcome demands multi-dimensional and multi-sectoral analysis. Depending on the availability of data, a regional level of data analysis will be established, which will be supplemented by a more detailed level of analysis in the case studies.

Tasks 2.3 and 2.5 (Poverty Mapping) have faced a number of challenges in advancing towards full utilisation of the PovMap software. As tasks are very much dependent, on the one hand, on efficient running of the PovMap software during the simulation phase, and, on the other hand, on acquiring appropriate 2011 Census microdata, the TPG has been forced to find flexible solutions for proceeding with the tasks. The TPG has started to use a new version of PovMap software, which is expected to be more reliable in running the simulations and to solve some of the difficulties. A crucial issue for Poverty Mapping will be the acquisition of appropriate data. Task 2.5 is intended to present NUTS3 level poverty maps. The plan is to generate the first maps by the beginning of June 2013. In countries where the schedule of 2011 Census microdata release allows, the maps will combine 2011 EU-SILC data (release anticipated in March 2013) with 2011 Census data. In countries where 2011 Census data is not available analysis will be based on the most recent census data available. Register data will be used as a test drive to experiment with different PovMap models, combining covariates from different socio-economic themes in different ways. This exercise procedure will lead to the formulation of modelling guidelines, and priorities for covariate data acquisition, or even a “standard model” which could enhance comparability between countries.

Task 2.4 Case Study Implementation started by implementation of first set of five case studies. The TPG has already started to familiarise themselves with the second set of case studies, and the implementation will start in January 2013. The NUTS3 regions selected for the second set of case studies are Albacete (Spain, ES 421), Porto (Portugal, PT114), Stockholms län (Sweden, SE110), Banskobystrický kraj (Slovakia, SK032), and Izmir (Turkey, TR310). The second set of case studies will also benefit from the experience gained from managing the first set of case studies. Case study reports will be presented and compared in a working paper, which will be annexed to the draft final report.

Data availability in Task 2.6 Social Exclusion Mapping is crucial for delivery of the maps demonstrating regional patterns of social exclusion. The TPG has to overcome some substantial gaps in terms of regional data before the mapping can be started. Therefore, the work will proceed gradually in order to have possibility to focus and

prioritise forthcoming data constraints successfully. In the first phase, maps will be finalised for the first two domains (Earning a living and Access to services), in which data availability has been assessed as good. On the other hand, Social environment and Political participation domains do not have potential sources of data at NUTS 3 level and this will moderate possibilities to produce maps for these domains. The most important sources of data are likely to include the Population Census, Labour Force Survey (LFS), the Regional Accounts, and UNESCO Education statistics. The Population Census might produce some problems for data acquisition but not to same extent as in Poverty Mapping. The context of Social Exclusion Mapping relates to area based data, which, it is anticipated will be available (through the NSIs), for at least some (if not most) countries, in time to support social exclusion indicators and mapping.

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