



## EUROPEAN COMMISSION

Employment, Social Affairs and Equal Opportunities DG

Social protection and social integration  
**Social and demography analysis**

Brussels, 7 June 2006  
D(2006)

### **PORTFOLIO OF OVERARCHING INDICATORS AND STREAMLINED SOCIAL INCLUSION, PENSIONS, AND HEALTH PORTFOLIOS**

#### **1. FORESEEN USE OF INDICATORS AFTER STREAMLINING**

##### **1.1. The new monitoring framework – National Reports on Strategy for social inclusion and social protection**

Following the adoption by the Council of the Commission's Communication on the streamlining of the OMC on Social Protection and Social Inclusion, the first round of streamlined strategies for the period 2006-2008 will have to be submitted to the Commission in the form of National Reports on Strategies for Social Protection and Social Inclusion by 15 September 2006.

In this context, a set of "Guidelines for preparing national reports on strategies for social protection and social inclusion" has been agreed upon between Member States and the Commission at the March 2006 meeting of the SPC. The guidelines provide a common approach by Member States to preparing their National Reports. Member States are invited to report on all 4 parts of the framework and thus on all the Common Objectives. However, while covering all objectives they may choose to emphasise certain of them.

##### **1.2. The new monitoring framework – reporting by the Commission and joint reporting**

In the new monitoring framework, the Commission will continue drafting a Report for joint adoption by the Commission and the Council prior to the subsequent Spring European Council. This report will summarise main issues and trends and assess Member States' progress in reaching the common streamlined objectives. In line with the SPC/EPC joint opinion on streamlining endorsed by the March 2006 EPSCO Council, it will also review how social protection and social inclusion policies are contributing to the Lisbon goals of employment and growth and assess how progress towards the Lisbon goals of employment and growth is impacting on social cohesion.

The 2007 joint report will draw on the first National Reports on Strategies for Social Protection and Social Inclusion and on other material such as 2006 work on pensions, findings from the Community Action Programme on Social Exclusion, the second round of National Lisbon Reports and EU-level data on social protection and social inclusion. In addition the report will reflect on how issues from the OMC process are being taken into account in the refocused Lisbon process on jobs and growth and how policies for

growth and employment are contributing to addressing social cohesion objectives. The Report will consist of:

- **a short main report** (12 pages) which summarises the main policy messages;
- **a set of country fiches** covering all Member States.

In addition, Commission services will produce a "**supporting document**" to illustrate more at length the issues covered in the main report. "Part 1" of this document will consist of an assessment of the social cohesion situation in the EU in relation to the common overarching objectives. Its aim will be to inform the analysis within the main report and will help to set the data within the individual country fiches in a broader European context.

### **1.3. The new monitoring framework – the use of indicators**

This section clarifies how indicators and statistics will be used in this new reporting context.

To begin with, it has to be recalled that all commonly agreed indicators and context information will continue to be calculated and regularly updated by Eurostat on the basis of the commonly agreed definitions and presented on the Eurostat web-site on well identified and dedicated pages.

Indicators will be used in the context of the monitoring of the **overarching objectives** which will draw on the analysis presented in the common overview of the National reports on Social Protection and Social Inclusion and in "part 1" of the supporting document to the Joint SPSI report.

In the National reports Member States should provide a brief and consolidated overview of the economic, social and demographic context that needs to be taken into account when setting priorities and developing policies in relation to social protection and social inclusion. This analysis should therefore primarily draw on the portfolio of commonly agreed overarching indicators and statistics: **the overarching portfolio** (see description below). It could however be supplemented with national indicators, highlighting national specificities in particular areas of social protection and social inclusion.

While some countries might choose not to present all indicators in the overview (to maintain the focus on key priorities), the synthesis presented should draw from a comprehensive analysis of the overarching portfolio that is designed to give an assessment of a country's situation in relation to overarching objectives (a) and (b). Member States could therefore provide this detailed analysis in annex.

In its own analysis of the social situation, the Commission will draft the condensed description presented in "**part 1**" of the **supporting document to the Joint report** building on a comprehensive assessment of the overarching portfolio at EU level together with any information the Commission might find relevant. The draft of the EU level review will be discussed in the ISG before the summer break; the final draft should be timely enough to serve as input for the Joint report. While highlighting the employment and growth context and the specific demographic and budgetary constraints in which social inclusion policies and social protection reforms operate, the Commission will make sure that the indicators are used in their role of assessing Member States' progress towards the commonly agreed objectives. The Commission will in particular

highlight the respective roles and interaction of social protection, and growth and employment trends in fostering social cohesion.

In the **National Plans/strategies by strand**, Member States are invited to adopt a focused approach by identifying a few priority objectives, while also addressing all streamlined objectives. In the area of social inclusion they should maintain an integrated and multi-dimensional approach to tackling poverty and social exclusion. The guidelines therefore suggest the priority objectives to be selected on the basis of a comprehensive analysis of the national social situation.

The adequate use of the commonly agreed indicators is essential to support this new approach. In order to enable these indicators to play their key role, the ISG has streamlined the existing lists of indicators by strand, as suggested both in the SPC/EPC opinion on streamlining and in the guidelines for the preparation of the national reports. The aim has been to ensure that each list covers all key dimensions encompassed in the common objectives with a reduced number of primary indicators. This also meant to focus the presentation of the indicators on key sub-populations, and to include in the proposal the planned developments.

Each strand list therefore constitutes a **commonly agreed condensed and comprehensive monitoring tool of a country's social situation with regards to the common objectives in each strand**. Member States should therefore assess their situation using the primary level streamlined strand lists. This assessment, supported by relevant national level information, should provide a powerful tool to identify priority objectives. On this basis, Member States are invited to specify what indicators (common and national) will be presented in the national plans/strategies and used to monitor progress towards the achievement of the national priority objectives.

## **2. GUIDING PRINCIPLES FOR THE SELECTION OF INDICATORS AND STATISTICS**

The ISG has agreed on a broad common methodological framework for the development of the overarching portfolio, and the review/development of the three strand indicators lists. This framework builds on the methodological principles agreed for the Laeken portfolio. However, it departs from the original framework in two ways: the choice of indicators is not limited to outcome indicators in order to better reflect the action and impact of policies; and, as explained below, some flexibility is introduced as how strictly the criteria are applied, notably allowing for the inclusion in the list of “commonly agreed **national** indicators” based on commonly agreed definitions and assumptions.

Each of the four indicators portfolios (i.e. the portfolio of overarching indicators and each of the three strand indicators portfolios) should aim at providing a comprehensive and efficient tool for the monitoring of the common objectives:

- (1) it should be comprehensive and cover all key dimensions of the common objectives;
- (2) it should be balanced across the different dimensions;
- (3) it should enable a synthetic and transparent assessment of a country's situation in relation to the common objectives.

The selection of individual indicators should, in principle, be guided by the following minimum set of methodological criteria:

- (a) An indicator should capture the essence of the problem and have a clear and accepted normative interpretation
- (b) An indicator should be robust and statistically validated
- (c) An indicator should provide a sufficient level of cross countries comparability, as far as practicable with the use of internationally applied definitions and data collection standards
- (d) An indicator should be built on available underlying data, and be timely and susceptible to revision
- (e) An indicator should be responsive to policy interventions but not subject to manipulation

Past experience in the development of indicators by the ISG has however shown that specific key information might be essential to capture one of the key dimensions of a commonly agreed policy objective (portfolio criteria 1), while not fulfilling all criteria for the selection of indicators (e.g. comparability, normative value). In order to overcome this difficulty, the ISG has agreed to flag the indicators and statistics included in the different overarching and strand lists according to how they should be used. The following three categories (EU, National, Context) aim at warning the user of the specific purpose and limitations of each indicator in the list

Each portfolio would contain:

- **Commonly agreed EU indicators** contributing to a comparative assessment of MS's progress towards the common objectives. These indicators might refer to social outcomes, intermediate social outcomes or outputs.
- **Commonly agreed national indicators based on commonly agreed definitions and assumptions** that provide key information to assess the progress of MS in relation to certain objectives, while not allowing for a direct cross-country comparison, or not necessarily having a clear normative interpretation. These indicators are especially suited to measure the scale and nature of policy intervention. These indicators should be interpreted jointly with the relevant background information (exact definition, assumptions, representativeness).
- **Context information:** Each portfolio will have to be assessed in the light of key context information, and by referring to past, and where relevant, future trends. The list of context information proposed is indicative and leaves room to other background information that would be most relevant to better frame and understand the national context.

Within each strand portfolio, for the sake of streamlining, a reduced number of **primary EU and national indicators** has been suggested as a condensed set of lead indicators which cover all essential dimensions of the defined objectives and/or highlight the social situation of key sub-populations (portfolio criteria 1 and 2); whereas **secondary (EU and national) indicators** would support these lead indicators by providing a greater insight into the nature of the problem (portfolio criteria 3).

In chapters 3, 4 and 5 we describe how these overall guiding principles have been applied to the new proposals for an **overarching portfolio** (chapter 3), for a streamlined **Laeken portfolio** (chapter 4), and for a **streamlined pensions portfolio** (chapter 5).

In chapter 6, we present a first set of indicators as discussed on the 19 May ISG meeting. Since it was not possible to cover all the areas, the current list represents work in progress and cannot be taken to fully reflect all the dimensions of health and long-term care.

**Clarification:** in June this year, the Commission will provide a set of data corresponding to the full set of indicators as currently available to be used in the 2006 reporting exercise. For those indicators/areas in development or for which EU level data is not yet available, Member States are encouraged to provide the relevant quantitative information based on national sources.

### **3. THE OVERARCHING PORTFOLIO**

As agreed by the March 2006 EPSCO Council, the 3 overarching objectives of the social protection and social inclusion processes are to promote:

- (a) social cohesion, equality between men and women and equal opportunities for all through adequate, accessible, financially sustainable, adaptable and efficient social protection systems and social inclusion policies;
- (b) effective and mutual interaction between the Lisbon objectives of greater economic growth, more and better jobs and greater social cohesion, and with the EU's Sustainable Development Strategy;
- (c) good governance, transparency and the involvement of stakeholders in the design, implementation and monitoring of policy.

#### **3.1. Specific guiding principles for the selection of indicators for the overarching portfolio**

On the basis of these objectives, the ISG has defined a reduced set of new or already agreed EU or national indicators to monitor each of these broad objectives. In selecting these indicators, the ISG has taken into account the current and planned common indicators used in the 3 social OMCs. In order to enhance the interaction with the Lisbon strategy and the Sustainable Development Strategy, it has also looked at the existing list of structural indicators used for monitoring the Lisbon strategy, as well as at the Sustainable Development Indicators recently adopted by the Commission.

While examining the appropriate methodological principles for the selection of overarching indicators, the ISG reached the following conclusions:

- The portfolio should reflect fully the overarching objectives, including dimensions that are "overarching" (Social Protection expenditures, Labour Market participation rates) and not specific to a strand in particular.

- Indicators do not need to be allocated to objectives (a) and (b) separately, since a number of them illustrate both objectives, as indicated in the first column of the table
- The portfolio should include indicators reflecting the link between the main policy areas and ultimate social cohesion outcomes, this could be achieved through an adequate combination of indicators reflecting social outcomes (e.g. at-risk-poverty rates, other income and living conditions indicators, unemployment rates, educational attainment, etc.) and indicators reflecting the scale and nature of social policy interventions (e.g. social protection expenditures, etc)
- The portfolio should reflect the main priorities of each strand in a balanced way (e.g., reinforce the health dimension)

The list of 14 indicators and 12 context information items presented below is the result of two plenary session discussions and two written consultations.

### 3.2. Overarching portfolio

The table indicates for each indicator the key dimension covered, the “name” and definition of each indicator and whether it is considered a commonly agreed EU indicator (EU) or a commonly agreed national indicator (NAT).

	<b>Key dimension</b> <i>overarching objectives concerned</i>	<b>Commonly agreed EU indicator (EU)</b>  <b>Commonly agreed national indicators (NAT)<sup>1</sup></b>	<b>Definition</b>	<b>Breakdowns</b>
<b>1a</b>	Risk of poverty (a)	<b>EU: At-risk-of-poverty rate</b>  + <b>Illustrative threshold value</b>  <i>In future consider the possibility to add At-persistent risk of poverty rate</i>	Share of persons aged 0+ with an equivalised disposable income below 60% of the national equivalised median income <sup>2</sup> .  Value of the at-risk-of-poverty threshold (60% median national equivalised income) in PPS for an illustrative household type (e.g., single person household)  Source: SILC	By age: Total, 0-17, 18-64, 65+
<b>1b</b>	Intensity of poverty risk (a)	<b>EU: Relative median poverty risk gap</b>	Difference between the median equivalised income of persons aged 0+ below the at-risk-of poverty threshold and the threshold itself, expressed as a percentage of the at-risk-of poverty threshold.	By age: Total, 0-17, 18-64, 65+

<sup>1</sup> **Commonly agreed national indicators based on commonly agreed definitions and assumptions** that provide key information to assess the progress of MS in relation to certain objectives, while not allowing for a direct cross-country comparison, and not necessarily having a clear normative interpretation. These indicators/statistics should be interpreted jointly with the relevant background information (exact definition, assumptions, representativeness).

<sup>2</sup> **Equivalised median income** is defined as the household's total disposable income divided by its "equivalent size", to take account of the size and composition of the household, and is attributed to each household member (including children). Equivalization is made on the basis of the OECD modified scale.

	<b>Key dimension</b> <i>overarching objectives concerned</i>	<b>Commonly agreed EU indicator (EU)</b>  <b>Commonly agreed national indicators (NAT)<sup>1</sup></b>	<b>Definition</b>	<b>Breakdowns</b>
<b>2</b>	Income inequalities (a)	<b><u>EU</u>: S80/S20</b>	Ratio of total income received by the 20% of the country's population with the highest income (top quintile) to that received by the 20% of the country's population with the lowest income (lowest quintile).  Income must be understood as equivalised disposable income.  Source: SILC	None
<b>3</b>	Health outcome, inequality in health (a)/(b)	<b><u>NAT</u>: Healthy life expectancy</b>	Number of years that a person at birth, at 45, at 65 is still expected to live in a healthy condition (also called disability-free life expectancy).  To be interpreted jointly with life expectancy  Source: Eurostat	At birth, at 45, at 65 By sex (By SES)



	<b>Key dimension</b> <i>overarching objectives concerned</i>	<b>Commonly agreed EU indicator (EU)</b>  <b>Commonly agreed national indicators (NAT)<sup>1</sup></b>	<b>Definition</b>	<b>Breakdowns</b>
<b>4</b>	Educational outcome and human capital formation  (a)/(b)	<b><u>EU</u>: Early school leavers</b>	Share of persons aged 18 to 24 who have only lower secondary education (their highest level of education or training attained is 0, 1 or 2 according to the 1997 International Standard Classification of Education – ISCED 97) and have not received education or training in the four weeks preceding the survey.  Source: LFS	By sex
<b>5</b>	Access to labour market  (a)/(b)	<b><u>EU</u>: People living in jobless households</b>	Proportion of people living in jobless households, expressed as a share of all people in the same age group <sup>3</sup> . This indicator should be analysed in the light of context indicator N°8: jobless households by main household types  Source: LFS	By age: 0-17, 18-59 By sex (18+ only)

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<sup>3</sup> Students aged 18-24 years who live in households composed solely of students are not counted in neither numerator nor denominator

	<b>Key dimension</b> <i>overarching objectives concerned</i>	<b>Commonly agreed EU indicator (EU)</b>  <b>Commonly agreed national indicators (NAT)<sup>1</sup></b>	<b>Definition</b>	<b>Breakdowns</b>
<b>6</b>	Financial Sustainability of social protection systems  (a)	<b><u>NAT</u>: Projected Total Public Social expenditures</b>	Age-related projections of total public social expenditures (e.g. pensions, health care, long-term care, education and unemployment transfers), current level (% of GDP) and projected change in share of GDP (in percentage points) (2010-20-30-40-50)  Specific assumptions agreed in the AWG/EPC. See "The 2005 EPC projections of age-related expenditures (2004-2050) for EU-25: underlying assumptions and projection methodologies"  Source: EPC/AWG	
<b>7a</b>	Pensions adequacy (a)	<b><u>EU</u>: Median relative income of elderly people</b>	Median equivalised income of people aged 65+ as a ratio of income of people aged 0-64  Source: EU-SILC	-
<b>7b</b>	Pensions adequacy (a)	<b><u>EU</u>: Aggregate replacement ratio</b>	Median individual pensions of 65-74 relative to median individual earnings of 50-59, excluding other social benefits  Source: EU-SILC	By sex
<b>8</b>	Inequalities in access to health care (a)	<b><i>Unmet need for care</i></b>	<i>Use, definition and breakdowns yet to be agreed upon once data is available for all countries.</i>  <i>Source: EU-SILC</i>	-

	<b>Key dimension</b> <i>overarching objectives concerned</i>	<b>Commonly agreed EU indicator (EU)</b>  <b>Commonly agreed national indicators (NAT)<sup>1</sup></b>	<b>Definition</b>	<b>Breakdowns</b>
<b>9</b>	Improved standards of living resulting from economic growth (a)/(b)	<b>EU: At-risk-of-poverty rate anchored at a fixed moment in time (2005)</b>  <i>Possibly replaced or supplemented in future by material deprivation or consistent poverty indicators</i>	Share of persons aged 0+ with an equivalised disposable income below the at-risk-of-poverty threshold calculated in year 2005 (1st EU-SILC income reference year for all 25 EU countries), up-rated by inflation over the years.  Source: SILC	By age: Total, 0-17, 18-64, 65+  By sex (18+ only)

	<b>Key dimension</b> <i>overarching objectives concerned</i>	<b>Commonly agreed EU indicator (EU)</b>  <b>Commonly agreed national indicators (NAT)<sup>1</sup></b>	<b>Definition</b>	<b>Breakdowns</b>
<b>10</b>	Employment of older workers (a)/(b)	<b>EU: Employment rate of older workers</b>  <i>Possibly replaced or supplemented by "average exit age from the labour market" when quality issues are resolved</i>	Persons in employment in age groups 55 - 59 and 60 – 64 as a proportion of total population in the same age group  Source: LFS	By age: 55-59; 60-64  By sex
<b>11</b>	In-work poverty (a)/(b)	<b>EU: In-work poverty risk</b>	Individuals who are classified as employed <sup>4</sup> (distinguishing between “wage and salary employment plus self-employment” and “wage and salary employment” only) and who are at risk of poverty.  This indicator needs to be analysed according to personal, job and household characteristics. It should also be analysed in comparison with the poverty risk faced by the unemployed and the inactive.  Source: SILC	By sex

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<sup>4</sup> Individuals classified as employed according to the definition of most frequent activity status. The most frequent activity status is defined as the status that individuals declare to have occupied for more than half the number of months in the calendar year.

	<b>Key dimension</b> <i>overarching objectives concerned</i>	<b>Commonly agreed EU indicator (EU)</b>  <b>Commonly agreed national indicators (NAT)<sup>1</sup></b>	<b>Definition</b>	<b>Breakdowns</b>
<b>12</b>	Participation in labour market (a)/(b)	<b>EU: Activity rate</b>  <i>Possibly replaced or supplemented in future by MWP indicators</i>	Share of employed and unemployed people in total population of working age 15-64  Source: LFS	By sex and age: 15-24, 25-54, 55-59; 60-64; Total
<b>13</b>	Regional cohesion (a)/(b)	<b>NAT: Regional disparities – coefficient of variation of employment rates</b>	Standard deviation <sup>5</sup> of regional employment rates divided by the weighted national average (age group 15-64 years). (NUTS II)  Source: LFS	
<b>14</b>	<i>More health</i> (a)/(b)	<i>To be decided following ISG work on health indicators</i>		

<sup>5</sup> Standard deviation measures how, on average, the situation in regions differs from the national average. As a complement to the indicator a graph showing max/min/average per country is presented.

**Possible alternative measures:**

**Regional disparities – underperforming regions. Source LFS**

1. Share of underperforming regions in terms of employment and unemployment (in relation to all regions and to the working age population/labour force) (NUTS II).
2. Differential between average employment/unemployment of the underperforming regions and the national average in relation to the national average of employment/unemployment (NUTS II) Thresholds to be applied: 90% and 150% of the national average rate for employment and unemployment, respectively. (An extra column with the national employment and unemployment rates would be included)

### 3.3. Context information:

The overarching indicators will have to be assessed in the light of key context information and by referring to past, and where relevant, future trends. The list of context information is indicative and leaves room to other background information that would be most relevant to frame and understand better the national socio-economic context

- (1) GDP growth
- (2) Employment rate, by sex  
Unemployment rate, by sex, and key age groups  
Long term unemployment rate, by sex and key age groups
- (3) Life expectancy at birth and at 65
- (4) Old age dependency ratio, current and projected
- (5) Distribution of population by household types, including collective households
- (6) Public debt, current and projected, % of GDP
- (7) Social protection expenditure, current, by function, gross and net (ESPROSS)
- (8) Jobless households by main household types (see breakdown of Social Inclusion indicator 1a)
- (9) Making work pay indicators (unemployment trap, inactivity trap (esp. second earner case), low-wage trap.

- (10) Net income of social assistance recipients as a % of the at-risk of poverty threshold for 3 jobless household types<sup>6</sup>.
- (11) At-risk of poverty rate before social transfers (other than pensions), 0-17, 18-64, 65+<sup>7</sup>
- (12) NAT: Change in projected theoretical replacement ratio<sup>8</sup> for base case 2004-2050 accompanied with information on type of pension scheme (DB, DC or NDC), and change in projected public pension expenditure 2004-2050. (These results should systematically be presented collectively in one table).  
 + assumptions and relevant background information on representativeness  
 + present also calculations of changes in replacement rates for one or two other cases, if suitable (for instance OECD)

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<sup>6</sup> This indicator refers to the income of people living in households that only rely on "last resort" social assistance benefits (including related housing benefits) and for which no other income stream is available (from other social protection benefits – e.g. unemployment or disability schemes – or from work). The aim of such an indicator is to evaluate if the safety nets provided to those households most excluded from the labour market are sufficient to lift people out of poverty. This indicator is calculated on the basis of the tax-benefit models developed jointly by the OECD and the European Commission. It is only calculated for Countries where non-categorical social benefits are in place and for 3 jobless household types: single, lone parent, 2 children and couple with 2 children. This indicator is especially relevant when analysing MWP indicators

<sup>7</sup> This indicator is meant to compare the observed risk of poverty with a hypothetical measure of a risk of poverty in absence of all social transfers (other than pensions) all things being kept equal. In particular, household and labour market structure are kept unchanged. This measure does not take into account other types of transfers that have an impact on household disposable income such as transfers in kind and tax rebates.

<sup>8</sup> Definition: Change in the theoretical level of income from pensions at the moment of take-up related to the income from work in the last year before retirement for a hypothetical worker (base case), percentage points, 2004-2050, with information on the type of pension scheme (DB, DC or NDC) and changes in the public pension expenditure as a share of GDP, 2004-2050. This information can only collectively form the indicator called Projected theoretical replacement ratio. Results relate to current and projected, gross (public and private) and total net replacement rates, and should be accompanied by information on representativeness and assumptions (contribution rates and coverage rate, public and private). Specific assumptions agreed in the ISG. For further details, see 2006 report on Replacement Rates.  
 Source: ISG and AWG

#### **4. STREAMLINED SOCIAL INCLUSION PORTFOLIO**

##### **The new streamlined social inclusion objectives**

For the social inclusion strand the aim is to make "a *decisive impact on the eradication of poverty and social exclusion by ensuring:*

- (d) access for all to the resources, rights and services needed for participation in society, preventing and addressing exclusion, and fighting all forms of discrimination leading to exclusion;
- (e) the active social inclusion of all, both by promoting participation in the labour market and by fighting poverty and exclusion;
- (f) that social inclusion policies are well-coordinated and involve all levels of government and relevant actors, including people experiencing poverty, that they are efficient and effective and mainstreamed into all relevant public policies, including economic, budgetary, education and training policies and structural fund (notably ESF) programmes.

##### **The methodological approach to reviewing the Laeken list**

Indicators to be used for monitoring the social inclusion strand of the Social Protection and Social Inclusion Strategy largely draw from the existing set of "Laeken indicators" in its present form. Also the methodological framework that was originally used to set up the list is maintained in its essence. That is, it is proposed to maintain the distinction between primary and secondary indicators. Accordingly, primary indicators would still be a restricted number of "lead indicators which cover the broad fields that have been considered the most important elements in leading to social exclusion"; whereas secondary indicators would support these lead indicators by describing in greater detail the nature of the problem or by describing other dimensions of the problem. Member States are expected to use at least the primary indicators in their national strategy reports, if only to emphasise that in the context of the EU social inclusion process poverty and social exclusion are a relative concept that encompasses income, access to essential durables, education, health care, adequate housing, distance from the labour market.

The agreed list contains 11 primary indicators, 3 secondary indicators and 11 context indicators. In practice, the primary list has been re-focused to contain only the most important indicators that describe the various dimensions of poverty and social exclusion. A few indicators that were in



the primary list became secondary indicators. Other Laeken indicators are now included in the overarching portfolio, either because they are considered as more appropriate to monitor overall social cohesion (in which case they are only kept as context information) or because they are considered crucial indicators to monitor both social cohesion (and/or its interaction with employment and growth) and social exclusion and poverty (in this case, they are included in both lists). Finally, a few indicators were considered redundant and were dropped: persistent poverty calculated with a 50% threshold, long-term unemployment share and very long-term unemployment rate.

#### 4.1. Proposed list of primary indicators

	Commonly agreed EU indicator (EU)  Commonly agreed national indicators (NAT) <sup>9</sup>	Definition	Age break-down	Gender break-down	Comments
SI-P1	<b>EU: At-risk-of poverty rate</b>  <b>+ illustrative threshold values</b>	<p>Share of persons aged 0+ with an equivalised disposable income below 60% of the national equivalised median income.</p> <p>Equivalised median income is defined as the household's total disposable income divided by its "equivalent size", to take account of the size and composition of the household, and is attributed to each household member. Equivalization is made on the basis of the OECD modified scale.</p> <p>Complemented by the value of the at-risk-of-poverty threshold (60% median national equivalised income) in PPS for two illustrative households: a single-person household and a household consisting of two adults and two children.</p>	Age groups: 0-17; 18-64; 65+	Yes, applying to people aged 18+	<p>The full range of age breakdowns originally agreed upon for this indicator could be contained in the secondary list, as well as in the pension indicators' list for what concerns the older age group.</p> <p>For each country, the poverty risk indicator must be assessed by looking at both the number of people whose income is below the threshold and the comparative level (in PPS) of this threshold.</p> <p>This indicator is also included in the overarching portfolio (indicator 1a).</p>

<sup>9</sup> **Commonly agreed national indicators based on commonly agreed definitions and assumptions** that provide key information to assess the progress of MS in relation to certain objectives, while not allowing for a direct cross-country comparison, and not necessarily having a clear normative interpretation. These indicators/statistics should be interpreted jointly with the relevant background information (exact definition, assumptions, representativeness).

	Commonly agreed EU indicator ( <u>EU</u> )  Commonly agreed national indicators ( <u>NAT</u> ) <sup>9</sup>	Definition	Age break-down	Gender break-down	Comments
SI-P2	<b><u>EU</u>: Persistent at-risk of poverty rate</b>	Share of persons aged 0+ with an equivalised disposable income below the at-risk-of-poverty threshold in the current year and in at least two of the preceding three years.	Age groups: 0-17; 18-64; 65+	Yes, applying to people aged 18+	<b>Not for 2006 report (use alternative national/EU measures if opportune).</b> This indicator will become available as from 2009, when four years of longitudinal data from EU-SILC will be available for the 13 EU countries that launched EU-SILC in 2004. It will be available for all 25 MS as from 2010.
SI-P3	<b><u>EU</u>: Relative median poverty risk gap</b>	Difference between the median equivalised income of persons aged 0+ below the at-risk-of-poverty threshold and the threshold itself, expressed as a percentage of the at-risk-of-poverty threshold.	Age groups: 0-17; 18-64; 65+	Yes, applying to people aged 18+	This indicator is also included in the overarching portfolio (indicator 1b)
SI-P4	<b><u>EU</u>: Long term unemployment rate</b>	Total long-term unemployed population ( $\geq 12$ months' unemployment; ILO definition) as a proportion of total active population aged 15 years or more.	No	Yes	The long term unemployment rate needs to be interpreted in the light of information on the activity/inactivity rate of the population.

	Commonly agreed EU indicator ( <u>EU</u> )  Commonly agreed national indicators ( <u>NAT</u> ) <sup>9</sup>	Definition	Age break-down	Gender break-down	Comments
SI-P5	<b>EU: Population living in jobless households</b>	<p>Proportion of people living in jobless households, expressed as a share of all people in the same age group.</p> <p>Students aged 18-24 years who live in households composed solely of students are counted in neither numerator nor denominator.</p> <p>This indicator should be analysed in the light of context indicator N°7: jobless households by main household types</p>	<p>Age groups:</p> <ul style="list-style-type: none"> <li>- 0-17;</li> <li>- 18-59.</li> </ul>	Yes (for 18-59 only)	<p>This indicator is also proposed as an indicator to monitor the overarching objectives. It sheds light on an important aspect of social exclusion as it reflects the lack of contact of children and working-age adults with the world of work. It also reflects polarization of employment across households.</p> <p>This indicator is also included in the overarching portfolio (indicator 5)</p>
SI-P6	<b>EU: Early school leavers not in education or training</b>	<p>Share of persons aged 18 to 24 who have only lower secondary education (their highest level of education or training attained is 0, 1 or 2 according to the 1997 International Standard Classification of Education – ISCED 97) and have not received education or training in the four weeks preceding the survey.</p>	No	Yes	<p>This indicator is also included in the overarching portfolio (indicator 4)</p> <p>The definition of this indicator may be amended following the recommendation by Eurostat to focus on the age group 20-24 years (and in line with EMCO).</p>

	Commonly agreed EU indicator ( <u>EU</u> )  Commonly agreed national indicators ( <u>NAT</u> ) <sup>9</sup>	Definition	Age break-down	Gender break-down	Comments
SI-P7	<b><u>NAT</u>: Employment gap of immigrants</b>	Percentage point difference between the employment rate for non-immigrants and that for immigrants. Immigrants are defined on the basis of the variable "born abroad <sup>10</sup> " (and it is up to each Country to decide whether to include nationals born abroad or not, as appropriate)	<i>No</i>	<i>Yes</i>	<b><u>This indicator needs to be supplemented by relevant national data covering other key aspects of inclusion of immigrants.</u></b>
SI-P8	<i>EU: Material deprivation</i>	<i>To be developed</i>	<i>Age groups: 0-17; 18-64; 65+</i>	<i>Yes</i>	<b>Not for 2006 report (use alternative national measures if opportune).</b>  Indicator to be developed based on information available in EU-SILC
SI-P9	<i>Housing</i>	<i>To be developed</i>	<i>Age groups: 0-17; 18-64; 65+</i>	<i>Yes</i>	<b>Not for 2006 reporting</b>  On the basis of national sources, Member States have to report on homelessness, housing costs and decent housing  Indicator to be developed based on information available in EU-SILC

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<sup>10</sup> The indicator should be presented both for EU25 and non EU-25 migrants.

	Commonly agreed EU indicator (EU)  Commonly agreed national indicators (NAT) <sup>9</sup>	Definition	Age break-down	Gender break-down	Comments
SI-P10	<i>Unmet need for care by income quintile</i>	<i>Use, definition and breakdowns yet to be agreed upon once data is available for all countries.</i>  <i>Source: EU-SILC</i>	-	-	<b>Not for 2006 report (use alternative national/EU measures if opportune).</b>  This indicator could also be included in the overarching portfolio (indicator 8)
SI-P11	<i>Child well-being</i>	<i>To be developed</i>			

## 4.2 Proposed list of secondary indicators

	Commonly agreed EU indicator (EU)  Commonly agreed national indicators (NAT) <sup>11</sup>	Definition	Age break-down	Gender break-down	Comments
SI-S1	<b>EU:</b> At-risk-of poverty rate	Share of persons aged 0+ with an equivalised disposable income below 60% of the national equivalised median income.	Full age breakdown: 0-17; 18-24; 25-54; 55-64; 65+	Yes, applying to people aged 18+	Full range of age breakdowns  For each country, the poverty risk indicator must be assessed by looking at both the number of people whose income is below the threshold and the comparative level (in PPS) of this threshold.

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<sup>11</sup> **Commonly agreed national indicators based on commonly agreed definitions and assumptions** that provide key information to assess the progress of MS in relation to certain objectives, while not allowing for a direct cross-country comparison, and not necessarily having a clear normative interpretation. These indicators/statistics should be interpreted jointly with the relevant background information (exact definition, assumptions, representativeness).

	Commonly agreed EU indicator (EU)  Commonly agreed national indicators (NAT) <sup>11</sup>	Definition	Age break-down	Gender break-down	Comments
SI-S1a	<b>EU:</b> Poverty risk by household type	<p>Poverty risk for the total population aged 0+ in the following household types:</p> <p><u>Households with no dependent children:</u></p> <ul style="list-style-type: none"> <li>- Single person, under 65 years old</li> <li>- Single person, 65 years and over</li> <li>- Single women</li> <li>- Single men</li> <li>- Two adults, at least one person 65 years and over</li> <li>- Two adults, both under 65 years</li> <li>- Other households</li> </ul> <p><u>Households with dependent children<sup>12</sup>:</u></p> <ul style="list-style-type: none"> <li>- Single parent, 1 or more dependent children</li> <li>- Two adults, one dependent child</li> <li>- Two adults, two dependent children</li> <li>- Two adults, three or more dependent children</li> <li>- Three or more adults with dependent children</li> </ul>	Already specified in the typology of households.	Already specified in the typology of households.	

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<sup>12</sup> Dependent children are all individuals aged 0 – 17 years as well as individuals aged 18 – 24 years if inactive and living with at least one parent.



	Commonly agreed EU indicator (EU)  Commonly agreed national indicators (NAT) <sup>11</sup>	Definition	Age break-down	Gender break-down	Comments
SI-S1b	<b>EU:</b> Poverty risk by the work intensity of households	<p>Poverty risk for the total population aged 0+ in different work intensity categories and broad household types.</p> <p>The work intensity of the household refers to the number of months that all working age household members have been working during the income reference year as a proportion of the total number of months that could theoretically be worked within the household.</p> <p>Individuals are classified into work intensity categories that range from WI=0 (jobless household) to WI=1 (full work intensity).</p>	Age groups: 0-17; 18-64; 65+	Yes, applying to people aged 18 +.	
SI-S1c	<b>EU:</b> Poverty risk by most frequent activity status	<p>Poverty risk for the adult population (aged 18 years and over) in the following most frequent activity status groups: employment (singling out wage and salary employment); unemployment; retirement; other inactivity.</p> <p>The most frequent activity status is defined as the status that individuals declare to have occupied for more than half the number of months in the calendar year for which information on occupational status is available.</p>	-	Yes (applying to people aged 18 +).	
SI-S1d	<b>EU:</b> Poverty risk by accommodation tenure status	<p>Poverty risk for the total population aged 0+ in the following accommodation tenure categories:</p> <ul style="list-style-type: none"> <li>- Owner-occupied or rent free</li> <li>- Rented</li> </ul>	Age groups: 0-17; 18-64; 65+	Yes, applying to people aged 18 +	This breakdown may have to be reconsidered once imputed rent can be taken into account in indicator 1

	Commonly agreed EU indicator ( <u>EU</u> )  Commonly agreed national indicators ( <u>NAT</u> ) <sup>11</sup>	Definition	Age break-down	Gender break-down	Comments
SI-S1e	<u>EU</u> : Dispersion around the at-risk-of-poverty threshold	Share of persons aged 0+ with an equivalised disposable income below 40%, 50% and 70% of the national equivalised median income.	Age groups: 0-17; 18-64; 65+	Yes, applying to people aged 18 +	
SI-S2	<u>EU</u> : Persons with low educational attainment	Share of the adult population (aged 25 years and over) whose highest level of education or training is ISCED 0, 1 or 2.  Definition subject to change following current Eurostat work on this indicator	Age groups: 25-34; 35-54; 55-64; 65+; 25-64.	Yes	Please note the reduction of the age breakdowns
SI-S3	<u>EU</u> : Low reading literacy performance of pupils	Share of 15 years old pupils who are at level 1 or below of the PISA combined reading literacy scale	N.A.	Yes	Available every three years. Benchmark indicator of the education and training OMC

### 4.3 Context information

- SI-C1 Income quintile ratio (S80/S20) - This indicator is also included in the overarching portfolio (indicator 2)
- SI-C2 Gini coefficient
- SI-C3 Regional cohesion: dispersion in regional employment rates - This indicator is also included in the overarching portfolio (indicator 13)
- SI-C4 Healthy Life expectancy and Life expectancy at birth, at 65, (*by Socio-Economic Status when available*) - This indicator is also included in the overarching portfolio (indicator 3)
- SI-C5 At-risk-of-poverty rate anchored at a moment in time - This indicator is also included in the overarching portfolio (indicator 9)
- SI-C6 At-risk-of-poverty rate before social cash transfers (other than pensions)<sup>13</sup>
- SI-C7 Jobless households by main household types (see breakdown of secondary indicator 1a)
- SI-C8 In-work poverty risk, breakdown full-time/part time
- SI-C9 Making work pay indicators (unemployment trap, inactivity trap (esp. second earner case), low-wage trap.
- SI-C10 Net income of social assistance recipients as a % of the at-risk of poverty threshold for 3 jobless household types<sup>14</sup>.
- SI-C11 Self reported limitations in daily activities by income quintiles, by sex, by age (0-17, 18-64, 65+)

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<sup>13</sup> This indicator is meant to compare the observed risk of poverty with an hypothetical measure of a risk of poverty in absence of all social transfers (other than pensions) all things being kept equal. In particular, household and labour market structure are kept unchanged. This measure does not take into account other types of transfers that have an impact on household disposable income such as transfers in kind and tax rebates.

<sup>14</sup> This indicator refers to the income of people living in households that only rely on "last resort" social assistance benefits (including related housing benefits) and for which no other income stream is available (from other social protection benefits – e.g. unemployment or disability schemes – or from work). The aim of such an indicator is to evaluate if the safety nets provided to those households most excluded from the labour market are sufficient to lift people out of poverty. This indicator is calculated on the basis of the tax-benefit models developed jointly by the OECD and the European Commission. It is only calculated for Countries where non-categorical social benefits are in place and for 3 jobless household types: single, lone parent, 2 children and couple with 2 children. This indicator is especially relevant when analysing MWP indicators

## 5. STREAMLINED PENSIONS PORTFOLIO

The list of streamlined indicators to reflect the three streamlined objectives as regards pensions is based on the available set of indicators developed by the ISG (as reflected by the list of indicators and data used for the 2005 National Strategy Reports on pensions and on previous ISG reports on work in progress as regards indicators on pensions in late 2002).

The agreed list contains 11 primary indicators, 11 secondary indicators and 5 context indicators regrouped according to the streamlined objective to which they refer. Since the perspective dimension is fundamental for pensions, national indicators based on commonly agreed definitions and assumptions (as explained in section 2) have also been included.

The ISG has also agreed to consider developing other indicators which would cover the following dimensions:

- Material deprivation of older people (regarding first streamlined objective for pensions);
- Age of entry into the labour market (regarding first streamlined objective for pensions);
- Coverage rate of public statutory pension schemes and private pensions (as a percentage of the working age population and active population) (regarding first streamlined objective for pensions);
- Financial incentives to work longer (regarding first two streamlined objectives for pensions);
- Administrative costs of private pensions (regarding second streamlined objective for pensions);
- Assets in all pension schemes (statutory and occupational, including reserve funds), current and projected (as percentage of GDP) up to 2050 (regarding second streamlined objective for pensions);
- Past ten years performance on pension funds (average and standard deviation) (regarding second streamlined objective for pensions);
- Share of active population having access to information on their individual pension entitlements (regarding third streamlined objective for pensions);
- Average typical length of vesting/waiting periods (regarding third streamlined objective for pensions);
- Replacement rates associated with non standard careers (career breaks, succession of several pension schemes) (regarding third streamlined objective for pensions);
- Number of pensions' beneficiaries
- Aggregate replacement ratio calculated with longitudinal data;
- Further developments associated with theoretical prospective replacement rates (see below).

## 5.1. First Streamlined objective pensions - adequate pensions

*"Ensure adequate retirement incomes for all and access to pensions which allow people to maintain, to a reasonable degree, their living standard after retirement, in the spirit of solidarity and fairness between and within generations"*

### Primary indicators

	Commonly agreed EU indicator (EU)  Commonly agreed national indicators (NAT) <sup>15</sup>	Definition	Breakdowns	Comments
PN-P1	<b>EU: At-risk-of-poverty rate of older people</b>	Risk of poverty for people aged 0-64 , 65+  Complemented by composition of income	By age: 0-64, 65+  By sex (see 5.3)	Poverty rate of 65+ (at the 60% threshold of equivalised income) provides a key indication of the capacity of pension systems to provide adequate income to older people
PN-P2	<b>EU: Median relative income of elderly people</b>	Median equivalised income of people aged 65+ as a ratio of income of people aged 0-64	By sex (see 5.3)	This indicator informs on the overall adequacy of income of older people. Related context information: composition of income  This indicator is also included in the overarching portfolio (indicator 7a)

<sup>15</sup> **Commonly agreed national indicators based on commonly agreed definitions and assumptions** that provide key information to assess the progress of MS in relation to certain objectives, while not allowing for a direct cross-country comparison, and not necessarily having a clear normative interpretation. These indicators/statistics should be interpreted jointly with the relevant background information (exact definition, assumptions, representativeness).

	Commonly agreed EU indicator ( <u>EU</u> )  Commonly agreed national indicators ( <u>NAT</u> ) <sup>15</sup>	Definition	Breakdowns	Comments
<b>PN-P3</b>	<b><u>EU</u>: Aggregate replacement ratio</b>	Median individual pensions of 65-74 relative to median individual earnings of 50-59, excluding other social benefits,	By sex (see 5.3)	This indicator informs on the overall adequacy of income of pensioners, in relation to older workers  This indicator is also included in the overarching portfolio (indicator 7b)

	Commonly agreed EU indicator ( <u>EU</u> )  Commonly agreed national indicators ( <u>NAT</u> ) <sup>15</sup>	Definition	Breakdowns	Comments
PN-P4	<p><b><u>NAT</u>: Change in projected theoretical replacement ratio for base case 2004-2050 accompanied with information on type of pension scheme (DB, DC or NDC) and change in projected public pension expenditure 2004-2050 )</b></p> <p><b>These results should systematically be presented collectively in one table.</b></p> <p><b>+ assumptions and relevant background information on representativeness</b></p> <p><b>+ present also calculations of changes in replacement rates for one or two other cases, if suitable (for instance OECD)</b></p>	<p>Change in the theoretical level of income from pensions at the moment of take-up related to the income from work in the last year before retirement for a hypothetical worker (base case), percentage points, 2004-2050, with information on the type of pension scheme (DB, DC or NDC) and changes in the public pension expenditure as a share of GDP, 2004-2050.</p> <p>This information can only collectively form the indicator called Projected theoretical replacement ratio.</p> <p>Results relate to current and projected, gross (public and private) and total net replacement rates, and should be accompanied by information on representativeness and assumptions (contribution rates and coverage rate, public and private).</p> <p>Specific assumptions agreed in the ISG. For further details, see 2006 report on Replacement Rates.</p> <p>Source: ISG and AWG</p>		<p>Information on the development of future adequacy has to be complemented by information on future sustainability (projections of pension expenditures).</p> <p>Theoretical replacement rates provide key elements on the current replacement levels and their likely evolution, in response to enacted reforms, especially for DC schemes. They provide comprehensive similar information for DB schemes when if used with appropriate information regarding the sustainability of such schemes.</p> <p><u>Other NAT indicators</u> : other cases including differences in careers and in retirement age (present OECD calculations if suitable)</p> <p><u>This indicator needs to be further developed</u>, notably as regards to incorporating financial sustainability into the calculations. One could examine the possibility to include into the calculations a theoretical projected contribution rate for the base case, corresponding to a situation where no increase in pension expenditures (as a % of GDP) would occur. Further developments could also reflect the question of different cases (career development and breaks), and incentives to work longer, or also the balance between contributions made and benefits.</p>

## Secondary indicators

	Commonly agreed EU indicator (EU)  Commonly agreed national indicators (NAT) <sup>16</sup>	Definition	Breakdowns	Comments
PN-S1	<b>EU At-risk-of-poverty rate of older people</b>	Risk of poverty for people aged 0-59, 0-74, 60+ , 75+ <sup>17</sup>	By age: 0-59, 0-74, 60+, 75+ <sup>18</sup>  By sex	Poverty rate of elderly people (at the 60% threshold of equivalised income).  These breakdowns allow to isolate the specific situation of different age groups (younger / older) than the primary indicator.
PN-S2	<b>EU Median relative income of elderly people (60+)</b>	Median equivalised income of people aged 60+ as a ratio of income of people aged 0-59	By sex	This indicator informs on the overall adequacy of income of older people  Related indicator: composition of income
PN-S3	<b>EU Aggregate replacement ratio (incl. other social benefits)</b>	Median individual pensions of 65-74 relative to median individual earnings of 50-59, including other social benefits	By sex	

<sup>16</sup> **Commonly agreed national indicators based on commonly agreed definitions and assumptions** that provide key information to assess the progress of MS in relation to certain objectives, while not allowing for a direct cross-country comparison, and not necessarily having a clear normative interpretation. These indicators/statistics should be interpreted jointly with the relevant background information (exact definition, assumptions, representativeness).

<sup>17</sup> One should note that for the age breakdown of people aged 75 and more, there may be some potential statistical difficulties due to the size of samples, and non coverage of collective households by household surveys.

<sup>18</sup> One should note that for the age breakdown of people aged 75 and more, there may be some potential statistical difficulties due to the size of samples, and non coverage of collective households by household surveys.



	Commonly agreed EU indicator (EU)  Commonly agreed national indicators (NAT) <sup>16</sup>	Definition	Breakdowns	Comments
PN-S4	<b>EU: Income inequality</b>	(S80/S20) among population aged 65+	By age: 0-64, 65+	This indicator informs on the first part of the objective (solidarity between generations) and provides an indication on the income distribution for 0-64, 65+ and oldest people
PN-S5	<b>EU: Risk of poverty gap of elderly people</b>	Poverty gap by age brackets (for 65+ and 75+) at the 60% threshold	By age 65+, 75+	This indicator complements indicators on poverty rates and is complementary to sensitivity analysis
PN-S6	<b>EU: Risk of poverty of pensioners</b>	Art risk of poverty rate restricted to the field of people whose main activity status is 'retired'	By sex	This indicator complements indicators on poverty rates for people whose status is retired. See also indicators for the third streamlined objective
PN-S7	<b>EU: Incidence of risk of elderly poverty by the housing tenure status</b>	Incidence of risk of poverty for people belonging to the 60+, 65+ and 75+ age groups by the housing tenure status of their households Different housing status : owner-occupied, rent-free and rented accommodation	By age: 60+, 65+, 75+	This indicator complements indicators on poverty rates for different housing tenures status
PN-S8	<b>EU: Risk of poverty calculated at 50% and 70% of median national equivalised income for elderly</b>	Risk of poverty calculated at 50% and 70% of median national equivalised income for people aged 60+, 65+ and 75+.	By age: 60+, 65+, 75+	Sensitivity tests for different income thresholds

### **Context indicators**

PN-C1 EU: Composition of income by source (pensions; other social benefits; earnings from work; other sources) and by income quintile for people aged 60+, 65+, 75+

## 5.2. 2nd Streamlined objective pensions – sustainable pensions

*“Ensure the financial sustainability of public and private pension schemes, bearing in mind pressures on public finances and the ageing of populations, and in the context of the three-pronged strategy for tackling the budgetary implications of ageing, notably by: supporting longer working lives and active ageing; by balancing contributions and benefits in an appropriate and socially fair manner; and by promoting the affordability and the security of funded and private schemes.”*

### Primary indicators

	Commonly agreed EU indicator ( <u>EU</u> )  Commonly agreed national indicators ( <u>NAT</u> ) <sup>19</sup>	Definition	Breakdowns	Comments
PN-P5	<b><u>NAT</u>: Total Current Pension expenditure (% of GDP)</b>	"Pension expenditure" is the sum of seven different categories of benefits, as defined in the ESSPROS Manual 1996: disability pension, early retirement benefit due to reduced capacity to work, old-age pension, anticipated old-age pension, partial pension, survivors' pension and early retirement benefit for labour market reasons.  Source: ESSPROS		In development: breakdown between public / private

<sup>19</sup> **Commonly agreed national indicators based on commonly agreed definitions and assumptions** that provide key information to assess the progress of MS in relation to certain objectives, while not allowing for a direct cross-country comparison, and not necessarily having a clear normative interpretation. These indicators/statistics should be interpreted jointly with the relevant background information (exact definition, assumptions, representativeness).

	Commonly agreed EU indicator ( <u>EU</u> )  Commonly agreed national indicators ( <u>NAT</u> ) <sup>19</sup>	Definition	Breakdowns	Comments
PN-P6	<b><u>EU</u>: Employment rate</b>	% persons employed in relation to the total number of people in a given age group.  Source: LFS	By age: 25-54; 55-64 (55-59 and 60-64); 65-69  and all by sex	Employment rate of 55-64 people is an essential aspect of sustainability  These breakdowns are essential to analyse more in details the change in employment rates with age brackets and paths of early exit from the labour market  Gender breakdowns also enable to isolate the structural effect of the trend of the increase in women employment rates.
PN-P7	<b><u>EU</u>: Effective labour market exit age</b>	The average age of withdrawal from the labour market, based on a probability model considering the relative changes of activity rates from one year to another at a specific age.  Source: LFS	By sex	The central challenge is probably the extent to which pension reforms will translate into an increase of the effective retirement age  Comment : some further statistical / methodological work would be necessary
PN-P8	<b><u>NAT</u>: Projections of Pension expenditure, public and total, 2004-2050 (% of GDP)</b>	Specific assumptions agreed in the AWG. For further details, see "The 2005 EPC projections of age-related expenditure (2004-2050) for the EU-25 Member States: underlying assumptions and projection methodologies".  Source: AWG		Projections of pension expenditures also reflect assumptions made on economic trends (notably evolution of employment rates, in particular for older workers). Attention should be drawn to the extent that the various methodologies used by Member States may not ensure full consistency and comparability (in particular in the coverage of private and occupational pensions)

## Secondary indicators

	Commonly agreed EU indicator (EU)	Definition	Breakdowns	Comments
	Commonly agreed national indicators (NAT) <sup>20</sup>			
PN-S9	<b>NAT: Total social Protection expenditures (% of GDP)</b>	ESSPROS	-	In development: gross / net expenditure
PN-S10	<b>NAT: Decomposition of the projected increase in public pension expenditure</b>	<p>Decomposition with the old age dependency ratio, the employment effect, the take-up ratio and the benefit ratio.</p> <p>Specific assumptions agreed in the AWG.</p> <p>For further details, see "The 2005 EPC projections of age-related expenditure (2004-2050) for the EU-25 Member States: underlying assumptions and projection methodologies".</p> <p>Source: AWG</p>	-	<p>Projections of pension expenditures also reflect assumptions made on economic trends (notably evolution of employment rates, in particular for older workers).</p> <p>Attention should be drawn to the extent that the various methodologies used by Member States may not ensure full consistency and comparability (in particular in the coverage of private and occupational pensions)</p>

<sup>20</sup> **Commonly agreed national indicators based on commonly agreed definitions and assumptions** that provide key information to assess the progress of MS in relation to certain objectives, while not allowing for a direct cross-country comparison, and not necessarily having a clear normative interpretation. These indicators/statistics should be interpreted jointly with the relevant background information (exact definition, assumptions, representativeness).

### **Context indicators**

- PN-C2** **EU**: Old-age dependency ratio (Current and projected for 2010, 2030, 2050) - ESTAT<sup>21</sup>
- PN-C3** **EU**: Evolution of life expectancy at birth and at ages 60 and 65, by gender (current and projected)
- PN-C4** **NAT**: Pension system dependency ratio (Number of pensioners relative to contributors, current and projected up to 2050. Specific assumptions by AWG)<sup>22</sup>
- PN-C5** **NAT**: Contribution to public and private pension schemes (Pension contributions to public pension schemes as a share of GDP, current and projected to 2050) Source: AWG<sup>23</sup>

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<sup>21</sup> The development of dependency ratios provides key information on future pressures on pension systems expenditures and resources.

<sup>22</sup> For further details, see "The 2005 EPC projections of age-related expenditure (2004-2050) for the EU-25 Member States: underlying assumptions and projection methodologies".

Projections of pension expenditures also reflect assumptions made on economic trends (notably evolution of employment rates, in particular for older workers). Attention should be drawn to the extent that the various methodologies used by Member States may not ensure full consistency and comparability (in particular in the coverage of private and occupational pensions)

<sup>23</sup> See above

### 5.3. 3rd Streamlined objective pensions - modernised pensions

*"Ensure that pension systems are transparent, well adapted to the needs and aspirations of women and men and the requirements of modern societies, demographic ageing and structural change; that people receive the information they need to plan their retirement and that reforms are conducted on the basis of the broadest possible consensus".*

#### Primary indicators

	Commonly agreed EU indicator (EU)  Commonly agreed national indicators (NAT) <sup>24</sup>	Definition	Breakdowns	Comments
PN-P9	<b>EU: Gender differences in the risk of poverty</b>	See at-risk of poverty rate	0-65, 65+  Total + women/men living alone	Related secondary indicators: by age group (60+ and 75+ and below 60, 75);
PN-P10	<b>EU: Gender differences in the relative income of older people</b>	See relative income for 65+, in relation to the 0-64 population	Total + women/men living alone	Related secondary indicators: by age group (60+ and 75+ and below 60, 75);
PN-P11	<b>EU: Gender differences in aggregate replacement ratio</b>	See aggregate replacement ratio		

<sup>24</sup> **Commonly agreed national indicators based on commonly agreed definitions and assumptions** that provide key information to assess the progress of MS in relation to certain objectives, while not allowing for a direct cross-country comparison, and not necessarily having a clear normative interpretation. These indicators/statistics should be interpreted jointly with the relevant background information (exact definition, assumptions, representativeness).

**Secondary indicators**

	Commonly agreed EU indicator ( <u>EU</u> )	Definition	Breakdowns	Comments
	Commonly agreed national indicators ( <u>NAT</u> ) <sup>25</sup>			
PN-S11	<b><u>EU Gender differences in the relative income older people</u></b>	See relative income for 65+, in relation to the 0-64 population,	by age group (60+ and 75+ and below 60, 75);  Total + women/men living alone	

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<sup>25</sup> **Commonly agreed national indicators based on commonly agreed definitions and assumptions** that provide key information to assess the progress of MS in relation to certain objectives, while not allowing for a direct cross-country comparison, and not necessarily having a clear normative interpretation. These indicators/statistics should be interpreted jointly with the relevant background information (exact definition, assumptions, representativeness).

## **6. HEALTH PORTFOLIO – PRELIMINARY LIST, WORK IN PROGRESS (LIST IS INCOMPLETE)**

The following is a preliminary proposal for a set of indicators to use in the 2006 reporting exercise to reflect the common objectives in the area of health and long-term care. The current list is based on previous discussion papers and ISG meetings regarding health and long-term care statistics (December 2004, October, 2005, January 2006 and April 2006) and on current data availability at international sources (Eurostat, OECD, WHO). Note that there is a large pool of statistics related to health and health care but the proposal attempts to focus on those that are relevant from a social protection point of view.

Since the perspective dimension is fundamental for costs containment the proposal also includes national indicators based on commonly agreed definitions and assumptions such as the public expenditure on health care and long-term care.

The proposed set of indicators was discussed on the 19 May ISG meeting. Since it was not possible to cover all the areas, the current lists represent work in progress and cannot be taken to fully reflect all the dimensions of health and long-term care. The ISG meeting did not have time to discuss proposals in the following areas:

- Rational use of resources/incentives (Inpatient discharges, hospital daycases, acute care bed occupancy, average length of stay, generics sales)
- Promotion and prevention (regular smokers, total alcohol consumption, obesity, malnutrition, physical activity)
- Human resources (number of pharmacists, dentists)

Note that this portfolio does not necessarily correspond to the full list of indicators for the health and long-term care strand of the streamlined OMC. Previous ISG meetings have suggested that there may be other potential indicators. These are not currently presented because they require future developments or because related data will not be made available until future reporting exercises (e.g. variables in the European Health Interview Survey). For example the area of long-term care although deemed highly relevant is not well covered by internationally available and comparable statistics. Some of the dimensions not included in this list but which may be covered in the complete set of health and long-term care indicators following future ISG meetings are:

- Self reported unmet need for medical/dental examination/care: Use, definition and breakdowns yet to be agreed upon once data is available for all countries.  
Currently discussed proposal is: % of the population perceiving an unmet need for medical examination or treatment for the following reasons (aggregated): i) could not afford to (too expensive) + ii) waiting list + iii) too far to travel/ no means of transportation



- Out of Pocket payments by households
- Regional dispersion of healthcare supply
- Care utilisation by socio-economic status
- Mortality and life expectancy by socio-economic status
- Survival rates and readmission rates
- Long term care:
  - definitions to be used,
  - formal and informal care,
  - public and private expenditure,
  - provision of formal care in institutions and at home
  - dependency rates
- Quality
- Human resources

## 6.1. Proposed list of indicators: Access and inequalities in outcomes (objective 1)

### Primary indicators

	Commonly agreed EU indicator (EU)	Definition	Age break-down	Gender break-down	Comments
	Commonly agreed national indicators (NAT) <sup>26</sup>				
HC-P1	Self reported unmet need for medical care	Use, definition and breakdowns yet to be agreed upon once data is available for all countries.  Source: EU-SILC	-	-	<b>Not for 2006 report (use alternative national/EU measures if opportune).</b>  This indicator could also be included in the overarching portfolio (indicator 8)
HC-P2	Self reported unmet need for dental care	Use, definition and breakdowns yet to be agreed upon once data is available for all countries.  Source: EU-SILC	-	-	<b>Not for 2006 report (use alternative national/EU measures if opportune).</b>
HC-P3	<u>EU</u> : Infant mortality	Infant mortality rates  Source: ESTAT	No	No	Further development: by socio economic status of parents (level of education, income quintile). In the meantime, to be reported if available nationally

<sup>26</sup> **Commonly agreed national indicators based on commonly agreed definitions and assumptions** that provide key information to assess the progress of MS in relation to certain objectives, while not allowing for a direct cross-country comparison, and not necessarily having a clear normative interpretation. These indicators/statistics should be interpreted jointly with the relevant background information (exact definition, assumptions, representativeness).

	Commonly agreed EU indicator ( <u>EU</u> )  Commonly agreed national indicators ( <u>NAT</u> ) <sup>26</sup>	Definition	Age break-down	Gender break-down	Comments
HC-P4	<u>EU</u> : Life expectancy	Life expectancy  Source: ESTAT	Yes: at birth, at 45, at 65	Yes	Further development: by socio economic status (level of education, income quintile) (at birth= socio economic status of parents) In the meantime, to be reported if available nationally
HC-P5	<u>NAT</u> : Healthy Life years	Number of years that a person at birth, at 45, at 65 is still expected to live in a healthy condition (also called disability- free life expectancy).  To be interpreted jointly with life expectancy  Source: Eurostat	Yes: at birth, 65	Yes	Further development: by socio economic status (level of education, income quintile) (at birth= socio economic status of parents).  This indicator is also included in the overarching portfolio.
HC-P6	<u>NAT</u> : The proportion of the population covered by health insurance	The proportion of the population covered by insurance when in ill/ in need of care starting by both mandatory and voluntary public and private insurance including individual and employment group health insurance and including primary, outpatient and inpatient secondary care, pharmaceuticals, medical devices, dental care, preventive care, mental health care and long term care. Long term care should be reported separately where available. Report on partial covering if necessary.  Source: OECD and national	No	No	Member states should highlight the role of the insurance according to the OECD classification.  Member States should provide this information either directly or via OECD data

**Secondary indicators**

	Commonly agreed EU indicator (EU)  Commonly agreed national indicators (NAT) <sup>27</sup>	Definition	Age break-down	Gender break-down	Comments
HC-S1	<b><u>NAT</u>: Self-perceived limitations in daily activities</b>	Self-perceived limitations in daily activities  Source: EU-SILC	Age groups: 18-44; 45-54; 55-64; 65+; 75+ <sup>28</sup>	Yes	Other possible breakdowns: Income quintiles, level of education: 0+1 primary education, 2 lower secondary, 3+4 upper secondary and post-secondary non-tertiary, 5+6 first-stage and second-stage tertiary

<sup>27</sup> **Commonly agreed national indicators based on commonly agreed definitions and assumptions** that provide key information to assess the progress of MS in relation to certain objectives, while not allowing for a direct cross-country comparison, and not necessarily having a clear normative interpretation. These indicators/statistics should be interpreted jointly with the relevant background information (exact definition, assumptions, representativeness).

<sup>28</sup> One should note that for the age breakdown of people aged 75 and more, there may be some potential statistical difficulties due to the size of samples, and non coverage of collective households by household surveys.

**Context indicators**

	Commonly agreed EU indicator (EU)  Commonly agreed national indicators (NAT) <sup>29</sup>	Definition	Age break-down	Gender break-down	Comments
HC -C1	<b><u>NAT</u>: Self reported unmet need for medical examination</b>	<i>By reason, use definition and breakdowns to be decided once data is available for all countries</i>  Source: EU-SILC	-	-	<i>Other breakdown: by the three selected reasons</i>
HC -C2	<b><u>NAT</u>: Self reported unmet need for dental care</b>	<i>By reason, use definition and breakdowns to be decided once data is available for all countries</i>  Source: EU-SILC	-	-	<i>Other breakdown: by the three selected reasons</i>
HC -C3	<b><u>NAT</u>: acute care beds</b>	Total number of acute care beds per 100.000 inhabitants by health region.  Source: ESTAT, OECD, WHO	No	No	Other possible breakdowns: by health region or, if not available for the current exercise, by NUTS II
HC -C4	<b><u>NAT</u>: physicians</b>	Total number of active physicians per 100.000 inhabitants by health region.  Source: ESTAT, WHO, OECD	No	No	Other possible breakdowns: by health region or, if not available for the current exercise, by NUTS II.  Also used to compute geographical disparities of supply.

<sup>29</sup> **Commonly agreed national indicators based on commonly agreed definitions and assumptions** that provide key information to assess the progress of MS in relation to certain objectives, while not allowing for a direct cross-country comparison, and not necessarily having a clear normative interpretation. These indicators/statistics should be interpreted jointly with the relevant background information (exact definition, assumptions, representativeness).

	Commonly agreed EU indicator (EU)  Commonly agreed national indicators (NAT) <sup>29</sup>	Definition	Age break-down	Gender break-down	Comments
HC -C5	<b>NAT: nurses and midwives</b>	Total number of active nurses and midwives per 100.000 inhabitants by health region. Source: ESTAT, WHO, OECD	No	No	Other breakdowns by health region or, if not available for the current exercise, by NUTS II.  Also used to compute geographical disparities of supply.
HC -C6	<b>NAT: Self-perceived Health</b>	General self perceived health Source: EU-SILC	Age groups: 18-44; 45-54; 55-64; 65+; 75+	Yes	Other possible breakdowns: Income quintiles, level of education: 0+1 primary education, 2 lower secondary, 3+4 upper secondary and post-secondary non-tertiary, 5+6 first-stage and second-stage tertiary

## 6.2. Proposed list of indicators: Quality (2<sup>nd</sup> objective)

	Commonly agreed EU indicator ( <u>EU</u> )  Commonly agreed national indicators ( <u>NAT</u> )	Definition	Age break-down	Gender break-down	Comments
<b>HC -P6</b>	<b><u>NAT</u>: Prevention measures: vaccination</b>	<p>% of 2 years old covered by the basic vaccination programme (fully immunised): typically against pertussis, diphtheria, tetanus DPT, poliomyelitis, measles, rubella, mumps MMR, hepatitis B, heamophilus influenzae HiB)</p> <p>Source: OECD and WHO</p> <p>And % of 65+ vaccinated against influenza</p> <p>Source: OECD</p>	No	No	The Group should choose whether to: a) focus on government programme and not distinguish the conditions, b) distinguish between vaccines and keep all the list or c) reduce the list and if yes which set of vaccines should be chosen.

### 6.3. Proposed list of indicators: Sustainability (3<sup>rd</sup> objective)

#### Primary indicators

	Commonly agreed EU indicator (EU)	Definition	Age break-down	Gender break-down	Comments
	Commonly agreed national indicators (NAT)				
HC -P7	<b>EU: total health expenditure per capita</b>	total health expenditure per capita in PPP and b) annual growth rates of per capita expenditure in real terms (over a twenty-year period with sub-periods of five/six years)  Source: SHA	No	No	
HC -P8	<b>EU: Total health expenditure as a % of GDP</b>	total, public and private expenditure on health as % of GDP, b) trends (of total and public expenditure in the last ten years and computing the rate of change in health expenditure as % of GDP over a five/six-year period)  Source: SHA	No	No	
HC -P9	<b>EU: Public /private expenditure</b>	a) public and private expenditure (divided into % of out-of-pocket payments and % of private health care insurance) as % of total expenditure and b) trends (of public expenditure over a ten-year period and the rate of change over that period)  Source: SHA	No	No	



	Commonly agreed EU indicator ( <u>EU</u> )  Commonly agreed national indicators ( <u>NAT</u> )	Definition	Age break-down	Gender break-down	Comments
HC - P10	<b>EU: Total expenditure on main types of care</b>	a) total expenditure on main types of care (prevention and public health, outpatient care, inpatient care, pharmaceuticals and other medical non-durables separated into prescription and over the counter medicines) and b) trends (in-patient and pharmaceuticals over the last five/six years)  Source: SHA	No	No	

**Context indicators**

	Commonly agreed EU indicator ( <u>EU</u> )  Commonly agreed national indicators ( <u>NAT</u> )	Definition	Age break-down	Gender break-down	Comments
HC -C7	<b>NAT: projections of public expenditure on health care as % of GDP</b>	Age-related projections of health care, current level (% of GDP) and projected change in share of GDP (in percentage points) (2010-20-30-40-50)  Specific assumptions agreed in the AWG/EPC. See "The 2005 EPC projections of age-related expenditures (2004-2050) for EU-25: underlying assumptions and projection methodologies"  Source: EPC/AWG	No	No	

	Commonly agreed EU indicator ( <u>EU</u> )	Definition	Age break-down	Gender break-down	Comments
	Commonly agreed national indicators ( <u>NAT</u> )				
HC-C8	<b><u>NAT</u>: projection of public expenditure on long-term care as % of GDP</b>	<p>Age-related projections of long-term care, current level (% of GDP) and projected change in share of GDP (in percentage points) (2010-20-30-40-50)</p> <p>Specific assumptions agreed in the AWG/EPC. See "The 2005 EPC projections of age-related expenditures (2004-2050) for EU-25: underlying assumptions and projection methodologies"</p> <p>Source: EPC/AWG</p>	No	No	