

# Glossary

- **'At risk of poverty' threshold (or poverty threshold)**  
The at risk of poverty threshold is a metric set by the EU at 60% of the median household income for each Member State.
- **Equivalentised income**  
Equivalentised income is the income that a household needs to attain a given standard of living and depends on its size and composition.
- **Europe 2020 strategy**  
The Europe 2020 strategy is the key overarching strategy for the European Union for the next 10-year period. The Europe 2020 strategy establishes three key priorities, sets five targets, and provides for seven flagship programmes.  
The three key priorities are: 1) Smart growth: developing an economy based on knowledge and innovation; 2) Sustainable growth: promoting a more resource efficient, greener and more competitive economy; and 3) Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.  
The five targets are: 1) employment rate of 75% for people between 20 and 64; 2) investment of 3% of the EU's GDP in research and development; 3) the '20/20/20' climate/energy targets met; 4) share of early school leavers under 10%, and at least 40% of the younger generation with a tertiary degree; and 5) 20 million less at risk of poverty.
- **Financial exclusion**  
Financial exclusion can be described as the inability of individuals, households or groups to access necessary financial services in an appropriate form.
- **Gini coefficient**  
The Gini coefficient is a measure of the inequality of a distribution, a value of 0 expressing total equality and a value of 1 maximum inequality.
- **Lisbon Strategy**  
The Lisbon Strategy was an action and development plan for the European Union between 2000 and 2010.
- **Microfinance**  
Microfinance refers to the provision of financial services – microloans, savings, insurance services and transfer services – to low income households.
- **Open Method of Coordination on Social Protection and Social Inclusion (OMC)**  
The Open Method of Coordination is a voluntary process for political cooperation based on agreeing common objectives and common indicators to measure progress towards these objectives. Through the Open Method of Coordination on social protection and social inclusion, the EU provides a framework for national strategy development, as well as for coordinating policies between EU countries on issues related to poverty and social exclusion, healthcare and long-term care as well as pensions.
- **Optional Protocol to the ICESCR**  
The Optional Protocol to the ICESCR was adopted by the United Nations on 10 December 2008. To date, 33 states have signed it, but only 2 states have ratified it: Equator and Mongolia. This Protocol has still not entered into force, and, thus, it is not applicable. In order to be applicable, at least 10 states need to ratify it.
- **Out-of-pocket payments (in the healthcare sector)**  
The amount of money paid by the patient and not reimbursed.
- **Social transfers**  
Regular and predictable grants, usually in the form of cash, provided by governments or non-governmental organisations to individuals or households to decrease chronic or shock induced poverty.
- **Treaty of Lisbon**  
The Treaty of Lisbon, which entered into force on 1 December 2009, is an international agreement that amends the two treaties (the Treaty on European Union and the Treaty Establishing the European Community) that comprise the constitutional basis of European Union.
- **Working poor**  
Fully employed individuals whose level of income is sufficiently low that they face the same conditions and challenges as those associated with poverty.