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**COORDINATION OF INTERNATIONAL STATISTICAL WORK IN THE REGION OF
THE UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE:
STATISTICS ON INCOME, LIVING CONDITIONS AND POVERTY**

**IN-DEPTH REVIEW OF STATISTICS ON
INCOME, LIVING CONDITIONS AND POVERTY**

Note by the secretariat

Summary

The paper provides information on the outcome of the in-depth review of statistics on income, living conditions and poverty carried out by the Bureau of the Conference of European Statisticians in October 2007. The paper presents the reasons for selecting the topic for an in-depth review, main points from the Bureau discussion, conclusions and follow-up to the review. Information on international activities in statistics on income, living conditions and poverty in 2008 extracted from the Database of International Statistical Activities is provided in document ECE/CES/2008/6/Add.1.

I. INTRODUCTION

1. The Bureau of the Conference of European Statisticians (CES) reviews each year 4-5 statistical areas in depth. The purpose of the reviews is to improve coordination of statistical activities in the region of the United Nations Economic Commission for Europe (UNECE), identify gaps or duplication of work, and address emerging issues. The review focuses on strategic issues and highlights concerns of statistical offices of both a conceptual and a coordinating nature. The criteria for selecting a topic for review are that (i) there are significant developments in that area, (ii) there are significant coordination issues, or (iii) there is a lack of activities at international level. The Bureau has decided to inform the Conference on the outcome of the in-depth reviews.

2. The Bureau discussed statistics on income, living conditions and poverty based on papers by the Organisation for Economic Co-operation and Development (OECD) and the World Bank, and written comments by the following members of the Bureau: Austria, Brazil, United States and the UNECE. Readers are encouraged to consult the papers by OECD and the World Bank and the comments on Internet at: <http://www.unece.org/stats/documents/2007.10.bureau.htm> (paper no. 2 and Addenda).

3. A follow-up discussion on the topic took place in February 2008 based on a paper by the Chair of the CES Task Force on emerging issues in social statistics, available at <http://www.unece.org/stats/documents/2008.02.bureau.htm> (paper no. 4). Furthermore, information on international activities in the relevant statistical areas (1.5. Income and consumption and 3.1.1. Living conditions and poverty) in 2008 is provided in document ECE/CES/2008/6/Add.1: Excerpt from the UNECE Database on International Statistical Activities.

II. REASONS FOR SELECTING THE TOPIC FOR AN IN-DEPTH REVIEW

4. The topic was selected for an in-depth review by the Bureau for of the following reasons:

- (a) There are concerns related to coordination of international work in this area;
- (b) Data coherence and comparability are a problem because of different definitions and data sources used;
- (c) The area is subject to a variety of criticism starting with burden (high costs) on national statistical offices and respondents;
- (d) It is a multi-domain subject, with links to business and economic statistics.

III. THE BUREAU DISCUSSION ON INTERNATIONAL WORK IN THE AREA OF STATISTICS ON INCOME, LIVING CONDITIONS AND POVERTY

5. The Bureau made the in-depth review of statistics on income, living conditions and poverty at its October 2007 meeting. The following points were made in the discussion:

- (a) There have been important improvements in this area, however, the evidence is still fragmented, there are no time series and no international database;
- (b) The survey of the United Nations Statistical Division (UNSD) of current practices in countries shows very diverse approaches, a big problem is comparability between countries, as well as over time within countries; harmonisation could be achieved at best at a regional level for countries with comparable social conditions;
- (c) The Luxembourg Income Study and European Union Survey on Income and Living Conditions (SILC) are important data sources; however, there is a need to train users on how to use these data, users need explanations in simple terms of what is measured and how the data can be used;
- (d) The measurement of distribution of household wealth needs to be harmonised with national accounts data, there are big differences between the wealth measured in households and recorded in the national accounts;
- (e) It would be useful to share good practices in this area and try to identify recommendations to statistical offices on a way forward;
- (f) The United Nations has produced a handbook on poverty statistics that is currently being edited; Brazil has made a compendium of best practices in poverty measurement; the United States note (ECE/CES/BUR/2007/OCT/2/Add.3 – informal document) shows concrete tools that statistical offices can put in place;
- (g) It is difficult to harmonise the inputs, attempts can be made to try to harmonise the outputs, e.g. to identify a minimum set of tabulations to be provided by different countries;
- (h) Income distribution as a topic is more relevant for developed countries, the developing countries are looking more at poverty in a traditional sense;
- (i) This topic is of priority importance to the Commonwealth of Independent States (CIS) countries;
- (j) It is important to improve coordination between the European Union and other countries;
- (k) There is no clear focal point which can address these issues internationally;
- (l) The work is often done in universities and there is not much experience available in national statistical offices; for example, the European Central Bank (ECB) is planning a survey on household wealth but only a few national statistical offices are involved; statistical offices should not remain outside these discussions;
- (m) There is a need for a road map of what can be done in practice, how to continue in this area and what kind of issues need to be discussed (the work has to be closely linked to policies);

the actions should also involve other institutions active in the field; a small Task Force could be established at a later stage;

(n) United States would like to be involved if any group is set up to deal with these issues under the CES;

(o) A social statistics group was created in OECD last year (it also involves users); this group could become a focal point, instead of creating another group; Russia and Brazil should be invited to participate;

(p) A revision of the Handbook prepared by the Canberra group could be considered;

(q) The United Nations Statistical Commission (UNSC) seminar on social statistics on 22 February 2008 could provide an opportunity to discuss the topic.

6. The Bureau agreed that the way forward is to develop a road map of what kind of issues need to be considered and what practical actions can be undertaken. The Chair of the CES Task Force on Emerging Issues in Social Statistics, (Statistics Canada) was asked to prepare a proposal, to be discussed by the Bureau at its February 2008 meeting.

IV. FOLLOW-UP DISCUSSION IN FEBRUARY 2008

7. The Bureau discussed the follow-up to the in-depth review in February 2008 based on a paper prepared by the Chair of the CES Task Force on Emerging Issues in Social Statistics.

8. The paper proposed three possible scenarios for further work with different levels of ambition and resources required:

(a) A minimum program: to ask an international organization (e.g. OECD) to monitor country practices with respect to existing recommendations on income and poverty measurement;

(b) A medium program: to set up an international task force to review the experience with implementation of the international recommendations, and produce an updated and integrated set of recommended practices;

(c) The most ambitious program: a major leading edge development effort to prepare an integrated set of micro- and macro-indicators bringing together the concepts of income, expenditures and wealth that could be linked to the National Accounts; an initial small group would be asked to articulate a work plan with clear targets and deadlines.

9. The following points were made in the discussion:

(a) Statistics on income, living conditions and poverty are quite well developed, therefore statistical offices need to decide whether this would be a priority area, where to put additional resources while there are other, less developed statistical areas that require attention;

- (b) There is a great variety of basic primary data; on the other hand, users often ask for highly aggregated composite indicators to measure welfare, wellbeing, etc.
- (c) An in-between layer would be needed to link the top indicators with basic data - this could require some efforts along the lines of the second option – a medium program;
- (d) A multidimensional approach is needed, especially in lower income groups, to see how people can access basic goods and services; a survey module to capture this kind of activity would be needed;
- (e) Measuring poverty is a continuing priority and will be increasingly important in the next few years. For example, in France it has been taken up at the highest political level: a Commission has been set up on measurement of economic performance and social progress, the results of which will be available in about 18 months' time and are expected to draw wide media attention. Statisticians should anticipate this interest and be ready to react;
- (f) OECD would be ready to work on the first option – a minimum program, monitoring country practices concerning comparability of income equality measures; OECD is also doing some work, in the context of the project on measuring progress of societies, on a multidimensional view of poverty using the capability as a key measure. OECD could investigate the feasibility of a project in line with the second option (possibly together with Eurostat) and try to find resources;
- (g) A practical step forward could be to update the handbook of the Canberra Group; this work could be done over a relatively short period of time.

V. CONCLUSIONS FROM THE IN-DEPTH REVIEW

10. The UNECE secretariat will explore the demand from countries for setting up a city group to update the Canberra Group Handbook. Based on the result, the Bureau will decide whether there is a need to set up such a group. If the group is set up, United States and Eurostat would be interested to participate.
11. The Bureau will review the area again in about 18 months to take stock of the situation and decide whether any other follow-up is needed.

VI. FOLLOW-UP ACTION

12. The UNECE Secretariat will consult with the CES member countries in April 2008 on whether there is a demand for setting up a city group to update the Canberra Group handbook. The Conference will be informed about the results of the consultation at the June 2008 plenary session.

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