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**Economic Commission for Europe**

## Conference of European Statisticians

**Sixty-first plenary session**

Geneva, 10-12 June 2013

Item 7 (a) of the provisional agenda

**Poverty statistics****Results of the consultation on the proposed outline of the seminar “The way forward in poverty measurement”***Summary*

This note summarizes the comments by members of the Conference of European Statisticians on the proposed outline of a seminar “The way forward in poverty measurement” planned to be held on 2-4 December 2013. The secretariat carried out the electronic consultation in April-May 2013.

A total of 26 replies were received in response to the request for comments: from 22 countries and 4 international organizations. There was strong support for holding the seminar and for the suggested duration of three days. Several countries provided comments and suggestions on the seminar.

In view of the support expressed through the electronic consultation, the Conference is invited to endorse the organization of the seminar with a broad range of topics and duration of three days. The secretariat will take into account the comments received during this consultation when organizing the seminar.

## **I. Introduction**

1. This note summarizes the comments by members of the Conference of European Statisticians (CES) on the proposed outline of a seminar “The way forward in poverty measurement” planned to be held on 2-4 December 2013 in Geneva. The electronic consultation was conducted by the secretariat in April-May 2013.

2. A total of 26 replies were received in response to the request for comments. The following 22 countries and 4 international organizations replied: Armenia, Belarus, Canada, Denmark, Georgia, Germany, Hungary, Italy, Latvia, Lithuania, New Zealand, Norway, Poland, Portugal, Romania, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom, the Interstate Statistical Committee of the Commonwealth of Independent States (CIS-STAT), Eurostat, the Food and Agriculture Organization of the United Nations (FAO) and the International Monetary Fund (IMF).

## **II. Comments on the structure**

3. Countries and international organizations expressed support for the proposed outline of the seminar. No country or organization opposed to it.

4. Latvia suggested more time for exchange of experiences and discussions at the expense of general items. Denmark saw the exchange of practices in relation to the measurement of poverty as the main goal. Sweden mentioned that the session on methodological issues is the most important part of the seminar and about half of the total time could be used for this purpose. Hungary proposed to start the seminar with the session on conceptual questions, because they precede logically the issues of methodology and comparability. The issue of comparability could be included as a sub-topic in the other sessions instead of as a separate session.

5. United Kingdom expressed the concern that the outline of the seminar may be ambitious, given the time available, and that the plans could be improved by developing more specific goals about what the seminar should deliver and by ensuring that the sessions are focused on achieving these goals.

6. Some comments expressed the need to include in the outline references to poverty indicators already implemented and the work of expert groups and existing compendiums and handbooks in the area of poverty measurement (Canada, Portugal and Switzerland).

7. Topics that were proposed outside the updated outline were how to deal with political interference, and how to reduce respondent burden (United Kingdom).

## **III. Comments on the target audience**

8. Regarding the target audience, Latvia suggested inviting representatives from ministries of social affairs as main users of poverty data. Portugal would include academic experts in the discussion and invite agents that are closer to poverty issues such as non-profit or social economy institutions in order to express their needs of information and to suggest alternative ways of measuring poverty. Denmark, Portugal, United Kingdom, Eurostat and FAO informed about their willingness to make presentations at the seminar.

## IV. Comments on the proposed duration

9. Nearly all countries and organizations supported or did not have objections to the proposed duration of three days for the event. Two countries (Portugal and United Kingdom) suggested a shorter seminar with a more specific focus to reduce costs and participants' time away from the office. Alternatively they proposed a design that allows participants to attend for part of the event (United Kingdom). Germany agreed with the duration and suggested reducing the diversity of topics. With reference to the budgetary constraints of statistical offices, Canada proposed to look at other ways of improving poverty measurement in the United Nations Economic Commission for Europe (UNECE) region rather than organizing face-to-face events.

## V. Comments on the topics of the seminar

10. Most of the comments provided by the countries referred to the topics to be discussed at each session. These comments are summarized below. A detailed list of comments by country is included in the annex.

### A. Methodological issues

11. Most comments referred to methodological and other issues proposed for discussion in session I. Many suggestions were made for sharing experience related to methodology and data sources.

12. Several countries called for inclusion of measuring poverty among vulnerable and other sub-groups and for small areas, and suggestions were made to include a separate session on this topic.

13. Timeliness of data was another topic mentioned. However, one country deemed this subject to be outside the scope of the workshop and, considering time constraints, suggested excluding it.

14. Other suggestions for session I include:

(a) Solutions to editing primary data, for example to correct for non-response of high income countries;

(b) Whether to measure poverty through consumption or income or to combine these two approaches;

(c) The limitations of income-based measures when life-styles are inconsistent with incomes;

(d) Selecting equivalence scales and household consumption aggregates;

(e) The benefits of absolute versus relative measures;

(f) Measuring wealth and durable consumer goods;

(g) The selection of data collection tools, the use of household surveys and qualitative information on consumer sentiments;

(h) The capacity of poverty measures to allow for the analysis between market income, gross income and disposable income;

(i) Shortcomings of survey data in capturing the deepest poverty;

(j) The use of data already available from national accounts and the impact of the methodology on the data needs.

## **B. Data comparability**

15. The importance of this session was stressed by several countries. Some countries suggested evaluating and comparing existing tools and indicators and their relevance for all countries of the UNECE region. Some suggested looking for ways to develop and harmonise them into a set of indicators recommended for poverty measurement in all countries of the region. This harmonisation should also be in the context of other international initiatives and be integrated with those at the (sub-) national level.

16. It was further suggested to identify high priority indicators for the purpose of measuring the effects of economic development. Another topic mentioned was the advantages and disadvantages of maintaining a consistent measure versus developing and improving methodology. It was also suggested to differentiate between already harmonized poverty statistics, like European Union Statistics on Income and Living Conditions (EU-SILC) for EU member states, and poverty statistics of other UNECE countries, and to discuss the relation between survey data and register data.

## **C. Conceptual framework and inter-linkages**

17. The need to focus on the importance of a clear conceptual framework to underpin the measurement of poverty was mentioned. It was suggested that the main part of the time for this session could be used to decide what we actually want to measure within the area of poverty and, next, to conclude what poverty means in practical terms.

18. As the current approaches to measuring poverty capture only some aspects of the phenomenon and have methodological limits which need to be overcome, it was deemed necessary to integrate everything that is already available and to define the conceptual framework where all the information that is produced can be systematized. Others proposed to work out the list of dimensions or symptoms of poverty and social exclusion for an international comparison.

19. It was further proposed to discuss in this session how poverty indicators should be constructed and their relationship to other indicators on material and non-material deprivation and to social exclusion. Additionally, it was suggested to share theoretical issues and experiences of compiling the material deprivation indices as a promising direction for an integrated approach to the assessment of the poverty situation.

20. A request was made to consider including in the discussion the issue of food security.

21. Finally, the question of what would be a minimum set of different indicators sufficient for measuring poverty was considered to be of high priority, together with the design of instruments with adequate equilibrium between all the requirements and users' needs.

## **IV. Proposal**

**22. In view of the support expressed through the electronic consultation, the secretariat invites the Conference to endorse organization of the seminar with a broad range of topics and a duration of three days.**

23. The secretariat will take into consideration the comments received in this consultation when organizing the seminar.

## Annex

1. Armenia informed that it was very interested in taking part in the exchange of experiences and practices in poverty measurement: the correction (or imputation) of output data of households surveys in order to take account of high income households which refuse to give information about their living conditions.
2. Canada drew attention to the need to refer to the “Compendium of best practices in poverty measurement” produced by the Expert Group on Poverty Statistics (Rio Group) in 2006 and the section on low income and poverty in the second edition of the Canberra Group Handbook on Household Income Statistics (2011).
3. Denmark emphasised the importance of the exchange of practices in relation to the measurement of poverty, and a discussion of how poverty indicators should be constructed and their relationship to other indicators on material and non-material deprivation and social exclusion.
4. Germany found the proposed topics of the seminar very interesting and up-to-date. They suggested, however, a stronger differentiate between poverty statistics already harmonized in the UNECE region, such as EU-SILC for EU member states, and poverty statistics of other UNECE countries.
5. Hungary found it especially important to compare and evaluate the different statistical tools that are available in the field and to look for ways to develop and harmonise them. They thought that the in-depth review would be a good keynote paper for the discussions. Hungary further proposed to start the seminar with the session on conceptual questions, because they logically precede the issues of methodology and comparability. The problem of comparability could be included as a sub-topic in the other sessions instead of in a separate session. They further wanted to emphasize the problem of poverty and vulnerability of special social groups. This issue is highlighted in the outline but, in the opinion of Hungary, it may be worth discussion it in a separate session.
6. Italy stated its belief that it is extremely important to consider the problem of having comparable measures at the international level and the need to integrate them with specific measures at the national and sub-national level. Other important topics to Italy are timeliness, small areas/sub groups and the comparability of indicators. They further commented that current approaches to measuring poverty capture only some aspects of the phenomenon and have methodological limits which need to be overcome, also by defining new indicators. Therefore, it is necessary to integrate what is already available and to define a conceptual framework where all the information produced can be systematized.
7. Latvia stated that the necessity for such a seminar has been a pressing issue for a long time and suggested allotting more time for exchange of experiences and discussions at the expense of general items. They further advised inviting representatives from ministries of social affairs as main users of poverty data.
8. New Zealand proposed a specific section to focus on the importance of a clear conceptual framework to underpin the measurement of poverty. This would help to ensure the selection of a balanced and coherent set of measures that reflect the multi-dimensional and dynamic nature of poverty. Other possible topics mentioned by New Zealand were the following:
  - (a) The limitation of income-based measures of poverty arising from the fact that they capture some people whose life-styles are inconsistent with their incomes;
  - (b) Methodological choices associated with the definition of the unit of analysis and the selection of an equivalence scale;

(c) The sensitivity around poverty measurement, because of arbitrary judgements around the setting of the poverty line.

9. Norway suggested that, in the session on data comparability, the relationship between survey and register data could be a topic for discussion.

10. Poland proposed the following topics for a broader discussion:

(a) The influence of the equivalent scales on the estimation of poverty in countries with different levels of economic development (different levels and structures of expenditures);

(b) The measurement of absolute poverty in Europe (in addition to relative poverty);

(c) Multidimensional poverty versus social exclusion (draw up a list of dimensions/symptoms of poverty and social exclusion for international comparisons).

11. Portugal drew attention to the need to evaluate the already implemented poverty indicators in Europe, such as the EU Sustainable Development Indicators and Europe 2020 indicators, as well as the work of the OECD-Eurostat Expert Group on Disparities in a National Accounts Framework. They also suggested including academic experts in the discussion and inviting agents that are closer to poverty issues such as non-profit or social economy institutions in order to express their needs of information and even suggest alternative ways of measuring poverty. Other topics proposed by Portugal were:

(a) How to use already available data in the framework of accounts;

(b) How to use information from household surveys to infer recent poverty trends and information from qualitative surveys to understand consumer sentiment;

(c) To identify new reliable sources of data to assess poverty impacts on sub-groups of the population, which is not always achievable in surveys with a national sample;

(d) The need to harmonise basic methods and concepts not only between members of specific regions (EU) but also in the context of other international initiatives;

(e) The capacity of poverty measures to allow for analysis between market income, gross income and disposable income;

(f) The need for general improvements in timeliness.

12. Sweden mentioned that the session on methodological issues is the most important and about half of the total seminar time could be used for this. An important issue for discussion would be which indicators are of high priority for the purpose of measuring the effects of economic development. They identified poverty measures, different data collection tools and improvement of measurements of smaller groups as topics of high priority that deserve the most time. According to Sweden, the main part of the time for the session on interlinkages between poverty, inequality, vulnerability and social inclusion could be used to decide what we actually want to measure within the area of poverty. The next step after collecting information about the extent of poverty is to conclude what poverty means in practical terms, for instance analysing the relationship between poverty and social inclusion. Finally, the question of what would be a minimum set of different indicators sufficient for measuring poverty is of high priority to Sweden.

13. Switzerland appreciated the range of the proposed topics in general but missed the notion of measuring wealth and durable consumer goods as a possible topic for the session on methodological issues. In this context, they proposed that the recent work of the OECD expert group on micro statistics on household income, consumption and wealth be considered with its own presentation.

14. For Ukraine, the priorities were:

- (a) Criteria to measure poverty (consumption or income, the possibility of introducing new measurements by combining these two approaches);
- (b) Selection of the data collection tool (the use of the national accounts, household surveys);
- (c) Measurement of poverty in vulnerable population groups and regional differences;
- (d) Comparability of the existing indicators and their relevance for all countries, or only for specific population groups;
- (e) Creation of a set of indicators recommended for poverty measurement in all countries of the UNECE region;
- (f) Conceptual issues of selecting the approaches to measure these phenomena, the pros and cons of multidimensional poverty assessment;
- (g) Theoretical issues and experience in compiling the material deprivation indices as a promising direction for an integrated approach to the assessment of the poverty situation.

15. The United Kingdom is slightly concerned that the outline of the seminar may be ambitious, given the time available, and that the plans could be improved by developing more specific aims for what the seminar should deliver and ensuring that the sessions are very focused on achieving these aims. The reference to the time lag between crises and measures showing how the crises have impacted on poverty is interesting for the United Kingdom, but seems to be slightly outside 'poverty measurement' per se. They therefore suggest considering excluding this topic from the seminar in order to maintain the focus of this session. Other topics mentioned by the United Kingdom are:

- (a) How to deal with political interference, particularly when national statistical offices are not independent of their government, to minimise the chance of data manipulation;
- (b) Relative versus absolute measures of poverty and methods used to generate the poverty line and the household's consumption aggregate;
- (c) How the choice of methodology directly impacts on data needs;
- (d) Intra-household measures of poverty, in particular differences between men and women;
- (e) The pros and cons of maintaining a consistent measure versus developing and improving methodology;
- (f) Experiences of experts who have undertaken research into different methods of data collection;
- (g) How to reduce respondent burden, sub-groups/child poverty and shortcomings of survey data in capturing the deepest poverty.

16. Eurostat felt that the choice and trade-offs that have to be made between all the requirements and users' needs so as to design instruments with an adequate equilibrium could be covered. They also found it interesting to look at the global system of social statistics and the specific place taken by an instrument dedicated to poverty and inequalities in a multidimensional context.

17. FAO suggested including the issue of food security in the discussion of linkages between poverty, inequality, vulnerability and social inclusion. They would present their



recent and current methodological revisions, and/or a contribution on the relationship between food insecurity and poverty.

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