Session II
Comparability of Poverty Measures

Contributions to Session II

- **CIS-STAT**: Measuring Poverty in CIS Countries
- **EUROSTAT**: Measuring Poverty in the European Union
- **ROSSTAT**: Development of Methodology in the Field of Measuring Inequality and Poverty in Transition to New Sources of Information: Experience and Problems
- **Statistics Austria**: Broken Series and Coherent Communication
Comparability dimensions

- Time
- Cross Country/Regions

Comparability across countries

- Large variety of approaches across countries
- Input data
  - Sampling
  - Data sources
  - Classification
  - Inclusion/exclusion of information (e.g. social transfers in kind)
- Different degree of harmonisation efforts
  - (Non) application of international standards
  - Input/output harmonisation
Comparability across countries

• Variety of Poverty Definitions
  ➢ Absolute vs relative measures
  ➢ Minimum subsistence levels/thresholds of poverty
  ➢ Definition of extreme poverty
  ➢ Non-monetary measures of poverty (material deprivation)
  ➢ Subjective measures of poverty (self assessment)
  ➢ Combination of poverty dimensions

Comparability over time

• Why time consistency is important
  ➢ Assessment of poverty development over time
  ➢ Evaluation of effectiveness of policy measures poverty
  ➢ Stability of measurement approaches important

• Why change?
  ➢ Societies change
    – Items of MD (saturation; e.g. colour TV, washing machines)
    – Longer working lives: adjustment of age groups
  ➢ Innovation in methods/data collection
  ➢ New data sources (admin data, big data)
  ➢ Development of new poverty measures (inflation adjusted median income)
Enhancing Comparability (1)

- **Quality Assurance Framework of the European Statistical System**
  - **Common standards**
    - Common repository of concepts
    - Periodic assessments of compliance
    - Deviations from standards on definitions, units or classifications are made explicit and the reasons for deviating are explained.
  - **Co-operation**
    - Periodic assessments of comparability are institutionalised
    - Methodological studies are conducted between Partners
    - Assessment of the comparability of data from the quality reports requested from Member States.

Enhancing Comparability (2)

- **Comparability over time**
  - Significant changes in reality are reflected by appropriate changes to concepts (classifications, definitions and target populations).
  - Changes in methods are clearly identified and their impact measured to facilitate reconciliation.
  - Breaks in the series are explained and methods for ensuring reconciliation over a period of time are made public.
  - Long and carefully planned transition periods
  - Offer early estimates on material deprivation or microsimulation models
Questions for Discussion

• Cross country comparability versus national specificities:
  International comparability requires the harmonisation of definitions, methods and concepts. This can sometimes come at the cost of capturing national specificities. What is the right balance to strike?

• Input versus Output Harmonisation: Some argue that output harmonisation of variables as applied in poverty measurement in the EU produces results with limited cross country comparability. Would input harmonisation be superior to output harmonisation?

• Innovation and measurement improvement versus time consistency:
  Changing societies require adjustments in measuring poverty (e.g. updating material deprivation items). However, there is a risk of too much conceptual instability resulting in breaks in time series and in losses of credibility in poverty statistics in the public perception. How to solve this trade-off?

Conclusions

• Poverty is a multidimensional phenomenon
• No „one-size fits all“ approach
• National specificities
  ➢ Poverty phenomenon
  ➢ Culture
  ➢ Data availability etc.
• Nevertheless: Step up harmonisation efforts!
• Communication is crucial
  ➢ Transparency about concepts and definitions
  ➢ Explain deviation from standards
  ➢ Explain changes and/or breaks in time series
Thank you for your attention!