

CONFERENCE OF EUROPEAN STATISTICIANS

For discussion and  
recommendations

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Item 2(c) of the Provisional  
Agenda

UNECE COMMENTS ON IN-DEPTH REVIEW OF POVERTY STATISTICS

Note prepared by the secretariat

1. UNECE welcomes the in-depth review of poverty statistics (document ECE/CES/BUR/2012/NOV/4) and agrees on the need to provide more guidance to statistical offices on how to deal with the different aspects of poverty statistics. This note summarises the discussion of the in-depth review paper in the UNECE Statistical Division.
2. The in-depth review paper focuses on the three poverty indicators for the EU (relative poverty, material deprivation and living in a household with low work intensity) and a set of indicators based on the Ukrainian national practice. The in-depth review could have a **broader scope** and benefitted specifically from the experiences of the low and middle income countries in the UNECE region. National practices of monitoring progress towards target 1A of the Millennium Development Goals (“Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day”) could provide a starting point. It could additionally consider national practices in the EU countries beyond the commonly agreed Eurostat approach as well as practices of poverty measurement in other high-income countries.
3. Further methodological work could lead to a **coherent set of poverty indicators** that takes into account the current practices of all the countries in the UNECE region and include indicators relevant for low, middle and high income countries. These indicators should capture the specific problems of the economies in transition and take note of the importance of cross country comparability and comparability across time for within country analyses. At least, the most frequent poverty indicators used for monitoring MDGs should be considered, such as the share of the population living below the absolute monetary poverty line of \$2.50, the food-based poverty line, basic needs based poverty lines, relative poverty line, poverty gap ratio to the national poverty line, share of the poorest quintile in national consumption and the Gini coefficient.
4. As noted in the paper, poverty is a multidimensional phenomenon, and the identification of employment and other indicators to support direct measurement of poverty is useful for policymakers. Recommendations on the most important **supporting indicators** that cover the specific issues in the countries of the UNECE region would therefore be a welcome addition.
5. **Methodology** and data sources are as much important in measuring poverty as choosing an indicator. Further analysis should focus on establishing a framework of common methods. Recommended World Bank methodology, national practices and guidelines from the Canberra group on household income statistics should be the basis for such a review. It can further consider national and international experiences with monitoring poverty in the MDG framework.

6. Closely related to methodology is a discussion of primary **data sources**. Poverty indicators and additional supporting indicators could be measured by common household surveys, such as the Household Budget Survey, Living Standards Measurement Study and EU-SILC. The review should take note of the issues and biases found in these surveys when measuring income or consumption. It can learn from experiences of harmonization exercises by the World Bank and from the EU-SILC framework.

7. The importance of good **metadata** is more and more acknowledged while at the same time the lack of it is recognized. Considering the several issues with definitions, methodology and data sources as described above and the lack of metadata on published poverty statistics in the UNECE region, guidelines on metadata to be included with published poverty statistics would be necessary.

8. In addition, methodological work on poverty measurement could address a number of **specific issues** that currently challenge international comparability of poverty indicators. Examples of such issues include:

- (a) Establishing common criteria for the basic needs approach to poverty measurement;
- (b) Evaluation of the consumption and income based methods and providing guidance on their use;
- (c) Recommendations for the weights for calculating equivalised disposable income of the household;
- (d) Harmonising the measurement of difficult-to-measure components of income and consumption, such as social transfers, non-monetary income and home production;
- (e) Measurement of gender differences in poverty considering that most indicators measure poverty at the level of the household.

9. If the Bureau decides to undertake work in the area of poverty measurement, UNECE is ready to provide the secretariat support and expert contributions to the **task force**. The contribution would rely on our experience with establishing and maintaining the UNECE MDG Database that contains national and international poverty estimates. A task force on poverty measurement would strongly benefit from the involvement of an organization with a well-established expertise and mandate for poverty measurement in low and middle income countries, such as the World Bank.

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