



Development of a model set of questions for a household budget survey

PREPARED FOR UNECE

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Background

This report presents findings of the second phase of the study the purpose of which is to develop a model set of questions on expenditure, income and deprivations for a sample household budget survey (HBS) for Eastern Europe, Caucasus and Central Asia. It describes the questions proposed for household budget surveys and addresses some specific issues as to how to organize a survey, to the extent these are related to the issues and indicators of the Sustainable Development Goals (SDGs). The model set of questions was prepared based on the analysis of methodological issues and approaches to poverty measurements in the above countries, comparisons of the structures and wordings of HBS questions across countries¹ as well as the authors' assessment of the feasibility to harmonize questionnaires of the countries.

Main conclusions of the analysis presented in the first report for the UNECE² were the following:

1. The use of COICOP by most countries, though with some modifications, lays the groundwork for harmonizing questionnaires on consumption expenditure.
2. As for income, it was found that the lack of classification creates considerable difficulties for harmonizing questionnaires on income. There are differences across country-specific questionnaires even at a high level of income aggregation, which then further grow when moving to the bottom of the income hierarchy. The report proposes some approaches how to implement income classification.
3. As for deprivation issues, even though many country-specific questionnaires try to measure various deprivations, it's yet far from having a uniform list of deprivations. The report proposes to take questions from the EU-SILC questionnaire as a basis, except for some questions which are not relevant to the region, and to add questions which are mostly frequently found in the reviewed questionnaires.

This report consisting of the description of approaches and comments regarding questionnaire design and questionnaire itself, is structured as follows. Section 1 reviews principles underpinning the development of a model set of questions. Specifically, one of key principles is the need to align the data obtained through HBS with SDG indicators as related to poverty and inequalities. The other sections related to questions on expenditure, income and deprivations were prepared based on the above described principles and findings of the analysis at the first phase of the study as well as considering feedback from the national statistical offices and CISSTAT received while preparing the report.

Principles for developing the questionnaire

¹ The authors reviewed HBS questionnaires and some subject-related studies of the following countries: Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Republic of Moldova, Russian Federation, Tajikistan, Uzbekistan and Ukraine,

² The household surveys analysis aimed at harmonization of household survey questionnaires in the countries of Eastern Europe, Caucasus and Central Asia.

This report considers the following principles of questionnaire harmonization as the main ones:

- Questionnaires should be aligned with SDG indicators
- Expenditure, income and deprivations should be classified based on certain principles
- Expenditure, income and deprivations should be codified
- Highest possible in the existing conditions harmonization should be achieved

Alignment of questionnaires with indicators of the Sustainable Development Goals

To date considerable progress has been achieved in the work towards finalizing the global sustainable development goals, objectives and indicators. Countries have started adapting SDGs and their indicators and are elaborating new procedures for monitoring and measuring indicators by statistical offices. For developing and implementing the global indicators, the 46th session of the Statistical Commission established the Inter-Agency and Expert Group on SDG Indicators (IAEG-SDGs). The General Assembly also mandated the Expert Group to develop a framework of global indicators that the Commission was to endorse by March 2016. Later, the Expert Group had two meetings attended by about 200 representatives from various countries and developed the initial set of global indicators. The proposed global indicator framework was endorsed as a starting point, subject to its further technical elaboration. To date, the 48th session in March 2017 proposed a preliminary list of global goals, objectives and indicators which contains about 230 agreed SDG indicators. Furthermore, the Expert Group prepared and proposed an Action Plan for developing additional indicators with a view to perform this work in 2017. The group will finalize the list of additional indicators to be presented to the Statistical Commission at its 49th session in March 2019.

Speaking about indicators related to poverty and inequalities, indicators of SDG 1 ‘End poverty in all its forms everywhere’ and SDG 10 ‘Reduce inequality within and among countries’ are particularly important. Some indicators of these SDGs are fully based on the measurement of poverty, income and deprivations. Table 1 presents lists of indicators relevant to eradication of poverty and social inequalities, as well their definitions.

Table 1. List of SDGs and indicators related to poverty and inequality

MDG 1 End poverty in all its forms everywhere	
Indicator	Description
1.1.1 Proportion of population below the international poverty line, by sex, age, employment status and geographical location (urban/rural)	Percentage of population living on less than USD 1.90 a day (using 2011 PPP), by sex, age, and employment status (or proportion of employed population living on less than USD 1.90 a day)
1.2.1 Proportion of population living below the national poverty line, by sex and age	Proportion of population living below the national poverty line, by sex and age
1.2.2 Proportion of men, women and children of all ages living in poverty in	No metadata available

all its dimensions according to national definitions	
1.3.1 Proportion of population covered by social protection floors/systems, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work-injury victims and the poor and the vulnerable	The indicator reflects the proportion of persons effectively covered by a social protection system. It includes all major areas of social protection, excluding healthcare Some international organizations (ADB, EUROSTAT, ILO, OECD, UNICEF, ECLAC, World Bank) try to measure coverage of social protection programmes across a range of dimensions (e.g. functional scope, extent and depth, level and quality) and collect data on direct and indirect beneficiaries. ASPIRE coverage indicators refer to the 'effective' coverage definition, measuring the direct and indirect beneficiaries who are actually receiving social protection benefits at the time nationally representative household survey data are collected, as within a target group
1.4.1 Proportion of population living in households with access to basic services	No metadata available
MDG 10 Reduce inequality within and among countries	
Indicator	Description
10.1.1 Growth rates of household expenditure or income per capita among the bottom 40 per cent of the population and the total population	Real disposable household income is the sum of wages and salaries, mixed income, net property income, net current transfers and social benefits other than social transfers in kind, less taxes on income and wealth and social security contributions, after adjustment for price changes
10.2.1 Proportion of people living below 50 per cent of median income, by sex, age and persons with disabilities	No metadata available

Source: <https://unstats.un.org/unsd/statcom/48th-session/documents/2017-2-IAEG-SDGs-R.pdf>, <https://unstats.un.org/sdgs/metadata/>

Considering the need to implement instruments for measuring SDG indicators, HBS questionnaire needs to include questions required for measuring these indicators. SDG indicators and the data necessary to calculate them are further reviewed in more detail.

1.1.1. Proportion of population below the international poverty line, by sex, age, employment status and geographical location (urban/rural)

The measurement of this indicator requires data on average income/consumption per capita, disaggregated by sex, age and employment status, which means that there will be individual questionnaires for each household member.

Questionnaires assume collection of data on demographic and professional characteristics of household members. The collected data on aggregated income and consumption allow calculating this indicator.

1.2.1. Proportion of population living below the national poverty line, by sex and age

Similarly to the above indicator, the proposed questionnaire allows for collecting during a household budget survey the data necessary for calculating this indicator.

1.2.2 Proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

This indicator is similar in every way to multi-dimensional poverty index (MPI). It can be calculated subject to the availability of information on deprivations; such information can be obtained from the proposed HBS questionnaire as well as other national statistics sources.

Today, already several countries (e.g. Kyrgyzstan, Armenia, Ukraine) have adapted the MPI methodology (developed by Oxford Poverty and Human Development Initiative (OPHI) and UNDP) subject to the availability of statistics. Global MPI has to consider the availability of data because it is calculated by over 100 countries and measures ten deprivations. If compared to the experience of other countries, Armenia, for instance, measures multi-dimensional poverty based on five areas and over 20 indicators³. In Ukraine, deprivation poverty is measured based on the presence of 4 out of 18 deprivations from the national list of deprivations. In the context of multi-dimensional poverty a group of population is determined to be poor using several different criteria (absolute, relative and deprivation poverty)⁴. By contrast, in Kyrgyzstan, MPI is measured based on 8 deprivations only and those indicators of deprivations which are in fact available from the data of sample household budget survey are not used for calculating MPI in Kyrgyzstan. These include housing deprivations, such as housing conditions, heating, availability of consumer durables, etc.

In broader terms, we should note that even using international methodology for measuring MPI, most countries of the region already have sufficient data for calculating MPI at the national level. At least, proxy indicators can be used in the national statistics. The international methodology assumes assessment of the following deprivations for calculating multidimensional poverty index as presented in Table 2.

Table 2. Components of the international Multidimensional Poverty Index

MPI component	Source of data
No household member has completed at least six years of schooling	HBS: Education section, control card
A school-aged child is not attending school	HBS: Education section, control card, social and demographic characteristics
A household member (for whom there is nutritional information) is stunted according to WHO methodology (body mass index, height-for-age Z-score)	HBS: mainly against a benchmark of 2100 kcal a day
A child has died in the family in past 5 years	HBS: changes in household membership, control card
Household has no electricity	HBS: housing conditions
Household does not have access to safe drinking water or safe drinking water is more than a 30-minute walk from home roundtrip	HBS: housing conditions

³ Martirossova D. Report at the High-level Seminar on Harmonization of Poverty Statistics in CIS Countries (UN Economic Organization for Europe) – https://www.unece.org/fileadmin/DAM/stats/documents/ece/ces/ge.15/2016/HLS/Session5_Armenia_EN.pdf

⁴ Information was provided by the Ukrainian State Statistics Service.

Household's sanitation facility is not improved, or it is improved but shared with other households	HBS: housing conditions
Household cooks with solid fuels (stove, open fire) dung, wood or charcoal	HBS: housing conditions
Household has a dirt, sand or dung floor	HBS: housing conditions
Household does not own more than one of: radio, TV, telephone	HBS: possession of consumer durables

Source: <http://hdr.undp.org/en/content/multidimensional-poverty-index-mpi>

One should note that some of the described deprivations in the global MPI are somewhat general because they are to take into consideration aggregate access to statistics and a general snapshot of multidimensional poverty. In the proposed questionnaire we expand the number of deprivations and replace some components with those which are more relevant in the region. For instance, the indicator of malnutrition which is hard to measure in the national statistics is proposed to be replaced by the affordability of eating meat, fish or poultry each alternate day. The questions on the accessibility of education can be expanded by a question on reasons of non-attendance. Additional proposed questions are also related to access to healthcare, possibility to participate in cultural and social life (final list of questions related to deprivations is found in Annex).

1.3.1. Proportion of population covered by social protection floors/systems, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work-injury victims and the poor and the vulnerable

There is as yet no final consensus at the international level with respect to the definition and calculation of this indicator. The proposed questionnaire, however, allows for a minimum measurement of the coverage with social protection systems based on the questions regarding social benefits, and accessibility of social system for people.

The proposed questionnaire classifies social benefits by functions (9 in total), which will allow for collecting fairly detailed information on such benefits and, in its turn this gives additional impetus for improving the indicator at the international level.

1.4.1. Proportion of population living in households with access to basic services

The countries have not reached yet full consensus on the definition of 'basic services'. Nevertheless, the most common international definition of access to basic services is, at least, the following: access to clean water, access to sanitation, access to basic education, health care, and quality of food.

The proposed questionnaire allows for measuring accessibility of the following basic services:

1. clean drinking water – based on the main source of water supply;
2. sanitation – based on the information on a toilet and whether it is shared with other households;
3. education and healthcare – based on the information about the reasons why a household was not able to use relevant services in the covered period.

The measurement of indicators for **SDGs 10, 10.1.1 и 10.2.1** requires data on income per capita, disaggregated by age, sex, disability which will be also collected through the questionnaire. The classification of income proposed in the report aims at calculating disposable income which underpins all indicators with such a variable as income.

Classification of income, expenditure and deprivations

Questionnaires should be built on the classification of income, expenditure and deprivations, i.e. should be based on the attributes which are material for these categories. This will provide for systematization of questions and avoid potential duplication of questions which can potentially result in double counting of some expenditure or income items.

With respect to income we propose to use the classification set forward in the 2011 Canberra Group Handbook on Household Income Statistics (*Canberra Group Handbook*),⁵ which describes main income components. As for social benefits, we use the classification proposed in EUROSTAT document called ‘ESSPROS Manual and user guidelines. The European System of integrated Social Protection Statistics, 2012» (*ESSPROS Manual*), with some modifications. This document contains a detailed breakdown of social benefits which is consistent with the spirit of most reviewed HBS questionnaires. The classification proposed therein also takes into account changes in liquidity which happen due to changes in respondent’s financial position (assets and liabilities).

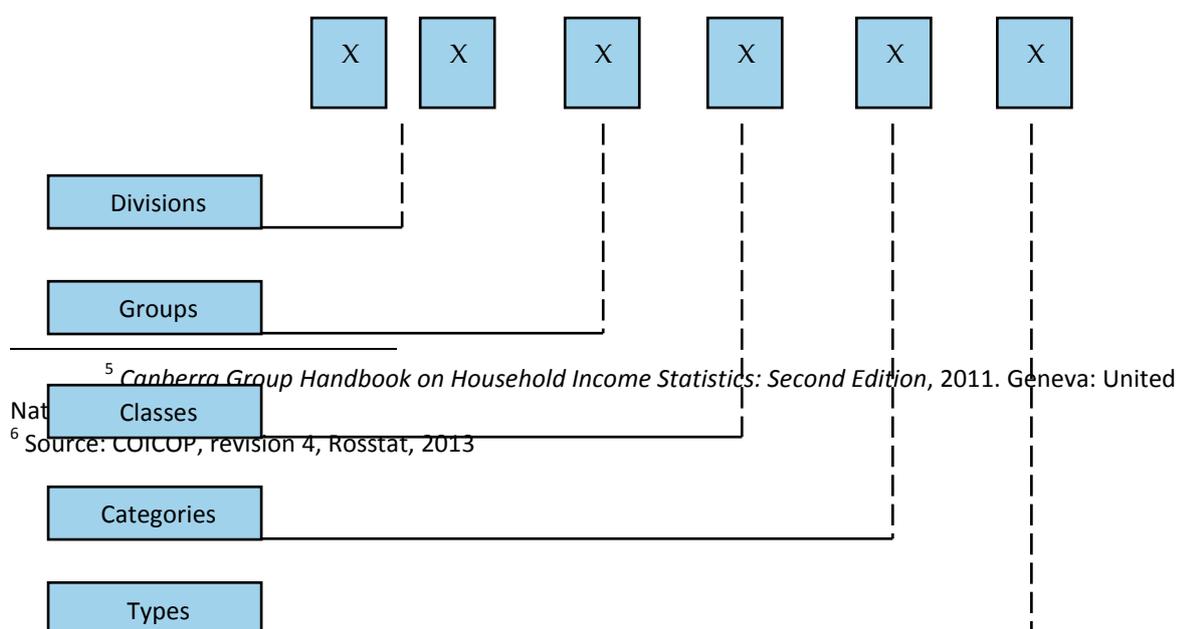
The classification of expenditures is based on the classification of individual consumption by purpose, without any changes.

As for deprivations, we use the classification principles underpinning income and expenditure depending on a deprivation in question.

Codification of questions and indicators

The efficiency of applied classifications depends on question coding. As discussed, the basis of expenditure is the classification of individual consumption by purpose (COICOP). The classification has a general structure as presented on Picture 1⁶. The analysis of COICOP in the context of country-specific information demonstrated that five out of seven countries have the same number of levels (codes) of classification, namely five levels.

Picture 1. COICOP coding structure



One should note, however, that neither the report, nor the model set of questions refer to this classification. This is because the authors want to avoid erroneous inference that they propose a new COICOP. National statistical offices are to code questions in accordance with COICOP codes.

The same coding principle is used for income and, unlike expenditure, income codes are given in the report because introducing codification is a precondition for operationalizing the new income classification. Given that as it was shown at phase 1, income classification almost never found in country-specific questionnaires, in this report we limit the level of codes to Level 4 as a maximum.

The highest level of codification is proposed for objects of household budget surveys, i.e. for expenditure, income and deprivations, which have additional codes, such as E for expenditure, I – for income and D for deprivations. Such codes are recommended in case if questions related to one survey object are included into questionnaires on other objects.

Securing highest possible harmonization under existing conditions

The questionnaire was reviewed to check whether it is consistent with other sources, such as the UNECE Guide on Poverty Measurement⁷, UN Classification of Individual Consumption According to Purpose, indicated above *Canberra Group Handbook* and *ESSPROS Manual*. Some sections addressing various aspects of household budget survey items, for instance, the section on social benefits needs to be aligned with expenditure according to purpose. Harmonization is achievable if a minimum set of questions is developed but such questions cover all areas of expenditure, income and deprivations. At the same time, it should consider the level of details sought by the questions. In practice, it means that questions on expenditure should cover classes because, as the first report demonstrated, country-specific COICOPs are aligned at the level of classes, and the level of details is then sufficient to enable comparing methodologies for calculating aggregates. The same approach is applied to income, through income classification at country level virtually does not exist, however, income classification which is based on international recommendations and proposed in the report allows for segregating classes with relevant notes.

⁷ UNECE. Guide on Poverty Measurement. New York and Geneva: United Nations, 2017 (forthcoming).

Section 1. Proposed questionnaire on expenditure

The earlier analysis of household budget surveys aimed at harmonizing survey questionnaires demonstrated that 9 out of 11 reviewed countries use the Classification of Individual Consumption According to Purpose for processing survey data and the existing differences in the country-specific classifications (in the lists of goods and services, level of aggregation across some groups) do not result in systemic distortions. For the countries which do not use COICOP (Kyrgyzstan and Tajikistan) it was concluded that a harmonized questionnaire can be also applied there: the overall approach to identifying household expenditure is not very different and this will allow them switching to the new format without substantial costs. Thus, the use of COICOP by most countries suggests that the questionnaires can be harmonized if questions and processing of results are based on the divisions of this classification.

The requirement to get only aggregate values of income for the MDG indicators which should be comparable across countries demonstrates that it is sufficient to harmonize questionnaires on consumer expenditure at the level of classes. Harmonization at lower levels, i.e. categories and types of expenditure, seems to be unnecessary in view of the survey objective to measure wealth status and poverty level. At the same time, the methodology based on aggregation of income by classes cannot address only one issue of comparability of consumption expenditure aggregates which is related to whether consumption of goods or services is calculated based on purchase or actual use. This issue is addressed below.

It is proposed to develop a comprehensive functional approach to designing questionnaires on major household consumption functions which is about aggregating, in one module, questions on all expenditure related to a specific target function of consumption.

This approach is to some extent applied in most countries using COICOP for surveying household expenditure and consumption. The issue, however, is that countries use different questionnaire designs, different table structures and lists of questions. There are also considerable differences in the coverage of survey items and level of details in questions. Thus, for instance, in Armenia the questionnaire on health and health expenditure contains 4 tables with 51 questions in total; in Kazakhstan – 1 table and 27 questions. Some difficulties are also related to questionnaire design: we believe that in some countries such questionnaires are complicated and might be useful for statisticians but households find them difficult to complete them.

The proposed questionnaire on expenditure, on the one hand, tends to harmonize the survey process by universalizing it for national statistical offices through grouping questions into blocks based on their link to major classes of consumption expenditure according to COICOP. As for categories and types of products (services) it is proposed to aggregate them at the level of classes in order to avoid overloading tables in the questionnaire. The structure of modules and codification of groups and classes is consistent with COICOP structure which makes it easier to compile and analyse data.

On the other hand, the advantage of the proposed approach is that it allows for taking into consideration psychological aspects during an interview and hence it is friendly for a respondent. It is easier for a respondent to recollect all expenditures associated, for instance, with education (including tuition, purchase of textbooks and copybooks, transport costs, use of Internet for learning activities, etc.). In its turn, it will improve accuracy of survey data. Thus, for instance, questions on all

potential expenditure for education in Kazakhstan's questionnaire which are grouped into one compact table compare favourably with questions asked in different tables as it is found to be the case in some countries.

Due to the need to measure poverty not only by cash expenditure but consumption as well, a questionnaire should also include questions on consumption of goods and services in volume terms (kg, l, number of visits, number of services received).

In addition to the above described principle of functional and purpose consumption the proposed questionnaires on expenditure are also based on the following principles:

- expenditure items need to be supplemented, at least, with some details, they should contain some 'hints and reminders' for respondents: it will then easier to recollect expenditure, especially if it is a quarterly or annual questionnaire;

Thus, when asking a question: 'What expenditure did your household incur to pay for other services in the reported period?' it is useful to indicate major types of such services: '... administrative and legal services of notary and law offices; funeral services; religious services associated with performance of religious rites; property management services; services of recorder of deeds, land cadastral offices, registration chambers and other organizations dealing with formalization of ownership...'.

- *it is not advisable to include into a questionnaire excessive details on expenditure;* nevertheless, it is advisable to have details on the parameters which help to improve data on the standards/quality of living / poverty levels.

Thus, for instance, we believe it is unpractical to concretize expenditure for clothing and footwear by:

- *material* (fabric, knitted fabric, leather, etc.);
- *origin* (domestically produced vs. imported).

Such details overload tables and make the questionnaire not friendly for a respondent. It is because a respondent then has to recollect the details of a purchase made 2-3 months ago. Similar recommendations can be made for such details of expenditure for clothing and footwear as 'new' vs. 'second-hand'. To some extent, these questions are related to deprivations: affordability of new clothing, etc. Following the principle of simplification and consolidation of questions it is enough to ask such question in the deprivation section and simplify tables in the tables with questions on expenditure.

The proposed module structure of the questionnaire on household expenditure will thus enable collecting data on the following expenditure variables:

- total household expenditure over a period (two weeks, month, quarter – as preferred by national statistical offices);
- household expenditure by major divisions, groups and classes of expenditure in accordance with COICOP (Table 3).

Here we should note that the main approach recommended by the above international guidelines is measurement of expenditure based on purchase approach. It is reviewed in more details below.

Table 3. Matching the information obtained through expenditure questionnaire with COICOP divisions

Expenditure module by target functions of consumption	Provision of information by COICOP divisions
I. Food	Food (1) Non-alcoholic and alcoholic beverages (1 and 2) Tobacco (2) Narcotics (2) Expenditure for eating out of home (11)
II. Non-food goods of individual consumption	Clothing and footwear (3)
III. Housing	Furniture, routine household maintenance items and household appliances (5) Expenditure to purchase and maintain vehicles (7) Expenditure to purchase telephone and telefax equipment (8) Expenditure to purchase items associated with recreation and culture (9) Services related to fitting out the dwelling and housekeeping (repair and maintenance of furniture, in divisions 5,7,8,9 respectively)
IV. Housekeeping	
V. Education	Education (10) Purchase of school uniform and footwear (3) Boarding fee (4 or 11) Transport expenditure associated with education (7) Expenditure for textbooks, stationery and education supplies (9) Catering in educational facility (11)
VI. Health	Health (6) Transport expenditure associated with health (7)
VII. Transport services	Transport services (7)
VIII. Recreation, entertainment and social and cultural events	Recreational and cultural services (9) Accommodation services (11)
IX. Other goods and services	Miscellaneous personal effects (12) Personal services, by types (12)
X. Miscellaneous financial expenditure	Taxes, fees and other payments Capital investments Miscellaneous financial expenditure

Module I: FOOD. This module incorporates household expenditure for buying food, beverages, tobacco and expenditure for eating out of home. It also includes expenditure for narcotics, which come after expenditure for ‘harmful’ external products – alcohol and tobacco.

I. Food	Food Non-alcoholic and alcoholic beverages Tobacco Narcotics Expenditure for eating out of home
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Food Module of the questionnaire should provide information on expenditure for buying food (both in total, and by 9 classes in accordance with COICOP), as well as on the volume of consumption.

Given that one of the objectives of household surveys is to collect data on the volume of products purchased at informal markets for measuring retail sales volume, a questionnaire should include columns for respondents to indicate points of purchase.

Household expenditure for food is usually measured based on daily expenditure diary, which in most questionnaires looks like an empty table where respondents are to record purchased food. It is proposed to include into the diary a short list of basic food products or to use a memo on how to fill out the diary as it is done in most countries (in Belarus, Moldova, Ukraine). National statistical office can also include into the list some unique products but consistent with COICOP codes.

A diary is designed by national statistical offices as they think fit, but the headline is that it enables collecting information on the basic expenditure variable:

- total expenditure for food products, beverages (including eating out), tobacco and narcotics;
- consumption of food products in volume terms: purchase of food products and food products received without payment (e.g. home produced); and
- information on points of purchase.

With respect to food products there is always a methodological question as how to measure them: either by purchase or by actual consumption. There are different theoretical approaches to measuring household consumption expenditure. Under the purchase-based approach, goods and services are included into consumption when they are purchased or passed into possession, irrespective of whether they have been paid for in case of goods, and in case of services – irrespective of whether such services have been utilized. Under the use-based approach goods and services are included when they were used irrespective of when these were purchased or paid for. Even though the use-based approach is closer to consumption, for practical purposes the OECD Framework for Statistics on the Distribution of Income, Consumption, and Wealth (OECD, 2013) recommends following purchase-based approach⁸. In practice it means that there is no need to keep record on the stocks of major goods. At the same time we should note that some countries do keep record on stocks in some food products (and such stocks are quite significant) and this happens in countries with higher levels of poverty.

If national statistical offices find it necessary to monitor changes in the stock of basic food products, they may include appropriate questions into the questionnaire. This will allow for more

⁸ Quoted from UNECE. Guide on poverty measurement. New York and Geneva: United Nations, 2017 (forthcoming), paragraph 132

accurate measurements of the use of products considering that households can make considerable stocks of some products (e.g. potatoes, flour, etc.). At the same time, such countries are recommended to keep record of expenditure based on both purchase and actual use; this will allow comparing these two measurements and provide for international comparisons.

Given that the number and list of classes in COICOP Division 1 ‘Food and non-alcoholic beverages’ are identical in the countries, there should be any issues with the harmonization of questionnaire and data obtained through such questionnaires. As for the data to be obtained on Division 2 ‘Alcoholic beverages, tobacco and narcotics’, there might be some harmonization difficulties in Armenia and Belarus because they do not have Narcotics class in COICOP.

Module II: NON-FOOD PRODUCTS OF INDIVIDUAL CONSUMPTION. Questions in this module are almost coincide with COICOP Division 3 and include expenditure for both purchasing clothing and footwear and making it, as well as mending and cleaning.

II. Non-food products of individual consumption	Clothing and footwear
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Depending on the survey objectives, the template of Household expenditure diary on clothing and footwear should allow for identifying:

- source of acquisition of a product or place of purchase: organized trade (shops, supermarkets, tailor shops (for making clothing and footwear) and non-organized trade (markets, bazaars, individuals);
- purpose (for personal use or as a gift);
- for whom it was acquired (for a man, woman, child).

It is also advisable to identify in the dairy the expenditure for rent, repair and cleaning of clothing and footwear.

Only Moldova may face difficulties with harmonization at the level of classes in this module and relevant COICOP division, where the classification includes 12 classes vs. 6 classes in other countries. Harmonization can be achieved by aggregating such classes as ‘Men’s clothing’, ‘Women’s clothing’ and ‘Children’s clothing (including newborns)’ into one class ‘Men’s, women’s and children’s clothing’. A similar procedure for footwear will also promote harmonization of data.

Module III: HOUSING. The basis of this module is Division 4 of COICOP, but additionally it includes questions associated with expenditure for communication and TV (satellite and cable TV). Thus, the module will integrate goods and services required for housing maintenance and consuming services associated with the understanding of decent housing.

III. Housing	Housing services, water, electricity, gas and other fuels Expenditure for purchasing materials required for housing maintenance and repairs Expenditure to pay for housing maintenance and repair services Expenditure for communication services Expenditure for cable and satellite TV services
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A similar approach is found in the questionnaires of Kazakhstan and Moldova. As for other countries, there are some considerable differences in how this aspect is captured in household surveys. Sometimes questions are poorly formulated; some questionnaires are excessively detailed and difficult to be completed. As a result, for this module it is especially critical to have a harmonized questionnaire.

But given that most countries (except for Belarus and Moldova) use the same COICOP classes there will not be significant issues with the harmonization of household survey data.

Belarus will need to refine expenditure in such class as 'Utility services and housing maintenance' and segregate expenditure for water supply, sewage, refuse collection and other services, and segregate expenditure for heating as a separate class. Belarus will most probably be able to collect comparable data for such class as 'Housing rentals', which in fact match the class of "Actual rentals for housing'.

Module IV: HOUSEKEEPING. This is the largest module in the questionnaire and covers a wide variety of household consumption. The module consists of 2 parts:

1. Goods required for housekeeping (in the widest understanding of its consumption functions) and
2. Housekeeping services.

IV. Housekeeping	Furnishings, household equipment and routine household maintenance Expenditure for purchase and operation of vehicles Expenditure for telephone and telefax equipment Expenditure for purchase of goods for recreation and culture Services associated with house equipment and housekeeping: repair and maintenance of furnishings
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Traditionally, questions regarding household expenditure for this module are asked in a quarterly household income and expenditure questionnaire or in an expenditure diary. Depending on the objectives of a household survey the questionnaire for this module should provide for specifying point of purchase (of service delivery) and its purpose.

This module of the questionnaire enables collecting data on expenditure for 12 classes of COICOP Division 05 'Furnishings, household equipment and routine household maintenance', two classes of Division 07 'Transport', two classes of Division 08 'Communication', and four classes of Division 09 'Other major durables for recreation and culture'.

Considering that the number of groups and classes in the above divisions of country-specific classifications are almost the same (except for Moldova), the questionnaires and data obtained at class level can be harmonized. As for Moldova, it is recommended to aggregate two classes in Group 'Instruments and equipment for house and flower garden' and to revise and disaggregate some classes in Group 'Equipment and furnishing for culture and recreation'.

Module V: EDUCATION. This module integrates questions on all household expenditure related to education, including payments under educational service contracts (any levels of

education), supplies for education, uniform and footwear, transport expenditure and expenditure for meals in an educational institution (if it is not included into tuition fee under the contract). The questionnaire also includes expenditure for music and sports school classes on the basis that upon graduation students receive relevant credentials (diploma, certificate).

V. Education	Education: educational service contract Expenditure for music, dance, sports classes in relevant institutions Expenditure for school uniform and footwear Payment for student accommodation Transport costs associated with education Expenditure for textbooks, stationery required for education Expenditure for meals in educational institutions
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In this module it is proposed to separate questions on expenditure for education from the questions on school attendance, etc. (as it is done for instance in Armenian questionnaire). Such questions are better to be included into the deprivation section of the questionnaire. Informal expenditure for education is expressly to be indicated.

National offices may at their discretion decide to include a question on goods and educational services received without payment (as a gift/assistance from other households, from third party organizations, etc.)

The module questions are grouped by major components of expenditure for education: payment for educational services, purchase of uniforms (or other clothing and footwear required to attend an educational institution), purchase of textbooks and stationery, as well as education-related expenditure for accommodation, transport and meals.

It is proposed to disaggregate this expenditure by five major levels of education, which will considerably contribute to the harmonization of the questionnaire module by classes. The proposed design is in line with COICOP expenditure groups almost in all countries (and expenditure groups almost completely match expenditure classes), except for Belarus (which combines secondary and vocational education into one group of expenditure) and Moldova (which splits education expenditure in classes within one group). The fact that there are no fundamental differences in the classifications of the above countries will allow them achieving data comparability without serious difficulties.

Module VI: HEALTH. This module builds on Division 6 of COICOP: it maintains 7 expenditure classes (Moldova can aggregate expenditure for ‘In-patient treatment’ into one class out of currently existing three classes: treatment, medical tests and physiotherapeutic services). It also includes transportation expenditure to get to and from a healthcare facility by main transport modes. Informal healthcare expenditure is expressly to be indicated.

We should note that within this module countries may consider it necessary to provide for indication where drugs and medical equipment was purchased (in an organized drug store, at the market or from individuals), as well as segregate drugs and equipment received without payment (as a gift/assistance from other households, from employer or other organizations).

VI. Health	Health expenditure: payment for drugs, medical appliances and equipment, out-patient and hospital services Health-related transportation expenditure
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Module VII: TRANSPORT SERVICES. Questions of this module cover expenditure for purchased transport services, except for expenditure for using private vehicles (these questions are included into the Housekeeping module), and also expenditure for transportation and storage of luggage, ticket booking.

VII. Transport services	Transport services
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As this module is actually coincides with CIOCOP Group 07.3 and covers 6 classes which are the same in all 8 countries using COICOP, it will not be difficult to harmonize the questionnaire at the level of classes, which correspond to relevant modes of transport.

National statistical offices may, at their discretion, either concretize or aggregate expenditure by some categories within classes: for instance, segregate travel by urban/suburban transport vs. travel by long-distance transport, as well as travel by urban and suburban motor transport / travel by urban and suburban taxi / travel by intertown / international passenger motor transport, travel within the country / travel abroad. Such disaggregation is now found in the questionnaires of Kazakhstan, Belarus and Ukraine.

Module VIII: RECREATION, ENTERTAINMENT AND CULTURE. This module includes questions related only to payment for recreation and culture services. Questions on household expenditure for purchasing various equipment (audio, video and photo) and durables for recreation, sports and culture (both indoors and outdoors) are included into Module IV 'Housekeeping'. Such goods are usually durables which are part of furnishings or long-lived 'movables'.

VIII. Recreation, entertainment and culture	Recreational and cultural services Hotel services
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In fact, the list of questions in Module VIII coincides with the structure of COICOP Group 09.4 'Recreational and cultural services'. In all countries it segregates such classes as 'Active recreational and sporting services', 'Cultural services' and 'Games of chance'. The module also includes questions on arrangement of package holidays (tourism). The module also includes questions on accommodation in hotels, boarding houses, inns and motels during recreation as well as accommodation in recreation centres, tourist camps, tent camps, etc. The data obtained through these questions fully match Classes 09.6 and 11.2 respectively.

Thus, harmonization at the level of classes can be easily achieved. National statistical offices may, at their discretion, specify questions by categories and types of expenditure. For instance, in Class 'Package holidays' 3 expenditure categories can be considered: 1. For accommodation in holiday centres, boarding houses, children's health camps; 2. For tourist recreation and travel within the country; 3. For tourist recreation and travel abroad.

Module IX: MISCELLANEOUS GOODS AND SERVICES. This module includes questions on household expenditure for goods of personal use and personal services. It fully matches COICOP (Division 12).

IX. Miscellaneous goods and services	Personal effects Personal services, by types
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At present, country-specific questionnaires address these goods and service either in expenditure diaries or in dedicated tables (e.g. ‘Individual and other expenditure’ in Kazakhstan). However, in both formats the list is designed quite eclectically, for instance, women’s hairdo appears next to installation of a metal door. There are no ‘hints and tips’ in the expenditure diary. The analysis of country-specific classifications also demonstrated quite noticeable differences in the main classes and categories of Division 12, though national statistical offices tend in general to address similar categories of expenditure and consumption. Therefore the idea was to propose a new, uniform approach towards streamlining and framing the questionnaire. Another objective was to prepare quite concise and succinct ‘hints and tips’ because the list of ‘miscellaneous goods and services’ appeared to be pretty long.

The proposed questionnaire consists of two sections: goods of personal use (1) and services (2).

Goods of personal use include 4 classes: ‘Electric personal care appliances’, ‘Non-electric personal care goods’, ‘Jewellery and accessories’ and ‘Other personal comfort goods’.

Questions in the section of ‘Personal services’ fully match COICOP groups and classes. For each category of services the questionnaire proposes its basic list.

The following three modules are not related to consumer expenditure of households. They cover expenditure for taxes, investments and other household financial expenses. Current country-specific questionnaires are quite scanty for such questions. Mainly they ask questions on payment of taxes and alimony (Kazakhstan, Kyrgyzstan, Ukraine), and in Kyrgyzstan and Ukraine these expenses are included into ‘Other household expenditure’. Armenia’s and Moldova’s questionnaires do not include these questions at all.

On the one hand, this can be explained by the fact that traditionally households recognize as income already ‘net’ income, after mandatory taxes (income tax and social insurance deductions) and payments (trade union contributions), which are made by employers. Therefore for some households it might be difficult to answer a question on how much income tax they paid, especially if they have lost payslips.

Nevertheless, tax, investment and other financial expenses need to be recorded because it allows for both clarifying current consumption levels and making assumptions about future consumption growth. Therefore it is proposed to include a dedicated module ‘Miscellaneous financial expenditure’ into the questionnaire.

Module X: MISCELLANEOUS FINANCIAL EXPENDITURE. The module incorporates expenditure for taxes, fees and other mandatory and voluntary payments, household investment expenditure, and other financial expenditure not listed above.

X. Miscellaneous financial expenditure	Taxes, fees and other payments Capital investments Other financial expenditure
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This module builds on the classifications of Russia (Annex 2. Classification of Cash Non-Consumption Expenditure and Household Capital Expenditure) and Moldova. Given that there is no single classification of household expenditure for this module, for the national statistical offices it will be probably easier to use the proposed questionnaire, without any change. Otherwise it will be difficult to achieve the required harmonization at the level of classes.

Expenditure in Group 'Taxes, fees and other payments' are divided into 4 classes depending on the differences in the binding nature: Taxes and mandatory contributions to the government (mandatory for payment); Fees and mandatory payments (compensating various damages); Alimonies (which can be both enforced – levy execution, and voluntary); Voluntary payments and cash gifts (voluntary payments and charitable donations).

The questions in group of 'Capital investments' cover all household expenditure made for increasing both tangible and cash assets: purchase and construction of real estate; wealth increase in jewellery and antiques; financial investments. Such expenditure is disaggregated by 6 classes.

And, finally the third group covers other financial expenditure: to purchase foreign currency; debt-related transactions (lending and debt repayment), advance payments and other hard to classify expenses, as well as lost money. This group contains of 4 classes of expenditure.

Thus, the structure of Module 'Miscellaneous financial expenditure' includes three expenditure groups and 14 classes.

A final comment in this section is that most countries which already use COICOP for household surveys can start using the harmonized questionnaire on household expenditure and consumption without significant costs. The same is true for Tajikistan provided that the country-specific classifications are further elaborated. As for Kyrgyzstan, it can be proposed to start using COICOP for household budget surveys. We also think that the transition to the harmonized questionnaire will be easier as compared to questions related to income and deprivations. And, finally, a uniform questionnaire does not prevent national statistical offices from including additional questions on expenditure at the level of categories and kinds, if statistical environment in these countries requires it, provided that the countries maintain a uniform approach to the definition of classes.

Section 2. Proposed questionnaire on income

The analysis of questionnaires on income across the countries allowed us to draw the following key conclusions:

1. The number of main income items varies considerably. Most countries have no income classifications, in those which do have such classifications they are not harmonized. Classifications usually use not more than 2 levels of income aggregation – divisions and groups.

2. On the first level most questionnaires define the following divisions: *income from employment, from sales, and different allowances u transfers*. In general, the divisions are structured as follows:

- income from employment,
- remittances,
- property income,
- income from sales,
- transfer income,
- other income.

3. This aggregated income structure is largely comparable across the countries. Some divisions, however, are presented in over-aggregated way, making it impossible to distinguish incomes by payment sources clearly.

4. The combination of income components is noted for all levels. Some divisions include income items that should be attributed to others.

5. The main conclusion was that there is no common income classification that would be based on certain criteria underpinning its establishment.

It should be noted again that though poverty and inequality measurement requires aggregate income values albeit divided into groups, a unified approach to income classification, however, is needed to ensure that a common and compatible method is used across countries and to avoid possible double counting of income, for instance, in different classes. Furthermore, analytical studies on income and inequality require more detailed comparative analysis of certain income components. Some income components are usually prevailing in certain deciles or groups, for this reason the inclusion of income components that are unusual for such income groups can significantly change the structure and value of income in these groups.

Due to the above it is essential that a questionnaire is grounded on a common approach to income classification and codification. Such approach will ensure that all income flows are taken into account and there is no income overlap across sections, groups and classes.

With respect to income we propose to use the classification set forward in the 2011 Canberra Group Handbook on Household Income Statistics (*Canberra Group Handbook*),⁹ which describes main income components.¹⁰ At the same time the proposed classification is organized in such a way as to allow a codification similar to that of COICOP to be used in income disaggregation. It should be stressed that such codification is only indicative; however, it can facilitate the implementation of a comparative classification at the country level.

Incomes are codified as follows¹¹.

Division	Groups	Classes	Categories
X	X.XX	X.XX.XX	X.XX.XX.XX

Level 2 is disaggregated into groups that are based on certain criteria. The groups are divided into classes also based on certain criteria. In overall it seems that the task of aggregating total income in the process of income classification up to Level 3 is feasible. For the purpose of specific tasks further income disaggregation into lower levels and categories can be done independently by national statistics offices.

At the level of divisions (Level 1) the following aggregates are proposed:

1. Primary income. Practically this is income from production;
2. Current transfers received, or in other words, incomes to be redistributed;
3. Change in assets and liabilities that describe the change in financial situation of households. Changes in assets and liabilities of households formally are not the income; however they need to be accounted in order to determine all resources available to the household to support its expenditure.

This classification also takes account of the fact that the result of aggregation of total income should be the amount of disposable income which is a sum of primary income and current transfers received less current transfers paid. Another issue here is that following Canberra Group Handbook recommendations social transfers in kind are deducted for estimating disposable income. Similarly this classification does not consider measurement of income arising from household production of services for own consumption due to practical measurement issues.

With regard to answers, it should be noted that answer choices need to consider the source of payment, as recommended by the Handbook above, that is: government, private sector, non-commercial organizations, households and remittance from abroad, as well as the type of payment – cash or in kind. It should be underlined that the aim of a national statistical office is to separate questions between an individual questionnaire and a household questionnaire to take into account the fact that certain questions relate to income of individual members of a household while the others relate to income of a household as a whole.

⁹ *Canberra Group Handbook on Household Income Statistics: Second Edition*, 2011. Geneva: United Nations.

¹⁰ *Canberra Group Handbook on Household Income Statistics: Second Edition*, 2011. Geneva: United Nations.

¹¹ In contrast to the section devoted to expenditure this section includes codification which is related to the absence of codification of income in questionnaires as opposed to the codification of expenditure based on COICOP.

Primary income components

Division 1 'Primary incomes' includes the following groups and classes

Group code	Income item and class code
1.01. Income from employment	1.01.01. Wages and salaries and other income from employment
	1.01.02. Income from self-employment and entrepreneurship
1.02. Income from property (land and capital)	1.02.01. Income from tangible assets
	1.02.02. Income from financial assets
1.03. Income from certain activities	1.03.01. Income from agricultural activities

Division of this sector into groups is based on primary production factors which are labour and capital, the latter being land, production assets and financial assets owned by a respondent.

With regard to income from agricultural activities it should be mentioned that formally income arising from this type of activity is included into the first two groups. However, all questionnaires distinguish income from agricultural activities due to accounting specifics of income from this activity which can explain why this group is retained in the questionnaire. Still, efforts should be made to avoid double reporting of this income in other sections. In general, the inclusion of this sector will not affect the calculation of disposable income if it is properly ensured that the income in this sector is not double counted. It is up to a national statistical office to decide on inclusion of this section into a questionnaire. At the same time it is not recommended that HBS includes other additional sectors.

Division code: 1. Primary income

Group code: 1.01. Income for employment

Class code. 1.01.01. Wages and salaries and other income employment

Class code	Category code
1.01.01. Wages and salaries and other income employment	1.01.01.01. Wages and salaries at the main place of work
	1.01.01.02. Additional income apart from wages and salaries at the main place of work
	1.01.01.03. Wages and salaries at the additional place of work
	1.01.01.04. Other income from employment

It is a minimal level of detail usually available in HBS collections in the countries under analysis. The Canberra Group Handbook recommends disaggregating additional income to include, particularly: cash bonuses and gratuities, commissions and tips, director's fees, profit-sharing bonuses and other types of profit-related pay, shares offered as part of employee remuneration, free of subsidized goods and services from an employer, severance and termination pay, employer's social insurance contribution. The analysis of country-specific questionnaires shows that the level of detail of these income components differs significantly, for this reason information collected by

authors¹² on the structure and additional income components in the reviewed countries may serve as an additional reference tool on the subject for some countries.

In general, it seems sufficient to disaggregate 'Wages and salaries and other income from employment' into 4 categories: 1) Wages and salaries at the main place of work, 2) Additional income apart from wages and salaries at the main place of work, 3) Wages and salaries at the additional place of work, 4) Other income from employment. A country may introduce a separate classification for these income components when expanding the scope of an income from employment module; however, it should adhere to the essence and destination of income, as defined in Canberra Group Handbook classification.

At the discretion of developers, the module may be complemented with questions relating to profession, a method that a respondent uses to measure wage or salary, legal aspects of employment contract and hours of work. It should include references to main and additional work, as well as a list of possible sources of additional income.

Class code 1.01.02. Income from self-employment and entrepreneurship

Class code	Category code
1.01.02. Income from self-employment and entrepreneurship	1.01.02.01. Income from entrepreneurship
	1.01.02.02. Income from self-employment

According to the Canberra Group Handbook this income class is defined as income from self-employment that includes net profit from unincorporated enterprises. As practice in the analysed countries shows the income from entrepreneurship as small-sized enterprise is often classified separately. Small enterprises may take different forms across countries and may differ in registration, size, permits and etc. A common attribute for inclusion of income components into this class is that this is the income of unincorporated individual enterprise and it is consistent with the income component, included into this class by Canberra Group.

It is essential to determine the share of 'drawings' from entrepreneurship, including in kind, assigned for personal consumption. Two approaches are suggested: (1) direct assessment or (2) drawings net of taxes, compulsory payments, and wages paid to employees and investments.

Division code: 1. Primary income

Group code: 1.02. Income from property

Class code. 1.02.01. Income from tangible assets

Class code	Category code
1.02.01. Income from tangible assets	1.02.01.01. Rental income from land
	1.02.01.02. Rental income from residential dwellings
	1.02.01.03. Rental income from non-residential property

¹² This refers to an attachment to the first report that provides a list of income components included in questionnaires of the countries under analysis

	1.02.01.04. Rental income from transport and equipment
	1.02.01.05. Other income from tangible assets

Class code. 1.02.02. Income from financial assets

Class code	Category code
1.02.02. Income from financial assets	1.02.02.01. Income from financial assets

Class code 1.02.03. Other income from assets

Class code	Category code
1.02.03. Other income from assets	1.02.03.01. Other income from assets, for example, royalties, income from copyright, patent sales and etc.

Income from financial assets is a respondent's income that arises from financial assets owned by or made available to him/her. This income in cash usually includes interest or dividends, rent or rental income from material assets, and royalties. It should be noted in this relation that as financial markets evolve this class will require further disaggregation.

Division code: 1. Primary income

Group code: 1.03. Income from certain activities

Class code. 1.03.01. Income from agricultural activity

Class code	Category code
1.03.01. Income from agricultural activities	1.03.01.01. How much did you earn from the sale of the following crop products?
	1.03.01.02. Estimate the net income received from products sold
	1.03.01.03. What kind and what amount of crop products in kind did you use for personal consumption?
	1.03.01.04. How much did you earn from the sale of the following livestock products?
	1.03.01.05. Estimate the net income received from products sold
	1.03.01.06. What kind and what amount of livestock products in kind did you use for personal consumption?
	1.03.01.07. How much did you earn from the sale of fresh and processed mushrooms, wild fruit and berries, medicinal herbs and etc.?
	1.03.01.08. How much did you earn from the sale of hunting and fishing products?

The category of income from agricultural activities is found in questionnaires in all countries. Though in the economic sense this activity is no different from other economic activities, however, given that the income from this activity is included in the questionnaires in most countries thus recognizing the importance of this activity for a country's economy, it appears that this section

needs to be retained in questionnaires. Still, efforts should be made to avoid double reporting of this income in other divisions.

Some questionnaires classify other activities in addition to agricultural activities mentioned above. We believe that in order to facilitate harmonization of questionnaires the expansion of questionnaires to include additional activities should be avoided.

Agricultural activity usually is divided into crop production, livestock production and other activities. Other activities include hunting, forestry and fishing products. A core of products is defined for each activity on the basis of comparison of questionnaires. Questions concern sales volumes and prices, as well as estimate household's consumption, in monetary and in kind form. This module defines net income arising from product sales to which end the expenditure (cost) pattern needs to be clarified. It should be noted that countries differ in estimating the net income from agricultural activity which is a main indicator defined. A country questionnaire, consequently, has to reflect a national approach to measuring the net income.

Current transfers received components

According to the classification set forward in the *Canberra Group Handbook* current transfers received include:

- a. Social security pensions / schemes
- b. Pensions and other insurance benefits
- c. Social assistance benefits (except for social transfers in kind)
- d. Current transfers from non-profit institutions
- e. Current transfers from other households (in cash only)

In this relation the following should be clarified:

1. Classification of these income items is critical given that SDG indicator 1.3.1. is defined as *Proportion of population covered by social protection floors/systems, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work-injury victims and the poor and the vulnerable*, income disaggregation, therefore, will provide a lot of additional information to produce results for measuring this indicator.
2. The criterion for differentiation is the source of payment. Specifically, for income stated in items a and c it is the state, for item b – employer, for item d - non-commercial organizations, e – households.
3. Differentiation between the types of income, stated in lines and c is not clear enough.

Social security pensions and schemes are defined as social security pensions, insurance benefits and allowances generated from government sponsored social insurance schemes (compulsory/legal schemes), such as pensions (including military and overseas pensions), unemployment and sickness benefits.

Social assistance benefits are benefits from governments (universal or means-tested) which are the same as benefits in item a, but not provided for under such schemes.

As far as there is no comprehensive classification lists for these income components, attributing certain social assistance benefits to group 1 or 3 under consideration is likely to be a problem.

It should be underlined that social transfers in kind are deducted when calculating disposable income due to practical measurement issues. Social transfers in kind are defined as goods and services provided by government and non-profit institutions that benefit individuals but are provided free or at subsidized prices. Social transfers in kind may include education, public health, social assistance, and transport and culture services. However the recommendation is that these transfers should be measured due to their importance for extended analysis of well-being.

Further, current transfers paid need to be taken into account as they are included into disposable income reducing its value. In particular they include:

- Direct taxes (net of refunds);
- Compulsory fees and fines;
- Current inter-household transfers paid;
- Employee and employers' social insurance contributions;
- Current transfers to non-profit institutions.

In general it should be noted that adherence to the classification, set forward in Canberra Group Handbook, in relation to current expenditure will allow calculating overall expenditure. However it should be kept in mind that (i) many of the questionnaires analyzed provide a greater level of detail for current transfers than proposed in Canberra Group Handbook, (ii) the questionnaires should take into account SDG indicator 1.3.1 mentioned above. These two factors appear to require a more detailed classification of current transfers. As for the information for SDG indicator 1.3.1 a question on respondents' participation in social assistance schemes is needed. The list of social assistance schemes is defined by national statistical offices. It should be underlined that as discussed above there is yet no final consensus at the international level with respect to the definition and calculation of this indicator. Therefore, international organizations will continue to develop a methodology for calculation of this indicator, which will also have an impact on HBS questionnaires.

This issue also requires breaking down into separate social groups: by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work-injury victims and the poor and the vulnerable, which should be reflected in introductory sections to questionnaires devoted to household composition.

A more detailed classification of certain types of social benefits was proposed in ESSPROS Manual. ESSPROS aims at providing a comprehensive and coherent description of social protection in the Member States in particularly, for:

- covering social benefits and their financing;
- ensuring international comparability;
- harmonizing with other statistics, particularly the national accounts, in its main concepts.

In practice, ESSPROS objectives are in line with the objectives set by the Canberra Group Handbook. However, qualification criteria related to this type of income differ. The Canberra Group

Handbook classification is based on the source of income, whereas ESSPROS classification builds on functions of social benefits. Furthermore, the latter includes both cash and in-kind benefits, as well as allows for taking into account the source of benefit.

Functions of social benefits according to ESSPROS are as follows:

- **Sickness/health care** – Income maintenance and support in cash in connection with physical or mental illness, excluding disability. Health care intended to maintain, restore or improve the health of the people protected irrespective of the origin of the disorder.
- **Disability** – Income maintenance and support in cash or kind (except health care) in connection with the inability of physically or mentally disabled people to engage in economic and social activities.
- **Old age** – Income maintenance and support in cash or kind (except health care) in connection with old age.
- **Survivors** – Income maintenance and support in cash or kind in connection with the death of a family member.
- **Family/children** – Support in cash or kind (except health care) in connection with the costs of pregnancy, childbirth and adoption, bringing up children and caring for other family members.
- **Unemployment** – Income maintenance and support in cash or kind in connection with unemployment.
- **Housing** – Help towards the cost of housing.
- **Social exclusion not elsewhere classified** - Benefits in cash or kind (except health care) specifically intended to combat social exclusion where they are not covered by one of the other functions.

The above functions do not include education and should such function be added this classification may be considered as covering all social benefits, provided by national legislation.

Taking into account the arguments above, the questionnaire could be structured around the following 9 items, relevant to the social benefits functions.

1. Sickness/health care
2. Education
3. Disability
4. Old age
5. Survivors
6. Family/children
7. Unemployment
8. Housing
9. Social exclusion not classified by other functions as well as multifunctional benefits.

Since the peculiarity of this section is that social benefits depend on country-specific legislation, specific questions in respective sections need to be detailed by national statistical offices. Attention should be paid to addition of a concept of multifunctional benefits to item 9 to include in household income the benefits that could not be uniquely identified based on certain function, for instance, cash transfers.

In overall, the section on these types of income could be structured as follows:

- Specify all social benefits that relate to a certain function, i.e. pensions, allowances or subsidies.
- Specify what type of social benefit is assigned.
- Specify the amount of social benefit.

Answer options should also take account of the source of social benefit: government, private sector, non-commercial organizations, household and remittances from abroad, as well as the type of social benefit – in cash or in kind.

As noted above, it is the responsibility of national statistical offices to define the questions; however a minimal list of topics that may arise when preparing related questionnaire sections needs to be determined. At the same time countries may expand this list. The questionnaire includes suggested questions in relation to the topics considered.

It should be underlined that the main indicator, as noted above, is the amount of cash income, a component of disposable cash income. As for transfers received in kind, particularly, free or subsidized services in health care and education (and other sectors as well), it is difficult to measure them in monetary terms. National statistical offices, however, may include into questionnaires questions related to certain services received to further assess the value of a household benefit using various methods.

Division code: 2. Current transfers received

Group code: 2.01. Current transfers received, related to sickness/health care

The following main social benefits may be considered:

- Paid sick leave
- In-patient health care: compensation or cash benefit
- Out-patient health care: compensation or cash benefit, here it is necessary to define social benefits, related to compensation or cash benefit for purchased medication.

It should be noted that in some cases household expenditure is compensated, therefore, income classification should take into account expenditure classification related to health care.

Division code: 2. Current transfers received

Group code: 2.02. Current transfers received, related to education

The main social benefit in this division is compensation or cash benefit for payment of education services. Countries may consider separately allocation of subsidies and full compensation to pay for the following services: accommodation, school uniform, textbooks and supplies, required for education.

Division code: 2. Current transfers received

Group code: 2.03. Current transfers received, related to disability support

Main social cash benefits (a base for classes) are:

- Disability pension
- Early retirement benefit due to reduced capacity to work

- Care allowance.

Countries may expand the list based on relevant legislation; for instance, some countries have social benefits aimed at economic integration of the handicapped. Quite often disabled people receive compensation to cover housing costs or full reimbursement of such costs, as well as services of social care workers or compensation to cover such services.

To this end it is important to avoid duplication of this income and income, defined in other functions. It should be noted that all medical care expenditures specific to disability are reported under Group 2.01. Current transfers received, related to sickness/health care. Benefits paid to the surviving dependants of disabled people are reported under Group 2.05. Current transfers received, related to survivors.

Division code: 2. Current transfers received

Group code: 2.04. Current transfers received, related to old age

The main component of income is pension: retirement pension, seniority pension and etc. The elderly receive compensation to cover housing costs or full reimbursement of such costs, as well as cash benefits to pay for social worker services.

It is important to avoid duplication of this income and income, defined in other functions. For example, expenditures on health care specific to old age are included into function Sickness/health care. Family allowances for dependent children where the beneficiary is also in receipt of an old age benefit are reported under the function Family/children. Early retirement benefits paid for labour market reasons or in case of reduced capacity to work are reported in Group 2.07. Current transfers received, related to unemployment and Group 2.03. Current transfers received, related to disability, respectively.

Division code: 2. Current transfers received

Group code: 2.05. Current transfers received, related to support of people who have suffered from the loss of a breadwinner

Main income or classes in this function are survivors' pension, death grant, cash benefit for funeral costs.

Division code: 2. Current transfers received

Group code: 2.06. Current transfers received, related to support of family and children

These include all benefits related to childbirth, pregnancy and child care as well as family allowances. They cover compensation of costs or cash benefit for child accommodation, child day care and other child care. Benefits paid to disabled children are recorded under Group 2.03. Current transfers received, related to disability.

Division code: 2. Current transfers received

Group code: 2.07. Current transfers received, related to unemployment

These include all benefits, related to unemployment, as well as pension benefits paid for job loss due labour market reasons. They also include redundancy compensation and benefits to cover cost of training or re-training people looking for employment and the cost of travelling or relocating to a new place of work to obtain employment for the unemployed. Some services can be provided in

kind or in cash, for instance, provision of training, assistance in traveling to a new place of work, installation allowance and etc.

Division code: 2. Current transfers received

Group code: 2.08. Current transfers received, related to housing subsidies

These include cash benefits or compensation of costs related to rent (rental fee), also may cover other subsidies related to housing expenditures.

Division code: 2. Current transfers received

Group code: 2.09. Current transfers received, related to support of groups no classified by other functions, as well multi-functional purposes.

Main social benefits in this group are allowances paid to the poor. These also include all other transfers that are multifunctional by nature, such as cash transfers to households from different sources. It should be noted that such allowances and benefits could be substantial; therefore, they should be recorded separately as individual classes. With regard to cash benefits it should be taken into account that in some cases they can be clearly classified by function and, consequently, need to be reflected in previous groups.

Other income components

Division code 3. Other income

It is recommended that this income include other income items to reflect other types of income not recorded above. For example these could be a lottery prize, not recorded under the income items above.

Components of current transfers paid

Current transfers paid, as already noted, reduce disposable income and are recorded separately. The following items of current transfers are included as classes.

Division code 4. Current transfers paid

- Direct taxes (net of refund).
- Compulsory fees and fines.
- Current inter-household transfers paid.
- Employee and employers' social insurance contributions.
- Current transfers to non-profit institutions.
- National statistical offices may disaggregate these items at own discretion.

Components of Changes in assets and liabilities Division

Net change in assets and liabilities is not income; however, the sale of assets by a household will generate additional cash liquidity and possibly increase current expenditures. That is change in assets and liabilities is a balancing aspect of income and expenditure and as such they should be recorded separately. It defines the net assets (or liabilities), that is cash receipts net of expenditures.

Division code 5. Changes in assets and liabilities

Group code	Class code
5.01. Changes in assets and liabilities	5.01.01. Net income from property sale
	5.01.02. Net change in the principle amount of deposits and savings kept at home
	5.01.03. Net loans and credits

Section 3. Proposed questionnaire on deprivations

Indicators of deprivations are among the most important in poverty measurement, particularly multidimensional poverty. According to deprivation-based approach, poverty is determined not only by insufficient income or low consumption of basic goods and services, but also by deficient nutrition, lack of access to health care and education services, lack of adequate housing and etc. Alongside with deprivation measurement, it is equally important to use a subjective approach to poverty measurement, when people's perception of poverty not only as living at the very edge of survival but a possibility to maintain socially acceptable minimum standard and norms of living becomes important.

Analysis of population deprivations is one of the most important tools for measuring multidimensional poverty. There is a strong need to develop within the overall questionnaire a separate module on deprivations that would, first, capture all relevant deprivations, and, second, provide a separate self-sufficient tool to measure deprivations and social exclusion.

The section on deprivations is particularly important in the questionnaire under development. Firstly, for many countries under analysis such proposed section is new. Secondly, given the increased interest in countries to measuring multidimensional poverty and monitoring of sustainable development goals this section is intended to address acquisition of robust comprehensive information on different forms of deprivation. At the same time this section contains the minimum number of questions to ensure comparability and facilitate its adoption by national statistical offices, and can serve as a basis for further expansion at the country level.

To that end the development of deprivation section is based on:

1. Possibility to acquire related information to calculate indicators that measure the progress on Sustainable Development Goals,
2. Compliance of questions with provisions of the UNECE Guide on poverty measurement
3. Inclusion of questions on deprivations in current HBS in countries under analysis.

The EU SILC questionnaire is a methodological tool used to measure poverty in the UNECE countries that places an emphasis on and devotes a considerable part to deprivation questions. Based on the UNECE Guide on poverty measurement it defines **material deprivation**. Questions related to material deprivation cover both households as a whole and its individual members. A number of questions is included that relate to the affordability of replacing worn out clothes, leisure activities, holidays, incurring unexpected expenses, etc. Most deprivations in the EU SILC are

relevant to the subject region and could be extended to the countries under analysis, including individual deprivations of household members and deprivations of a household as a whole.

In addition to basic deprivations, the EU SILC questionnaire as well as some other countries' questionnaires includes questions on access to health care and social protection schemes. This concerns the reasons why a household (or its member) is not able to use health care service. As well as reasons that explain why a schoolchild is not able to attend school. Moreover, it allows assessing the social protection coverage and reasons why a household does not receive necessary benefits. The authors suggest that this type of questions is included into the section on material deprivation, as they help identify information required for calculation of poverty indicators for all its dimensions, in particular, the access of population to basic services (SDG indicator 1.4.1.), and multidimensional poverty index (as one of the tools to calculate SDG indicator 1.2.2).

A number of questions from the EU SILC deprivation module were not included in the proposed section. This is due to the fact that most of the HBS questionnaires under analysis did not include such type of questions, i.e., questions related to crime or pollution.

With regard to existing questionnaires it should be noted that a deprivation module is currently less presented in household budget surveys of the countries under analysis. As the HBS analysis shows the most presented deprivation issues concern housing, consumer durables and ability to face minimal expenditures.

A separate group in the proposed deprivation sector is devoted to consumer durables and housing. The following should be noted with regard to consumer durables. Current HBS questionnaires include cumbersome lists of consumer durables that are often obsolete and no longer relevant. For example, there are more than 40 consumer durables items in questionnaires of Central Asian countries (Kazakhstan, Kyrgyzstan, Tajikistan), including VHS players, audio cassette players, a prominent list of musical instruments, and even a relic of the Soviet era – a wall cabinet called “stenka”. In practice, a short list of consumer durables related to information access (i.e. computer, phone and TV) and basic home appliances essential to meet daily needs (washing machine, refrigerator) would be sufficient to measure deprivations today. In addition to the EU questionnaire Russian statistical authorities have followed suit with a HBS consumer durables list comprising of 6 items. These six items are included in the section on material deprivation in the section proposed.

With reference to ‘housing’ it is to be mentioned that this cluster provides information not only about 6 household deprivations, but help identifying household access to sanitation, safe drinking water which is necessary for measuring SDG indicators. Existing questionnaires in the countries analysed as well as the EU SILC questionnaire include separate housing clusters. The authors also suggest that a housing cluster is presented as a separate group.

Alongside with quantitative and qualitative methods, people’s self-assessment of poverty serves as an additional instrument to measure poverty. Currently, eight out of all countries under review somehow include a cluster or questions relating to respondent’s self-assessment of poverty in HBS questionnaires. We suggest that most common issues for countries be separated as a cluster, as they allow assessing the depth of poverty and its perception among household members.

Therefore it is recommended that the deprivation module includes the following main sections:

1. Material deprivation that includes questions articulated primarily on the basis of the EU SILC as an aggregated tool for measurement of material deprivation.

2. Housing. This cluster will provide information on housing conditions, population access to safe drinking water and sanitation, shortage of space in the dwelling, adequate heating of the dwelling and types of fuel for cooking.

3. Self-assessment of poverty.

Conclusion

The report deals with approaches to the main sections in questionnaires: expenditure, income and deprivations. It suggests the use of a minimum number of questions with full coverage of all expenditure and income classes. The same approach is used for deprivations where it also suggests a minimum number of deprivation items encompassing deprivations relevant to the countries under review. Annex provides a model set of questions recommended for inclusion into respective country questionnaires. The proposed set of questions will ensure comparability of expenditure and income aggregates which serve as variables for SDG indicators on poverty and inequality. Of course, national statistical offices may expand this set based on their specific needs.