**ECONOMIC COMMISSION FOR EUROPE**
**STATISTICAL DIVISION**


<u>**UNECE/UNDP Task Force Meeting on Gender**</u>        **Working Paper No. 6**
<u>**Statistics Website for Europe and North America**</u>    **Agenda item 4**
**(25-26 September 2002, Geneva, Switzerland)**



**Poverty Indicators for Gender Statistics Website**

Paper submitted by UNECE Secretariat[*]


## 1.       Introduction

In May 2001 the UNECE Task Force on a Gender Statistics Website decided to not include indicators on poverty at the current stage, but rather come back to this at the next meeting. This paper is meant to be an introduction to a discussion on how to include indicators on poverty in the Gender Statistics Website. The paper draws heavily on the work of Wolf Scott (ECE Consultant) and a paper that he wrote for an informal regional consultation on the measurement of poverty in countries in transition in Europe and the CIS. This paper is annexed here as background.

## 2.       Purpose of measurement is important

There are many ways of measuring poverty, and different international agencies use different indicators. In a region as diversified as the ECE region, there is naturally a need for different indicators to highlight different problems or aspects of poverty in the different countries. The usefulness of a specific indicator to a specific country or sub-region relies to a large extent on the purpose of the measurement. It is therefore important that the Task Force decides upon for which purpose the chosen indicators should serve, and makes it clear why the chosen indicator(s) have been selected.

Scott argues that it is important to keep the different dimensions of poverty (i.e. monetary and non-monetary) apart. This is an argument that will be supported here. This is particularly important in order to make it possible to provide indicators that are understandable for the common users of the website and indicators that are both gender sensitive and realistic to obtain data for in the near future.

There have been several attempts at developing indices on poverty, among them the Human Poverty Index of the UNDP. These indices combine different aspects of poverty, e.g. (lack of) income, education, housing and health, to create one value for poverty. These indices might be good for comparing countries (provided that the underlying data material is of

---

[*] Prepared by Stein Terje Vikan

sufficient quality), but the value of the index itself has no specific meaning to the general public, and might therefore not be suitable for the purpose of the Gender Statistics Website. Furthermore, these indices are currently not possible to make gender sensitive.

## 3.      Monetary indicators

There are many possibilities for indicators on poverty. One of the first choices to be made is whether to chose monetary (e.g. income) or non-monetary (e.g. access to specific material items such as a substantial meal a day, adequate heating, decent housing) indicators. The argument of Scott is that an indicator based on income (or a proxy for income, such as household expenditure) best captures the essence of poverty and that it in many instances correlates to the other dimensions of welfare, since lack of financial resources often also means lack of access to other basic resources. We will therefore argue that a monetary indicator would suit the purpose of the website best, also because we already have indicators on many of the other dimensions of welfare, such as health and education.

Then there is the question whether to choose an absolute or a relative indicator for poverty. An absolute indicator would imply that the poverty line would be set at a specific level expressed in income (in national currency, but could be converted to PPP USD for comparison). The level of this income will be determined by the cost of sustaining a minimum level of subsistence living. A relative indicator can take two forms. It can either refer to the (for instance) lowest 10 percent of the population, or it can refer to a proportion (usually 50 or 60 %) of mean or median national household income.

## 4.      Households vs. persons

These calculations use households as unit, at least as an initial calculation. Income or expenditure are normally obtained at household level before recalculated in terms of the number of persons in the household. We then have two options. One option is to identify all single households (or single parent households with child(ren)), both female and male, and see the proportion of female and male households among the poor households (after having decided upon a cut-off point for defining poor households). Since we cannot say anything about income distribution within a household where there are both females and males, this is the only feasible way to identify gender differences at a household level.

Another possibility is to recalculate the figures for each person, using the (normally weighted) number of persons in the household and ascribing all members of the household the same income. This gives each individual an income, and it is therefore possible to distinguish between the situation for women and men. However, this method (as is the same with the former) does not take into consideration the important factor of internal household distribution. This method takes for granted that each household member has equal access to the household's resources, an assumption that - as more in-depth analysis show - does not hold true.

## 5.      Availability of data

In practical terms, maybe the most important factor in choosing an indicator for poverty is availability of data. Many countries do not have good data on income distribution, and others might not produce them on a regular basis. Data on household income and its distribution are normally obtained from household sample surveys. Some Western countries can produce

income data based on tax registers, but these are only a few countries. So for most countries, what data can be delivered relies on what is available. Eurostat has some indicators on income for the EU countries and also data on household expenditure for Accession Countries, but none of these data are available with gender breakdown. In the UNDP Human Development Report there is lacking income data for a number of the ECE countries, and these data are also not broken down by gender. The Task Force needs to take into consideration what sources are available when discussing which indicators to choose on poverty for the Gender Statistics Website. The requirements for making sex-disaggregated poverty statistics would be data on household composition, and income distribution with one or more poverty lines as cut-off point. Most likely the data will have to be made available through a survey.

## 6.      Conclusion and recommendations

For the purpose of highlighting the differences of women and men in poverty in the ECE region we recommend:
- That monetary indicators on poverty be used.
- Taking into consideration the diverse nature of the region, to use both a relative and an absolute measure of poverty.
  - A relative measurement is necessary to highlight the differences between women and men in access to financial resources, regardless of the developmental stage of the country.
  - An absolute measurement is necessary to say something about whether there are differences between women and men in who are struggling to uphold a minimum subsistence standard of living.
- To map the different available sources for a largest amount of ECE countries in a medium term.
- In line with the above we suggest the two following indicators:
  - *Percentage single female and male households (including households with children) among all households living below the poverty line* (the cut-off point need to be decided upon).
  - *Percentage women and men living in households below the poverty line* (the cut-off point need to be decided upon).

These are only suggestions that need to be discussed and further elaborated. There are for instance several variables in the indicators that need to be specified (e.g. if we want the cut-off point to be based on an absolute or relative level, and the definition of households). But they can function as a starting point for a discussion on how to include indicators on poverty in the Gender Statistics Website.