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Questions on Poverty

Expected challenges for countries

- CIS countries to deliver poverty indicators for SDG follow-up
- Diversity of approaches
- Need for orientation
- => model questions

(summary report accessible in English translation)



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Which model to choose?



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Questions on 3 different „breadlines“



Consumption
Who has an unacceptably low standard of living?

Income
Who has insufficient income to attain such a standard?

Deprivation
Who is excluded from a customary lifestyle?



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- Report I:
 - Similarities in recording consumption across CIS
 - Differences in income measurement
 - No uniformity of deprivation items
- Report II recommendations:
 - **C**onsumption:
E.g. collect COICOP but consider respondent perspective (structure and simplify!) avoid unnecessary information, focus on higher aggregates, ensure that volumes are collected, follow purchase approach etc...
 - **I**ncome:
Follow Canberra classification, (EUROSTAT-ESSPROS for transfers?)
 - **D**eprivation
adopt EU-SILC scale of deprivation + housing + self assessment

Consumption - a likely EU-perspective

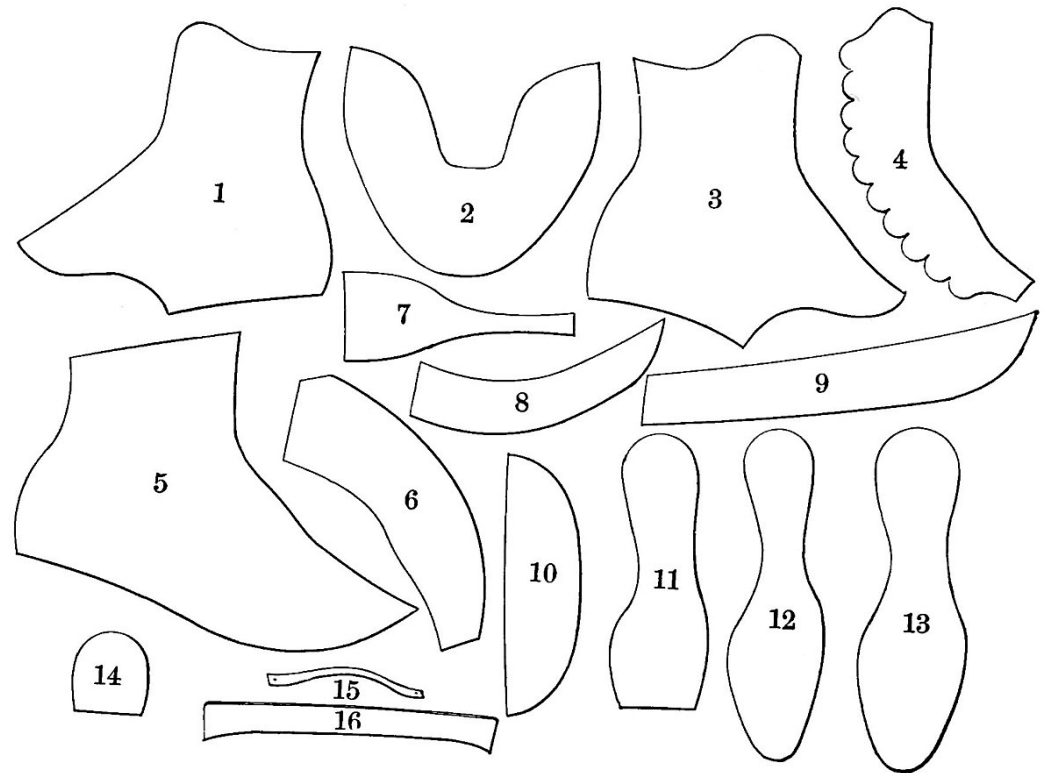
- In EU- currently NO regulation on HBS
...likely to be included in future Integrated Framework Regulation on European Social Statistics (IESS)
...BUT: countries wish to keep their specificities
...NO integration with income & living conditions
- NO EU level use for HBS in poverty measurement
- Priorities on National Accounts & Consumer Price Index
- Hard to ensure collaboration with respondents !



- *CIS: innovation vs. long tradition & experience in region?*
- *questionnaire design compatible with fully-fledged income questionnaire?*

- How will gross/ net be handled in model questionnaire?
- Which questions are asked on household/individual level?
- What reference period is asked (monthly/annual)?
- Are respondents encouraged to check with auxiliary information such as their payrolls?
- Are income brackets foreseen when amount unknown?
- How are imputations & editing (e.g. outliers) handled?
- Which information might be derived from registers (transfers)?
- Are precision requirements (sample size) established?

- Write up a list of common target variables and their precise definitions (based on EU-SILC?)



From Classification...

	Conceptual definition	Operational definition	Section ref
1	Income from employment		2.3.1
a	Employee income	✓	
	Wages and salaries	✓	
	Cash bonuses and gratuities	✓	
	Commissions and tips	✓	
	Directors' fees	✓	
	Profit-sharing bonuses and other forms of profit-related pay	✓	
	Shares offered as part of employee remuneration	✓	
	Free or subsidised goods and services from an employer	✓	
	Severance and termination pay	✓	
	Employers' social insurance contributions	✓	
b	Income from self-employment	✓	
	Profit/loss from unincorporated enterprise	✓	
	Goods and services produced for barter, less cost of inputs	✓	
	Goods produced for own consumption, less cost of inputs	✓	
2	Property income		2.3.2
a	Income from financial assets, net of expenses	✓	
b	Income from non-financial assets, net of expenses	✓	
c	Royalties	✓	
3	Income from household production of services for own consumption		2.3.3
a	Net value of owner-occupied housing services	✓	
b	Value of unpaid domestic services	—	
c	Value of services from household consumer durables	—	
4	Current transfers received		2.3.4
a	Social security pensions / schemes	✓	
b	Pensions and other insurance benefits	✓	
c	Social assistance benefits (excluding social transfers in kind, see 10)	✓	
d	Current transfers from non-profit institutions	✓	
e	Current transfers from other households	✓	
5	Income from production (sum of 1 and 3)		2.4
6	Primary income (sum of 2 and 5)		2.4
7	Total income (sum of 4 and 6)		2.4
8	Current transfers paid		2.4
a	Direct taxes (net of refunds)	✓	
b	Compulsory fees and fines	✓	
c	Current inter-household transfers paid	✓	
d	Employee and employers' social insurance contributions	✓	
e	Current transfers to non-profit institutions	✓	
9	Disposable income (7 less 8)		
10	Social taxes		2.3.5
11	Adjusted disposable income		



...to a list of common target variables (HH)

HY010: TOTAL HOUSEHOLD GROSS INCOME.....	.....
HY020: TOTAL DISPOSABLE HOUSEHOLD INCOME.....	.....
HY022: TOTAL DISPOSABLE HOUSEHOLD INCOME BEFORE SOCIAL TRANSFERS OTHER THAN O AGE AND SURVIVOR'S BENEFITS.....	.....
HY023: TOTAL DISPOSABLE HOUSEHOLD INCOME BEFORE SOCIAL TRANSFERS INCLUDING OL AGE AND SURVIVOR'S BENEFITS.....	.....
HY030G/HY030N: IMPUTED RENT .....	.....
HY040G/HY040N: INCOME FROM RENTAL OF A PROPERTY OR LAND .....	.....
HY090G/HY090N: INTEREST, DIVIDENDS, PROFIT FROM CAPITAL INVESTMENTS IN UNINCORPORATED BUSINESS.....	.....
HY050G/HY050N: FAMILY/CHILDREN-RELATED ALLOWANCES .....	.....
HY060G/HY060N: SOCIAL EXCLUSION NOT ELSEWHERE CLASSIFIED.....	.....
HY070G/HY070N: HOUSING ALLOWANCES .....	.....
HY080G/HY080N: REGULAR INTER-HOUSEHOLD CASH TRANSFER RECEIVED .....	.....
HY081G/HY081N: ALIMONIES RECEIVED (COMPULSORY + VOLUNTARY) .....	.....
HY100G/HY100N: INTEREST REPAYMENTS ON MORTGAGE .....	.....
HY110G/HY110N: INCOME RECEIVED BY PEOPLE AGED UNDER 16.....	.....
HY120G/HY120N: REGULAR TAXES ON WEALTH.....	.....
HY130G/HY130N: REGULAR INTER-HOUSEHOLD CASH TRANSFER PAID .....	.....
HY131G/HY131N: ALIMONIES PAID (COMPULSORY + VOLUNTARY) .....	.....
HY140G/HY140N: TAX ON INCOME AND SOCIAL CONTRIBUTIONS .....	.....
HY145N: REPAYMENTS/RECEIPTS FOR TAX ADJUSTMENT .....	.....
HY170G/HY170N: VALUE OF GOODS PRODUCED FOR OWN CONSUMPTION .....	.....

...to a list of common target variables (Person)

PY010G/PY010N: EMPLOYEE CASH OR NEAR CASH INCOME

PY020G/PY020N: NON-CASH EMPLOYEE INCOME

PY021G/PY021N: COMPANY CAR.....

PY030G: EMPLOYER'S SOCIAL INSURANCE CONTRIBUTION.....

PY031G: OPTIONAL EMPLOYER'S SOCIAL INSURANCE CONTRIBUTIONS.....

PY035G/PY035N: CONTRIBUTIONS TO INDIVIDUAL PRIVATE PENSION PLANS

PY050G/PY050N: CASH BENEFITS OR LOSSES FROM SELF-EMPLOYMENT

PY080G/PY080N: PENSION FROM INDIVIDUAL PRIVATE PLANS

PY090G/PY090N: UNEMPLOYMENT BENEFITS.....

PY100G/PY100N: OLD-AGE BENEFITS

PY110G/PY110N: SURVIVOR' BENEFITS.....

PY120G/PY120N: SICKNESS BENEFITS.....

PY130G/PY130N: DISABILITY BENEFITS

PY140G/PY140N: EDUCATION-RELATED ALLOWANCES

For specifications see EU-SILC DOC65: <https://circabc.europa.eu/sd/a/6f3aab20-0c33-4875-a1f9-ec16bcff81f2/DOCSILC065%20operation%202015%20VERSION%20july2014.pdf>

- Write up a list of common target variables and their precise definitions (based on EU-SILC?)
- Assess coherence with aggregates (e.g. national accounts, tax data) before any adjustments (NSIs)
- Include global income question together with subjective income need (e.g. for imputation/plausibility checks)

3rd stage poverty measurement defined by lifestyles:

*“Individuals, families and groups in the population can be said to be in poverty when they lack the **resources** to obtain the types of diet, participate in the activities, and have the living conditions and amenities which are customary, or at least widely encouraged or approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that they are, in effect, **excluded from ordinary patterns, customs and activities.**” (Peter Townsend 1979)*

What are ordinary patterns, customs, activities in region?



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SILC-questions aim for enforced lack of lifestyle items
Not necessarily same objective in MPI! (e.g. health,
education...)

e.g. TV, phone, washing machine seen irrelevant for EU-poverty

subject to long debates in EU (1994-2009)

Has been thoroughly analysed for (e.g. Guio et al. 2012):

- legitimacy (public opinion on basic needs),
- reliability (correlation between items),
- validity (correlation with health, income),
- Comparability (may depend on question wording, cognitive testing: what do people think of when answering?)
- Technically, a larger number of items is preferred

- (overly?) ambitious to integrate C + I + D in one survey:
assess feasibility in smaller scale operations



Conclusion on challenges for countries

- target variables & explanatory manual, to include:
 - basic definitions (e.g. household, employment, disability...)
 - survey design more generally (cf. EU-SILC Doc 65)
- continuous comparative work required:
 - regular comparative reporting
 - assessment of deviations
 - Methodological TF/WS
 - collaborative analysis
 - microdata for academics
 - studies on perceived need
- Investments:
 - collection modes;
 - cognitive testing;
 - census

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Thank you for your attention!