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Session II Comparability of Poverty Measures

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Contributions to Session II

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

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Comparability dimensions

The diagram consists of two blue arrows. On the left, a vertical arrow points upwards and is labeled 'Time'. To its right, a horizontal arrow points to the right and is labeled 'Cross Country/Regions'.

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Comparability across countries

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

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Comparability across countries



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

Comparability over time



- Why time consistency is important
 - Assessment of poverty development over time
 - Evaluation of effectiveness of policy measures poverty
 - Stability of measurement approaches important
- Why change?
 - Societies change
 - Items of MD (saturation; e.g. colour TV, washing machines)
 - Longer working lives: adjustment of age groups
 - Innovation in methods/data collection
 - New data sources (admin data, big data)
 - Development of new poverty measures (inflation adjusted median income)

Enhancing Comparability (1)



- **Quality Assurance Framework of the European Statistical System**

- **Common standards**

- Common repository of concepts
 - Periodic assessments of compliance
 - Deviations from standards on definitions, units or classifications are made explicit and the reasons for deviating are explained.

- **Co-operation**

- Periodic assessments of comparability are institutionalised
 - Methodological studies are conducted between Partners
 - Assessment of the comparability of data from the quality reports requested from Member States.

Enhancing Comparability (2)



- **Comparability over time**

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

Questions for Discussion



- **Cross country comparability versus national specificities:**
International comparability requires the harmonisation of definitions, methods and concepts. This can sometimes come at the cost of capturing national specificities. What is the right balance to strike?
- **Input versus Output Harmonisation:** Some argue that output harmonisation of variables as applied in poverty measurement in the EU produces results with limited cross country comparability. Would input harmonisation be superior to output harmonisation?
- **Innovation and measurement improvement versus time consistency:**
Changing societies require adjustments in measuring poverty (e.g. updating material deprivation items). However, there is a risk of too much conceptual instability resulting in breaks in time series and in losses of credibility in poverty statistics in the public perception. How to solve this trade-off?

Conclusions



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

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**Thank you for your
attention!**