

CONFERENCE OF EUROPEAN STATISTICIANS

Meeting of the 2016/2017 Bureau
Geneva (Switzerland), 14-15 February 2017

For discussion and
recommendations

Item IV (a) of the Provisional
Agenda

**DRAFT OUTLINE FOR THE CES 2017 SEMINAR
ON MEASURING POVERTY**

Prepared by Israel, Mexico and the Secretariat

*This paper presents the draft outline of the seminar on “Measuring Poverty” to be held during the CES 2017 plenary session. **The Bureau discussed and provided recommendations on the organization of the seminar.***

I. BACKGROUND

1. At the 2016 plenary session, the Conference of European Statisticians (CES) selected the topic “Measuring poverty” for one of the CES seminars to be held in 2017. The organization of the seminar will be coordinated by Israel, Mexico and the UNECE Secretariat.
2. Poverty is of high importance for the 2030 Agenda for Sustainable Development, which emphasises that “nobody should be left behind”. The Agenda includes two Sustainable Development Goals (SDGs) targeting poverty and inequality: SDG 1 “End poverty in all its forms everywhere” and SDG 10 “Reduce inequality within and among countries”. Several other Goals concern different aspects of poverty, such as SDG 2 on hunger and SDG 8 on decent work and economic growth.
3. UNECE has organized expert seminars on poverty measurement in 2013, 2015 and 2016. In 2014, the Conference established a Task Force to develop methodological guidance on this topic. The Task Force plans to submit a *Guide on poverty measurement* to CES for endorsement in June 2017. The seminar will build on the Guide and the results of previous UNECE seminars on measuring poverty.
4. The purpose of the seminar is to discuss methodological challenges, comparability and the way forward in poverty statistics. It will consider these aspects keeping in mind the indicators for the 2030 Agenda for Sustainable Development, and the recommendations and proposals in the Guide. The seminar will conclude with a discussion on concrete proposals for future work.
5. The following countries and organisations have offered to contribute papers: Austria, Israel, Mexico, Norway, Poland, Russian Federation, Slovakia, Switzerland, CIS-Stat, Eurostat and OECD.

II. STRUCTURE OF THE SEMINAR

6. The opening and introduction of the seminar will be conducted by Mr Julio Santaella from INEGI (Mexico). This will be followed by a keynote speech by Mr João Pedro Azevedo, Lead Economist of the World Bank (to be confirmed) under the tentative title “Comparability challenges in measuring monetary poverty: how could statistical offices contribute to resolving them?”

7. The seminar will consist of three sessions: the first one focusing on methodological challenges, the second one on comparability and the third session discussing proposals for future work. The discussion of the draft *Guide on poverty measurement* is planned to take place between the second and third session.

Session 1: Methodological challenges in poverty measurement

8. The session will be organized by Mr. Yoel Finkel, from the Central Bureau of Statistics of Israel. The discussion will focus on the following aspects:

- a) Simultaneous use of different complementary data sources for measuring monetary poverty and deprivation;
- b) Leaving no one behind: Challenges in measuring poverty in vulnerable groups;
- c) Measuring poverty in all its dimensions: What are the methodological challenges and how could comparability be achieved?
- d) Considering social transfers in estimating poverty rates.

9. The session will rely on contributions from Israel, Mexico, Poland, Slovakia, Switzerland and Eurostat (see Annex 1).

Session 2: Comparability of poverty measures across countries and over time

10. The discussion will focus on the following aspects:

- a) How to improve international comparability of indicators, including those for the 2030 Agenda?
- b) How to ensure adequate measurement and communication of poverty trends over time when data sources change

11. The session will rely on contributions from Austria, Norway, Russian Federation and CIS-Stat (see Annex 1).

Session 3: The way forward

12. The concluding session will discuss proposals for future work, based on the new *Guide on poverty measurement*, a paper by OECD and other material presented at the seminar. The aim is to find consensus on one or more issues on which CES could next focus its methodological work on poverty measurement.

13. In the draft *Guide*, the following issues are identified for future work in poverty measurement:

- a) Coverage of hard-to-reach groups;

- b) Consideration of imputed rent and housing cost;
- c) Consideration of social transfers in kind;
- d) Measuring household wealth and considering it in poverty estimates;
- e) Comparability of welfare aggregates;
- f) Producing individual level poverty measures;
- g) Spatial differences within countries with regard to consumption and income poverty; and
- h) Developing indicators on subjective poverty.

III. ORGANIZATIONAL SETTING OF THE SEMINAR

14. Sessions 1 and 2 will both begin with the presentation by the session organizer on the key issues raised in the papers. It will conclude with a set of questions. For a more dynamic and ample interaction, a system to vote and ask questions will be available to presenters. The countries and organizations that authored the papers will then be requested to provide brief comments on these questions or other issues from their papers, after which the floor will be opened for a general discussion. A tentative timetable is presented in Annex 2.

15. The discussion on the draft *Guide on poverty measurement* will be held between sessions 2 and 3. In this way, the points raised in the discussion of the *Guide* would feed into session 3 on the way forward. Session 3 will start with a brief introduction of the challenges for the future, based on the *Guide*, a paper by OECD and other material presented at the seminar. Three to four panellists will then be invited to provide their views on these issues, including recommendations for methodological work under CES. This will be followed by an open discussion. In the end, the Seminar Chair will summarize the discussion, proposing a decision on concrete next steps to the Conference.

ANNEX 1 - ABSTRACTS OF PAPERS

Session 1: Methodological challenges in poverty measurement

Measuring poverty and wellbeing using additional yardsticks (Israel)

1. The measurement of poverty in Israel is based on the measurement of money income available to the family and family size. Referred to as disposable income, this includes income from employment, property and income support after the deduction of direct taxes. This is the method used across all the western world and adopted by OECD. Nevertheless, there are additional components that define the resources of the household that are not taken into consideration.

2. In 2010 a national commission on additional measurements for poverty recommended expansion of the measurement of family resources in order to include the value of services and discounts provided to families through various services such as health, education, housing and special tax exemptions. This definition would provide a broader picture of the family's resources and of the differences in economic wellbeing among families. It would also provide a broader base for monitoring the extent of families living in poverty. In 2014, another national commission for fighting poverty recommended the additional broadening of the approach of measurement to include a multidimensional approach by measuring the lack of resources and opportunities that enable an individual or household to better their quality of living, plan their future and realize their chances of social mobility.

3. In this paper, we describe the procedures and methodology applied to widen the formal definition of poverty to include the value of services and discounts to the monetary disposable income; we present a set of indicators of multidimensional poverty taken from the Social Survey of the Israeli Central Bureau of Statistics (ICBS) and other national sources. These indicators include financial and emotional hardship, health, social needs and education. We conclude by presenting a set of annual publications at the national level that describe in great detail the wellbeing of the economy in its many dimensions. These are publications of ICBS on *Society in Israel* and *Wellbeing Indicators in Israel*.

Using household surveys, administrative records and national accounts for estimating income distribution and poverty in Mexico

4. The use of household surveys to inquire about income is a generalized practice. However, it is well known that two main problems arise: on the one hand, for many reasons, ranging from privacy to security, there is a tendency for respondents to underestimate and underdeclare their actual income; but also, in very unequal societies like in the Mexican one, the sample design makes it difficult to capture those households at the highest end of the income distribution, known as truncation. In our country, the disposable income estimated with the National Accounts is 2.5 times larger than the income reported by the household survey. This paper presents the results of the research that INEGI has been conducting on the combination of administrative records, national accounts and household surveys to generate a more realistic version of the distribution of income, and studying its implications for the measurement of poverty and inequality.

Poverty as a social phenomenon: methods of measurement applied by CSO of Poland

5. Statistical data on poverty is a subject of increasing interest expressed by policy makers, social programs designers as well as the general public. This paper presents methods of measurement and analyses of poverty which have been implemented by CSO of Poland. Approach adopted by the CSO assumes the usage of the results of annual (e.g. HBS, EU-SILC) and cyclic (e.g. Social Cohesion Survey) surveys and conducting analyses with the use of traditional methods of descriptive statistics and more advanced solutions such as econometric models. This approach enables not only the assessment of monetary poverty (including absolute and relative poverty) but also diagnosis of the range and determinants of multidimensional poverty as well as social perception of poverty and impact of poverty on citizens' subjective well-being. It seems that presented conception, which goes beyond the standards adopted in official statistics, can provide an important input to the discussions aimed at working out not only national, but also international standards of comprehensive measurement of the phenomenon of poverty.

Measurement of poverty and available data sources (Slovakia)

6. Measurement of poverty in Slovakia is primarily based on the income poverty concept and the multidimensional approach to poverty, which includes poverty and social exclusion. Basic data source for poverty indicators is the EU SILC survey (Statistics on Income and Living Conditions). In Slovakia, the survey has been carried out since 2005 and is a data source for many national poverty indicators. HBS (Household Budget Survey) has a longer tradition in Slovakia as it has been carried out since 1957. This survey can also be used for the calculation of at-risk-of-poverty rate. The third source is HFCS (Household Finance and Consumption Survey), which means active collaboration of the Statistical Office of the Slovak Republic with National Bank of Slovakia. In the paper, we compare these three sources using a set of indicators and suggest possible areas for further improvement of poverty measurement, at the national level in particular.

Poverty rates in Switzerland before and after social transfers

7. The paper shows how poverty rates for different population groups in Switzerland are influenced by social transfers. Social transfers have a considerable impact on groups considered to be at risk of poverty. For instance, poverty rates before social transfers are higher for households with dependent children than for households without dependent children, while after social transfers, the opposite is true. Similar effects are observed for different groups of immigrants, depending on their country of origin.

Measuring poverty in the EU (Eurostat)

8. The current crisis has generated a number of challenges for poverty statistics. Policymakers need timely and reliable data on poverty and social exclusion in order to take informed, timely and effective policy measures. Timeliness is being tackled with efficiency gains in the survey steps and with the use of modelling. At the same time, relative poverty measures used in the EU have proved to be not always informative in times of deep income fluctuations. Poverty anchored in time and deprivation measures aim at complementing the relative measures to get a more complete picture of the social situation. New deprivation items at personal level, should allow having an update view of deprivation with breakdowns allowing identifying the most vulnerable groups.

Session 2: Comparability of poverty measures across countries and over time***Broken series and coherent communication (Austria)***

9. Statistical indicators on poverty are meant to describe social problems and contribute to their solution. They are highly political and discontinuities in methodology and definition are to be avoided. In practice however, political events (such as the SDGs) as well as ongoing methodological innovations (such as use of register data) may generate and alter existing national data collections. This clearly affects comparability of indicators over time and between countries. Since it is neither possible nor desirable for a statistical office to bring evolution of poverty measurement to a halt, it is inevitable to develop adequate strategies to maintain coherent communication about poverty. This may include use of multiple indicators, ex-post harmonisation and back-casting to obtain overlapping series. Most importantly however, the Statistical Office needs to engage in continuous cooperation with all relevant stakeholders and ministries to consider user's concerns and ensure full transparency about any breaks in series.

Measurement of trends in poverty and inequality (Norway)

10. The well-established Eurostat measurement of current and persistent relative poverty was challenged by both the World Bank research department and the need for less demanding instruments. The World Bank research department has supported the development of poverty measurement not only in low-income countries, but also in middle-income countries. This work has included the development and testing of different versions of the traditional household budget surveys/ income and expenditure surveys and the development of various statistical models to estimate poverty. Many, but not all approaches introduce changes that may be an improvement of measurement, but jeopardize the possibility to present unbiased trends. Statistics Norway has developed a statistical model to estimate not only poverty as such, but even the standard error of the predictor. Statistics Norway may also present a paper on how to measure poverty trends when demand patterns are changing either due to large price changes (such as when subsidies are removed or civil unrest change supply) or changed preferences.

Methodological developments in measuring inequality and poverty during the transition to new sources of information: experience and challenges (Russian Federation)

11. The paper will describe the new opportunities that Population Income Survey programme will offer for measuring and analysing poverty in the Russian Federation, the extension of the range of statistical indicators for poverty measurement and the way how comparability over time can be ensured during the transition to new sources of information. The paper will also examine the set of indicators required for estimating the deprivations index and the challenges of its harmonization given the large interregional differences in the Russian Federation. Key features of the Russian statistical system will be described.

Poverty measurement in the Commonwealth of Independent States

12. The paper will present brief overview of methodological approaches to poverty estimation and distribution of population by income level within different social groups in the countries of the Commonwealth of Independent States (CIS). It will focus on the problems in international comparability of poverty indicators due to inconsistency of poverty measuring methodologies, including criteria for poverty line estimation. Another focus will be on the results of analysis of existing experiences of CIS countries in multidimensional poverty

measurement, which includes in addition to money income related components such aspects as health, education, employment, living conditions, personal security, protection of rights, increase of capacity, and others.

Session 3: The way forward

Future methodological work (OECD)

13. The paper will highlight some of the main issues in poverty measurement that would benefit from future methodological work, drawing on the work done by the OECD to advance the statistical agenda on measuring poverty and inequalities. First, the paper will stress the need to broaden the definition of household income used for poverty measurement so as to include imputed rent and social transfers in kind, discussing the impact of such inclusion for poverty statistics as well as the challenges for cross-country comparability. Second, the paper will note the importance of considering household wealth to get a more rounded picture of poverty, presenting evidence on the importance of asset-based poverty in OECD countries based on new data collected by the OECD. Finally, the paper will present some evidence on people's own perceptions of the income needed to avoid poverty, based on evidence from the OECD Compare Your Income web-tool, showing how these estimates align with the relative income thresholds conventionally used by the OECD.

ANNEX 2 - TENTATIVE TIMETABLE

Time	Topic	Presenter/ moderator
9:50-9:55	Introduction by Seminar Chair	Mexico
9:55-10:15	Keynote speech	World Bank
10:15-10:55	Session 1: Methodological challenges	
10:15	Introduction by Session Organizer and key issues identified in papers	Israel
10:25	General discussion, including comments by countries and organizations who prepared papers	
10:50	Summary of the session	Israel
10:55-11:15	Coffee break	
11:15-12:05	Session 2: Comparability	
11:15	Introduction by Session Organizer and key issues identified in papers	TBC
11:25	General discussion, including comments by countries and organizations who prepared papers	
12:00	Summary of the session	TBC
12:05-12:30	Discussion of the draft <i>Guide on poverty measurement</i>	
12:05	Presentation of the <i>Guide</i>	UNECE
12:10	Comments	
12:29	Decision on the electronic consultation of the <i>Guide</i>	
12:30-14:30	Lunch break	
14:30-15:20	Session 3: The way forward	
14:30	Introduction to the Session	Mexico
14:35	Panel discussion	
14:55	General discussion	
15:20-15:30	Conclusion of Session 3 and the Seminar	Mexico

Note: Duration 3h20' of working time in total, including endorsement of the Guide.

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