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## **United Nations Economic Commission for Europe**

### **Conference of European Statisticians**

**Workshop on measuring poverty and vulnerability**  
Geneva, 4 May 2015

## **Report of the Workshop on Measuring Poverty and Vulnerability**

### **Note by the Secretariat**

#### **I. Attendance**

1. The UNECE Workshop on Poverty Measurement and Vulnerability was held on 4 May 2015 at the Palais des Nations in Geneva, Switzerland. It was attended by participants from Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Republic of Moldova, Russian Federation, Tajikistan, Turkey, Ukraine and Uzbekistan. Interstate Statistical Committee of the Commonwealth of Independent States (CIS-Stat), the Eurasian Economic Commission, the United Nations Statistics Division, the United Nations Development Programme (UNDP), and the World Bank were also represented. Experts from Oxford University (United Kingdom), University of Heidelberg (Germany), and the Central Union of Turkish Agricultural Credit Cooperatives participated at the invitation of the UNECE secretariat.
2. The Workshop was funded by the United Nations Population Fund (UNFPA).

#### **II. Organization of the meeting**

3. The following topics were discussed at the meeting:
  - a) Multidimensional poverty
  - b) Vulnerability to poverty

4. The discussion at the meeting was based on papers and presentations that are available on the UNECE website<sup>1</sup>.

### **III. Summary of the main issues covered at the substantive sessions**

#### **A. Session A. Multidimensional poverty**

##### **1. Conceptual basis**

5. The session started with a conceptual presentation on methodology on multidimensional poverty, emphasizing the aspects relevant to countries of Eastern Europe Caucasus and Central Asia and providing some practical guidance on what actions the countries could undertake in order to apply it. The conceptual presentation was provided by Ms. Adriana Conconi from the **Oxford Poverty and Human Development Initiative (OPHI)**.

6. The presenter introduced the notion behind the multidimensional poverty explaining that suffer from deprivations may also occur at income levels above the poverty line (e.g. lack of access to education, job insecurity, etc.) and that the monetary poverty is an important, but not sufficient, measure for understanding poverty. The motivations for new multidimensional measures include the need for an overview of multiple indicators at-a-glance, to show progress quickly, to inform planning and policy design, to target poor people and communities directly, to reflect people's own understandings (flexibility), and to provide more detailed information.

7. The speaker noted the different multidimensional indexes and explained in detail the Global Multidimensional Poverty Index (MPI) developed by OPHI. The Alkire-Foster methodology answers two main questions: 1) Identification: who is poor? and 2) Aggregation: how much poverty is there? Some concrete examples with the MPI findings were shown as well as examples of national applications of the Alkire-Foster methodology and their relevance for policy use. The objective was to show the flexibility and the efficiency of the poverty estimates and the way they capture improvements in certain areas towards specific policy goals.

8. **UNECE** made a brief summary of the country responses to part on Multidimensional Poverty from the UNECE Questionnaire on Methods of Poverty Measurement in Official Statistics. Replies were received from Armenia, Azerbaijan, Belarus, Georgia, Russian Federation, Kazakhstan, Kyrgyzstan, Republic of Moldova, Mongolia, Ukraine and Uzbekistan. Only three of the replied countries indicated that they have multidimensional poverty measures. In Belarus, a material deprivation rate is calculated, which shows the proportion of households that lack at least 4 out of 12 deprivations. In Republic of Moldova, a Multiple Deprivation Index is calculated for 843 rural communities, ranked according to income, economic, geographic, demographic, health and education deprivations. In Ukraine, a deprivation poverty line is defined as the percentage of households according to the level of deprivation attributes. The line consists of the presence of

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<sup>1</sup> <http://www.unece.org/index.php?id=38133#/>

4 and more among 18 deprivations in a household, including inadequate development of infrastructure as indication of geographical accessibility of services and barriers of non-geographic nature.

## 2. Country practices

9. The session continued with specific examples from countries on their experience with measuring the multidimensional aspects of poverty.

10. Ms. Diana Martirosova from **Armenia** and Mr. Moritz Meyer from the **World Bank** presented the Armenia pilot project in developing Multidimensional Poverty Indicators in Armenia. The objective was to describe the complexity, depth and persistence of poverty phenomenon in the country. Five dimensions were selected: education, health, labour, housing, and extreme poverty. Under each dimension, several indicators were constructed, most of them internationally comparable while some of them specific to the country needs, as for example the indicator on adequate access to heating. The presenters showed the results multidimensional and consumption poverty.

11. Ms. Gulnara Zhakupova from **Kazakhstan** presented the national experience with developing indicators to measure the poverty level. Kazakhstan compiles statistics on measuring the main living standards and includes people living below the minimum subsistence level and the ones with average income used for consumption. Furthermore, the presenter showed data on the MDG 1 “Eradicate extreme poverty and hunger”. Definitions of population subgroups based on 2014 subjective household welfare assessment were described, including the criteria to be considered poor or near poor.

12. The presentation from Ms. Inna Osypova from **Ukraine** debated on national experience in the multidimensional poverty assessment. The speaker presented the different measurement approaches of poverty as well as the estimates on the MDG 1. She also summarized some of the current issues in Ukraine, which included:

- a) Inadequacy of the existing system of statistical monitoring to measure sudden household poverty caused by warfare,
- b) Plan for introduction of a household income concept harmonized with the Eurostat requirements, and
- c) Extension of the deprivation-related content of the surveys to include new indicators related to social participation and material deprivation among children.

13. The presentation from Mr. Ulugbek Zakirov from **Uzbekistan** discussed the methodological basis for estimating poverty in the country. The concepts used based on income and consumption were noted. The speaker described the social net built by the Government to support families in risk. Some examples with data from poverty indicators were shown in graphs as well as their use for policy makers, e.g. the use of indicators to account for factors that help reducing the poverty level.

## 3. Summary of main issues

14. There was interest from the audience in deepening the discussion on the usefulness and some technical aspects of multidimensional poverty measures. The main debates included the following issues:

(i) Possibility of calculation of indicators at the individual level for specific groups, including gender-specific MPIs: the MPI methodology is flexible to allow calculations at more disaggregated levels, but one has to take into account some survey-specific components, such as variables measured at the household level.

(ii) Regionally comparable indicators considering specific context: the Global MPI has a common set of indicators, but they can be adapted depending on country or region-specific contexts. For example, National MPIs can incorporate existing constitutional and legal provisions or indicators listed in National Development Plans.

(iii) Possibility of incorporation of environmental dimensions under the context of the new SDGs: there is a growing interest in expanding the MPI indicators to include environmental dimensions

(iv) Studies of MPI indicators over time: the literature using panel data has been increasing and there is a growing area of research exploring changes in headcount or intensity of poverty.

(v) “Eligibility” in deprivation calculations: one drawback of current MPI calculations is that some households may not be “eligible” for a certain deprivation (i.e. childless households could not have children out of school). It has been mentioned that the current methodology would consider these households as non-deprived and the current Global MPI can be seen as a “lower bound” for poverty.

(vi) Incorporation of quality: it has been acknowledged that the incorporation of quality of certain services is still a drawback in the deprivation literature.

15. There has also been a discussion on the use of survey data in the Central Asia context, particularly it has been pointed the increasing use of household data for the compilation of national strategies, compared to the traditional use of administrative data.

## **B. Session B. Vulnerability to poverty**

### **1. Conceptual basis**

16. The session started with a conceptual presentation on how to measure vulnerability and vulnerable groups. The presentation was given by Ms. Elena Danilova-Cross from **UNDP**. The presenter explained the difference between the “poor” and “near poor” and emphasised the importance of the removal of vulnerability to sudden and severe destitution.

17. The speaker further noted the links between poverty and vulnerability as well as the multidimensional aspect. In combination, all these measures are mutually reinforcing but they are not synonymous. Estimates show that globally, 1.2 billion people (22 percent) live on less than \$1.25 a day. Increasing the income poverty line to \$2.50 a day raises the global income poverty rate to about 50 percent, or 2.7 billion people. Moving the poverty line in this way draws in a large number of people who are potentially vulnerable to poverty. Other estimates show that more than 2.2 billion people are vulnerable to multidimensional poverty, including almost 1.5 billion who are multidimensionally poor.

18. **UNECE** made a brief summary of the country responses to the survey on vulnerability measurements distributed in preparation for the Workshop. Replies were received from Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Republic of Moldova, Mongolia, Ukraine and Uzbekistan. The Republic of Moldova indicated that they produce estimates on vulnerable-to-poverty population, and in particular, they compute data on population at risk of falling below poverty line according to Eurostat methodology. Georgia collects information but does not produce statistics. Although Azerbaijan, Belarus, Kyrgyzstan and Uzbekistan provided definitions, they were not exactly definitions on vulnerable to poverty population but rather definitions of population in poverty. Armenia, Kazakhstan, Mongolia and Ukraine noted that they do not produce statistics on vulnerability to poverty.

## 2. Country practices

19. The session continued with specific country examples on vulnerability to poverty and vulnerable sub-groups.

20. Ms. Inna Konoshonok from **Belarus** presented their poverty concepts that included absolute, relative and subjective poverty. The national poverty line is defined as minimum subsistence budget. Children under 18 are estimated separately. Another distinction is made between urban and rural population. In addition to vulnerable groups, estimates are made also across different types of households – with or without children, urban and rural households.

21. Mr. Cesar Cancho from the **World Bank** presented an empirical study on vulnerability to poverty in **Georgia**. The vulnerability is estimated using panel data for 6 years. The study showed the probability to fall below the poverty line using panel data using estimates of the average income of the vulnerable to poverty. The risk group is defined as population with income that place them between the vulnerability to poverty line and the poverty line.

22. Ms. Ala Negruta described the experience from **Republic of Moldova**, the poverty indicators are calculated by the National Bureau of Statistics based on the Household Budget Survey data. The most recent adjustment of the methodology used to calculate the poverty indicators was performed in 2006, in compliance with best international practices. The income and consumption expenditure of the population is the main approach in measuring poverty. Estimates of subjective poverty exist up to 2008, based on self-estimation of minimum needs of households. Vulnerability to poverty is calculated taking into account main factors which determine the vulnerability, including migration, elderly people, rural households which relies mainly on agricultural activity and social aid, households with many children and ethnic groups, such as Roma population. Poverty analysis is made for urban and rural areas as well as on regional level.

23. The presentation by Ms. Oyuntsetseg Mashir from **Mongolia** contained the framework for calculating poverty statistics in Mongolia, including the legal aspects, methodology, further information on the household socio-economic survey and the data dissemination strategies. Mongolia calculates a consumption-based poverty line based on five main components: food, non-food, housing, durable goods and energy prices. This indicator should be comparable to international absolute poverty lines.

24. The presentation by Mr. Qulov Abduvali from **Tajikistan** showed the procedures for data collection on poverty in Tajikistan and current trends, both at the national and at regional levels. Absolute poverty lines in Tajikistan use data from household budget surveys. The participants were informed that Tajstat is improving their data collection efforts as well as the IT tools they use for data collection and dissemination.

25. The presentation by Mr Rob Swinkels from the **World Bank** debated how to improve access to welfare data on minority groups and the importance of this type of data in policy discussions. It debated the need to track welfare trends of minority groups, determined by aspects such as race, ethnic minorities (i.e. Roma in EU), sexual orientation, religion and cultural differences. It has also debated the challenges in collecting such disaggregated data on minorities, such as privacy concerns, inability to identify certain groups and the unreliability of self-identification for certain variables.

### 3. Summary of main issues

26. The discussion has acknowledged the diversity of the region and the difficulty of having a “one size fits all” standard in poverty measurement. The UNECE region is very diverse and pools countries with very different legacies and at different development levels. It has also been highlighted that, as poverty is a complex phenomenon, multidimensional poverty measures are welcome and that each country should try to find as many poverty measures as possible given their specific contexts. Considering more than one poverty measure and eventually combining them can be particularly useful to provide policy options to vulnerable groups close to the monetary poverty line. Understanding the current situation of these individuals can also help to provide them with support during the times of crises. The increasing need of identifying minorities in surveys in order to inform policymakers has also been highlighted.

### 4. Countries’ recommendations

27. During the survey, the participants were asked to list some of the main difficulties in collection of statistics related vulnerable to poverty and to make recommendations on how to improve statistics on vulnerable to poverty.

28. The countries indicated the following issues:

- No definition of vulnerable-to-poverty population at national level (Georgia, Mongolia); No approved concept of vulnerability at national level (Republic of Moldova)
- Non-monetary aspects (health, living conditions, occupational status, education, etc.) are not captured in the statistics on vulnerability to poverty (Republic of Moldova)
- Huge burden on respondents/high non-response rate (Belarus, Republic of Moldova)
- Measuring poverty and vulnerability to poverty based on total household income rather than based on individual income (Belarus)

- Challenge to provide reliable data for different vulnerable population sub-groups based on one survey (Republic of Moldova)

29. The countries made the following recommendations:

- Adoption of a definition on vulnerable to poverty at national level
- Develop international guidelines for identifying and reviewing vulnerable-to-poverty population and population sub-groups
- Develop an internationally comparable set of indicators and the corresponding methodological guidance
- Capacity-building/ exchange of best practices

30. Some countries made some concrete suggestions, including measuring the effects of external shocks on vulnerable to poverty (Armenia) and the conduct of a specially designed survey with the poor population being the respondents (Belarus).

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