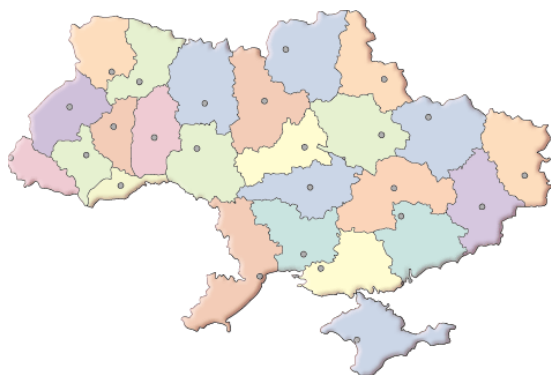




Monitoring different poverty forms in Ukraine



Inna Ossipova
Household Survey Department
State Statistics Service of Ukraine

Basis for monitoring poverty - Sample Household Living Standards Survey

- Sample size of household addresses – circa 13,000, excluding (due to occupancy) AR of Crimea and Sevastopol – 12,200.
- About 80% households agree to respond.
- The sample of areas (excl. Crimea and Sevastopol) includes all 37 cities (100,000+ population), all 464 rural districts and 157 towns.
- Annual full rotation of respondents and rotation of areas every five years.
- Household interviews are conducted by 931 interviewers being members of a network for conducting all sample surveys.
- Survey results are presented in quarterly bulletins and reports, and once a year – in 33 regional bulletins, 4 statistical books and 5 reports on various topics. All publications are available at Statistics Service' web site.
- 10% households are covered by different monitoring tools.
- Quality reports of surveys are prepared and published annually on the web site.
- User satisfaction surveys are regularly held. Findings are published online at State Statistics Service' web site.

Information capacity of the survey

- social and demographic characteristics of household members
- expenditures and consumption
- income and other resources, incl. subsidiary farming
- housing conditions
- availability of durable goods
- health status, access to medical goods and services
- well-being level and economic expectations
- access to specific goods and services (deprivations)
- access to ICT
- performance evaluation of social assistance programmes

Thresholds and criteria for poverty measurement

Official poverty monitoring:

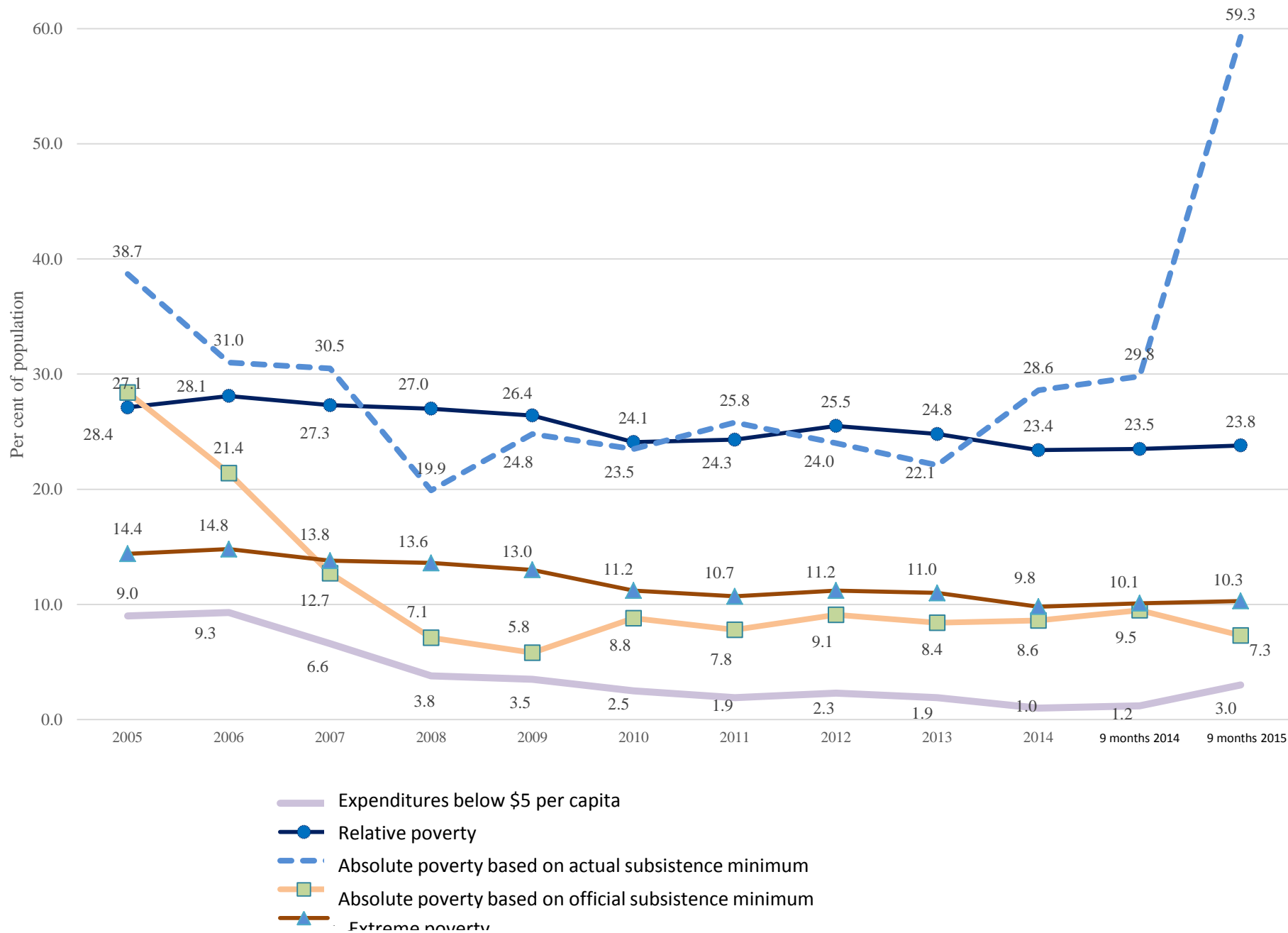
- 75% of median equalized monthly expenditures per capita as a relative poverty threshold and 60% of median used as extreme poverty threshold;
- Official subsistence minimum used as an absolute poverty threshold (income based). Subsistence minimum is a cost estimate of an adequate set of food products to ensure normal functioning of a human body and health and a minimum set of non-food goods and services essential to satisfy basic social and cultural needs of a person.
- \$5 per capita a day by purchasing power parity (PPP) used as an absolute poverty threshold for international comparisons (expenditure based).

Monitoring of MDG 1, to eradicate extreme poverty:

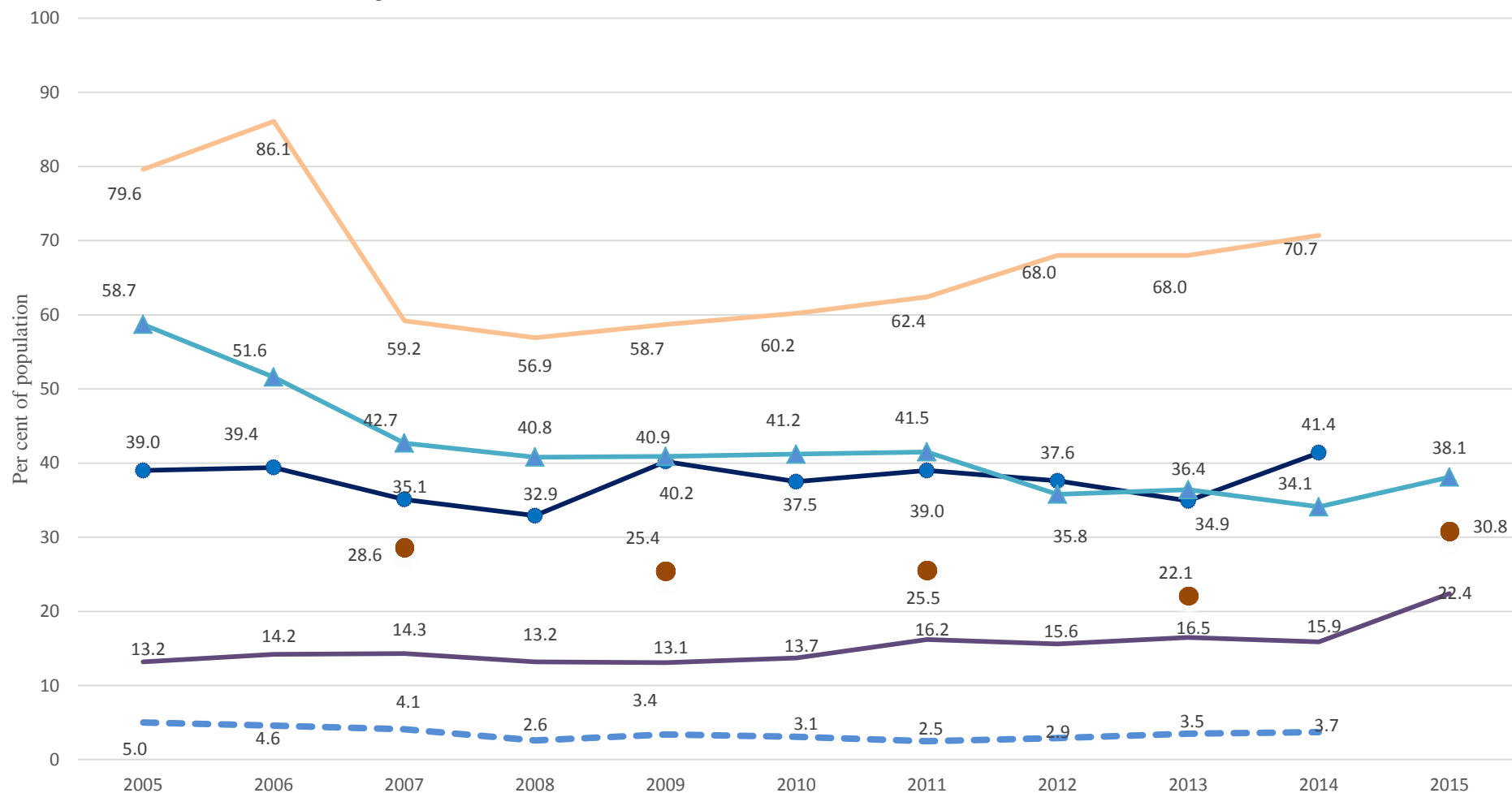
- 75% of median equalized monthly expenditures per capita;
- actual subsistence minimum (estimated using official subsistence minimum and actual prices), (expenditure based);
- \$5 per capita a day by purchasing power parity (expenditure based).

An equivalence scale is used according to which the first household member is assigned a factor of 1 and each next adult is assigned a factor 0.7.

Poverty estimates based on main thresholds



Poverty estimates based on alternative criteria

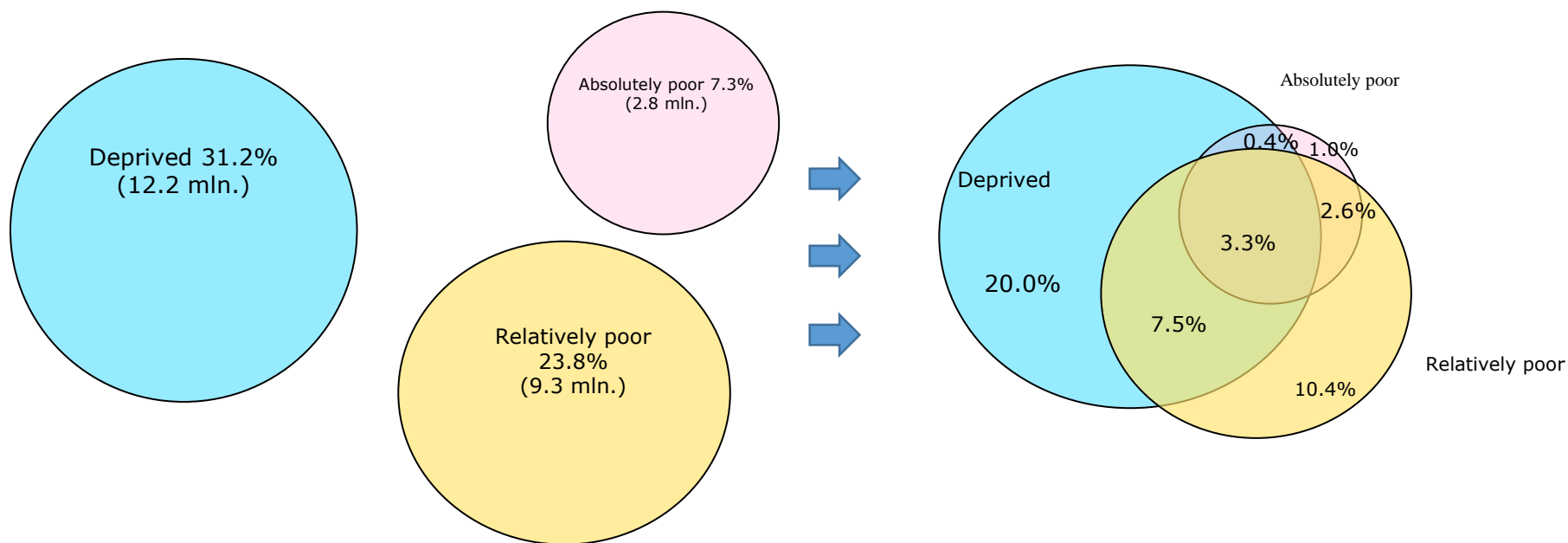


- Considered themselves as poor, %
- Permanently denied themselves in basic things except for food, %
- - - Unable to provide themselves even with adequate food, %
- Had 4 and more deprivation attributes out of 18 deprivations, %
- ▲— Food expenditures comprise 60% and more, %
- Daily energy intake below 2100 kcal

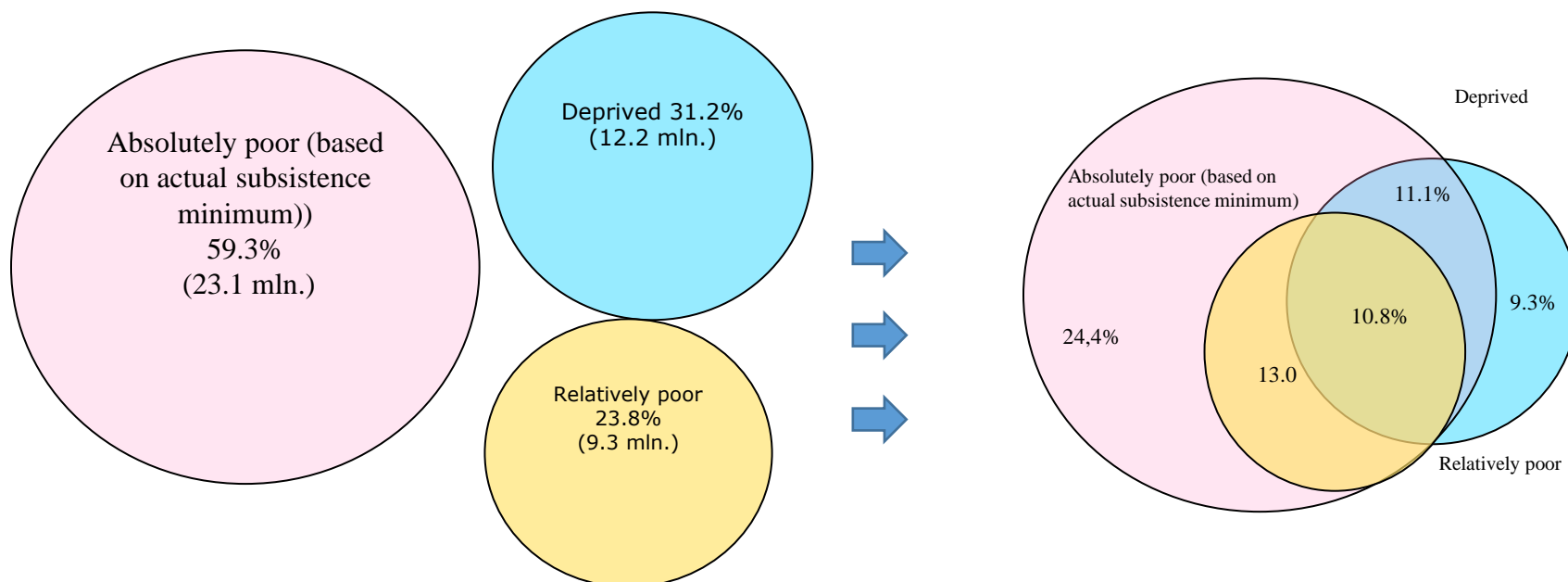
Why poverty levels are increasing

- deteriorating socioeconomic conditions, directly or indirectly caused by the occupancy of the Autonomous Republic of Crimea and Sevastopol by the Russian Federation, and the antiterrorist operation (ATO) in Donetsk and Lugansk oblasts;
- highest, over the past 20 years, inflation rate (43.3%) due to the devaluation of the national currency (hryvnia) early in the year, price increases in several market segments (utilities, transport and telecommunication services, excise goods, food products), rise in prices for imported goods;
- 20% reduction in the real salaries, 4% increase in average awarded pension in the context of considerable inflation;
- actual 'freezing' of official subsistence minimum and other social standards

Incidence of different forms of poverty (absolute poverty threshold – official subsistence minimum), 9 months in 2015



Incidence of different forms of poverty (absolute poverty threshold – actual subsistence minimum), 9 months in 2015



The incidence of the most critical demonstrations of poverty when households suffer from all three forms of poverty increases 3.3 times when applying actual subsistence minimum as a threshold.

The proportion of population facing at least one form of poverty is almost 70%, which is 1.5 times more than when applying official subsistence minimum as absolute poverty threshold.

For objective monitoring of absolute poverty considering the actual situation at the consumer market, the new 2016-2020 Poverty Reduction Strategy recognizes actual subsistence minimum as an absolute poverty threshold.

Poverty profile by household types, 9 months in 2015

Highlighted are the largest values for each form of poverty

	Proportion of population					
	Relative poverty	Absolute poverty by official subsistence minimum	Absolute poverty by actual subsistence minimum	facing deprivations		
				4 and more deprivations out of 18 (national list)	3 and more deprivations out of 9 (European list)	4 and more deprivations out of 9 (European list)
Total population	23.8	7.3	59.3	31.2	44.2	26.7
including						
urban households	20.8	6.6	56.6	24.4	41.5	23.9
rural households	29.7	8.7	64.6	44.4	49.2	32.1
Households with children	29.3	10.7	66.4	32.8	46.1	28.3
including						
1 child	24.1	7.9	61.8	30.2	45.5	26.4
2 children	39.1	16.6	74.4	35.6	44.7	29.8
3 and more children	50.8	20.8	89.4	54.3	61.4	47.5
Households without children	17.5	3.3	51.1	29.4	41.9	24.8

National approach

Deprivation poverty characterizes limited possibilities of some population related to the access to certain benefits not only those satisfying basic physiological needs, but also the needs attributed to personal development and adequate level of comfort.

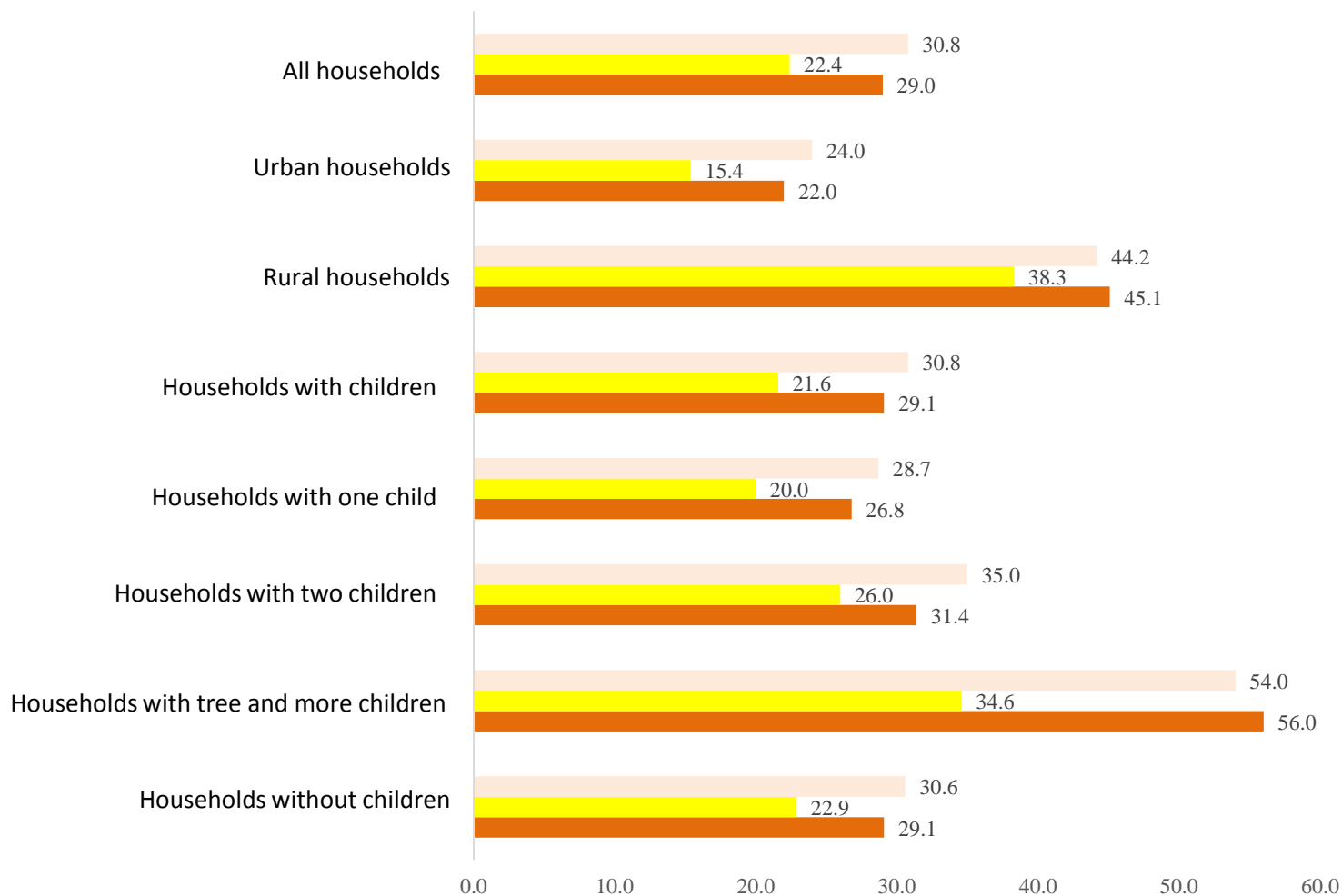
Deprivation poverty line is defined as a presence of at least 4 out of 18 deprivation items. Deprivations cover various aspects ranging from the inability to buy food, clothes, durables, medicines and to ensure adequate housing conditions through to unavailability of social infrastructure.

This form of poverty is monitored every two years.

In 2015, the incidence of this form of poverty was the highest since 2007, almost in all groups of households. The major negative impact was due to the reduced ability of households to provide adequate food, to buy necessary clothes and footwear for cold seasons, new clothes and footwear for children as well as to buy necessary medicines, to pay for health services, health check-ups, analysis (if such services are not available for free), to pay for utilities.

Percentage of households with 4 and more out of 18 deprivations, by types of households

2015 2013 2007



European approach

In the EU countries, material deprivation rate is defined as a proportion of people who are materially deprived of at least 3, or 4 for severe material deprivation rate, out of the following 9 items based on their inability:

- 1) to pay their rent, mortgage or utility bills;
- 2) to keep their home adequately warm;
- 3) to face unexpected expenses;
- 4) to eat meat or proteins regularly;
- 5) to go on holiday;
- 6) to pay for a television set;
- 7) to pay for a washing machine;
- 8) to buy a car;
- 9) to have a telephone (incl. mobile).

European approach

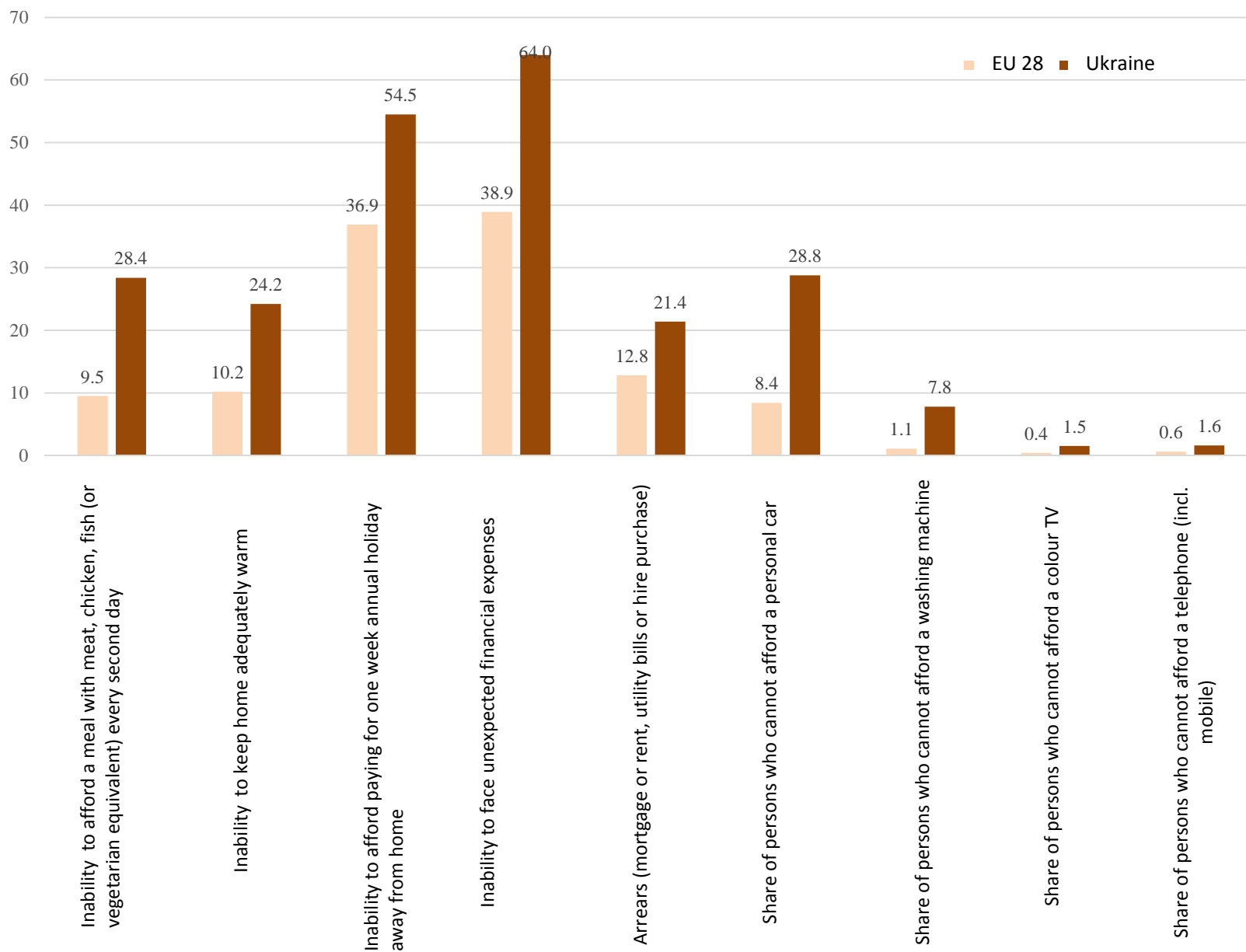
Both in the EU countries and Ukraine, the most common deprivation in 2015 was the inability to face unexpected expenses. However, this indicator in Ukraine was 1.6 times as high as in EU (64% vs. 39%). For other items, the deprivations in Ukraine were 7–1.5 times as high as in EU.

In 2014, material deprivation rate in 28 EU countries was 19%. In Ukraine, this indicator was 44% in 2015. Nine per cent of EU population suffered from severe material deprivation, whereas in Ukraine there were three times more people (27%). Three items of deprivations were found among 17% of population vs. 10% in EU.

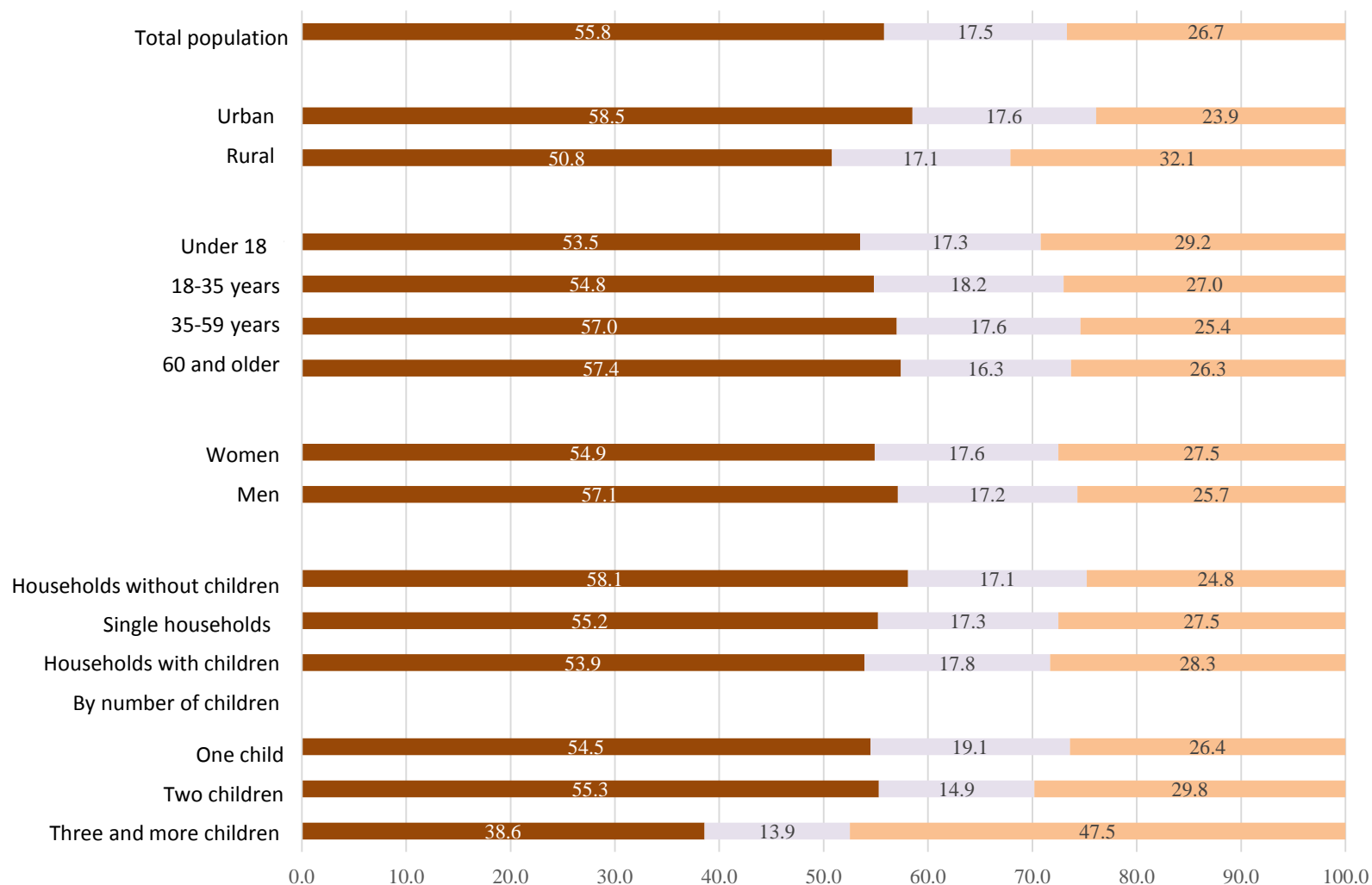
The proportion of people facing not more than 2 out of 9 deprivations was 56% (vs. 81% in EU).

<http://ec.europa.eu/eurostat/web/income-and-living-conditions/data/database#>

Material deprivation rates in EU countries and Ukraine



Ukrainian population by number of material deprivation items



■ Persons with 0-2 out of 9 material deprivation items
■ Persons with 4 and more out of 9 material deprivation items

■ Persons with 3 out of 9 material deprivation items

Outlook

- In March 2016, the Government adopted the new Poverty Reduction Strategy (till 2020). The methodological framework for monitoring and evaluating its performance is under development.
- Introduction, with UNICEF support, of the measurement of child poverty using MODA methodology (Multiple Overlapping Deprivation Analysis).
- Introduction of European household budget surveys (HBSs) and statistics on income and living conditions (SILC) for improving measurement of poverty, inequalities and social exclusion.