

Guide on Poverty Measurement: Chapter 2 – Monetary Poverty

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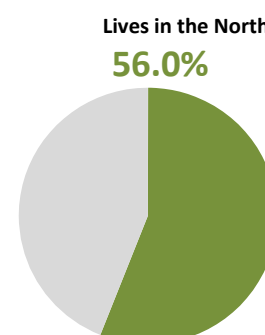
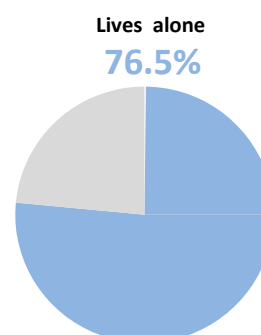
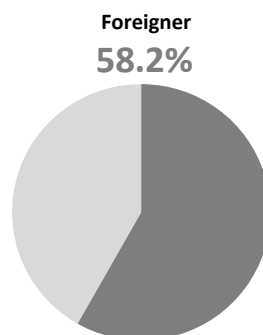
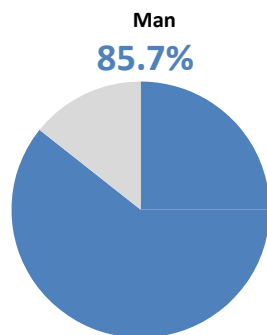
Introduction

- Chapter provides guidelines on measurement of monetary poverty
 - Aim to help improve international comparability and coherence of statistics on monetary poverty
- Largest chapter in draft poverty measurement guidelines
 - Currently over 37,000 words!
 - Not intended to be comprehensive guide: Links into and references other sources as appropriate for detail on specific topics
- Drafting lead by ONS (UK), but with input from OECD, UNECE, UNDP, CISSTAT, Russia, Georgia, Italy & Germany
 - Numerous text boxes highlighting current practice by international organisations & range of individual UNECE countries

Section A: Concepts and methods

- Overview of monetary poverty
- Unit of measurement & analysis
- Household definition
- Population coverage
 - Communal establishments
 - Homeless / **Case Study:** Italy's experience of collecting data for the homeless population
 - Gypsy/Roma / **Case Study:** UNDP experience of collecting data for the Roma population

The main characteristics of homeless persons, Italy, 2014

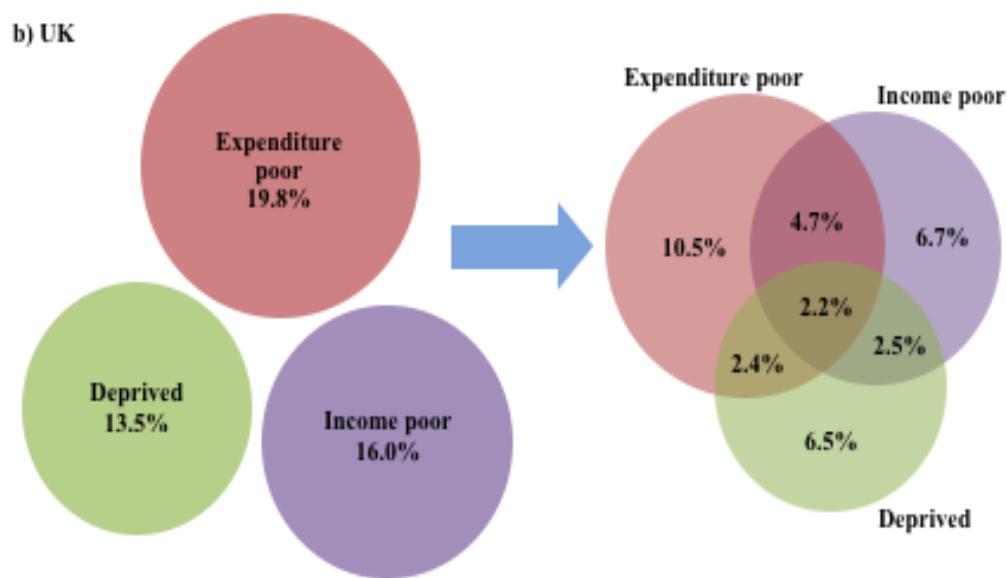


Section B(i) Welfare Measures

- Income concept & definitions
 - The income concept
 - Income components (e.g. Income from employment, property income, etc.)
 - Income aggregation
 - **Case study:** Persons at-risk-of-poverty & beneficiaries of social transfers – different people? (Germany)
- Data sources for household income
 - Income surveys
 - Income data from registers
 - **Case study:** The combined use of survey and administrative data in Italy
- Pros and cons of income as a welfare measure

Section B(ii) Welfare Measures

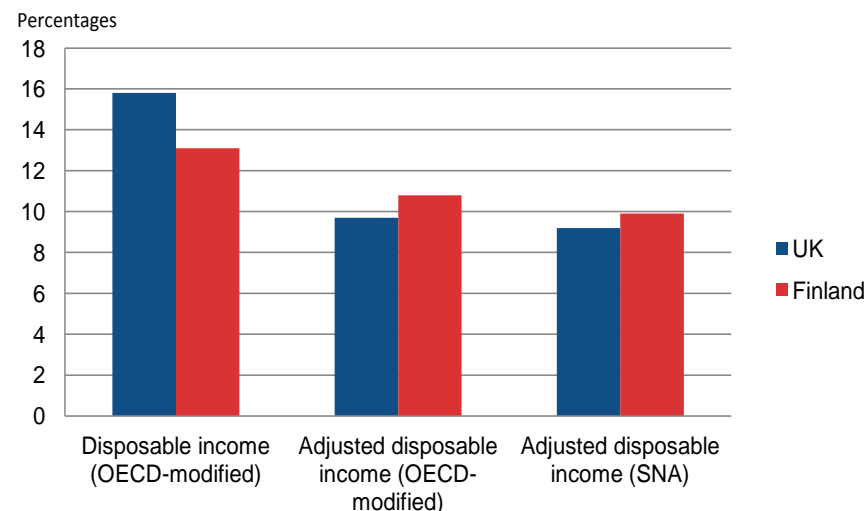
- Consumption expenditure concept & definitions
- Data sources for household income
 - Household surveys
 - Retrospective vs. Ongoing collection
- Pros and cons of consumption expenditure as a welfare measure
- Using multiple welfare measures
 - **Case study:** comparing poverty estimates using income, expenditure & mat dep (UK/EU)



Section B(iii) Welfare Measures

- Key measurement issues
 - Self-employment income
 - Goods/services produced for own consumption
 - **Case study:** Imputed rent in EU-SILC (EU)
 - Transfers between households
 - **Case study:** Remittances & poverty (UNDP)
 - Social transfers in kind (STIK)
 - **Case study:** STIK in UK & Finland
 - **Case study:** The measurement of imputed rents and STIK in OECD countries

Relative at-risk-of-poverty rate, UK & Finland, 2012



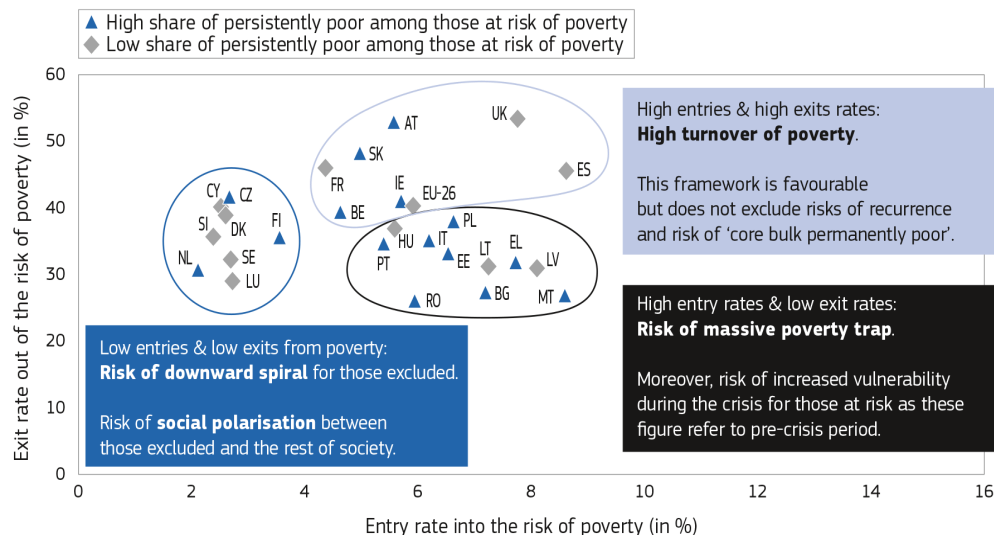
Section C: Setting a poverty line

- Absolute vs. Relative lines (intro)
- Absolute poverty lines
 - Setting lines: cost of basic needs approach
 - Setting lines: subsistence minimum approach
 - **Case studies:** USA, Canada, Italy, Russia
- Relative poverty lines
 - Mean vs. Median / **Case study:** mean vs. Median in EU-SILC
 - Level of threshold / **Case study:** Level of threshold in EU-SILC
 - Anchored poverty lines
 - Weakly relative poverty line
- Equivalence scales & economies of scale
 - **Case study:** Use of equivalisation in Russian poverty measures
- Prices & PPPs

Section D – Poverty indicators

- Overview
- Static measures
 - Headcount ratio
 - Poverty gap index
 - Squared poverty gap
 - **Case study:** Poverty indicators in Russia
 - Person equivalent poverty
 - Other measures (Watts, SST)
- Dynamic measures
 - Persistent poverty
 - **Case study:** persistent poverty in UK and EU
 - Entry and exit rates
 - **Case study:** Poverty entry and exit rates in EU

Entry & exit rates from risk of poverty, 18-64 year olds



Source: EU-SILC LONGITUDINAL UDB 2009 – version 3 of August 2012 – DG EMPL calculations.

Section E – Review of current practices

- Review of National Practices (to be developed)
- Comparability of poverty estimates
 - MDGs and their impact on poverty comparability
 - Eurostat's relative measures and their impact on comparability
 - Poverty measurement in the CIS: Issues of data comparability
- Metadata considerations
- (Tentative) recommendations:
 - Seek international agreement on poverty criteria, e.g. when using poverty thresholds for the cost of basic food or non-food needs or when using certain percentage of the median income.
 - Publish all the necessary metadata.
 - Disaggregate data whenever possible, especially with regard to the distinction between urban and rural areas, age and sex.

Feedback / Discussion

- Are there important issues that haven't been addressed?
 - Or not enough detail?
- Any further issues that would benefit from case study/worked examples?
- What should be the main conclusions & main unresolved issues?
 - How can we improve international comparability?
 - What should be covered by future research agenda?