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DIAPOM –State of Play

Progress in the TF on
Disaggregation of Poverty
Measurement



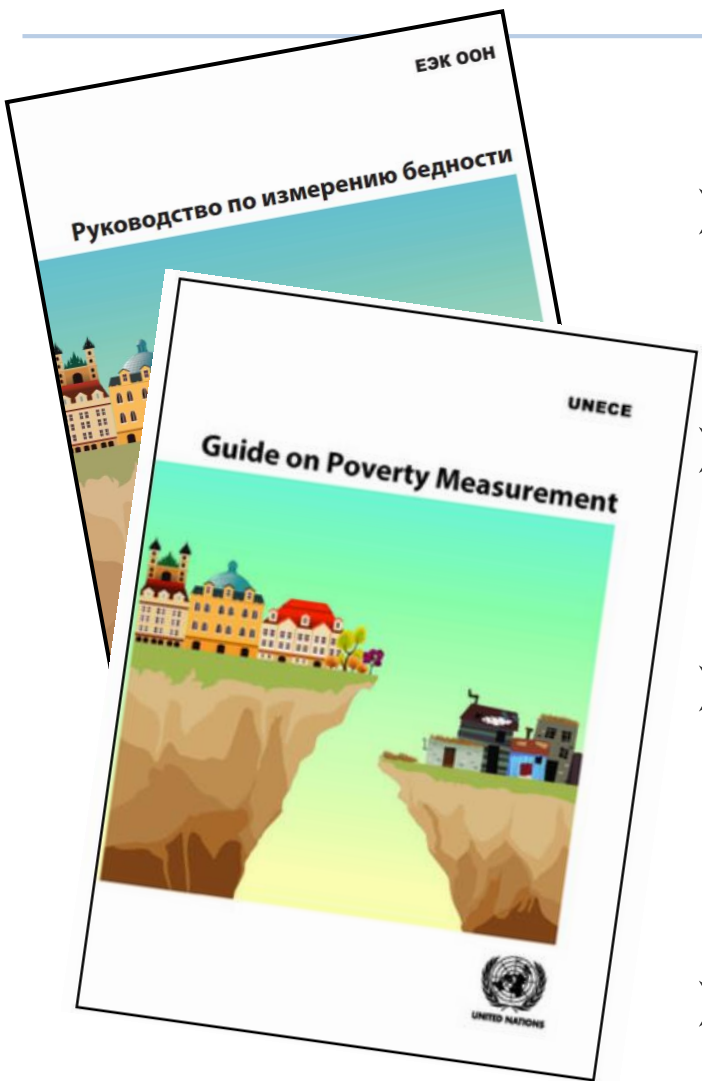
*„...choosing
from the set of possibly true statements
a subset
on grounds of their relevance...”*

(Amartya Sen, Description as Choice, Oxf. Ec.Pap. 1980, p 354, own emphasis)

„Mind the gap“ Harry Beck 1932



- This guide offers choices observed in international practice;
 - None of these choices should be considered arbitrary or subjective (They are not „in the eye of a single beholder“);
 - The richness of descriptive motivations among stakeholders include:
 - „Something should be done“ (prescriptive, normative motivation)
 - „Things should be done properly“ (predictive, instrumental motivation)
- BUT also:
- make visible
 - understand process
 - hold accountable
 - etc...



Collect & analyse good practice:

- Assessment of survey designs, sampling precision, intra-household data and coverage on the sub-national level;
- Innovative strategies and survey designs to cover hard-to-reach populations and population living in institutions;
- Methods to account better for differing consumption needs of different population sub-groups, such as children, older people or those with a disability;
- Inclusion of social transfers in kind, housing wealth and imputed rent in the measurement of poverty.

National Statistical Agencies:

Austria, Canada, Mexico, Russian Federation, Slovak Republic, United Kingdom, United States of America

=> Focus on practice in these countries

International Organisations:

CIS STAT, EU-FRA (Fundamental Rights Agency), Eurostat, OECD, UNDP, UNICEF, UNSD, World Bank

Plus:

Oxford Poverty & Human Development Initiative (OPHI)

Luxembourg Income Study

University Siena

Achieved Milestones

- ✓ Nov-Dec 2017 Launching the Task Force
- ✓ Jan-Feb 2018 Discussion of work plan
- ✓ Mar-July 2018 Collection of good practices
- ✓ Sep-Dec 2018 Review & analysis of collected information, identification of gaps
- ✓ Jan-Nov 2019 drafting recommendations & conclusions

Introduction

Standard core variables for disaggregation

- 2.1 Policy relevant target groups for poverty disaggregation
- 2.2 Defining variables for poverty disaggregation
- 2.3 Examples of applications to the poverty disaggregation

Including Hard to Reach Groups in Poverty Measurement

- 3.2 Improving inclusiveness of poverty surveys
- 3.3 Dedicated survey programmes for hard to reach groups
- 3.4 Poverty among children
- 3.5 Homelessness and housing difficulties in the EU
- 3.6 Surveying Institutional Households

Assessing and Improving Survey Methods

- 4.1 Survey errors and quality
- 4.2 Improving quality in each survey step
- 4.3 Other methodological issues related to measuring poverty

Supplemental Poverty Measures

5.1 Adjustments to poverty thresholds

5.1.1 Spatial differences within countries

5.1.2 Household size and age of household members

5.1.3 Disability status/High medical expenditures

5.2 Adjustments to resources

5.2.1 Social transfers in kind (STIK)

5.2.2 Accounting for housing wealth

5.2.3 Asset poverty

5.2.4 What is the role of unequal sharing of resources within households?

5.2.5 Going beyond income: The role of multidimensional poverty

- Nov– Dec 2019 Final editing of the report, examples:
 - CH 2: consider EU IESS Regulation & possibly MICS implementation examples, additional illustrations from the region which consider disaggregation variables
 - Ch 3: amend SK country case EU-SILC Roma, possibly add country cases on poverty in institutional households, homeless (if available)
 - Ch 4: add recommendations, possibly add country cases (BiH)
 - Ch 5: add country case measuring multiple deprivation among children in the European Union, discuss subjective equivalence scales
 - Ch 6: add outlook on future work
- Feb 2019 Review of full report by the CES Bureau
- Feb-Mar 2019 Revisions to address Bureau's comments
- Mar-Apr 2020 Electronic consultation (CES members)
- June 2020 Expected endorsement by CES plenary

- Pending problems (STIK, Housing wealth)
- Impact of transfers (microsimulation tools)
- Dedicated surveys on hard2reach (role of MICS?)
- Use of registers
- Link to macro aggregates
- Integration of income, consumption and wealth
- Assessment of cost for children/ disability
- Dynamics of poverty and exclusion (panel data)

- I. Development and use of measures for disaggregation of poverty should follow the **Human-rights-based approach to data (HRBAD)** with emphasis on principles of self-identification and participation.
- II. In line with the Recommendation 4 in the Guide on Poverty Measurement and considering other emerging needs, especially in the context of SDGs, the following variables are suggested for poverty disaggregation, wherever relevant and permitted by national legislation: **age, sex, disability status, migratory status, ethnicity, household type, employment status, tenure status of the household, receipt of social transfers, educational attainment and degree of urbanisation.**
- III. The guidance on the **definitions and operationalization** of the disaggregations presented in this report is supposed to serve as an international standard for poverty disaggregation while respecting differences in national realities or in the existence of international standards. This guidance can further be refined when results of other methodological developments become available.

- IV. Countries are encouraged to first **identify, and then quantify, parts of the population not sufficiently covered** in their poverty statistics, including institutional households. They should further explore the causes and challenges why these populations are not covered or underrepresented.
- V. Countries should develop suitable methods to **facilitate equal participation of hard-to-reach households** in their survey programmes. The principle of self-identification or the use of survey instruments in different languages are simple examples for some basic measures, which aim to establish trust and improve accessibility.

- VI. If it is not feasible to include hard-to-reach groups on existing survey programmes, countries should **develop targeted surveys** to collect data on poverty and social exclusion specific to the groups, to be run at least every 5 years.
- VII. **Censuses and large-scale surveys should include questions on self-identification of ethnicity**, which allow for multiple identities. It helps to establish sampling frames which are needed to target ethnic minorities and hard to reach groups. This requirement is critical for the objective of leaving no one behind and to disaggregate survey data and poverty statistics for vulnerable groups.

- VIII. **Interviewer training** for surveying minority groups should address cultural and groups specific aspects. Persons of the **target populations should be involved** in the set-up, and development of fieldwork materials.
- IX. Further research should be directed at creating **supplementary measures of poverty** to reflect that the living circumstances of target groups don't always neatly fit with standard household definitions.
- X. Further research is needed to explore the possibilities for **alternative sampling approaches**, such as non-probability designs including online surveys, to measure hard-to-reach populations.

- Documentation
- Probability Sampling
- Sample Size
- Field guidelines
- Calibration limits
- Imputation Rules
- Variance Assessment
- Filtering Rules

- XI. As a general rule, poverty measurement has to **ensure equivalence** of standards of living for all regions and groups within a country, notably with regard to needs of children/ persons with health impairments or disabilities.
- XII. When disaggregating poverty estimates for smaller geographies, methodologies that **take into account spatial differences in the cost of living** are important, particularly when nations are large with heterogeneous cultural norms and price levels. Relative thresholds such as those used in the European Union are a convenient practical alternative.

XIII. Equivalence of measurement should be assessed empirically.

Sensitivity analysis can compare poverty profiles of official poverty measures with supplemental poverty measures using **alternative equivalence scales**.

XIV. While simple equivalence scales based on the square root of family size are useful for international comparability, countries should explore the **empirical development of equivalence scales** that go beyond family size to include differences in needs based on age, disability status and health. If Social Transfers in Kind (STIK) are included in resources, special consideration needs to be given to appropriate equivalence scales.

XV. Further **research on the special needs of persons with disability** is necessary. Adjustments may be necessary on the thresholds, perhaps through equivalence scales, or on the resource-side of the measure.

- XVI. STIK can be particularly relevant for comparisons between different welfare systems, where STIK are more important than cash transfers in one country (or group) than another. **Figures on total STIK should be presented** together with poverty measures wherever possible as a useful indicator in its own right.
- XVII. Social transfers in kind (STIK) should be included in the measurement of poverty if their **value can be empirically estimated on household or individual level with sufficient precision**. Particularly relevant for poverty measurement are STIKs for food, shelter, clothing, and utilities. Some countries also make provisions for health care and education. If poverty headcounts of relevant groups would change by 10% after STIK, consideration in the poverty measure is highly advisable. If measurement is very poor or its effect on poverty profiles is within the margin of sampling error, STIK should not be included in poverty measures.

- XVIII. STIK can be valued at equivalent insurance cost or actual consumption or as a mix. Its total **value and estimated number of recipients need to be assessed against administrative data** on the total public cost on STIK.
- XIX. The **value of STIK needs to be capped to a meaningful maximum.** If STIKs are included in the resource measure, its value should never exceed the poverty threshold.

- XX. If STIK are included in the resource measure this may affect the equivalence scale. If the value of STIK received is too difficult to obtain, the deduction of **out-of-pocket expenses** from the resource measure are a viable alternative. In such a situation however some poor individuals who have already curtailed certain expenditure may eventually appear as non-poor.
- XXI. Given the unavoidable and essentially arbitrary methodological choices regarding valuation and distribution of STIK, these need to be **made fully transparent in regularly updated quality reports**. In any case, users should be given the possibility to assess poverty measures with and without adjustments for STIK.

- XXII. As an alternative to imputing rent, **residual income after actual housing cost** may be considered as a resource measure which reflects housing equity.
- XXIII. Surveys should consider **adding questions to measure housing costs and property values** to facilitate the calculation of imputed rent.
- XXIV. Given that the choice of method may depend on the available data and may contain essentially arbitrary elements, **methodological choices need to be made fully transparent in regularly updated quality reports**. In any case, users should be given the possibility to assess poverty measures with and without adjustments for imputed rent.

XXV. Assets are an important resource for determining well-being and countries should continue to experiment with ways to measure both income and asset poverty. At this point the two-dimensional approach with a **separate asset-based poverty rate calculated in addition to the income poverty** seems to be the easiest to communicate to the public.

XXVI. More research is needed to determine how best to address intra-household resource sharing in order to develop sub-household measures of poverty status. This is particularly important for the disaggregation of poverty estimates by sex and age. Surveys should continue to **experiment with questions designed to determine individual control of resources and to measure material deprivation at the person level.**

XXVII. Official poverty rates for men, women, children (or other socio-demographic subgroups) should therefore be **accompanied with results which consider unequal sharing of resources**. At a minimum, NSIS should carry out sensitivity analysis for poverty profiles contrasting the conventional full pooling assumption with partial pooling and full separation of resources.

XXVIII. Wherever possible, **income and material living standards should be considered in combination** to validate assumptions of within household income distributions. Existing questions on sharing of personal income and/or personal material living standard can be adapted with relatively little additional effort from EU -SILC.

Recommendations Ch.5 –resources (multidimensional)

XXIX. Following the SDGs, countries should move to implement **multidimensional poverty measures to complement existing monetary measures of poverty**. These multidimensional measures should be tailored to the national context and policy priorities, and be tracked over time.