DANMARKS STATISTIK

Use of register data on wealth in Danish SDG poverty indicator

For UNECE
November 2021

Danish indicator on relative poverty

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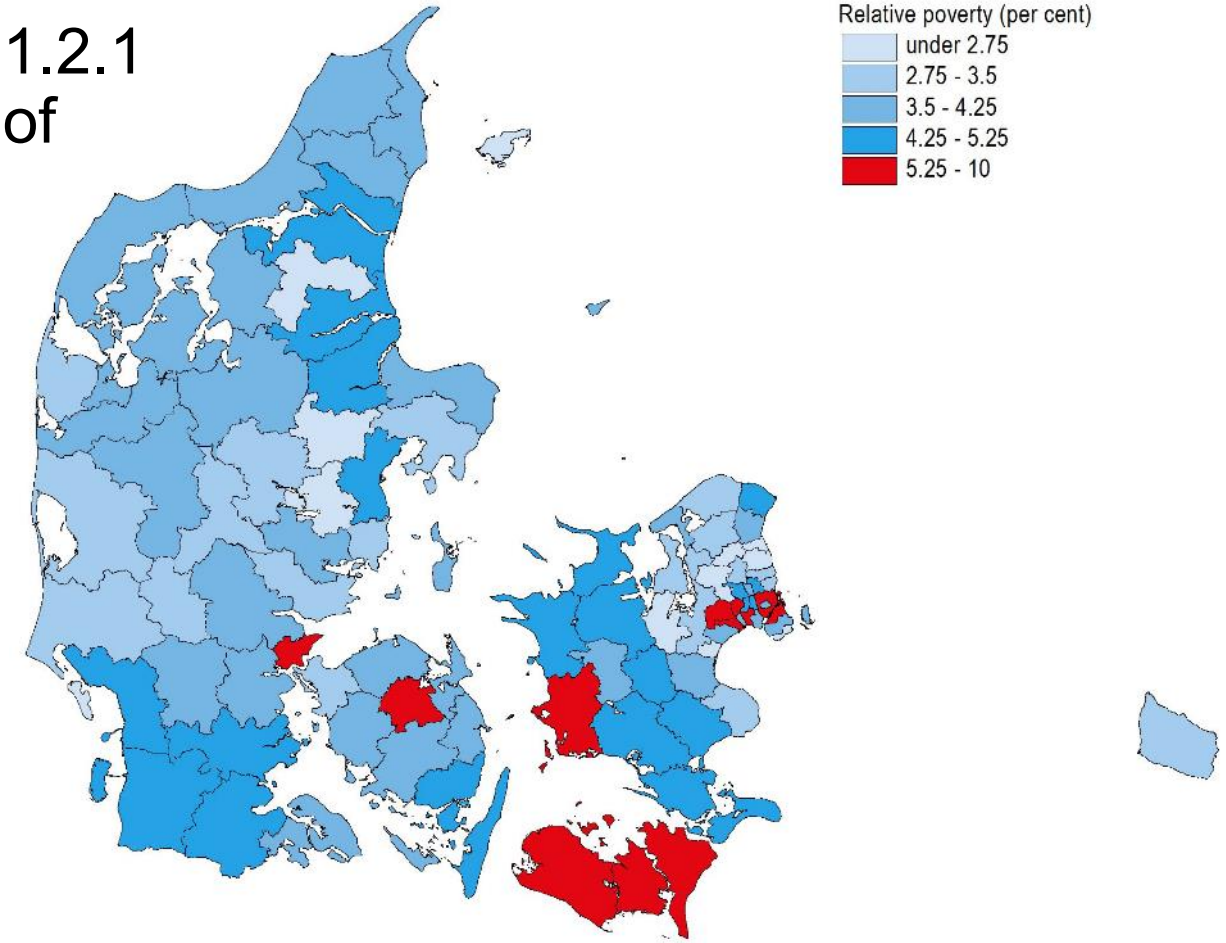
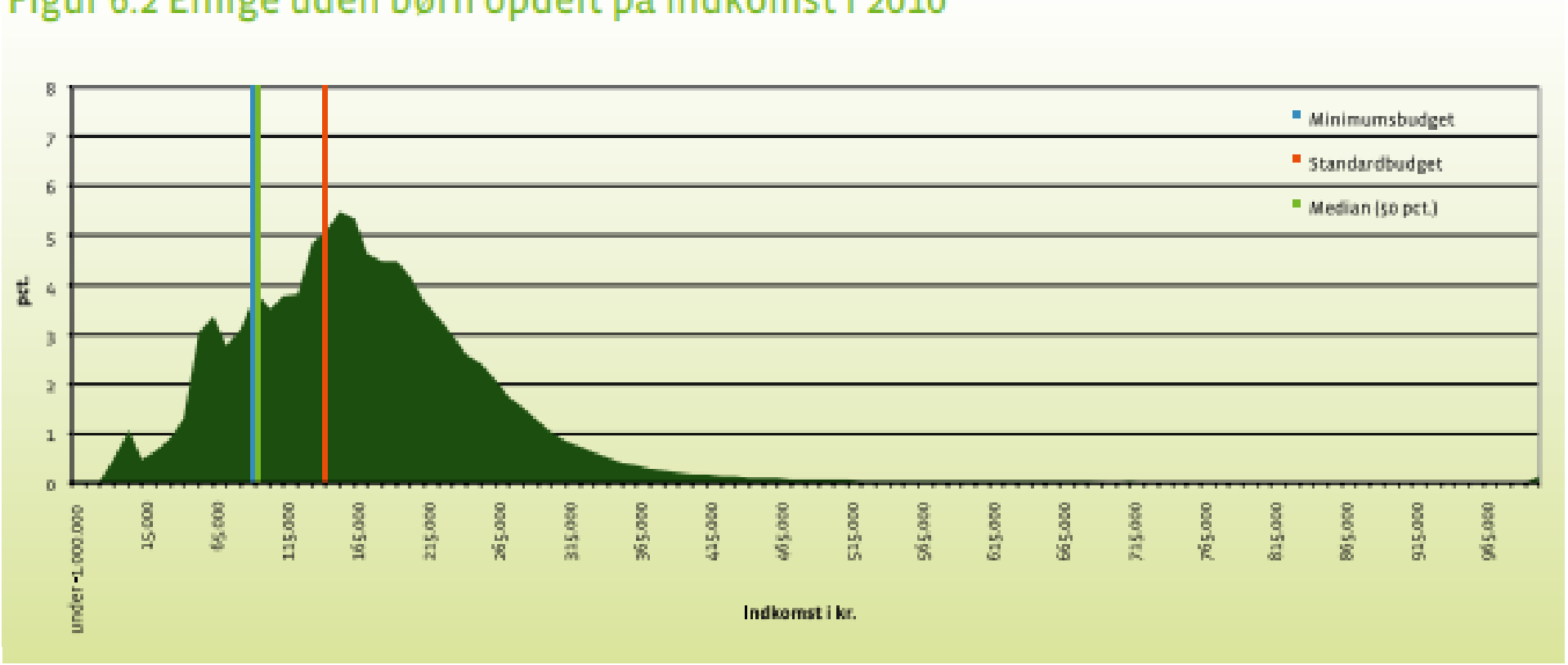
- Developed by Statistics Denmark in 2018
- Developed for monitoring SDG-target 1.2.1 in the absence of a national definition of poverty
- Multidimensional poverty indicator
- Entirely register based
- Full population coverage
- Inspired by the works of national expert-group on poverty (2013)



Motivation (1)

- 50 percent of median income has often been used nationally and internationally as an indicator for relative poverty.
- The threshold aligns well with minimum consumption budgets in Denmark

Figur 6.2 Enlige uden børn opdelt på indkomst i 2010



Source figures:
Ekspertudvalg om fattigdom
– *En dansk fattigdomsgrænse*

Motivation (2)

…good indicator for economic social exclusion.

However the low income group includes at least two large groups that are rarely considered poor in Denmark.

- Students that are (mostly) voluntarily enduring a set period of low income
- people with (liquid) wealth.

Can we improve upon this?

Definitions

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Low-income

People with equivalised disposable income below 50 per cent of median income.

Student households

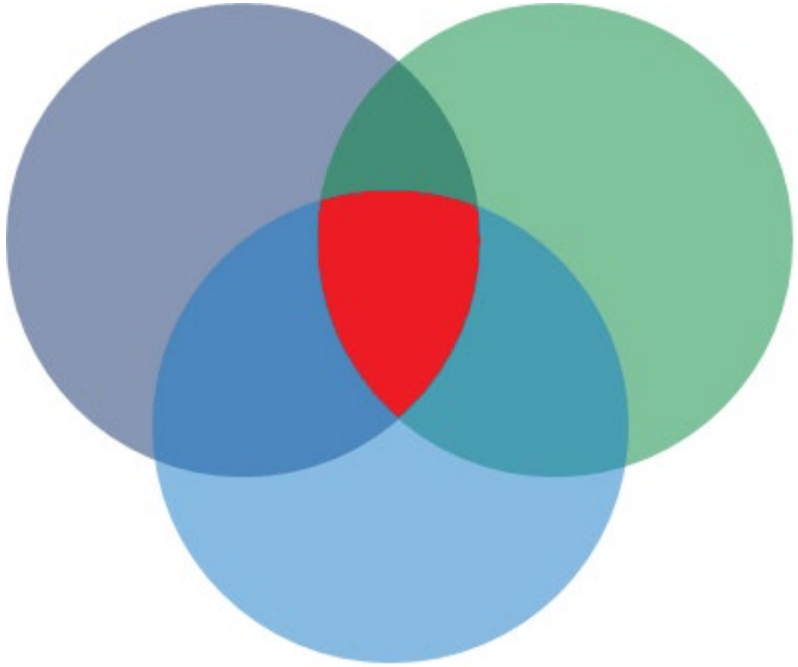
Households, where the primary breadwinner is a student, etc.

Low wealth

Equivalised Net wealth - excluding pensions below the low income threshold, at the beginning of the year in question.

Relative poverty

- Low income,
- Non-student households etc.
- Low wealth



Data sources

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cpr
Det Centrale Personregister

The census

BØRNE- OG UNDERVISNINGSMINISTERIET

Registers on education

skat.dk

Udbetaling Danmark

The national income register

skat.dk

DANMARKS NATIONALBANK

The national wealth register

EU-SILC Survey data
12,304 people in 5,817 households. Interviews conducted in March 2019

Subjective poverty

The national register on wealth

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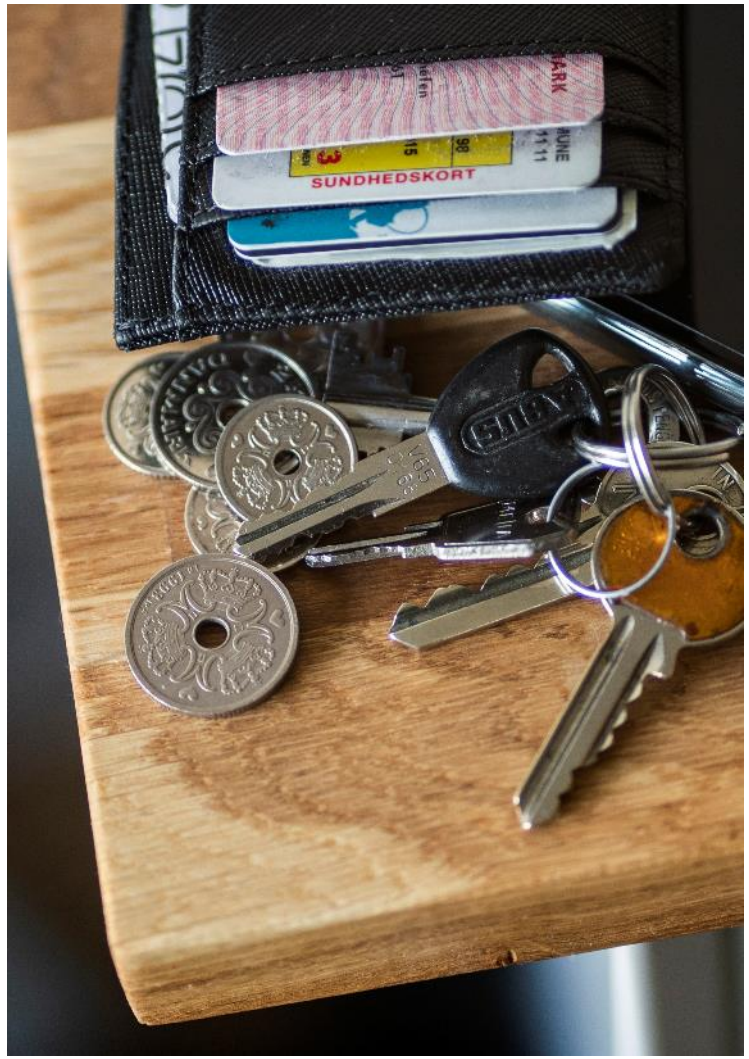

- **Exists from 2014**
- **Full poulation coverage**

  It contains data on:

  – Value of houses & cars
  – Financial assets, including stocks and bonds in deposits
  – Pension wealth (not used for relative poverty due to poor liquidity)
  – Debt

Want to know more?
See www.statbank.dk/formue1 or the documentation for the register

From low income to relative poverty

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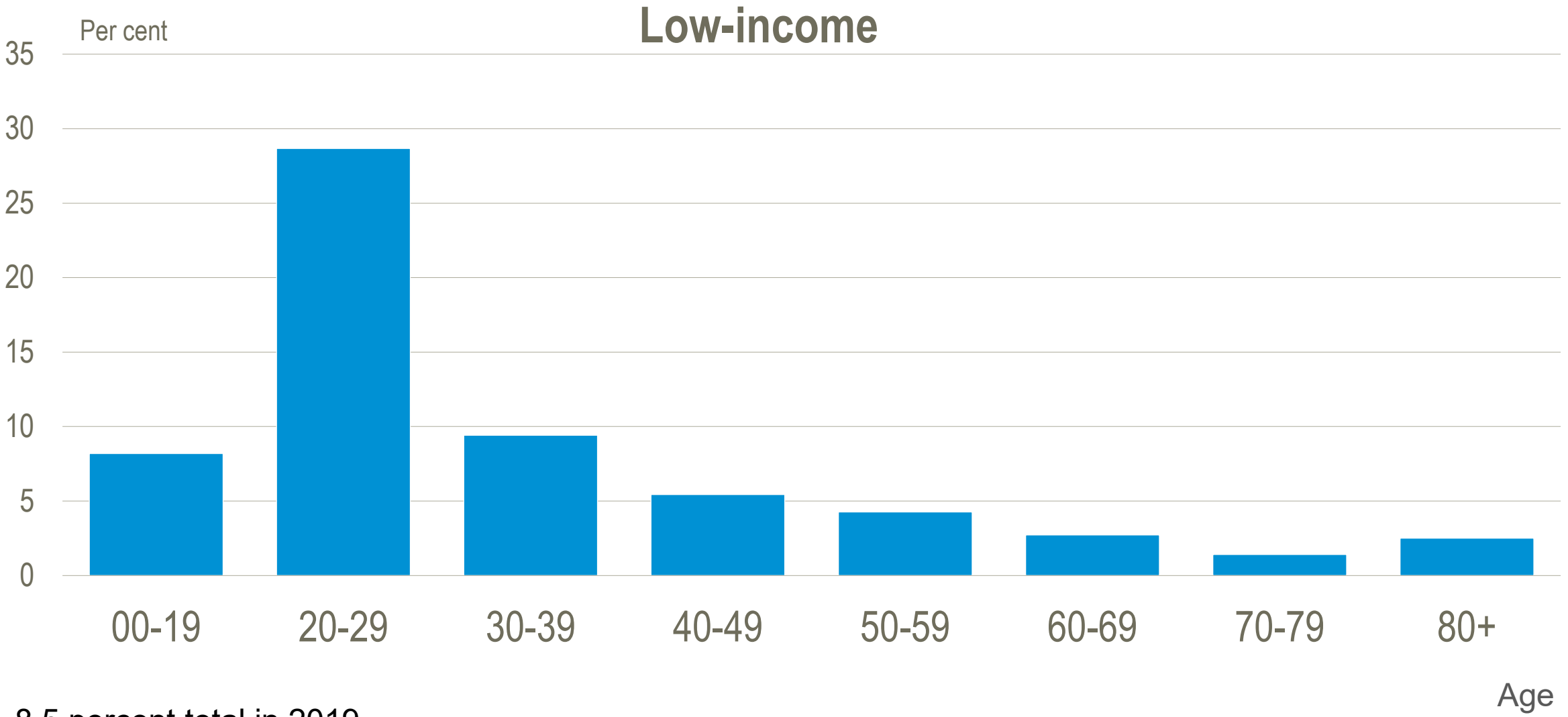
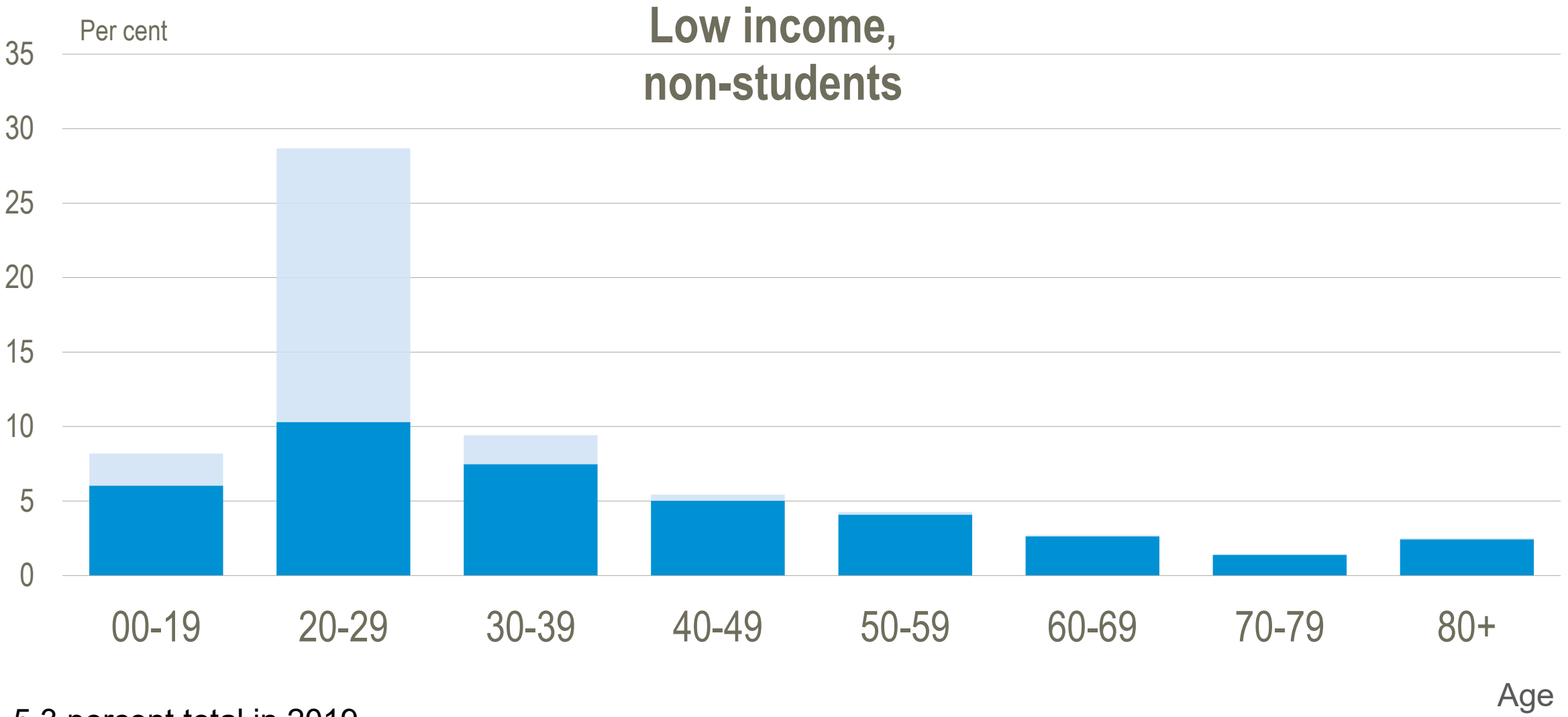


8,5 percent total in 2019

From low income to relative poverty



5,3 percent total in 2019

From low income to relative poverty

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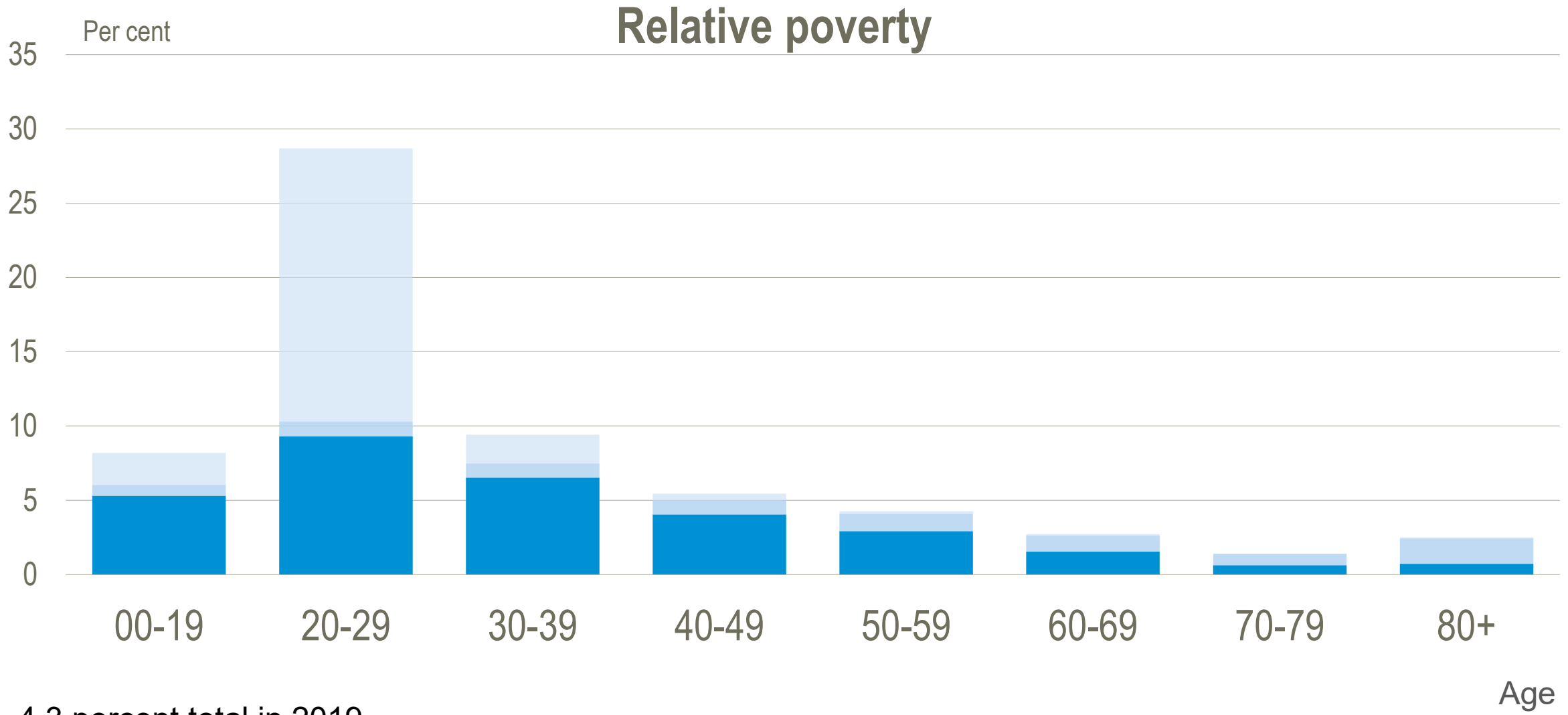
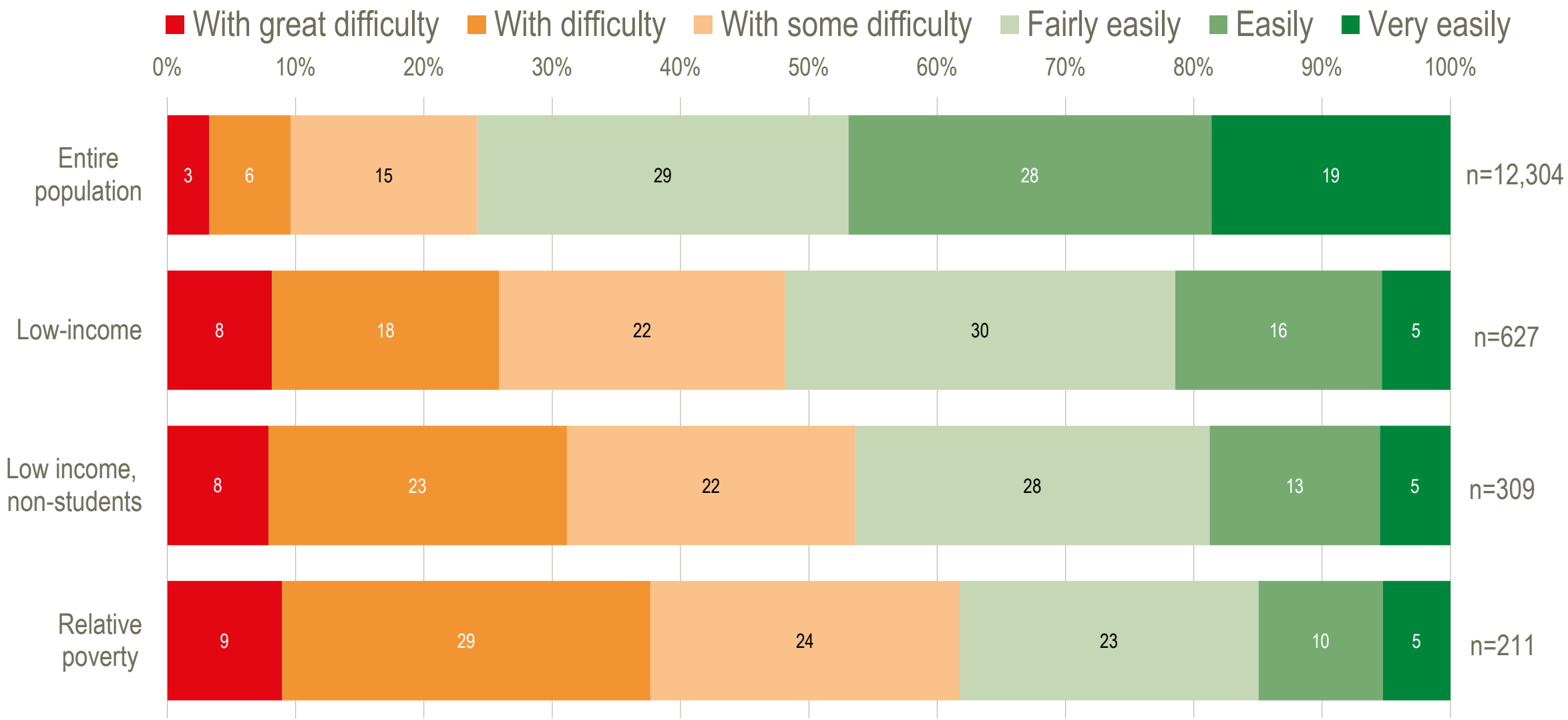


4,3 percent total in 2019

Ability to make ends meet by poverty status



Conclusions

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- Low income is a very broad definition of Poverty.
- It is a good indicator for *Risk of Poverty* – But it does include large groups that are very unlikely to be poor, when looking at other available data on education and wealth.
- Inclusion of data on education and wealth seems to improve precision of poverty indicators at the individual level