Economic Commission for Europe

Conference of European Statisticians

Workshop on Harmonization of Poverty Statistics to Measure SDG 1 and 10
30 November 2021, 10:00−13:30 CET, online

Group of Experts on Measuring Poverty and Inequality
1−2 December 2021, 15:00−18:00 CET, online

Report of the Online Meetings on Measuring Poverty and Inequality

Note by the Secretariat

I. Attendance

1.   The UNECE expert meetings on measuring poverty and inequality were held online on 30 November – 2 December 2021. The meetings were attended by participants from Armenia, Australia, Austria, Azerbaijan, Belarus, Bosnia and Herzegovina, Brazil, Canada, Chile, China, Colombia, Czechia, Denmark. Ecuador, Estonia, Georgia, Germany, Greece, Indonesia, Ireland, Israel, Italy, Kazakhstan, Kyrgyzstan, Latvia, Luxembourg, Mexico, Mongolia, Poland, Republic of Moldova, Russian Federation, Serbia, Slovakia, Slovenia, Spain, Switzerland, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland, United States of America, and Uzbekistan.

2.   The European Commission was represented by Eurostat. Representatives of the following organisations participated in the meeting: Eurasian Economic Commission, Interstate Statistical Committee of the Commonwealth of Independent States (CIS-STAT), United Nations Development Programme (UNDP), United Nations Economic Commission for Latin America and the Caribbean (ECLAC), United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), United Nations High Commissioner for Refugees (UNHCR) and the World Bank Group. Experts from Luxembourg Income Study (LIS) Cross-National Data Centre, International Movement ATD Fourth World, Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC), Durham University, Institute of Sociology of the Czech Academy of Sciences, and University of Oxford also participated.

3.   The organization of the expert meetings was financially supported from the United Nations Development Account (13th tranche) project "Strengthening social protection for pandemic response".

II.   Organization of the meetings

4.   The event included two meetings. The workshop on 30 November, chaired by Mr. Andres Vikat of UNECE, focused on countries of Eastern Europe, the Caucasus, and Central Asia (EECCA), and included substantive sessions on the following topics:

      a)   Measuring poverty during the pandemic;

      b)   Data collection and adaptation of household surveys.

5.   Mr. Rafkat Hasanov (UNECE consultant) led the discussion on item (b).

6.   The second meeting, on 1-2 December, chaired by Ms. Trudi Renwick of the United States Census Bureau, focused on poverty and inequality measurement in the entire UNECE region. The following substantive topics were discussed:

      a)   Data collection on poverty during the pandemic;

      b)   The urgent need for data during the pandemic;

      c)   Disaggregated poverty measures for the 2030 Agenda for Sustainable Development;

      d)   Urban and rural poverty;

      e)   Work under the Conference of European Statisticians.

7.   The following participants acted as Discussants and shared their reflections: for item (a) Ms. Trudi Renwick (United States Census Bureau), for item (b) Mr. Federico Polidoro (ISTAT, Italy), and for item (c) Ms. Elena Danilova-Cross (UNDP) and for item (d) Mr. Andrew Heisz (Statistics Canada).

8.   The discussion at the meeting was based on abstracts and presentations available on the UNECE website.[1]

III.   Summary of the main issues discussed

A.   Workshop on Harmonization of Poverty Statistics to Measure SDG 1 and 10 (30 November)

1.   Measuring poverty during the pandemic

9.   The session consisted of contributions from UNECE, CIS-STAT, UNDP and Russian Federation.

10.   The session provided a discussion on data availability on SDG poverty indicators in Eastern Europe, Caucasus and Central Asia. Several challenges were pointed out with respect to monitoring SDG 1 and 10. For example, **lack of continuous time series and recently updated data**. As of November 2021, in the Global SDG Database the only indicator with available 2019 data was 1.1.1 "Proportion of population below international poverty line" and this only for five

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[1] https://unece.org/statistics/events/unece-online-meetings-measuring-poverty-and-inequality

EECCA countries (Ukraine, Kazakhstan, Georgia, Belarus and Armenia). The rest of indicators have either 2018 or 2017 data and, in many cases, even older data.

11.   Since last year **some improvements were observed**. For example, Uzbekistan and Tajikistan have now more recent data available (i.e. 2018) on 1.1.1 "Employed population below international poverty line". New data has been added for Azerbaijan, Belarus, Kazakhstan Republic of Moldova and Uzbekistan for certain indicators under 1.3.1 "Population covered by social protection". Disaggregated data by sex for the sub-indicator "Disability cash benefit" has further become available for several countries − Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Moldova, Russian Federation, and Ukraine.

12.   It was noted that the **incomparability between countries on SDG indicators**, especially on the indicator 1.3.1 "Population covered by social protection" and indicator 10.1.1 "Growth rates of household expenditure or income per capita among the bottom 40 per cent of the population" remains high. Countries find the indicator 1.4.1 "Population using basic services" difficult to develop and produce data on it.

13.   As part of our capacity building work, UNECE conducted **a survey of the practices of national statistical offices (NSOs) in adjusting their household surveys to the pandemic situation**. The survey was updated this year. All countries who updated the questionnaire have taken surveys during the pandemic period. The following EECCA countries participated in the updated survey: Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Republic of Moldova, Russian Federation, and Ukraine.

14.   In 2020, the NSOs in 6 EECCA countries have **cancelled their face-to-face interviews and switched to remote survey methods**. They used phone interviews as the primary remote data collection method. In 2021, the situation in 5 of these countries (Azerbaijan, Armenia, Kyrgyzstan, Georgia, and Ukraine) remained the same and in 1 country, Republic of Moldova, it changed back to the pre-pandemic times. Two countries, Belarus and Russian Federation, were applying mixed mode of face-to-face and phone survey methods and that remained without change this year. Kazakhstan did not switch to remote methods but used face-to-face with protective measures.

15.   The **challenges with surveys during the pandemic** were the same as in previous year. The most frequent among them are lack of technical skills or equipment, funding limitations, and ill personnel. Russian Federation also noted reluctancy to face to face interviews. Lower response rates in phone surveys were mentioned by several countries for various reasons. For example, in Kyrgyzstan and the Republic of Moldova phone interviews took too much time and in Georgia phone contacts were not always available.

16.   CIS-STAT and UNDP reflected on the impacts of the pandemic on data collection and statistical production across the region, translated in **new demands for assessments of GDP loss and rise in unemployment** (including moving to part time occupation or unpaid leave). According to the Covid-19 Socio-Economic Impact Assessments that UNDP conducted in 9 EECCA countries, the macro-economic vulnerabilities vary across countries. For example, commodity dependent countries face double shock of lower prices for oil and gas. The pandemic has created new external (decline of export and remittances) and internal (lockdowns) shocks, which has affected the countries in various degrees.

17.   The pandemic is calling to rethink the social protection systems and make sure that new clusters of vulnerable populations are covered, e.g. long-term unemployed, labour migrants and seasonal workers, etc. The **evaluation of the efficiency of social protection systems** has been in the centre of attention of the policymakers. The Russian Federation is currently developing a micro-modelling tool to assess the effectiveness of social support measures for the population in the context of the

pandemic. They have created a user interface, which, upon completion of testing, will be posted on the Rosstat website for external users who need to receive "quick" assessments of how poverty changes under various scenarios of targeted assistance.

2. Data collection and adaptation of household surveys

18.   The session consisted of contributions from Azerbaijan, Kyrgyzstan, Kazakhstan, and Mr. Rafkat Hasanov (UNECE Consultant).

19.   The presented **capacity development work** is conducted under the Poverty measurement stream of the United Nations Development Account (UNDA) 13th tranche project "Strengthening social protection for pandemic responses". It is designed for supporting NSOs in the UNECE region, particularly those in Eastern Europe, Caucasus and Central Asia, in their quick responses to the pandemic.

20.   UNECE has been supporting countries in their statistical response to the pandemic. **Three project countries** − Azerbaijan, Kazakhstan and Kyrgyzstan – presented the results of the work during the workshop. The countries worked on shortening questionnaires in transitioning to telephone interviews, harmonization of household budget survey questionnaires in accordance to international principles (e.g. on disaggregation), reconciliation of issues on material deprivation and multidimensional poverty, and taking into account the recommendations of the two UNECE guides on poverty measurement and data disaggregation.

21.   Kyrgyzstan presented the results of their **special survey on the Covid-19 impact** on households, including on unemployment, income, actions to overcome financial difficulties and social support during the outbreak. The survey included perception questions on experiences of depression, stress and anxiety, and reasons for dissatisfaction with the online learning process. A special cluster of the survey was devoted on the impact of Covid-19 on the situation of children and women.

22.   Kazakhstan conducted a **sample household living standard survey in the context of pandemic**. They noted several challenges among which difficult contact with respondents (in the context of annual rotation of one third of the sample), travel restrictions, and legislation changes. New survey methods were employed, e.g. the use of interactive platforms to collect primary data and new methods of forming a households network − crowdfunding for cities, voluntary extension of participation in the survey up to four years.

23.   In 2021, the **Harmonized Survey Module for Poverty Measurement** was adapted to the pandemic context. The module has been designed to provide a set of survey questions for poverty measurement in EECCA countries, and to strengthen their statistical capacity in producing comparable and reliable poverty indicators.

B.   Group of Experts on Measuring Poverty and Inequality (1–2 December)

1. The 2030 Agenda for Sustainable Development and going beyond averages

24.   The session consisted of contributions from Eurostat, International Movement ATD Fourth World and UNHCR. It summarised experiences of organizations aiming to **better cover vulnerable populations groups**.

25.   In 2021, **AROPE** − the headline indicator to monitor the EU 2020 Strategy poverty target and the EU 2030 target on poverty and social exclusion – has been modified. The changes allow to capture a broader and more refined measurement of deprivation, based on a revised and elaborated list of items, as well as to account better for the social exclusion situation of those of working age from age 18 to 64.

26.   The **dimensions of poverty** that came out from the ATD Fourth World – Oxford University research related to deprivations (lack of decent work; insufficient and insecure income; material and social deprivation); experiences of poverty (disempowerment; suffering in body, mind and heart; struggle and resistance) and relational dynamics (social maltreatment; institutional maltreatment; unrecognized contributions). The presenter shared the experience of France in measuring extreme poverty. Attention was paid to measuring administrative difficulties in the European Union Statistics on Income and Living Conditions (EU-SILC), e.g., in applying for social benefits or social housing, obtaining administrative documents, etc.

27.   A new methodological work by the World Bank and the UNHCR Joint Data Center on Forced Displacement has been presented. The work takes stock of the experiences that exist to date of monetary **poverty measurement in camps with refugee and internally displaced people**, documents the specific challenges that occur and need to be kept in mind when aiming to produce comparable consumption aggregates between sub-populations inside and outside camps.

2.   Surveys in the pandemic context

28.   The session consisted of contributions from UNECE, Eurostat, Austria, Switzerland, and Mexico. The discussion was led by Italy.

29.   Discussion covered a range of topics, including the relationships and possible **trade-offs between flexibility, timeliness and comparability** when pandemic conditions alter the balance of users' needs, such as when they require rapid access to infra-annual data to assess the current impact of the crisis; the challenges in communicating the meaning of concepts in an understandable way to the public; and the use of administrative data to provide sampling frames. The pandemic has brought to light new possibilities and led some offices to reflect on whether methods should return to fully in-person modes after the pandemic or remain partially remote.

30.   A number of specific questions were posed to each presenter by the discussant, on a wide range of matters. Among these were questions of survey fatigue and the role of remote methods and shortened questionnaires in addressing this issue; the growing demand for more frequent (e.g. infra-annual) statistics; coverage of vulnerable groups in poverty estimation; the specific risks of bias when using computer-assisted web interview to gather poverty data; future perspective on the use of administrative sources; and interpretation of results, such as whether the pandemic has increased inequalities.

31.   In discussing these issues, it was noted that the future is uncertain, and the pandemic has shone a light on the ever-present **need to plan for this uncertainty**. If not a virus, challenges can arise from weather events, politics and so on.

32.   Concluding the session, the discussant observed a general **increase in demand for poverty data to be both more frequent and timelier**. It is worth reflecting on whether surveys are the only or best tool to fulfil this need, and the extent to which they can be complemented by administrative data and data taken from the Internet. A key to meeting future needs may be the statistical integration of traditional and new sources and techniques.

3.   Use of administrative data sources

33.   The session consisted of contributions from the United States and Colombia.

34.   Presentations in the session showcased how countries have used **administrative data to complement survey data** collected during the Covid-19 pandemic to improve the measurement of income and poverty. In the United States, Current Population Survey data collected during the pandemic showed a large

increase in household income, suggesting biased nonresponse to the survey among lower income households. The United States Census Bureau used administrative data from several sources as well as data from prior surveys and the previous census to determine that nonresponse increased substantially during the pandemic and was more strongly associated with income than in prior years. Weights were generated based on these complementary data sources to correct for the biased nonresponse.

35.   In Colombia, the **shift to telephone-based surveys** during the pandemic contributed to underreporting of income from government allowances and pensions. Administrative data from social security registers and government allowance programmes were used to fill information gaps and produce accurate income measures. The exercise also allowed to calculate the impact of social transfers and pensions on income poverty in Colombia.

36.   The discussion highlighted the **complementarity of data from different sources** and the potential of **using data from surveys and administrative sources together** to improve the measurement of poverty and inequality. Administrative sources may provide more accurate data on income compared to surveys which are subject to recall bias and error. Used together, survey and administrative data could support further exploration of inequality by providing more robust data on groups at the extreme ends of the income distribution. Likewise, combined data could support further analysis of poverty from a gender lens. The presentations also provoked an exchanged around pandemic-driven changes to who is available to respond to surveys and the implications for how respondents are reached during the pandemic.

4.   Multidimensional poverty

37.   The session consisted of contributions from the UNDP Human Development Report Office, OPHI, and Brazil. The discussion was led by the UNDP Istanbul Regional Hub.

38.   Measures of multidimensional poverty provide **a more comprehensive picture of disadvantage** than monetary-based measures and can be broken down to show which population groups are poor and in what way. Presentations in this session showed the value of measuring different dimensions of poverty and the importance of disaggregation for identifying and addressing inequalities. UNDP presented findings from the recently released Global Multidimensional Poverty Index 2021 that showed disproportionately high multidimensional poverty among minority ethnic groups in many countries. Scholars from the University of Oxford presented multidimensional poverty through an intrahousehold lens, highlighting gender-based differences in educational attainment within households. Brazil presented a new experimental index measuring quality of life based on 50 indicators of non-monetary wellbeing derived from a household budget and living conditions survey. Disaggregation by individual characteristics and decomposition by quality-of-life dimension revealed disparities by geographic location, age, gender and ethnicity and identified the specific domains in which people are experiencing deprivation.

39.   The discussion centred around the **limitations of survey data for measuring multidimensional poverty** including the availability of variables required for policy-relevant disaggregation and time lags between when the data are collected and when they become available for analysis. Presenters and participants emphasized the importance of timely data for poverty measurement and policy, especially in the context of the Covid-19 pandemic, and the need to field surveys more frequently. The use of synthetic data, microsimulations and other modelling techniques were discussed as tools for overcoming issues related to outdated and infrequent data and for forecasting the impact of the Covid-19 pandemic. The relationship between

poverty and the environment was also discussed and the lack of internationally comparable environmental data was identified as a significant data gap. Presenters suggested that in countries where data on environmental factors or interoperable geospatial data are available the methodology of the Multidimensional Poverty Index should be adapted to incorporate this important dimension.

5. Social policies and data

40. This session consisted of contributions from Canada, United States, and Eurostat.

41. The session demonstrated **policy-relevant applications of data and statistics** on income, poverty, and inequality. Canada presented its Market Basket Measure (MBM) approach to defining poverty and recent efforts to close data gaps in poverty measurement for Canada's sparsely populated northern territories. The United States provided compelling evidence of the direct impact of pandemic relief benefits on poverty based on the supplemental poverty measure: stimulus payments moved 11.7 million people out of poverty, and expanded unemployment insurance prevented 5.5 million people from falling into poverty. Such effects cannot be measured using the official poverty measure which does not consider in-kind benefits or tax credits. Eurostat presented two projects making innovative use of EU-SILC data to better understand poverty and inequality across Europe. One project found that in-kind health benefits reduce inequality across income quintiles. The other project used data from the EU-SILC module on intergenerational transmission of disadvantages to study the relationship between respondents' current poverty situation, parental educational attainment, and the financial situation of the household as teenagers.

42. Participants discussed in detail Canada's methodology of the Market Basket Measure, seeking additional information on the equivalence scales for deriving thresholds for different family sizes, the methods used for imputing rent, and approaches to breaks in time series. They proposed the development of a "Covid" market basket to reflect changes in consumption patterns during the pandemic and the exploration of equivalizing each element of the market basket on different scales rather than applying a single scale to the entire market basket. Questions to Eurostat generated discussion around how to estimate the value of in-kind health benefits − insurance approach versus health care costs − and how to account for variations in value by age, sex, household size and composition, and geographic location. All presentations provided examples of how **different measures of poverty may show different trends**, with the potential to directly impact public policy. In this context, the importance of considering non-monetary aspects in measures of inequality and poverty was emphasised once again.

6. Wealth in poverty estimates

43. This session consisted of contributions from Luxembourg Income Study Data Center and Denmark. The discussion was led by Canada.

44. The participants reflected on the **cultural variation in approaches to saving, investment and financial assets** and the importance of this variation when interpreting indicators of income poverty, asset poverty, debt-to asset ratios etc. Presenters were asked to clarify their decision-making rationales when deciding whether to include or exclude home ownership and mortgages. Discussion also touched on experiences in communicating with users around relative poverty and the EU-SILC indicators.

45. Reflecting on the session, the discussant stressed the **complex intersection between wealth and poverty** and observed that poverty statistics are far from perfect. It should be recognised that the indicators of low income on which poverty

measurement has traditionally depended are only proxies for poverty. There have typically been two ways to reflect this fact: to recognise that poverty is in fact multidimensional and design measures to account for this; or to focus on income-based poverty measurement but accept that it is subject to measurement error. The presentations discussed in this session fall into the second category, asking whether measures of low income can be improved by subtracting from the low-income group those who have sufficient wealth that they should not be counted among the poor. The discussant suggested that this approach is justified since wealth can often shield a family from poverty, at least for some time. Since some social welfare regimes require people to exhaust their wealth before being entitled to social assistance, this can result in people having to reach a certain stage of 'desperation' before becoming eligible. This raises important questions about how income poverty and wealth do and should interact, especially given that most groups advocating for the poor advocate for them to be able to save.

7. Subjective poverty

46.   This session consisted of contributions from Poland, and Durham University and Technical University of Košice. The discussion was led by OECD.

47.   In spring 2021, Statistics Poland prepared the **in-depth review of subjective poverty measurement methods** as mandated by the Bureau of the Conference of European Statisticians (CES). In a survey with 53 responding countries, designed specifically for the purposes of the in-depth review, only a few countries indicated that they use direct measurement of subjective poverty through self-assessment questions. Most countries however include questions in household surveys on subjective assessments of perceived living standards (e.g. an assessment of the income situation, financial problems encountered, ability to satisfy various types of material and non-material needs). Conceptually, these questions can be used to calculate indirect measures of subjective poverty and to estimate subjective poverty thresholds. While questions on the inability to meet various needs are commonly used to calculate deprivation indicators, other questions, such as on the perception of income situation and the internationally harmonised question on making ends meet, are underused for analyses of subjective poverty.

48.   The presentation from the academia **raised important questions also for objective poverty measurement**, namely the role of imputed rent and regional differences in the cost of living. Some of the assumptions beyond the derivation of objective relative poverty indicators are somewhat arbitrary and would allow different parameters, such as the poverty threshold (50 or 60 per cent of median income) and equivalisation of income (e.g. using the OECD-modified equivalence scale or the square root of household size).

49.   Participants welcomed the establishment of a task force on measuring subjective poverty. It was suggested that the task force should consider **going beyond quantitative approaches** and look into qualitative methods as well. This would enrich the subjective assessment of poverty by improving the understanding of what people think it means to be poor and by going beyond a purely economic approach to poverty measurement.

8. Work under the Conference of European Statisticians

50.   In this session the UNECE secretariat provided an overview of the **methodological work on poverty measurement** completed under the Conference of European Statistics, including (a) an update to the study on the practices of statistical offices in adapting their household surveys to the pandemic, (b) the establishment of a task force on measuring subjective poverty, and (c) the

publication "Approaches to measuring social exclusion", to be issued in February 2022.

51.   The countries and organizations who had signed up for **participation in the task force** on measuring subjective poverty included Canada, Poland, United Kingdom, Eurostat, OECD and the World Bank. At the meeting, Brazil and the United States expressed interest to participate.

52.   The discussion on **future work** brought up the following topics: (a) measurement of wealth poverty and inequality, (b) use of administrative data, (c) material deprivation, (d) absolute versus subjective poverty, (e) intrahousehold consumption and allocation of resources, (f) equivalence scales, and (g) the ongoing impacts of the Covid-19 pandemic. The CES Steering Group will consider this in preparing the call for papers for the 2022 meeting of the Group of Experts on Measuring Poverty and Inequality.

53.   The next meeting of the Group of Experts is planned for **8–9 December 2022** and the workshop on the harmonization of poverty statistics to measure SDG 1 and 10 for **7 December 2022**.

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