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United Nations Economic Commission for Europe

Conference of European Statisticians

Group of Experts on Measuring Poverty and Inequality

Geneva (Switzerland), 8–9 December 2022

Item 8 of the provisional agenda

Adoption of report

Report of the meeting

Note by the Secretariat

I. Attendance

1. The meeting of the UNECE Group of Experts on Measuring Poverty and Inequality was held on 8–9 December 2022 in Geneva, Switzerland. It was attended by participants from Armenia, Austria, Belarus, Bosnia and Herzegovina, Canada, Czechia, Denmark, France, Greece, Hungary, Ireland, Israel, Italy, Kazakhstan, Liechtenstein, Lithuania, Mexico, Poland, Republic of Moldova, Switzerland, Tajikistan, Türkiye, 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: Interstate Statistical Committee of the Commonwealth of Independent States (CIS-Stat), United Nations Development Programme (UNDP), United Nations Children's Fund (UNICEF) and United Nations Resident Coordinator Office in Türkiye. Experts from the European Union Energy Poverty Advisory Hub, the Luxembourg Income Study (LIS) Cross-National Data Centre, Oxford Poverty and Human Development Initiative (OPHI), University of Siena and one independent expert also participated.

3. A number of participants could attend the Group of experts meeting thanks to the financial support from the United Nations Development Account (14th tranche) project “Resilient and agile national statistical systems”.

II. Organization of the meeting

4. Mr. Andrew Heisz of the Statistics Canada was elected as Chair of the meeting.

5. The following topics were discussed at the meeting:

- a) Social policies and data
- b) Assets-based poverty and inequality
- c) Subjective poverty
- d) Complementing survey methods, and use of alternative data sources
- e) Impact of global shocks on poverty and inequality
- f) Communicating statistics on poverty and inequality

g) Work under the Conference of European Statisticians

6. The following participants acted as discussants: for topic a Ms. Elena Danilova-Cross (UNDP Istanbul Regional Hub), for topic c Ms. Fanni Kovesdi (OPHI, University of Oxford), for topic d Mr. Andrew Heisz (Canada), and for topic e Ms. Martina Guggisberg (Switzerland).

7. The discussion at the meeting was based on papers that are available on the UNECE website.

III. Recommendations for future work

8. The meeting welcomed the progress made by the Task Force on Subjective Poverty Measures and took note of the in-depth review on measuring social cohesion to be held at the February 2023 meeting of the Conference of European Statisticians Bureau.

9. Participants proposed the following topics for discussion at the 2023 meeting of the Group of Experts:

- a) Leaving no one behind (the 2030 Agenda for Sustainable Development): poverty and inequality in specific population groups, such as children, youth, elderly, disabled, ethnic minorities and hard to reach populations.
- b) Impact of shocks on poverty, multidimensional poverty and inequality
 - a. The role of prices
 - b. Supply chain issues
 - c. Climate change
 - d. Energy prices and cost of living
 - e. Measurement issues
- c) Innovative tools in poverty and inequality measurement
 - a. Focused and timely statistics on poverty and inequality: rapid response surveys, infra-annual data, real time data, big data.
 - b. Linkages and alternative sources
 - c. Multidimensional poverty and inequalities
- d) Subjective poverty
 - a. Drivers
 - b. Levels and policy implications
- e) Wealth poverty and inequality

10. The Steering Group on Measuring Poverty and Inequality will elaborate the call for papers for the 2023 Group of experts meeting.

11. Participants took note that a meeting room and interpretation for the next meeting of the Group of Experts are reserved at the Palais des Nations in Geneva for 28 and 29 November 2023.

IV. Adoption of the report of the meeting

12. The meeting adopted parts I–III of this report before adjourning. A summary of the discussion in the substantive sessions of the meeting will be presented in an annex to this report, which will be prepared by the Secretariat after the meeting.

Annex: Summary of discussions

I. Social policies and data

1. The session included presentations by United States, Canada, and Eurostat, with discussion led by a representative of the UNDP.
2. The session highlighted how accurate assessments of the impact of the Covid-19 pandemic and the related anti-poverty programmes require timely measures of poverty that account for all forms of social transfers and capture all populations at risk of poverty. This point was illuminated by the presentation by the United States, where the impact of an expanded child tax credit—a programme that lifted nearly 3 million children out of poverty in 2021—could only be measured using the Supplemental Poverty Measure which accounts for tax-based and noncash transfers. As emphasized by the presentation by Canada, targeted efforts to collect data on those missing or underrepresented in the data are required for effective poverty reduction strategies. The approach by Statistics Canada has involved the use of death records and has developed instruments to produce low-income and labour force statistics for First Nations and other populations excluded from household surveys. In a crisis context, frequent data that capture rapidly changing conditions are necessary. To better meet Member State policy needs related to Covid-19 recovery, Eurostat has launched quarterly data collection on living conditions in the European Union which relies on various existing survey instruments and examines objective and subjective measures.
3. A technical discussion around the microsimulation and analysis methods used to isolate the impacts of individual transfers and programmes showed the challenge of disentangling the effects of policy interventions from general time trends. It also emphasized the need to understand not just the count but also the characteristics of those benefitting from social transfers. Similarly, participants discussed the importance of multidimensional disaggregation to better understand the characteristics of those at risk of poverty so that effective policy responses can be developed.
4. It was shown that the individuals missing from official statistics are also those who are most likely to be at risk of poverty and social exclusion. For example, those with the lowest incomes may not file taxes and are therefore excluded from tax records. Likewise, many income and living conditions surveys enumerate only people in private households, excluding vulnerable institutional populations. The potential of alternative data sources like birth and death records for capturing these missing population groups was noted as an example.
5. In response to Eurostat’s presentation on its new quarterly data collection, participants discussed the challenges associated with subjective poverty measures used in the project including differences across survey instruments and

respondents' understanding of real versus nominal income especially in a high-inflation context.

6. Another topic of discussion was user interest in data and statistics related to the impact of social policies and living conditions. In the United States, the media and policymakers have begun using the Supplemental Poverty Measure because it shows the impacts of social transfers. In Austria, the media has taken great interest in higher frequency statistics on living conditions produced on quarterly basis.

II. Assets-based poverty and inequality

7. The session included presentations by Kazakhstan and the Luxembourg Income Study (LIS).

8. The presentations shared approaches to considering non-income dimensions of economic well-being in measures of poverty and risk of poverty such as assets, debt, and labour market attachment. Assets contribute to living standards and provide a safety net for unexpected income changes and should be considered in for comprehensive measures of living standards. LIS analysis suggests that the share of individuals who are "asset poor" (but not income poor) is two or three times the share of individuals who are income poor in several countries in the UNECE region. In Kazakhstan, survey data on property ownership and quality complement income-based poverty measures.

9. The discussion focused on the types of assets that should be included in non-income-based measures, and on data sources for such analyses. Participants discussed the value and challenges of including financial and non-financial assets. In high-income countries, financial assets are more relevant but data on financial assets are often imperfect. In low- and middle-income countries, non-financial or real assets are more relevant, but few countries gather data on property ownership. Participants also debated the appropriate thresholds for measures of financial assets such as ratio of savings to income. The discussion highlighted that collecting information on wealth and assets is relatively new and that additional methodological work on measuring wealth would be beneficial.

III. Subjective poverty

10. The session included presentations by Eurostat, Belarus, Bosnia and Herzegovina, Kazakhstan, and Poland. A representative of the Oxford Poverty and Human Development Initiative (OPHI) led the discussion.

11. The participants shared approaches to the subjective measurement of poverty and analyses of how these measures compare to absolute and relative income-based measures. Common themes were identified, including the need for more inclusive subjective measures as income-based measures capture only one dimension of deprivation. The experts concluded that subjective measures should complement rather than replace objective measures. Importantly, their addition should not introduce noise and excessive complexity for the understanding of poverty. There is no unified way to measure subjective poverty. Different approaches are used across the region, including survey questions on the difficulty making ends meet, minimum income required to meet basic needs, and satisfaction with household income, or subjective assessment of the household's material or economic wellbeing. It was emphasized that each indicator of poverty has its own

advantages, disadvantages, and interpretations, which should be clearly communicated to data users.

12. The discussion centred around the potential reasons for inconsistencies between subjective and other measures of poverty and the attempts by some presenters to classify these mismatches. There was no clear pattern on how levels of subjective poverty relate to more objective notions of poverty – often they have very different levels that can pose issues for policy (e.g. deciding where to allocate resources). In some of the presentations, subjective poverty levels were closest to those captured by material deprivation measures. Potential explanations for mismatches include measures reflecting different underlying populations or reference periods, adaptive preferences among those experiencing economic hardship, and cultural differences in understanding and responses to survey questions about subjective poverty. For example, it could be that the poorest are used to being poor or have learnt ways to get along with minimal resources, and do not report feeling difficulties. Meanwhile, someone on a high salary who suddenly loses their job and is perhaps forced to give up certain goods and services (that they are used to), might feel as they are struggling.

13. The role of inflation as well as definitions of net income were also discussed as a potential source for inconsistencies. It was suggested that subjective and objective measures may align better if inescapable expenses such as housing costs were not included in net income. Likewise, decreasing real income due to inflation may be another reason why trends based on objective and subjective measures have recently diverged in some countries. The challenges posed by different conceptual and contextual factors across countries for international standardization of subjective poverty measurement were also acknowledged.

14. The current subjective measures do not necessarily capture multiple dimensions of human deprivations (e.g. most questions only focus on a single dimension – income, or material deprivation). If the aim is to create more inclusive measures, participatory methods could offer a good solution. For instance, in multidimensional poverty indices (MPI), indicator cut-offs are determined based on official legislation, development goals, and—as presented by Republic of Moldova and Kazakhstan—informed by public opinion and use consultative methods.

15. More research is needed to understand what affects the responses to the subjective questions and what are the drivers behind people's assessments. It would also be worthwhile to assess the distribution to these sufficiency questions based on other determinants that might influence or explain people's perception (e.g. employment status, health status, household size, relationship status, cultural issues, current affairs etc.) in order to filter out issues that are not directly related to poverty.

16. Participants also discussed the policy relevance of subjective poverty measures. They considered what exactly is captured by subjective measures, how policymakers should make use of subjective measures, whether they should be given equal weight as objective measures, and whether they should be used for the allocation of social benefits.

17. The need for further research around demographic patterns in subjective poverty measures was discussed, as well as the possibility of surveying children on their subjective experiences on poverty.

IV. Complementing survey methods, and use of alternative data sources

18. In this session, presentations were given by Italy, France and Kazakhstan, with discussion led by Canada.

19. Non-survey sources, such as scanner data, tax agency records, vehicle ownership registers and banking transactions, are being used in innovative ways. The uses showcased by presenters concerned not only using such data directly for information on incomes or expenditures, but also for the determination of poverty thresholds and for identifying the items to be included in a bundle of goods in order to maintain its relevance to current lived experiences.

20. Discussion focused on questions of communication and social acceptance, both when employing alternative data sources and when adjusting thresholds or broader methodology. Advance communication, consultation and engagement is crucial to avoid accusations of ‘gaming the numbers’. It was noted that changes to thresholds are more readily understood and accepted than more fundamental changes to methodology, but that they nevertheless must be well communicated, and stakeholders should be given the chance to participate and offer their views. Relatedly, effective communication can be hampered by having a proliferation of different poverty measures, either against different thresholds or referencing different sub-groups of the population. Detail must be weighed against simplicity.

21. Discussion also explored the conceptualization of extreme poverty as the intersection between monetary poverty and material and social deprivation, as presented by France. The implications of this conceptualization were discussed, regarding the exclusion from the extreme poverty definition of those who fall into either of the two types of poverty but not their intersection. It was noted that this understanding must be driven by political forces rather than statistical methods, as it is a political and philosophical interpretation rather than an empirical one. In connection with this, it was also observed by France that consultations with members of some monetarily poor groups, such as homeless persons, revealed a tendency to consider other criteria than income for defining extreme poverty.

22. The experience of Kazakhstan reinforced what is known about the limitations of surveys for gathering information on incomes and expenditures, where respondents may deliberately or accidentally omit items. The prospects for using administrative sources to complement and correct these errors are considerable. In addition, they offer possibilities for better inclusion of hard-to-reach groups who may be underrepresented in surveys. However, administrative sources also suffer from systematic exclusion of some groups, such as those in informal employment, or risk to omit social transfers in the lower deciles. Integration of both kinds of sources may offer the best promise, with each kind of data making up for the shortcomings of the other. It is of crucial importance to have legislation that ensures access of national statistical offices to administrative data sources.

23. Participants discussed the continued challenges of defining poverty in terms of either spending or resources available to be spent, noting that since a homeowner ‘cannot eat their house’, owning a home does not necessarily preclude a person from experiencing deprivations. Similarly, a homeless person with no

income may be consuming food and accommodation provided by a shelter, so the total absence of income alone does not straightforwardly define their situation. It is necessary therefore to be clear about the intended purpose of any given poverty definition and threshold, as this affects decisions such as whether or not to include implicit rents and what comparators (spending, income or consumption) are used.

V. Impact of global shocks on poverty and inequality

24. This session included presentations from UNICEF, Mexico and Italy. Discussion was led by Switzerland. In this session, panellists from Denmark, Ireland, United Kingdom, United States, Eurostat, and the European Union Energy Poverty Advisory Hub/NOVA University of Lisbon led an additional discussion on the impact of global shocks on poverty and inequality in the UNECE region and how best to approach their measurement.

25. The Covid pandemic, the war in Ukraine, high energy prices, and rising inflation have impacted socioeconomic conditions across the region, bringing increased demand and new challenges for producing timely and relevant data and statistics on poverty, inequality, and economic wellbeing. The presentations highlighted the notable impacts that recent global shocks have had on poverty in various contexts; as well as the rapid change in the methods employed to meet policy, advocacy and other needs. As emphasized in the presentation by UNICEF, there may be a trade-off to be struck between the speed with which estimates are required, and the quality of those estimates.

26. There was discussion about the great value of having large-sample surveys with very detailed consumption classifications, such as that presented by Mexico. These permit disaggregation which, as demonstrated by the Mexican example, can reveal otherwise hidden stories, such as opposite effects on the Covid crisis on expenditure for people at either extreme of the income spectrum. In the Mexican case, those in the higher deciles were more able to cut their expenses and therefore showed a larger proportional decrease in expenditure than those in the lower deciles.

27. Discussion touched on the important differences between the formal and informal economy - the impacts of global shocks are different, as are the appropriate means of capturing them in statistics.

28. Participants discussed the possibilities for replicating the methods showcased –such as that of Italy using expenditure quintiles to examine the impacts of rapid inflation– using other variables (e.g. income) and for disaggregating along dimensions of interest such as household type. While such applications are feasible, they must be weighed against the possibility of confusing users or diluting messaging by producing too many measures related to the impacts of inflation.

29. Questions were addressed relating to the ways in which economic shocks alter the amount of home production for own consumption (such as home cooking, home educating children, home maintenance) and the extent to which the value of these things may differ for different population groups. Related to this, a common critique of price-based estimates is that they assume the same prices apply to all population sub-groups: in reality this may not be the case, not only for home production but for subsidized items such as energy, or for items to which access is

limited (as in the case of ‘food deserts’ where lack of public transport creates barriers to accessing lower-priced food).

30. The panellists and meeting participants discussed three questions related to this topic.

A. What statistical indicators are most relevant in the current unstable situation?

31. The discussion of this question touched on several challenges related to producing relevant statistics in the current context. One of the main challenges discussed was timeliness. It was argued that the timeliest indicators are the most relevant. Many countries in the region rely on annual survey releases (EU-SILC or similar) for information on income and living conditions. Delays in data publication are often driven by the lengthy data processing required for income data. By the time these data are published, they no longer reflect the current situation.

32. As a solution, Ireland has implemented new quarterly stand-alone releases for highly relevant variables such as material deprivation, arrears, and subjective poverty, which have attracted much more media attention than previous releases. In Switzerland, the demand for faster figures has been met by conducting quarterly household budget surveys and reducing the delay between data collection and release. Countries are also turning to subjective measures in the absence of timely objective measures. Ireland and the United Kingdom, for example, have started fielding frequent surveys on cost of living to try to capture the situation in real time.

33. Another challenge discussed was how certain poverty measures do not fully reflect the current situation. For example, in Denmark, relative measures of poverty are frequently used but they do not capture inflation-driven changes to real income. Likewise, objective measures do not take into consideration the type of heating used by households and the related differences in energy costs. The importance of looking at impacts of inflation and increasing energy prices by household characteristics was emphasized.

34. Participants also discussed the implications of producing many different types of indicators on the same subject. Poverty measures with conflicting trends can confuse data users but can also provide an opportunity to educate data users on methodology. Because statistics on inflation are used to adjust salaries and to index other values and prices it is important that data users know which inflation figures should be used for these purposes.

35. The discussion revealed that each country will prioritize different indicators based on the situation in their country. For example, in the United Kingdom, because rising food prices are driving inflation the Office for National Statistics is analyzing price increases for the least expensive goods. In Denmark, where there has been increased media attention around energy prices, they are prioritizing indicators on ability to keep one’s home warm. In Ireland, housing costs are a concern and new experimental indicators have been produced to capture these costs in poverty measures.

B. Energy poverty and climate change: which indicators could be useful?

36. The discussion highlighted the multi-dimensional nature of energy poverty and the need for multiple indicators that reflect these different dimensions. The energy efficiency of homes, energy prices, access to energy, and income all interact to produce energy poverty. No single indicator can capture all relevant aspects. Similarly, the drivers and impacts of energy poverty will vary by region and season making sub-national and frequently collected data important. Participants discussed the need for data that reflect levels of vulnerability, the capacity to adapt energy use, and underconsumption. It was suggested that privately held data would be valuable for this topic.

C. What are the statistical challenges in collecting information on public support for the current shocks in a harmonised way across the countries?

37. The discussion focused on how to assess the impact of the social programmes implemented in response to the Covid-19 pandemic. During the pandemic period, many countries expanded the reach of social transfer programmes and now seek to understand whether these benefits went to the right people and whether they were effective at preventing poverty. It was acknowledged that the pandemic heightened many pre-existing challenges related to collecting data on receipt of benefits such as non-response, misreporting, and the exclusion of the lowest-income individuals from data collection exercises. Participants discussed the value and challenges of combining datasets to assess data issues and the importance of strong communication between national statistical offices and other governmental administrative data holders.

VI. Communicating statistics on poverty and inequality

38. This session consisted of a presentation from Ireland. It was observed that good dissemination products are useful not only to policymakers but also for a range of other audience and user groups, including educators and students, and the general public.

VII. Work under the Conference of European Statisticians

39. A presentation from the Secretariat outlined achievements, methodological products, capacity development activities and other developments in recent years, including the establishment of the present recurring meetings of the Group of Experts.

40. Participants considered a proposed list of topics to be included on the agenda for the 2023 Meeting of the Group of Experts. Suggestions and amendments from participants were incorporated into the draft report prior to its adoption.