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CONFERENCE OF EUROPEAN STATISTICIANS

For discussion and recommendations

Meeting of the 2022/2023 Bureau
Geneva, Switzerland, 15-16 February 2023

Item 3(f) of the Provisional Agenda

TASK FORCE ON SUBJECTIVE POVERTY MEASURES: PROGRESS REPORT

Prepared by the Task Force on Subjective Poverty Measures and UNECE

The Bureau set up the Task Force on Subjective Poverty Measures in February 2022. The objective of the Task Force is to develop a guide on measuring subjective poverty, to be presented to the CES for endorsement in 2024. The present document contains a progress report at mid-point of the mandate.
The Bureau supported the work of the Task Force and requested it to continue according to the presented plan, which foresees presentation of the full report to the February 2024 meeting of the Bureau.

I. BACKGROUND

1. At its October 2021 meeting, the Bureau of the Conference of European Statisticians (CES) reviewed in-depth the topic of subjective poverty measures based on a paper by Statistics Poland (document ECE/CES/BUR/2021/OCT/2). A survey, designed specifically for the purposes of the in-depth review collected information from 53 countries on their approaches to measuring subjective poverty. The survey results were in line with the expectations that countries rarely 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, such as an assessment of the income situation, financial problems encountered, ability to satisfy various types of material and non-material needs.

2. In February 2022, the Bureau decided to establish a task force and approved its terms of reference. The objective of the task force is to develop a guide on measuring subjective poverty, including a set of subjective poverty indicators that could be used for international comparison. The task force's mandate includes also an analysis of national practices and international research in producing and communicating subjective poverty measures.

3. The Bureau emphasized that to understand the complexity of poverty, objective measures are key but not sufficient. Subjective measures have an important complementary role to play, especially with regard to reaching the poorest and making their voice heard. In addition, the proposed list of subjective poverty indicators to be developed should be coherent, holistic and short. The indicators should relate to existing international work.

4. The following countries and international organizations are currently participating in the Task Force: United States (Chair), Belarus, Brazil, Canada, Denmark, Israel, Mexico, Poland, Slovakia, United Kingdom, United States, Interstate Statistical Committee of the

Commonwealth of Independent States (CIS-Stat), Eurostat, Organisation for Economic Co-operation and Development (OECD), United Nations Development Programme Regional Bureau for Europe and CIS (UNDP) and United Nations Children's Fund (UNICEF). Researchers from Durham University, the Institute of Sociology of the Czech Academy of Sciences and the Oxford Poverty and Human Development Initiative (OPHI) are actively participating in the work.

II. PROGRESS OF WORK

5. The task force held two teleconferences in April and June 2022 to initiate the work and agree on first steps. Discussions were based on a briefing note prepared by the Chair (United States). A table of contents of the future task force report (Annex) was agreed, and the task force members indicated the area to which they intend to make a contribution.

6. The task force met face-to-face on 9 December 2022 in Geneva, back-to-back to the UNECE meetings on poverty measurement. The meeting confirmed the need for further analysis of the information on national practices to identify good practices and more recent experiences.

7. Major progress has been made in drafting chapters II and III (see Annex).

8. Chapter II serves as an overview of concepts and frameworks commonly used in subjective poverty research and helps understand the necessity of the subjective approach as a supplementary approach to the objective one. It aims to provide an overview of the theoretical and conceptual background of subjective poverty measurement. In addition, it also gathers experience from empirical studies on the measurement and assessment of subjective poverty.

9. The chapter starts with a brief note on the first insights into the study of subjective well-being phenomena. The early attempts to measure subjective well-being, mostly in terms of life satisfaction or happiness, are dated back to the 1960s. The initial approaches widely relied on the "ladder" methodology. Then, the subjective well-being concept was narrowed to a definition of economic welfare, transforming the ladder to a subjective poverty scale. One of the key approaches used nowadays, the concept of a money-metric approach to measuring subjective economic welfare, boomed around the 1970s. These money-metric approaches rely on respondents' income evaluations. Nevertheless, some researchers argue that the concept of income may not be well-defined for all individuals, especially in developing countries. As a reaction to this concern, more recent concepts also utilise subjective consumption evaluations.

10. Next, the chapter summarises some of the most commonly established types of questions previously adopted in practical applications. Then, it presents possibilities for other uses of subjective measures (equivalence scales, inter-area price indices), subjective well-being indicators as components of composite poverty (deprivation) indicators and finally, describes advantages and disadvantages recorded in the literature.

11. Chapter III complements the theoretical concepts and frameworks outlined in chapter II by providing a practical menu of methodological options and reviewing the academic literature on methodological approaches. The purpose of the chapter is to detail methodological concerns that arise in subjective poverty measurement, specifically in data collection, questionnaire creation and application of econometric techniques. It approaches

this with a practical lens, providing concrete case studies, weighing the pros and cons of various approaches, and summarizing the variety of methodologies used in the academic literature on subjective poverty.

12. It begins by exploring data collection techniques used by Statistics Canada such as traditional, opinion poll, omnibus, rapid response, crowdsourcing and web-panel surveys. It also includes how administrative data is integrated with subjective data to support its calibration and improve its accuracy for survey techniques with lower data quality. Next, it summarizes academic literature on wording questions and the influence of various factors such as household composition and geography of pricing.

13. Finally, it looks at the two broad types of econometric techniques, probit and regression models, which are commonly used to produce ‘objectivised’ subjective poverty lines and indicators depending on the type of data collected. Special attention is paid to the intersection method, which compares hypothetical income (subjective) relative to actual income (objective). It concludes through a detailed study of the current state of subjective poverty research in the 53 countries that responded to the UNECE survey, and outlines some lessons from Covid-19 on subjective poverty measurement.

III. NEXT STEPS

14. The introductory parts of chapter II will be further elaborated. The term “subjective” will be specified and contrasted to “objective”. In broader terms, subjective well-being can include measures of economic welfare, satisfaction with life or happiness. The subset of subjective poverty indicators will be anchored within the framework of subjective measures. In the context of chapter III, a more in-depth analysis will be conducted on the information collected with the survey from the 53 member countries. Currently, additional collection (and update) is undergoing within the task force. This analysis will be used in identifying good practices for chapter IV.

15. Next, the task force plans to take the following three steps:

(a) The task force will present a framework of subjective poverty within the larger framework of overall poverty measurement, delineating its role in relationship to objective unidimensional and multidimensional measures. With this, the task force will examine research and issues related to the overlaps and mismatches among measures of subjective, objective, and multidimensional measure of poverty.

(b) The task force identifies and recommends a few subjective measures as indicators that could best be used for internationally comparable measurement and will provide methodological guidance (chapters IV and V). Drawing on the research conducted in various countries, the measures will be evaluated in terms of reliability and validity.

(c) The task force will focus on policy relevance of the measures and how to communicate this information to policymakers.

IV. TIMELINE

16. The work is progressing along to the timeline of the Terms of Reference. Below is the updated timetable for the remaining activities.

Completed	Launching the Task Force – identifying the countries and organizations interested to participate in its work
Completed	Discussion of work plan and identifying the national practices and international research to be analysed
Completed	Collection of information on national practices and international research
Aug 2022 – Apr 2023	Analysis of national practices
Feb 2023	Progress report to the CES Bureau
Nov 2022 – Aug 2023	Development of indicators for internationally comparable measurement of subjective poverty and the related methodological guidance
Sep-Nov 2023	Discussing and drafting the recommendations and conclusions
Dec 2023	Editing the report
Feb 2024	Review of the full report by the CES Bureau
Mar-Apr 2024	Electronic consultation among CES members
May 2024	Submitting the report to the CES plenary session for endorsement

V. REQUEST TO THE BUREAU

17. **The Bureau is invited to review the progress report of the Task Force and comment on the work accomplished and the next steps.**

Annex

Table of Contents

b. Role of defining minimums/adequate, specific list of goods and/or services, access

3. What are the roles of various factors in response

   a. Household composition and assumptions regarding sharing
   b. Housing wealth and imputed rent
   c. Geographic differences in prices
   d. Social Transfers in Kind (STIK)

4. Time period: reference period or coverage, disaggregation, frequency of data collection

5. Methods of estimation (e.g., responses to subjective questions used alone, or in relationship with actual experience using econometric methods)

C. Emerging aspects of subjective poverty measurement (i.e., with regard to recent experience with COVID)

D. Country examples

IV. Identification of good practices across countries

A. Best practices

1. Measures (e.g., questions asked)
2. Methodological guidelines

   a. Collection methods

   b. Estimation methods

   c. Analysis and dissemination

3. Production, analysis, dissemination.

B. How does one account for different economic, social, political, and cultural conditions across countries (e.g., subjective needs may be less when a country has a strong welfare state; needs for food could be higher in a country with a strong food culture versus an outdoor living culture) when developing questions and interpreting results?

C. How measures are used to inform government in the development and evaluation of policies

D. Summary

E. Recommended measures (based on e.g. good practice, policy relevance, most used across countries, standalone measures or in combination, cost, important in one point of time or trends, extent to which replicate/supplement other measures)

V. Summary of recommendations for international comparable measurement of subjective poverty

A. List of indicators recommended for cross-country comparisons

B. Strategies to incorporate subjective poverty measures at the national level as a basis for the design and evaluation of social policies

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