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Advancing the Measurement of Poverty and Inequality in the UNECE Region

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Inter-regional expert group meeting
“Placing equality at the centre of the 2030 Agenda”
Santiago (Chile), 27-28 June 2018



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- Start: 2012 CES in-depth review of poverty statistics
- Expert meetings annually since 2013
next: Vienna, 29-30 Nov
Steering Group, chaired by United States
- Capacity-building workshops annually since 2013
- Methodological work:
 - **Guide on poverty measurement**
 - Harmonised survey module for Eastern Europe and Central Asia
 - Disaggregated poverty measures
 - Social exclusion

Goal 10: Reduced inequalities



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10 REDUCED INEQUALITIES



Indicator 10.2.1

Proportion of people living below 50 per cent of median income, by age, sex and persons with disabilities



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1 NO POVERTY



Goal 1: No poverty

Indicator 1.1.1

Proportion of population below the **international** poverty line

Indicator 1.2.1

Proportion of population below the **national** poverty line

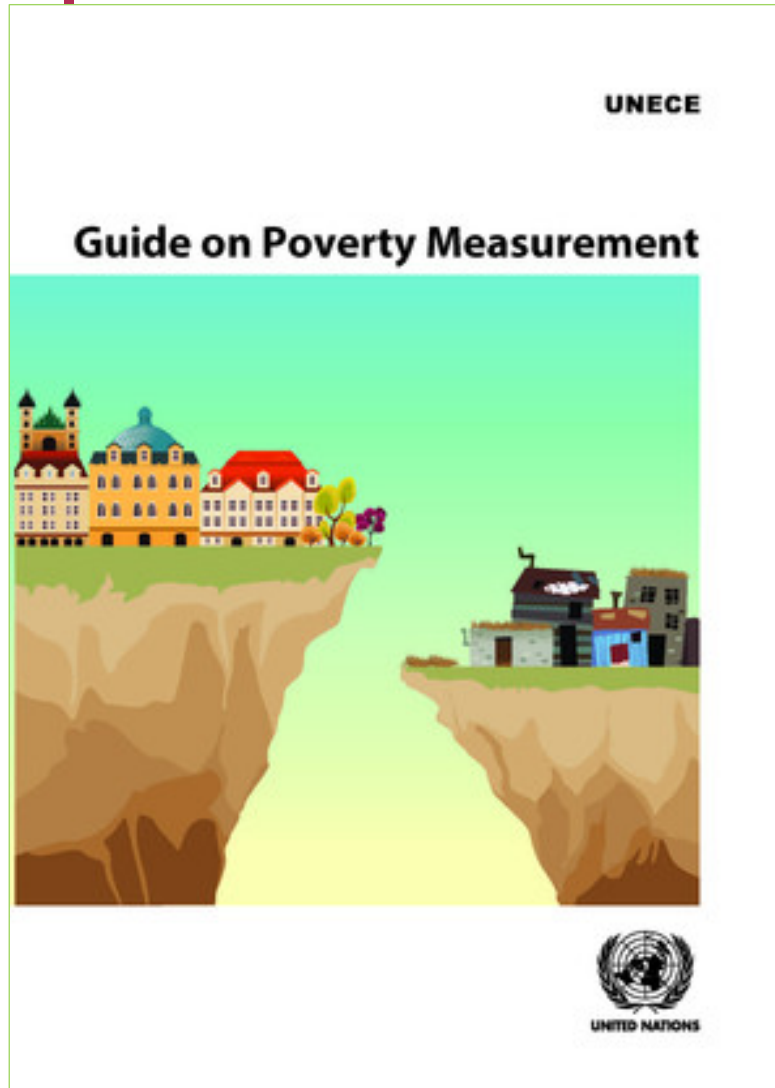
Indicator 1.2.2

Proportion of men, women and children of all ages living in poverty **in all its dimensions** according to national definitions

UNECE Guide on poverty measurement



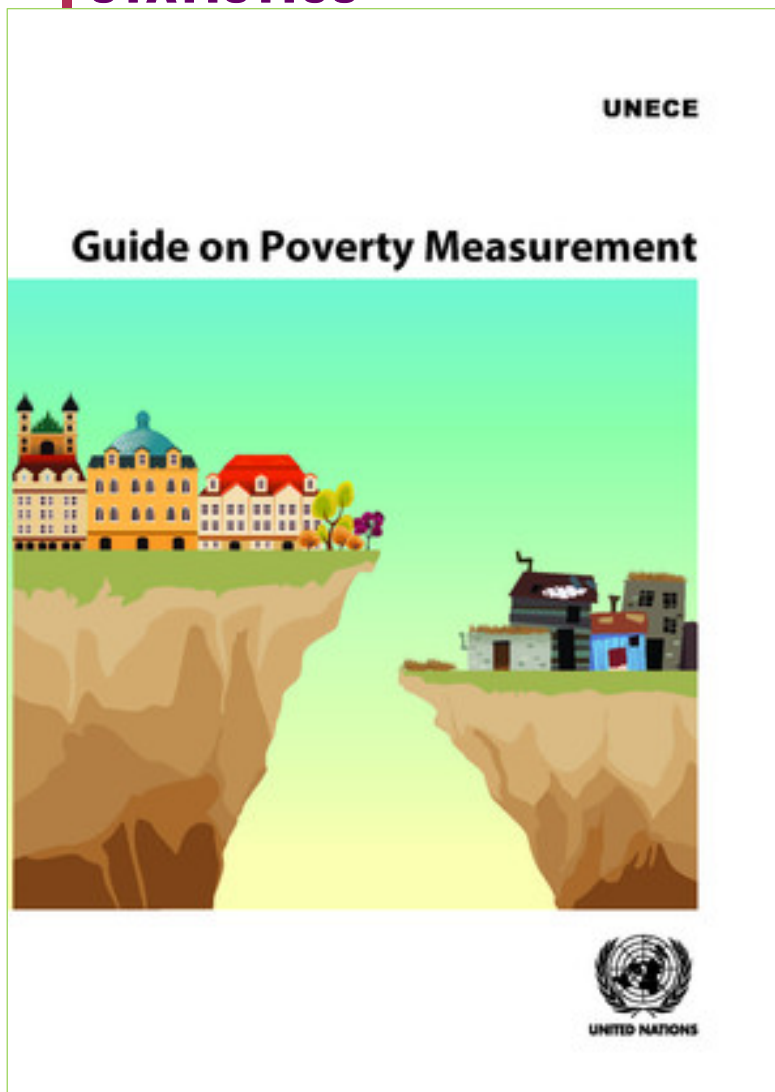
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- Guidance on applying measurement approaches
- Aims to improve international comparability
- Mainly targets national statistical authorities
- Useful for policymakers, researchers and other users of poverty data
- English and Russian



Task Force 2015-2017



- National statistical offices:
 - Georgia
 - Germany
 - Italy
 - Poland
 - Russian Federation
 - Turkey
 - United Kingdom
- International organizations
 - CIS-Stat
 - Eurostat
 - OECD
 - UNDP Istanbul Regional Hub
 - Unicef
 - World Bank
- Academia
 - OPHI

Selected recommendations: monetary poverty



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- Observation unit → household
- Reporting → individual level, using headcount ratio for international comparison
- Income measure → annual equivalised household income, equivalise using square root scale
- For international comparison, prefer income over consumption
- Exclude from international comparisons imputed rent, services from consumer durables, social transfers in kind
- Wealth not to be used as a poverty measure on its own
- Relative poverty → use threshold of 50% below median

Recommendations: multidimensional poverty



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- MPI to suit national objectives. Desirable dimensions: living standards, services, health, education, work, living environment
- Dimensions to be weighted equally, unless a deviation is normatively justified

Using multiple welfare measures: statistical matching



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- **Recommendation:** consider also the intersection of income and expenditure-based measures
- Intersection of multiple indicators for the same people
- Often no single data source with joint information → use statistical (or synthetic) matching
- **Statistical matching** → merge two datasets matching data by common variables



Example: Matched dataset

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Define one dataset as recipient and one as donor.

Link records using variables common to both datasets.

Recipient dataset (EU-SILC)

Y, Material Deprivation	X, Matching variables, e.g. income
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Donor dataset (HBS)

X, Matching variables, e.g. income	Z, Expenditure
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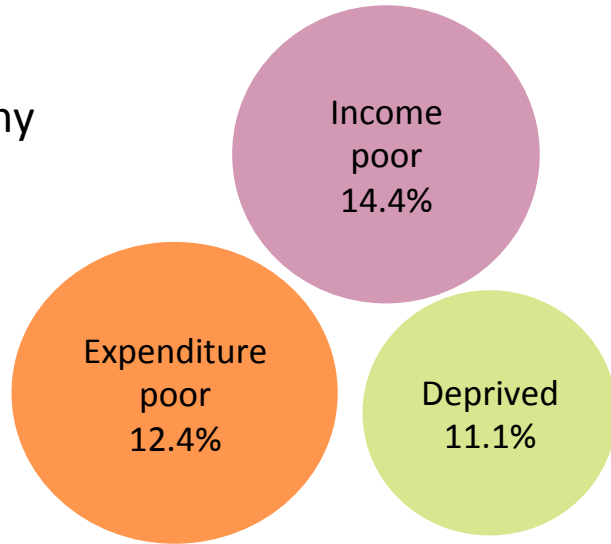


Matched dataset

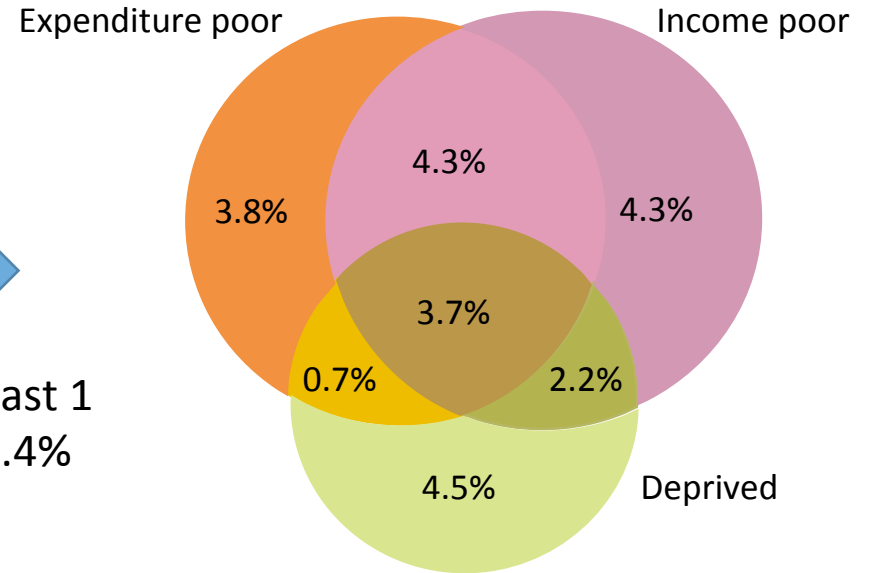
Y, Material Deprivation	X, Matching variables, e.g. income	Z, Expenditure
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Poverty measure overlap

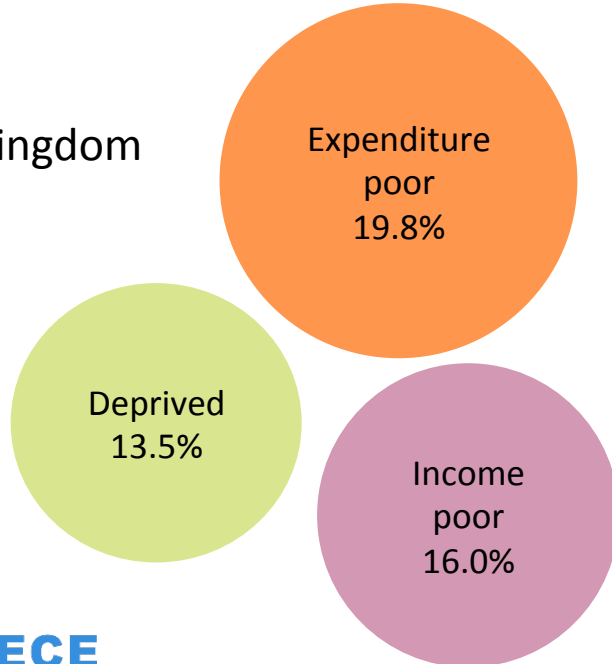
Germany



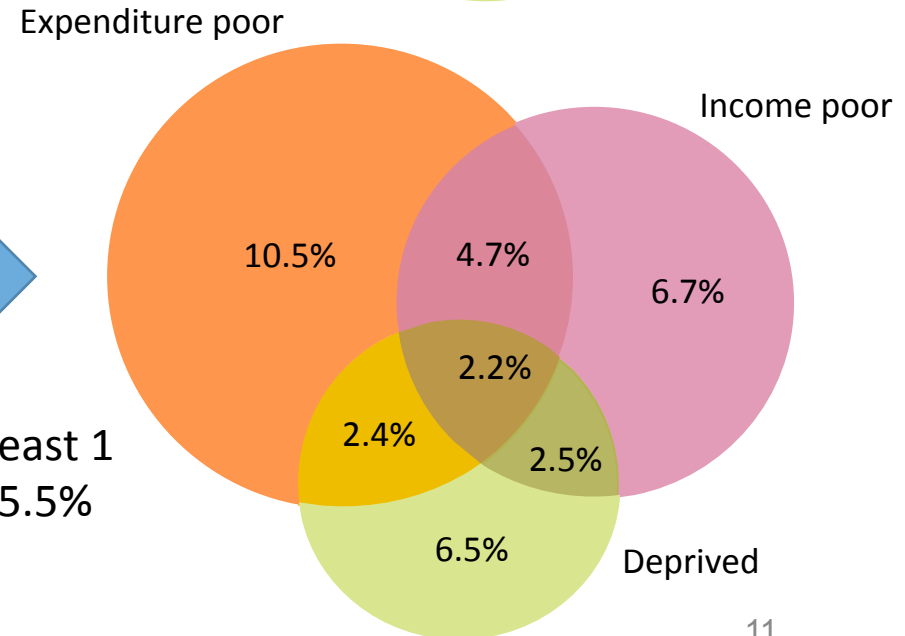
Poor by at least 1 indicator: 23.4%



United Kingdom



Poor by at least 1 indicator: 35.5%



Challenges for the future



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- Hard to reach populations
- Imputed rent and housing cost
- Social transfers in kind
- Wealth
- Comparable welfare aggregates
- Comparability of multidimensional poverty measures
- Individual level poverty measures
- Spatial differences within countries
- Subjective poverty

Harmonised survey module for Eastern Europe, Caucasus and Central Asia



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- Background: unnecessary differences in data collection
- Module with questions on
 - Expenditure
 - Income
 - Deprivations
- Workshop in September 2017 (Montenegro)
- Testing this year
 - Azerbaijan
 - Belarus
 - Kazakhstan
 - Kyrgyzstan

Methodological work 2018-2020



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- Disaggregated poverty measures
 - Intra-household measures
 - Sub-national coverage
 - Hard-to-reach population
 - Population in institutions
 - Differing consumption needs of different population sub-groups
- Measuring social exclusion
 - Good practices in measuring social exclusion and in assessing their potential for delivering comparable results

Thank you for your attention.

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