

# **RIO GROUP ON POVERTY STATISTICS**

## **Fifth Meeting**

Rio de Janeiro, November 13-15, 2002

## **Final Report**

### **A. ORGANIZATION OF THE MEETING**

The Fifth Meeting of the RIO GROUP on POVERTY STATISTICS was hosted by the Chair of the Group, the Brazilian Institute of Geography and Statistics (IBGE), in Rio de Janeiro, Brazil, during the period 13-15 November, 2002. The Economic Commission for Latin America and the Caribbean acted as secretariat of the Meeting.

The agenda, analytical agenda, working schedule, and the list of participants are included in Annexes 1 to 4.

### **B. OPENING SESSION**

The President of IBGE, Mr. Sergio Besserman Vianna, inaugurated the Meeting. He first highlighted the importance that the fight against hunger and poverty had in the Brazilian political ground at present, even more now that the new elected government has placed that objective as one of its most important priorities. He pointed out that IBGE was in a very good situation to collaborate in that effort, and that in 2003 the results of the population and housing census of 2000 will be available, together with the first estimates from the household survey on income and expenditure.

After a brief recount of the events that signed the creation and working agenda of the Rio Group on poverty statistics, the President of IBGE recalled the effects of the economic and institutional reforms of the eighties and nineties on the social structure and levels of poverty of many countries and regions. Especial attention was paid to the characteristics of Brazil, where the outstanding inequality of the income distribution explains why the country has higher levels of poverty than other countries with the same level of GDP per capita. Also, figures of poverty at the world level were commented, demonstrating the magnitude of the challenge.

Recent resolutions of the UN, such as the Millennium Declaration and its follow up activities, demonstrate that the alleviation of poverty is today one of the leading objectives of the international community. In this framework, the decision of the Group to study in this Meeting the viability of preparing a Compendium of good practices seems specially relevant.

A summary of the experience gathered by the Group in the previous meetings was presented. The progress in synthetic indicators of poverty under different approaches, the identification of poverty profiles of poor groups, and the effort to incorporate the view of

people on their needs were mentioned as examples of topics where plenty of work was available.

The president of IBGE finished expressing the will of the Brazilian Government and particularly of IBGE to collaborate and lead the efforts towards the preparation of the Compendium.

The session was closed with the intervention of Professor Peter Townsend, who shared with the Group his reflections on the evolution of poverty measurement in the framework of a rapidly changing international context. In the last decades, different approaches to poverty measurement have developed, each of them with their particular advantages and shortcomings. In spite of the significant advances, the analysis of poverty seems not to be considering appropriately the effects of important changes in the international context. For instance, the effects of structural policies associated to globalization, such as privatizations and free trade agreements, have not received enough attention in the study of causes and trends of poverty. Another element to take into consideration is that the weakening of the state's powers in favor of bigger private agents reduces the scope of policies for poverty alleviation. It should be recognized that big corporations are becoming relevant actors that have a large impact on poverty. Otherwise, the broader political acceptance of human rights and the need to alleviate poverty will continue to be inconsistent with current trends such as abandoning the collective institutionalization needed to create basic infrastructure. As Professor Townsend indicated, meanwhile, the social gap is widening, increasing the social instability. In summary, there is a need to identify these types of causes of poverty and measure them, if it is the aim to sustain adequately the policies to fight against poverty.

### **C. WHAT THE COMPENDIUM IS AND IS NOT**

1. The Statistical Commission of the United Nations backstopped the proposal of the Group of preparing a Compendium of good practices on Poverty Measurement. The group first discussed and agreed on the users, nature, and limits of the Compendium.

Statistical Offices and governmental institutions that are responsible for poverty estimates were defined as the primary users of the Compendium. At present, many governments are producing official estimates of poverty, while others provide statistical sources to institutions that, belonging to the public sector or not, produce non official poverty estimates. Recent international agreements such as the Millennium Declaration and its follow up activities include compromises to measure poverty goals. Therefore, institutions responsible for programs of poverty alleviation constitute a second group of potential users of the compendium. NGOs, Academic Institutions, independent researchers and technical groups of political parties interested on poverty represent a third group of users.

The need of being useful to developing countries and specially poor countries, raised in the debate of the topic in the Statistical Commission, was accepted as a criterion by the group. This criterion does not prevent the group from collecting practices from developed countries, as they usually have many common grounds with what is used in developing countries, according to the experience of the group.

2. The nature of poverty measurement and its limits with political decisions have been discussed within the Statistical Commission. Similar debates also raised in the meetings of the Canberra group on household income statistics. In that case, the recommendation was to contribute to the development of international standards, but also to exchange best practices. Listing the conceptual and methodological problems derived from the application of standards was also an important part of the work. In the case of poverty there was a general recognition that moving towards standards was more difficult, but that at the same time the demand of the political bodies was more intense. The international regional and national events of the last years have introduced new elements in the debate. Just to mention two central events, the Millennium Declaration and the MDGs that followed acknowledged some specific indicators for poverty evaluation, and the European Union moved towards the approval of standards in a very strong manner. In these circumstances the preparation of a Compendium of good or best practices has gained consensus.
3. Poverty is a concept that can be understood in many senses, some of which will be commented later. Furthermore, in the nineties and more intensively in the last years, poverty alleviation has gained status as a political goal, becoming in many occasions a conceptual umbrella for a broad spectrum of social policies. Therefore, there is a danger that the limits of the matter covered by the Compendium extend beyond what most members of the Group and the Statistical Commission originally envisaged. Four elements will help establishing reasonable limits to the work:
  - a. The work done since the creation of the group has concentrated in a limited group of empirical approaches recognized as belonging to the field of poverty measurement.
  - b. The UN political bodies have adopted a definition of poverty that, although broad, provides a limit for the topics covered. Something similar happens with the MDGs that are related to poverty.
  - c. Best or good practices in poverty measurement that have regularity in time are rather scarce and set a natural limit to the exercise.
  - d. Specific standards should not be included if they are not capable of portraying a synthetic picture of a whole social area (i.e. education, health, housing, etc.) by themselves, and are part of a more complete set of indicators.

Nonetheless, the question of experiences related to policies to alleviate poverty and the indicators being used to that end was raised. Should these practices that normally relate to components of social expenditure and are related to specific social sectors be included? The example of focalized programs of poverty was mentioned. It was remembered that in the last meeting of the Rio Group, the topic on policies and indicators was included in the agenda, and that certain examples were discussed, as was the case of the Chilean Cas card and the U.K. Opportunity for All programs. No agreement was reached on this topic.

4. An in-depth discussion of the concept of poverty is not an objective of the Compendium. Nonetheless, as will be explained later, it will include the necessary

bibliographical references to facilitate readers the access to the corresponding sources.

## D. CONTENT OF THE COMPENDIUM

### 1. Introduction

It was decided that an introduction will be needed to handle certain basic agreements of the Group concerning the content of the Compendium. These refer to the understanding of a “good practice”, how to deal with the definition or definitions of poverty, the selection of the parts of UN Resolutions or Agreements that refer to poverty, the identification of approaches to poverty measurement that will guide the recollection of good practices, and the selection of other relevant topics where no formal approaches to measurement exist and that represent a challenge to proper measurement.

Some general characteristics of a good practice were listed:

- a. It has a written clear definition of the standard and its units of measurement.
- b. A source of information exists that satisfies minimum requirements of quality.
- c. Periodic calculations are available; this means that the calculation has been carried out more than one time, ideally for the same country or region. Nonetheless if calculations have been carried out only one time but in many countries, they could qualify.
- d. Questions such as what to do with practices that refer to small groups or localities, or that are carried out by NGOs, were preliminary discussed and in principle should not be included in this first effort.

Due to the fact that the group will have to handle practices that will probably not be easy to classify according to these conditions, it did not seem practical at this stage to enter in further details.

On the other hand, although the object of the Compendium is not the in-depth treatment of the **conceptual aspects**, it should familiarize the reader with the complexity of the concept and the fact that there are numerous definitions of poverty (see the International Glossary of Poverty, by David Gordon and Paul Spicker). In this sense, the Compendium should offer abundant references to documents and Web pages where an in-depth analysis of concepts can be found.

The fact that there is a close relationship between the purpose of measurement and the concept used, and that the concept influences the choice of a methodology and the use of statistics and indicators, should be highlighted, providing examples when possible. The operational motivation for separating approaches should be explained, clarifying that the conceptual boundaries among these approaches are neither exact nor rigid, as for example in the case of absolute and relative poverty. When introducing practices related to different approaches, the documentation associated to the conceptual aspects should be treated in a similar way.

As mentioned, the international community has been moving rapidly to handle the problems of world poverty. In fact, since the Copenhagen Summit of 1995, **definitions of poverty acknowledged by most countries are available**, even though in the conceptual area any of them could generate criticisms. The one approved in the World Summit for Social Development by 117 governments includes the concepts of both low income and low standard of living. These ideas were also enshrined in the European Union's definition of poverty<sup>1</sup>. In the UN agreement overall and absolute poverty were defined as:

*“Poverty has various manifestations, including lack of income and productive resources sufficient to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments; and social discrimination and exclusion. It is also characterized by a lack of participation in decision-making and in civil, social and cultural life. It occurs in all countries: as mass poverty in many developing countries, pockets of poverty amid wealth in developed countries, loss of livelihoods as a result of economic recession, sudden poverty as a result of disaster or conflict, the poverty of low-wage workers, and the utter destitution of people who fall outside family support systems, social institutions and safety nets.*

*Women bear a disproportionate burden of poverty and children growing up in poverty are often permanently disadvantaged. Older people, people with disabilities, indigenous people, refugees and internally displaced persons are also particularly vulnerable to poverty. Furthermore, poverty in its various forms represents a barrier to communication and access to services, as well as a major health risk, and people living in poverty are particularly vulnerable to the consequences of disasters and conflicts. Absolute poverty is a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to social services.”* (United Nations, Programme of Action of the World Summit for Social Development, Copenhagen 1995, A/CONF.166/9)

Income is important but access to public goods –safe water supply, roads, healthcare, education– is of equal or greater importance, particularly in developing countries. These are the views of the governments of the world and at least some of the poverty measurement methods to be included in the Compendium need to respond to these views.

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<sup>1</sup> In 1975, the Council of Europe adopted a relative definition of poverty as: *"individuals or families whose resources are so small as to exclude them from the minimum acceptable way of life of the Member State in which they live."* (EEC, 1981). The concept of 'resources' was defined as: *"goods, cash INCOME, plus services from public and private resources"* (EEC, 1981). On the 19 December 1984, the European Commission extended the definition as: *"the poor shall be taken to mean persons, families and groups of persons whose resources (material, cultural and social) are so limited as to exclude them from the minimum acceptable way of life in the Member State in which they live"* (EEC, 1985).

Furthermore, within UN political bodies the need to accurately measure the extent of global poverty is becoming increasingly urgent. At the United Nations Millennium Summit, an unprecedented 191 countries committed themselves to halving poverty by the year 2015 and to meeting related development targets as described in the Millennium Declaration. Valid, reliable and comparable measures of poverty are being demanded in order to monitor the efficiency and effectiveness of anti-poverty policies.

Simultaneously, some important international strategies for poverty alleviation derived from the Copenhagen Summit and the Millennium Declaration are being implemented. They require a systematic monitoring of the achievement of compromises. In the preparation of the Compendium, the work prepared within those two frameworks should be considered and current or future practices associated to them included as such.

The Group reviewed the poverty measures that had been presented to the previous four meetings, plus the information of more recent progress in the area. It became evident that for putting together the accumulated experience, an operative criteria should prevail over a more systematic conceptual approach. The UN-approved definition made evident that capturing the richness and broadness of the concept requires a set of indicators, and therefore none of the approaches normally used can respond to the demand by itself.

It was therefore agreed that **five approaches** will be used to collect the experiences. The first four constitute traditional categories used to classify poverty measurements, whose limits have been many times disputed. They are absolute poverty lines, access to basic services and basic capital possession, relative poverty, and subjective poverty. The fifth, more than an a traditional approach, is a view of poverty that relates it to other phenomena that are origins, consequences or come together with poverty. These are social exclusion, social deprivation, empowerment, and other social and political dimensions associated to poverty. This last category offers the possibility to gather, at least preliminarily, practices associated to indicators where the limits of poverty measurement are not easy to determine.

Finally, the introduction will present some issues that the Group has denominated as “transversal topics”. They are intrinsically associated to the aims of the Compendium without being approaches to measurement.

The first is poverty dynamics. Conceptually it is a central topic, due to the fact that for poverty alleviation it is necessary to know its causes and evolution in time, by definition a dynamic matter. But the follow up of poverty situations of persons, families, households, communities, etc. is a difficult methodological and operative problem. It is true that the longitudinal surveys are not the only method to deal with the problem, but they constitute an important element. The systematic availability of longitudinal surveys for poverty measurement is very recent, and the experience belongs almost exclusively to developed countries; therefore, it deserves a separate treatment. At the same time, the Compendium could not ignore practices in this topic, due to the fact that they constitute in principle an aim of most countries.

A document prepared within the framework of the UN Statistical Commission cannot leave aside the topic of International Comparisons. As in the case of household incomes, the international comparisons pose significant challenges, which should be presented.

The International Strategies for poverty alleviation, and specially the Millennium declaration and the follow up activities it is generating, should have an important role in poverty measurement. The aims of the International Community in this area should be examined, as they constitute a representation of the purposes of an important group of potential users of the Compendium. These strategies have originated a wide set of activities by international and regional organizations for poverty measurement. Although up to now most of them are only initiatives, it is necessary to describe their most important components and how they are related to the different approaches for poverty measurement listed above.

The last “transversal topic” to be included is related to the availability of statistical sources. Every good practice has its own demand for information, and the Compendium should describe them, specifying the problems that arise when trying to measure poverty. As mentioned before, present demands will normally require a set of indicators, usually derived from different sources. To cope with the increasing demand of information, statistical collection strategies are needed, specially in developing countries. Some members of the Group have more explicitly dealt with them. It is recognized that the Group should make an effort to provide users of the Compendium with information on operational solutions to cope with different types of information demands.

## **2. Poverty measurement approaches**

### **a. Absolute poverty lines**

In the approach of absolute poverty lines, one of the most drawn on for measuring poverty, the Group has gathered a significant number of experiences that are being carried out systematically. ECLAC, using household surveys, National Accounts and administrative and technical information carries out headcount poverty and indigence estimates for 14 Latin American countries, spanning in most countries more than four years. Many governmental institutions of the region prepare estimates using a similar methodology. USA and Canada have reported the Group on their estimates and on the progress underway in recent years. The Group is also aware of estimates based on poverty lines in many other countries, including the one of India based on expenditure instead of income. The “one Dollar a day” lines calculated in PPPs or other currencies and sponsored by the World Bank constitute other source of available experiences. Therefore there is a considerable amount of practices in the area.

Absolute poverty lines are based upon the calculation of the income required to satisfy a set of basic needs. In the case of food, all the practices gathered have defined specific standards to establish the minimum requirements in this area. Some experiences have also developed norms for other components such as shelter, clothing, and transportation. In general, the cost of the minimum requirements for the remaining items considered in the poverty line are usually determined in a different way. Once the poverty line is built, the resources of the household to which it will be compared are calculated, requiring to take decisions such as using income or expenditure, defining the content and limits of income or expenditure, or using equivalence scales.

The major difficulties associated with the elements mentioned above were reviewed during the meeting, specially in the expositions made by the participants of ECLAC, USA, Canada and Mexico. Particular attention was given to the treatment of the cost of the non-food basket, for which the available choices vary from the explicit definition of consumption standards to the use of an Engel-coefficient. Concerning another difficult area, the definition of resources, the document by the Canberra Group was considered as a useful guide in a general sense, but it is not clear which definition of resources is the most appropriate for poverty measurement. It was pointed out that improvements in the measurement of resources should be simultaneous to a revision of the standards considered in the poverty line.

Other issues mentioned were: composition of market basket, value of poverty line, adjustment for family composition, adjustment for geography and time adjustment. In all cases, it is necessary to balance the recommendations derived from theory with the availability of data, which is not an easy task. In the case of USA it was also remarked that as monetary poverty is only a part of the concept of well-being, the country is doing an effort to go beyond it, for example, by using indicators on children's well-being.

Canada set forth some of the drawbacks and challenges of the market basket measure used in the country. Among them, it was mentioned that the food basket does not allow for substitution and that the Consumer Price Index employed to price the baskets is not completely appropriate as it was designed to measure change and not level. In addition, elements such as the cost of transport need to be adapted to each geographical context, as they correspond to very different goods in rural and urban areas. However, the exponent from Canada stated that this type of absolute measure produces a more emotional response from people than poverty lines that lack explicit baskets.

Mexico called attention on the influence of methodological choices made during the process of measurement, concerning unit of measurement, concept of resources, and adjustment of incomes. Poverty measurements cannot escape from certain desirable characteristics such as transparency, statistical robustness and statistical precision.

Other participants added issues that should be made explicit when describing the practices in this approach. One of them was being specific in the definition of the reference group used for constructing the food basket. In particular, it was pointed out that spatial differences in prices and in the distribution of public goods should be taken into account in order to make consistent comparisons of well-being among households. The use of an observed Engel coefficient can also create inconsistencies when the population experiences a severe decline in income, as it could show a reduction in poverty.

Another important aspect discussed was the need to describe clearly if the construction of the basket will be guided by normative principles or should respond exclusively to consumer habits. In relation to this topic, features such as the quality of goods or services were also highlighted. Food baskets that include "healthy" foods such as vegetables, for example, are an option that increases the cost-per-calorie. In addition, attention was drawn to the fact that the option to include significant changes in nutritional requirements should be made explicit, due to its important consequences. Similarly, the explicit consideration of children when establishing standards in this approach has influence and



should be clarified. Some shortcomings of known good practices such as the lack of information about intra household phenomena should be presented.

On the other hand, the participants seemed to agree that the Compendium should only include accepted practices, and that the aspects that need further work (i.e. the use of equivalence scales or the measurement of intra household distribution of resources) will only be mentioned briefly. As it was explained, the purpose of the Compendium is to offer the reader a clear and thorough list of the available practices that qualify as good, including the places where decisions based on purposes and resources have proven necessary, and enumerate important difficulties related to each poverty measurement method. Due to the differences among countries related to purposes and resources, decisions will not be made for the user.

#### **b. Access to Basic Services and Basic Capital Possession.**

This approach is what in a more limited version has been denominated "Unmet Basic Needs". It has frequently been considered as an option to the poverty line, and because of the units of measurement used, it has also been included in the category of non-monetary measurement of poverty. Because of this last characteristic it has also been recommended to poor developing countries or to poor rural areas where the market economy is less important. It also relates to the difference between the lack of resources and their consequences, as well as between indirect and direct measurements of poverty.

Starting from standards related to the access to specific services or to the possession of basic capital, efforts to produce synthetic indicators have been undertaken. Nevertheless, the Compendium will deal basically with the definition of standards. For this purpose, establishing a limit to the particular areas related to poverty is both difficult and necessary. Therefore, the Group has decided that the choice of indicators on access to services will be based on the empirical approach of selecting those most frequently used, as it provides a practical limit for the large variety of areas and because many of these indicators refer to undisputed basic needs. A different strategy will have to be adopted in the case of capital possession –including social capital–, which has been included in the Agenda because of its potential importance but where standards' definitions and measurements are very scarce.

Among basic services, standards for levels of education, safe water, and sanitation facilities have been widely used, not only due to their recognized importance but also because the information about them can be derived from population and housing censuses. The Group has gathered experience in these items. Standards for levels and types of health services are also recognized as very important, and the information needed has been derived from special ad hoc surveys available in many countries. In particular, PAHO regularly produces data relative to MDGs, such as children immunization, access to maternal services and contraceptive prevalence, and to topics such as safe water based on administrative data plus Demographic and Health Surveys (DHS). They also estimate access to medical services, though not on a regular basis (based on DHS).

The access to unemployment benefits has been politically recognized within the framework of ILO. Nonetheless there is still small operative experience on this issue.

The access to basic goods and services should be complemented with possession of basic capital. In countries where access to basic services is universal in a high degree, the possession of durable goods becomes more important but reflects a more relative approach to poverty. In these cases the listing of goods should be extensive, as contrary to the short lists that characterize most poor countries' absolute approach.

The possession of basic capital has been measured fundamentally through the dimension of dwellings' minimum characteristics: quality of floor, walls, roof, and size (more than a number of persons per room). The reasons for its extended use are also closely related to the availability of data in the population and housing censuses. In some developed countries, the availability and type of heating are being incorporated as standards. Conceptually, the possession or lack of rights for land and water, and its extension and quality, have been widely recognized as origins of welfare or poverty in the rural area. There is less possibility to establish standards of wide use in this area, due to the extreme possible differences in size, quality, distance and access to markets among other characteristics. The Group has gathered experience in housing standards but has none in land and water.

In the last two decades human capital has gained conceptual and political status, and this has originated definitions and measurements of standards related to the level of education for economically active population, level of health for different strata of the population, and nutrition.

In recent years, and in close relation to policies oriented towards poor neighborhoods – specially big cities–, conceptual and operative developments have been made available, but they lack sufficient experience. The lack of adequate neighborhood infrastructure has originated a demand for standards related to the quality of the physical urbanization, the existence of facilities such as schools, hospitals, public transport, and the degree of security.

The crisis suffered by many countries in the nineties and the increasing number of field studies of the poor have highlighted the importance of social relations among the poor that help them in difficult situations. The term "social capital" is being employed to refer to relations that promote confidence, reciprocity, and cooperation. These relations could contribute to at least three types of benefits: reduce the costs of transaction, production of public goods, and facilitate building healthy social actors, civil associations, and base groups for the execution of policies. As mentioned before, there is still scarce experience in the definition and measurement of standards in this type of capital and the Group has not collected material up to now.

The different types of basic capital reflect a historical evolution from the measurement of individual subsistence towards the satisfaction of a community's infrastructure. This raises important questions. One is the need to complement the household as unit of measurement with a larger territorial unit. Other relates to examine the origin of the provision of goods: individual or collective.

As can be seen, this approach relates more to sectorial or territorial policies as compared to the more macro and monetary policies associated to poverty lines, where the indirect effects such as those on employment play a major role.

### **c. Relative poverty lines**

The Group has gathered important documentation on the topic, especially remembering that the Third meeting, held in Lisbon, paid especial attention to the European practices of relative poverty measurement. In recent years Europe has made great progress in the political, methodological and operative grounds. EUROSTAT has provided the Group with the most recent documentation available on the subject. Simultaneously, in other countries and organizations where household income distribution statistics are available, calculations of relative poverty are being carried out, as is the case of ECLAC, which included this type of figures for 14 countries in its Social Panorama 2000-2001 edition.

The group has also collected practices where a broader view of the relation between poverty and income distribution is captured. They look for the relationship between the lower and the higher parts of the distribution of income instead of focusing on the median. This is relevant for countries where the progress of average indicators is due greatly to achievements in the higher parts of income distribution. Especial attention has been given to this situation by those who study children poverty, and in particular by UNICEF. As this institution pointed out, for example, nutritional deprivation is not necessarily correlated to low income. These types of measurements are important for policies that pay attention to analyzing well-being with an equitable approach and consider improvements in income distribution as a tool to fight poverty. In the case of children and reproduction of poverty situations, they also relate to poverty dynamics.

An interesting feature of the European practices presented at the meeting was that, within a set of eighteen indicators, eight refer to monetary poverty while others do not refer directly to relative poverty. This is a practice where the multidimensional character of poverty is recognized and standards belonging to different approaches are used. Another interesting feature presented was that the actual data source (European Community Household Panel) is undergoing a transformation, which will lead in the next years to the implementation of the Canberra Group's recommendations on income measurement (including aspects such as imputed rent and in-kind income) and will correct other limitations.

The most known practices for relative poverty measurement is the one by EUROSTAT, which employs an income-based, survey-based, relative measure of poverty that is calculated at a national level and then aggregated using PPP values. The risk-of-poverty primary threshold has been fixed in 60% of median equivalised total net household income, as mentioned in previous meetings. Today it is complemented with secondary indicators that use 40%, 50% and 70% of the median income. For the equivalisation of incomes, an OECD-modified equivalence scale is used.

During the discussion, attention was called to the historical confusion between the concepts of relative poverty and relative income. In essence, the element of "relativity" in the concept of relative poverty refers to the deprivation space, and not exclusively to

income. Therefore, measuring relative poverty by using as a proxy the percentage of median income requires that the threshold is linked to a low living standard. That is, one should verify that the threshold chosen does have a correlation with non-income deprivations (for example, child mortality). On the contrary, the exclusive measurement of relative-income has a stronger association with the concept of inequality than with that of poverty.

Additional comments were also made about the use of equivalence scales. However, being a topic that lacks consensus, it was again suggested that the Compendium should present arguments and offer references without handling the topic in detail. On the other hand, it was agreed that the Compendium should emphasize the advantages and difficulties of measuring in-kind income, as a major step to link the notions of income and deprivation. Finally, it was emphasized that the written documents by EUROSTAT explaining the European approach to poverty measurement represent a strong input for the setting up of the Compendium.

#### **d. Subjective Poverty**

The practices collected by the Group under this approach share the framework of a scientific method that seeks to define a poverty threshold on the basis of what the population perceives to be an “acceptable way of life”. The differences among them are generally related to the type and wording of the questions asked. The subjective approach to poverty was considered an important exercise of democracy, in which people are given the opportunity to convey their opinion on poverty.

The practices collected include questions on the self perception of: being poor and non-poor, of the poverty line by needed income, of the household condition in terms of their difficulty to make ends meet at the end of the month, of shortcomings (existence or not existence) of certain items in the dwelling, of present "economic conditions" or "conditions of the dwelling" in a scale (1 to 5, or 10), or of the possibility of the adults in the household to access to a list of consumption or investment items. It is very important to remark that, in the last item of the perception, the nature of the necessity is classified.

In previous meetings, European experiences have been clearly dominant. When they have used the European longitudinal survey as source of the data, it has been possible to compare the so called objective measures with subjective measures. Some measurements prepared for east European countries are also available. The experience of the UK constitutes a notable case, in which a deeper research of people's perceptions was undertaken. Recently, Peru has started to carry out this type of measuring. The accumulated experience shows that in many cases the groups identified as poor by the subjective approach were notably different from those obtained through an objective approach. The same happens with the perception of academics and technicians about some of the needs they consider essential when compared to those of people. The Compendium should use the accumulated experience to illustrate how results change from one method to another even when applied to the same country and information source.

An important particular feature of this approach is the significance of the wording of the question. For example, when asking people about the amount of money needed to make ends meet, and then comparing their answer to their level of income, the wording proves essential, as it has an enormous impact on the results and their international comparability. Furthermore, the experience also shows that the same wording of the questions produced very different results in each geographical and social context, and that slight changes in the wording altered the results dramatically. Therefore, it is desirable that the Compendium highlights the importance of the wording and the difficulties that arise when dealing with international comparisons in this approach. An alternative practice consists in using questions about the historical situation of a family, and so determine their cycle through poverty.

#### **e. Social Exclusion, Social Deprivation, Empowerment and Other Social and Political Dimensions Associated to Poverty**

The Agenda has included within the approaches the one that has formally established a relation between poverty and other aggregated social categories. It refers for example to the relation that in the definition of overall and absolute poverty the Copenhagen Summit established with social exclusion and with lack of participation in decision making. The European Union has systematically associated poverty and social exclusion. The World Bank is using recently the concept of empowerment of the poor as a tool to alleviate their situation. As will be commented later under the topic of poverty dynamics, vulnerability is also frequently mentioned as a condition that comes usually with poverty. Human Rights have gained ground in the UN Resolutions, Treaties and Conventions during the last twenty years. Moreover, the Statistical Community organized an important “Conference on Statistics, Development and Human Rights” in Montreaux, Switzerland (4-8 September, 2000). The existence of a database about rule of law and political participation maintained by the World Bank was also mentioned.

Although there are indicators for measuring these categories, they do not give directly a figure of poor people. Nonetheless, it is important to realize and evaluate the intersection of these phenomena with poverty. It should also be noted that today they are being considered under the political perspective of poverty.

The concept of exclusion is normally attached to an inadequate integration to society. When this phenomenon is represented by the lack of access to basic services or capital, it becomes operationally very similar to poverty as treated in the second approach. Nonetheless, other kinds of exclusion of people or individuals such as ethnic origin do surpass the limits of poverty. The Group will accommodate to practices and especially to the European experience where standards and measurements are available.

Deprivation is a similar category that focuses on unsatisfied needs in relation to welfare or standards of living, what implicitly involves a certain relative concept. This approach requires a more in-depth research of what necessities people believe are essential, and therefore it relates to what the agenda includes under subjective poverty. The Group has gathered experience of surveys where broader lists of goods and services have been explored, or where what are called “budget standards” have been collected.

Empowerment is being developed as a policy-related concept oriented towards giving the poor an important role in solving their problems. It needs solid treatment due to a diagnosis that relates poverty to the social and political organization of the poor. Some dimensions of the concept being studied include access to information, inclusion and participation, accountability, and local organization capacity. In the operational aspect, the Group has not yet obtained documents containing standards or their measurement.

The Montreaux Conference cited above and its follow up activities are producing documents that open ground for establishing measures that capture deficiencies in human rights usually present in poor households.

### **3. Transversal Topics**

#### **a. Poverty Dynamics**

The study of poverty dynamics is crucial for understanding the origin of poverty and attempting to reduce it. Every approach to measuring poverty would benefit from a follow up in time of the units that at a certain moment were declared poor. Due to this fact, we have considered poverty dynamics as a transversal topic.

The sources of information have been an important obstacle to follow households' or individuals' poverty situation through time. When longitudinal surveys are not available, which is the case of most developing countries, time series refer to the total number of poor people, but not the number of people who became poor or escaped from poverty. In certain occasions, the fact that in non longitudinal surveys the panel is replaced gradually allows a certain follow up of households for limited periods of time.

On this topic, the Group has gathered experiences mainly from developed countries. Most of them refer to European countries and Canada, and are based on a common longitudinal survey in Europe and on an especial survey of Statistics Canada. Some important topics have been studied. Persistence of households in poverty has originated indicators and standards, as is the case in recent EUROSTAT publications. Factors associated to the level and persistence has been examined, including geographical location, size of cities, type of households, head of household's level of education, average number of occupied persons, and age of occupied persons. Explorations of the association between persistence in poverty and the notion of permanent income, and of the relation between public unemployment policies and working poor, have also been performed, and are topics on which the Group has accumulated valuable experiences.

As can be seen, the object of these studies and indicators is not always to count poor people but to identify the ones that have especial characteristics within the poor. Such are the cases of working poor –for which a document that considers international comparisons is available– and recent immigrants in Canada. Furthermore, in occasions the studies are oriented towards judging the effect of public policies in relation to poverty.

The fact that longitudinal surveys allow to make a follow up of individuals through time is relevant to study the effects of education, public policies and other factors on the performance in terms of employment, salaries, and access to goods and services. They are

also a useful tool for analyzing policies associated to equality of opportunities, as well as for examining the relation between characteristics of the household and children, and therefore the chances for the reproduction of poverty.

There are certain causes for important changes in the situation of individuals, households and social groups that are not always captured by the most frequent longitudinal surveys. They refer to shocks originated in macro or micro economic changes or in modifications of the health, working or civil status, or other personal conditions of individuals. In the eighties and nineties, important structural changes have occurred in the economic and social areas, and it is necessary to improve the methods through which they have been measured.

### **b. International Comparisons**

The international comparisons constitute an important aim of the international community and an unavoidable topic for a group that operates within the framework of the UN Statistical Commission.

Difficulties in comparing poverty measurements at this level derive from various sources, such as the facts that there are no standards for poverty measurement previously approved by the Commission –as it happens in many other areas–, that it is conceptually difficult, that it is associated to political considerations, and that it constitutes an area with relatively less experience.

In recent years the situation has been improving qualitatively, as can be interpreted from the previously mentioned efforts in the European area, the approval by the Copenhagen Summit of a definition of absolute and overall poverty, the establishment of quantitative goals for poverty alleviation in the Millennium Declaration and the definition of concrete indicators, and the fact that international organizations as the World Bank and regional organizations as ECLAC periodically publish figures of poverty that have been estimated with similar standards.

The group realizes that the topic needs to be treated in the Compendium. Documents prepared for this issue are available. Nonetheless, difficulties and challenges have been identified. It is relatively clear that forcing a comparison on the basis of only one indicator is not a good solution, due to well known differences in modes and stages of development among countries.

As in other areas, the empirical comparison requires sources of information that are able to capture a defined concept with a sufficient degree of similarity. This can be a difficult task. The Canberra Group has been able to list in its Report the items that should or could be considered in the measurement of income. It has also surveyed the availability of information on at least some of the most important items in the national household surveys and other sources of information. Therefore poverty measurement based on income needs as a minimum to agree on the limits and content of income if international comparability is to be claimed.

Similar considerations raised in the different approaches and efforts to cope with those challenges have been presented. The European experience and the demands of the

Millennium Declaration could force a more active advance at least in some of the approved indicators. In other areas, any agreement seems far from the present situation.

Equivalence scales constitute one of the most important difficult topics where there is still no agreement within the Group. Nonetheless, arguments for the different positions are available and could represent an added value for users. The use of PPP indexes to standardize incomes for establishing poverty lines is another polemic topic where there is no agreement.

### **c. International Strategies**

The Copenhagen Summit, the Millennium Declaration and their follow up activities have been giving origin to an important group of activities associated to poverty measurement. Countries have assumed compromises that have quantitative expressions in the MDGs. They implicitly –and on occasions explicitly– include compromises to measure poverty and some of the characteristics that normally come together or originate it. International, regional and national institutions are working today in designing, adopting or adapting measuring methods. The Group is conscious of the need to review, as far as possible, the work where practices have been established, and to include them in the Compendium.

Particularly within the UN system and the Bretton Woods Institutions, responsibilities have been established. UNSD is carrying out a follow up of the MDGs, with the collaboration of many institutions and agencies. They have created a millennium indicator website, which contains, for a base year, all the Millennium indicator data by countries and meta data information, as well as political background documents. It is actually the official UN source for figures related to the Millennium indicators. Some other institutions as the UNDP, the Regional Commissions, Regional Banks, and the Specialized Agencies are working together with countries in the efforts to monitor the compromises included in the Millennium Declaration.

As explained previously, within the European Union a broad effort has been developed in the framework of their own political strategies. At present, an attempt to incorporate other European countries as members is underway. EUROSTAT, which plays a central role in the transfer of technology to those countries, has provided the Group with the information required to follow progress in that area.

### **d. Strategies for the improvement of information**

The statistical offices and other institutions that belong to National Statistical Systems are today under an increasing demand for poverty measurements. Most of the original measurements stemmed from the use of an existing source of information. From there on, the growing demand derived in the need to include new questions in existing surveys, adding new surveys and increasingly recurring to administrative sources and National Accounts. Many countries have been obliged to review their information system in order to adapt it to the new requirements. In particular, recent international events commented previously make the Group foresee an increasing need for information strategies that help to deal with the growing demand.



The group has gathered information on different strategies, of which the one from the European Union is probably the most structured. Despite that, changes in the instruments are currently being introduced, as previously commented, demonstrating how dynamic the situation has become. Two other participants have presented their experiences on information strategies. The first is ECLAC's experience in promoting the expansion and enrichment of information sources in Latin America. The provision of technical assistance and the organization of regional discussion workshops and training courses have been the major channels of cooperation of the institution, to a great extent through the work of the MECOVI-Program, co-sponsored by the World Bank and the Inter-American Development Bank. Among other accomplishments, a significant increase in the coordination of the different surveys have been achieved in some cases. Simultaneously, international institutions are now working more systematically with the National Statistical Offices, instead of establishing joint ventures with other institutions. Efforts towards defining a more systematic approach for statistical sources to satisfy poverty measurement demands are underway.

The Australian Institute for Health and Welfare has had an interesting experience with the use of administrative information derived from the social programs that focus on people not covered by governmental safety nets. Apart from establishing administrative agreements, their main efforts were directed to define concepts, generate classifications of communitary services and gather the information. Among the benefits of this kind of information is not only its low cost, but also its direct applicability to the evaluation of the social programs. In addition, its use has called the attention of social policy toward the importance of homelessness and has helped to understand the causes for the lack of income. It was pointed out that this strategy to unify information production and policy implementation requires having social programs in place, condition that reduces its applicability in developing countries.

The ABS introduced for discussion of the Group a proposal for designing and offering countries an international standard survey for the measurement of living conditions as an instrument for producing worldwide comparable information. It should complement other available sources of information such as housing and population censuses and employment household surveys. As stated in the proposal, an instrument of this kind would require a clear definition of indicators, standards, sources of information, etc. and of their link to measurement methods, and that constitutes, as in the case of the other initiatives, a challenge to be resolved. It was explained that this application should be part of an international effort of cooperation with institutions currently working in this type of activities.

During the discussions surfaced the importance of taking into consideration the experience of poor countries in the production of information. Part of the countries and institutions that are members of the Rio Group have advanced statistical systems or sizeable resources to improve them. For example, even though not every country in the European Union has access to administrative data, EUROSTAT is able to provide funding for the development of this information source in particular cases. Therefore, great care must be taken in order to produce a Compendium that also includes practices that do not require such abundance of information.

## **E. WORKING AGREEMENTS**

### **1. Provisional schedule**

Decisions on the preparation of the Compendium will be led by IBGE in its condition of Chair of the Group.

A draft report of the meeting will be available for comments and consultations in the web page of the Group at the end of January.

In January 2003, the new government of Brazil will assume its functions. As soon as the new authorities of IBGE are able to handle the affairs of the Group, consultations on the collaboration of the members of the Group in the five approaches, four transversal topics, and elements of the introduction as described in general terms in the report will be initiated.

By mid-March an evaluation of the possibilities of the work in respect to the substantive content will be prepared by IBGE. As expected according to compromises expressed in the meeting, a collaboration scheme for participants working in the same topic will be established.

First drafts of different participants should be available during July.

IBGE in consultation with participants will prepare proposals for the sixth Meeting of the Rio Group, planned to discuss the documents, identify further work needed, and take editorial decisions. The meeting would be in the last quarter of 2003.

### **2. Contact with Institutions**

During the meeting, the Group identified institutions that are working in several relevant topics and that have not participated, or where work is decentralized within more than one department. It was agreed that it is necessary to make an institutional contact oriented to guarantee access to their accumulated experience. The Regional Commissions that have participated in some of the meetings could help incorporating some recent valuable experience of which they are aware. The World Bank constitutes an example of an institution that is working on many of the topics of the Agenda. UNDP has an important responsibility in supporting countries' activities associated to the follow up of the Millennium Declaration compromises. UNSD, as mentioned, has a central role in the statistical aspects of the MDGs and coordinates its official follow up. Therefore, in the first quarter of 2003 contact will be established with them to collect available documentation that is not already available.

### **2. Financial Requirements**

The preparation of the Compendium requires both the compromise of members to collaborate and the gathering of financial resources to fill gaps through consultants, coordinating substantive work, and editorial activities. IBGE will be in charge of seeking sources of financing and will ask for the help of members when pertinent and necessary.

## **ANNEX 1**

### **RIO GROUP ON POVERTY STATISTICS**

#### **Fifth Meeting**

Rio de Janeiro, November 13-15, 2002

#### **Working Agenda**

#### **STANDARDS AND RESOURCES UNDER DIFFERENT APPROACHES**

##### **A. ABSOLUTE POVERTY LINES**

1. Standards. Expenditures.
  - a. Food or nourishment.
  - b. Clothing.
  - c. Shelter.
  - d. Transportation.
  - e. Education.
  - f. Health.
  - g. Energy or heating.
  - h. Rest of expenditure after any or a group of previous items.
2. Standards. Units of Measurement.
  - a. Market monetary values.
  - b. Imputed monetary value of freely provided governmental services.
  - c. Imputed monetary value of dwelling services of self owned house.
  - d. Equivalence scales.
3. Standards. Sources of information.
  - a. Income and expenditure household surveys.
  - b. Physical technical requirements.
  - c. Market prices.
  - d. Administrative or National Accounts information on public expenditure: Global and by purpose (monetary transfers or freely provided services) (national and local level).
4. Standards. Geographic disaggregation and time series.
  - a. Conceptual challenges. Rural and urban poverty lines. Other geographic openings of poverty lines
  - b. Demands for information in space and time.
5. Resources for satisfying standards.
  - a. Household income: income components. Canberra Group.
  - b. Public expenditure.
  - c. Imputed income for own house occupiers.

- d. Households expenditure: expenditure components.
6. Resources for satisfying standards. Sources of information.
    - a. Household surveys that include income.
    - b. Household surveys that include expenditure.
    - c. National accounts household income and expenditure information.
    - d. Public expenditure: national accounts and administrative sources.

## **B. ACCESS TO BASIC SERVICES AND BASIC CAPITAL POSSESSION**

1. Standards. Access to basic services.
  - a. Levels of education.
  - b. Levels and types of health services.
  - c. Safe water.
  - d. Sanitation facilities.
  - e. Unemployment benefits.
2. Standards. Access to basic services. Units of measurement.
  - a. Administrative levels of education or health services.
  - b. Types and distances of access to safe water.
  - c. Types and inside-outside dwelling sanitation facilities.
  - d. Administrative defined benefits for unemployed.
  - e. Use of composite indexes.
3. Standards. Access to basic services. Sources of information.
  - a. Population and housing censuses.
  - b. Household surveys.
  - c. Administrative information.
4. Standards. Possession of Basic capital.
  - a. Dwellings minimum characteristics.
    - i. Quality of floor
    - ii. Quality of walls
    - iii. Quality of roof
    - iv. Availability or type of heating
    - v. Size. More than a number of persons per room
  - b. Neighborhood infrastructure.
    - i. Quality of urbanization
    - ii. Existence of facilities(schools, hospitals, public transport)
    - iii. Security
  - c. Land and water in the rural area. Extension and quality.
  - d. Human capital.
    - i. Level of education for economically active population
    - ii. Level of health. Nutrition, morbidities
  - e. Social capital.

5. Standards. Possession of Basic capital. Units of measurement.
  - a. Physical units or classification of materials.
  - b. Urbanization items by administrative classifications.
  - c. Security by specialized indexes.
  - d. Minimum requirements of land by regional and quality indexes.
  - e. Levels of education by administrative classifications or specialized indexes (UNESCO).
  - f. Levels of health (nutrition included) by physical or medical measurements.
  - g. Social capital (to be defined).
6. Standards. Possession of Basic capital. Sources of information.
  - a. Technical information on dwellings, physical infrastructure, land, education and health.
  - b. Population and housing census.
  - c. Household surveys including special modules on housing and health.
  - d. Administrative information.
7. Access and capital Standards. Geographic disaggregation and time series. Conceptual and operational challenges.
  - a. Rural and urban, and regional indexes.
  - c. Time series.
8. Resources to satisfy standards of access to basic services.
  - a. Household income.
  - b. Public expenditure. Could be disaggregated by programs and projects related to specific standards.
    - i. Current Free services
    - ii. Current transfers
    - iii. Public investment
  - c. Foreign aid. Public, international and regional organizations, and private transfers. Could be disaggregated by programs and projects related to specific standards.
9. Resources to satisfy possession of basic capital. Capital available before current expenditure to increase it.
  - a. Financial Equities, bonds, deposits, etc.
  - b. Physical.
    - i. Dwellings
    - ii. Physical capital of self employed
    - iii. Land
    - iv. Durable consumer goods
  - c. Human.
    - i. Education
    - ii. Health

- iii. Labor force of households
- d. Social.

10. The MDG s as non monetary standards.

### **C. RELATIVE POVERTY**

1. Standards.
  - a. Percentage of the median household income or expenditure (per-capita or equivalence scales).
  - b. Percentage of the average income or expenditure (per-capita or equivalence scales).
  - c. Budget standards as a limit to be satisfied for all households to achieve a given standard of life.
  - d. Child poverty as a characteristic of inequality
2. Standards. Units of measurement.
  - a. Monetary income.
  - b. Imputed monetary value of service of own occupied dwelling.
  - c. Imputed monetary value of freely received public service.
  - d. Imputed monetary value of service derived from durable consumer goods.
  - e. Budget standards: Monetary minimum value or quantity consumption or possession of selected items of expenditure for different types of families or households. Quantity, quality, prices and lifetime for durable goods.
3. Standards. Sources of information.
  - a. Households surveys of income and expenditure.
  - b. Population and housing census.
  - c. National accounts household income and public expenditure.
  - d. Other administrative information.
4. Resources to satisfy standards.
  - a. Household income.
  - b. Public monetary transfers.
  - c. Public freely provided services.
  - d. Imputed income for own house occupiers.
  - e. Imputed income from durable consumer goods.
  - f. Households expenditure components.
5. Resources for satisfying standards. Sources of information.
  - a. Household surveys that include income.
  - b. Household surveys that include expenditure.
  - c. National accounts household income and public expenditure.
  - d. Other administrative information.

## **D. SUBJECTIVE POVERTY**

1. Standards
  - a. Self-perception of poor and non-poor.
  - b. Self-perception of the poverty line by needed income.
  - c. Self-perception of the condition in terms of difficulty that the household arrives at the end of the month in terms of available income.
  - d. Self-perception of shortcomings (existence or not existence) in items of the dwelling.
  - e. Self-perception of the possibility of the adults of the household to access if so desired to a list of consumption or investment items.
  - f. Self-perception of present "economic conditions" or "conditions of the dwelling" in a scale (1 to 5, or 10).
2. Standards units of measurement.
  - a. Percentage of household under a perception.
  - b. Monetary value of a poverty line. Simple average of answers or scales such as those of Kapteyn, Leyden, and Deleek.
  - c. Qualification of a perception in terms of poverty starting from a scale.
3. Standards sources of information.
  - a. Household surveys that combine objective and subjective questions on poverty.
  - b. Special household surveys with subjective questions.

## **E. SOCIAL EXCLUSION, SOCIAL DEPRIVATION, EMPOWERMENT AND OTHER SOCIAL AND POLITICAL DIMENSIONS ASSOCIATED TO POVERTY**

1. Standards.
  - a. Exclusion:
    - i. Adequate income or resources
    - ii. Labor market: Adults with non-paid work
    - iii. Services: non-access to basic public and private services
    - iv. Social relations
  - b. Deprivation from a list of more specific necessities than items included in the absolute poverty line.
  - c. Empowerment of the poor. Standards to be defined in four areas:
    - i. Access to information
    - ii. Inclusion and participation
    - iii. Accountability
    - iv. Local organization capacity
  - d. Poverty, Human Rights, and Human Development.

2. Standards: units of measurement.
  - a. Exclusion: percentages of excluded population.
  - b. Deprivation: Perception of the nature of different necessities (necessary / non-necessary).
  - c. Empowerment: To be defined.
3. Standards: sources of information.
  - a. Labor and other permanent household surveys.
  - b. Special perception household surveys.
  - c. Administrative information.
4. Resources for achievement of standards.
  - a. Public expenditure programs for specific necessities satisfaction.
  - b. Public expenditure programs in the labor market to incorporate the excluded.
  - c. Public expenditure programs to extend access to basic services.

## **F. POVERTY DYNAMICS**

1. Follow up of poor persons in time.
  - a. Conceptual difference with follow up of households
  - b. Statistical sources, Longitudinal surveys.
  - c. Children as a dynamic characteristic of poor households.
2. Persistency or Rotation of households in poverty. According to:
  - a. Geographical location.
  - b. Size of cities
  - c. Type of households
  - d. Level of education of chief of household or other criteria (for example average of occupied persons).
  - e. Age of occupied persons.
  - f. Other criteria
3. Public unemployment policies and working poor.
  - a. Labor market income in time for various employment categories.
  - b. Relation of income from employment and unemployment subsidies for categories based on education or other criteria.

## **G. INTERNATIONAL STRATEGIES. CONCEPTUAL AGREEMENTS, OBJECTIVES, GOALS AND MEANS OF IMPLEMENTATION**

1. UN Social Summits.
2. UN Millennium Declaration



## **H. INTERNATIONAL COMPARISONS**

1. Concepts. Types of poverty and standards.
2. Sources of information.
3. Methodological aspects
  - a. Equivalence scales.
  - b. Price indexes and PPP
  - c. Unemployment definitions
4. Regional and other institutional agreements.

## **I. STRATEGIES FOR THE IMPROVEMENT OF INFORMATION**

1. Relation between policies for poverty alleviation and statistical demands.
2. Institutional arrangements for coordinating information collection. Gaps and overlaps. Policy demands, evaluation and monitoring requirements.

## **ANNEX 2**

### **RIO GROUP ON POVERTY STATISTICS**

#### **Fifth Meeting**

Rio de Janeiro, November 13-15, 2002

#### **Analytical Agenda**

The meeting will have four plenary sessions, and one session for group work on Friday morning. The first plenary session will deal with framework topics that help to clarify the limits of the Compendium, i.e. what the Compendium is and is not about. It should also discuss some general conceptual topics that, although not being a subject of the Compendium, are useful to characterize the approaches of poverty measurement in use and as a guidance through the literature offering a deeper treatment of such concepts.

The second and third sessions will concentrate on the nine topics included in the agenda. In each topic, participants that have been working on a standard or on one of the four transversal topics will describe their work in detail.

The fourth session will allow participants to give their view on the structure of the Compendium. After that, a first distribution of work will be performed with a low level of detail. Finally, the operational aspects, including compromises and potential financial sources, will be discussed.

The framework topics of the Compendium to be discussed in the first session are:

1. What the Compendium is and is not about.
2. The need to comment on the conceptual background that lies behind the 5 approaches mentioned in the Agenda. Explain that the names given to the approaches do not imply rigid limits between them, nor do they necessarily represent an exact characteristic (for example, absolute poverty).
3. The relative complexity of the concept of poverty and the difficulty to associate more closely the concept to one indicator, as is the case of open unemployment rate or Consumer Price Index (CPI).
4. The thematic limits of what will be included.
5. What is understood here by good practice. Written clear available conceptual definition of a standard. Resources needed to satisfy it, and other characteristics mentioned in the Agenda.. Operational experience including available information. Operational continuity in time is desirable.
6. What to do with interesting proposals that lack operational experience.
7. How to include politically approved definitions of poverty, specially in the international and regional context.
8. Relation between lists of indicators and goals available at the international and national areas and standards. The MDGs , the Friends of the Chair Group in the Statistical Commission, the UNSD work on evaluation of goals.
9. The experience of the Canberra Group on Income Statistics.

10. How to deal with transversal topics: Poverty Dynamics, International Strategies, International Comparisons, and Strategies for the improvement of Information.

The second and third sessions will go through the items of the Agenda in detail. For each specified standard the participants will inform on:

1. Written definitions being used
2. Documents that discuss conceptual aspects pertinent to the definition of the standard
3. Institution responsible for calculations and for dissemination
4. Sources of information
5. Technical details such as units of measurement, geographical disaggregations, time series
6. Resources for satisfying standards
7. Unsolved problems

In the case of transversal topics, the available work will be described following the items of the Agenda

The fourth session will begin gathering comments on general features of the structure of the Compendium. Details will be avoided because, as the experience of the Canberra group shows, it is difficult to make precise decisions before the work on detailed items of the Agenda is finished.. Therefore the discussion should help to identify chapters or sections that could complement the work on the nine topics of the Agenda, and to arrive to general guidelines on the extension of chapters, bibliography, etc.. Finally, operational aspects such as calendar, compromises, relations with institutions and other groups should be agreed.

On Friday morning, the provisional report will be discussed. During this session, it is expected that working groups for agreed sections or topics of the Compendium meet and prepare their strategy of work.

## **ANNEX 3**

### **RIO GROUP ON POVERTY STATISTICS**

#### **Fifth Meeting**

Rio de Janeiro, November 13-15, 2002

#### **Working schedule**

##### ***Wednesday, November 13***

10:00 – 10:30 OPENING

*(Mr. Sergio Besserman Vianna, President of IBGE)*

10:30 – 13:00 SESSION 1: Nature and Content of the Compendium

*(Introduction by IBGE, ECLAC and Dave Gordon)*

1. What the Compendium is and is not about.
2. Conceptual background of the 5 approaches included in the Agenda.
3. Poverty concept; complexity and relation with indicators.
4. Thematic limits of the Compendium.
5. Good practices: characteristics.
6. Politically approved definitions of poverty.
7. Relation of standards with MDGs and other international goals.
8. Dealing with transversal topics: Poverty dynamics, International strategies, International comparisons, and Strategies for the improvement of information.

15:00 – 18:00 SESSION 2: Deciding on the Content of Practices of Different Approaches

1. Absolute Poverty Lines. Introduction by Canada, Mexico, USA, and ECLAC.
2. Access to Basic Services and Basic Capital Possession. Introduction by Argentina, Australia (ABS), ECLAC, PAHO, UNICEF, South Africa and World Bank.
3. Relative Poverty. Introduction by EUROSTAT and UNICEF.
4. Subjective Poverty. Introduction by Spain and Dave Gordon.

## ***Thursday, November 14***

9:00 – 10:00 Continuation of SESSION 2

1. Social Exclusion, Social Deprivation, Empowerment, and other Social and Political Dimensions Associated with Poverty. Introduction by U.K., Chile and EUROSTAT.

10:00 – 13:00 SESSION 3: Transversal Topics

1. Poverty Dynamics. Introduction by Canada and France.
2. International Strategies for Poverty Alleviation. Introduction by UNSD, World Bank, and IBGE.
3. International Comparisons. Introduction by ECLAC, France, World Bank and UNSD.
4. Strategies for the Improvement of Information. Introduction by ECLAC, UNSD and Australia (AIHW).

15:00 – 18:00 SESSION 4: Structure of the Compendium and Working Agenda

*(General Introduction by IBGE and ECLAC)*

1. Identification of possible Chapters and Sections, including Introduction and Conclusions.
2. Extension of Chapters and Bibliography.
3. Operational Aspects: Calendar, Compromises, Working Relations with Institutions and Groups.

## ***Friday, November 15***

9:30 – 13:00 Discussion of Provisional Report.

Meetings of Working Groups for Agreed Sections or Topics of the Compendium.

## **ANNEX 4**

### **RIO GROUP ON POVERTY STATISTICS**

#### **Fifth Meeting**

Rio de Janeiro, November 13-15, 2002

#### **List of Participants**

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