

**Economic and Social Council**Distr.: General  
24 November 1998

Original: English

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**Statistical Commission**

Thirtieth session

1–5 March 1999

Item 6 of the provisional agenda\*

**Statistical implications of recent major United Nations conferences****Report on poverty statistics****Note by the Secretary-General**

The Secretary-General has the honour to transmit to the Statistical Commission the report of the Rio Group on Poverty Statistics (Convener: Brazil), which is contained in the annex to the present report. This report also contains the conclusions of a recent seminar on poverty statistics co-organized by Brazil and the Economic Commission for Latin America and the Caribbean (ECLAC). The report is transmitted to the Commission in accordance with a request of the Statistical Commission at its twenty-ninth session,<sup>1</sup> (and in accordance with a request of the Working Group on International Statistical Programmes and Coordination at its nineteenth session) (E/CN.3/1999/20, paras. 25 and 13 (c)).

The Statistical Commission is invited to discuss whether the mandate of the Group is focused and whether the objectives are clear and attainable. The Commission may also wish to comment on the proposals for future work.

*Notes*

<sup>1</sup> *Official Records of the Economic and Social Council, 1997, Supplement No. 4 (E/1997/24), para. 67 (d) and (e).*

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\* E/CN.3/1999/1.

## **Annex**

### **Report on poverty statistics**

#### **Contents**

	<i>Paragraphs</i>	<i>Page</i>
I. Summary of activities and main conclusions .....	1-9	3
II. Present status of work .....	10	4
III. Future activities of the Rio Group on Poverty Statistics .....	11	4

## I. Summary of activities and main conclusions

1. The main objective of the expert group known as the Rio Group on Poverty Statistics was to harness the experience and concerns of the different groups and organizations in the world that are working in the area of the measurement, interpretation and use of poverty statistics, especially when the work is being done by or in close contact with statistical offices.

2. The identification of the indicators, methodologies and statistical sources being used should allow the preparation of a document or reports reflecting the state of the art in matters of poverty measurements, common procedures and best practices. Simultaneously, the most important difficulties could be identified and experts working with similar problems and topics could cooperate and thereby improve the quality and relevance of measurements.

3. In 1996, in the Working Group on International Statistical Programmes and Coordination of the Statistical Commission, it was decided that Brazil would chair the expert group and that the Economic Commission for Latin America and the Caribbean (ECLAC) would act as a secretariat. Since then, two meetings have been held, the first one in Santiago from 7 to 9 May 1997 and the second one in Rio de Janeiro from 13 to 15 May 1998. Two documents containing a summary and papers of each seminar have been produced and are available at the Web site <[http://www. ibge.org/poverty](http://www.ibge.org/poverty)>. In paragraphs 4–9 below, the most important conclusions of the seminars in relation to poverty statistics are presented.

4. The most frequent and important measurements of poverty can be classified in three groups:

- (a) Absolute poverty;
- (b) Relative poverty;
- (c) Subjective poverty.

In the area of absolute poverty, the most frequently used methods are poverty lines and unmet basic needs. Absolute poverty is more frequently used in developing regions, while relative poverty is used in developed regions. There is less experience in regard to subjective poverty owing to the fact that measurements are more recent.

5. The most frequently encountered methodological challenges related to the income or consumption insufficiency method (poverty lines) are:

- (a) Establishment of standards;
- (b) Measurement of standards;

- (c) Conceptual and operative problems associated to the measurement of household income and consumption;

- (d) Public social expenditures;

- (e) Equivalencies in consumption and scale economies;

- (f) Poverty indicators.

6. In relation to the unmet basic needs method, the methodological challenges most frequently identified were:

- (a) Selection of social indicators and threshold definitions;

- (b) The aggregation problem;

- (c) Comparison in time and space;

- (d) Unmet basic needs maps and geographical information systems.

7. In regard to relative measures of poverty, the most important methodological challenges are similar to those of the poverty line method. The difference has to do with the fact that the normative budget is not derived from an analysis of the requirements for satisfying basic needs but rather is defined taking into account the income distribution within households.

8. In regard to information, it is clear that the four main sources are:

- (a) Household surveys;

- (b) The population census;

- (c) National accounts;

- (d) Administrative records.

In regard to household surveys, a very important distinction can be established between countries that have and countries that do not have panel surveys. In any case, the experience of longitudinal analysis is in general very short over time. It is also important to establish that poverty measurement has in many cases been a very dynamic factor as regards the progress in statistical production. In all cases, it has been recognized that available information is still highly insufficient in relation to the growing demands in the field.

9. An important distinction between a synthetic poverty indicator (head count ratio, poverty gap and so forth) and poverty statistics has been established. The synthetic poverty indicator corresponds, as is the case in many other statistical fields, to the demand of a political system that wants to establish the magnitude of the problem and to monitor the result of policies through a synthetic indicator (rate of growth of gross domestic product, open unemployment rate). Poverty

statistics are closely related to the demand of those who design and monitor policies in a disaggregated way. It has been recognized that once an indicator has been established, the most common situation is one where households under poverty constitute a very heterogeneous group which needs different combinations of policies. Therefore, in the field of poverty statistics the objective is to establish relations between this phenomenon and its causes which are normally associated to variables such as education, employment, income distribution, demography and the geographical distribution of the population.

participants, a decision by the Chairman and the secretariat will be made on the convenience of calling a new meeting.

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## **II. Present status of work**

10. In the Rio de Janeiro seminar, the Rio Group concentrated on the following topics:

- (a) Political status of poverty estimates;
- (b) Methodological issues:
  - (i) Regional estimates of poverty;
  - (ii) Normative criteria;
  - (iii) Updating of poverty lines;
  - (iv) Use and type of equivalent scales;
  - (v) Heterogeneity of poverty;
  - (vi) Quality, quantity and price of items of expenditure;
  - (vii) Clusters of the poor according to different indicators;
- (c) Statistical sources:
  - (i) Estimates based on different sources;
  - (ii) Panel surveys;
  - (iii) Estimates based on different surveys;
  - (iv) Process of policy-making and progress of statistical sources.

## **III. Future activities of the Rio Group on Poverty Statistics**

11. A report of the Rio meeting and a paper prepared by the Chairman are being circulated among the participants, after which a document containing the principal results of both seminars will be prepared. Taking into account the stage of development of work under way and the interests of