

**Decade for the Eradication of Poverty  
Co-ordinating Group**



**POVERTY INDICATORS**

**Research**

**Reality**

**Recommendations**

**for Jersey**

## Background

The Decade for Eradication of Poverty Co-ordinating Group requested a subgroup<sup>1</sup> to investigate the availability and relevance of potential measures of poverty. The purpose of the work was to identify indicators that would shed light on both the current extent of poverty in Jersey and provide the means to track progress made toward the eradication of such poverty.

## Poverty & Indicators

The literature on poverty indicators is immense and not uncontroversial. The subgroup did not attempt a general overview of the literature neither did we feel it appropriate to explore the theoretical debates that concern poverty indicators. We take as our point of departure the widely accepted view that poverty may not be reduced to issues of material well being. Rather it has to do with "the denial of opportunities and choices most basic to human development- to lead a long, healthy, creative life and to enjoy a decent standard of living, freedom, dignity, self esteem and the respect of others<sup>2</sup>". This starting point allows for deprivation to be viewed in the context of norms within a particular society and coheres with the approach followed by Employment & Social Security.

The task before us is to identify, from the many theoretical and practical measures that could be put forward, a set that would provide meaningful insights into the changing extent and nature of poverty as it is experienced in Jersey. The sources from which these might be drawn are summarised in the panel below.

- 1. Indicators prepared for international and global poverty analyses. The United Nations collates a comprehensive set of measures and composites, based on data that is routinely collected in most countries.*
- 2. Formal research commissioned by the various States Departments. Usually through U.K Universities.*
- 3. Data already collected routinely or periodically by States Departments or Parish administrations*
- 4. Data from charitable and non-government bodies whose work is directly concerned with the effects of poverty.*
- 5. Evidence derived from people who are experiencing poverty themselves.*

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<sup>1</sup> Karen Blampied, Andrew Heaven and Brian Coutanche

<sup>2</sup> UN Human Development Report 1997, p5, Oxford University Press

In pursuing this approach we were mindful that the experience of poverty is not simply to be reduced to numeric quantities. For example the Decade has drawn attention to situations where the experience of individuals dealing with States or Parish administrations has fallen short of ensuring due regard for human dignity. Experiences such as this form an important facet of the condition we are seeking to eliminate but are easily missed by simplistic measures.

## **The UN Framework**

The sub-group began by considering the set of measures that are collated and analysed by the UN. These employ a range of data that is routinely collected in most countries to calculate ratios that provide some gross indications of deprivation in the basic dimensions of tolerable human life. These measures are developed out of the same view of poverty outlined in the introduction and provide a practical means to begin to explore the various facets of poverty that may arise.

In each of the UN indicator groups there are measures that could be calculated for Jersey so that the Island could be compared with its neighbours. Indeed, if the appropriate data is available in Jersey it may be possible to calculate a composite Human Poverty Index ("HPI-2") that would allow the Island to be ranked internationally. Further information on HPI-2 is provided in the appendices.

Even if HPI-2 cannot be determined the Island could be ranked against its developed neighbours in respect of many of the individual indicators and this would serve to highlight particular areas of concern at this high level.

In column one of the enclosed table we have identified some of the most obvious indicators that are collated by the UN for which equivalent data is likely to be available in Jersey. In the second column we have added some Jersey specific indicators that may be used to shed further light on each area.

In summary we believe that the UN material provides a practical and well founded starting point for constructing practical measures which shed some light on the characteristics of deprivation, how the Island compares and what degree of improvement is being achieved over time. However the measures are necessarily basic and general. To better illuminate poverty in Jersey measures that are specific to the very particular forms in which poverty is experienced in the Island are required.

## **Island Specific Indicators**

To address the need for more specific and incisive measures the sub-group invited a range of local non-governmental organisations to suggest indicators for poverty or alternatively identify areas which may be appropriate places to start in terms of developing an indicator. As well as organisations representing those experiencing hardship, the Peoples University network was also used to ask individuals experiencing hardship themselves what they felt was indicative of hardship/poverty locally.

Having considered the responses received from charitable and non-governmental organisations; factors that were believed to be suited to employment as indicators were consolidated in Table 1 according to how they fitted (albeit loosely) into the framework provided by the UN indicators. Other feedback that was felt to be relevant but not sufficiently precise to be employed as an indicator was included in the final column of table 1 as such information may offer important sign posts for future developments of locally based indicators of poverty.

In summary we have begun the process of describing Island specific indicators but recognise that there remains much to do in this regard. However the material presented here is, in our view, sufficient to begin the measurement scheme which can be developed and refined in the light of the experience that is gained.

## **Other Sources**

The sub-group is aware that a number of research exercises have been and will continue to be commissioned which related closely to the question of poverty. We have listed those of which we are aware in the final column of the table. Clearly these could present very valuable and precise indicators if planned with sufficient attention to what is already known about the incidence of poverty and the factors that underpin this. (For example, work on income would need to be sufficiently sophisticated as to recognise the way in which other economic provisioning, such as housing assistance interacts with income levels for meaningful insights to be provided). It was not possible for the sub-group to give consideration to this research.

## Recommendations

1. The United Nations poverty measures framework and indicators should be considered as a useful starting point for measuring poverty locally. The DEP should propose to P&R that the indices for which Jersey data is readily available should be calculated and published in a format which allows comparison with the international figures.
2. A macro review of formal research which has been, or is currently going on in the island, should be undertaken in relation to developing poverty indicators. This process should itself be informed by the information already gathered by this sub-group.
3. Further consideration should be given by the DEP steering group as to who, how, and when such indicators (once they have been identified) should be measured.
4. Importantly, the DEP steering group should also consider further the range of subsequent action needed in response to any findings.

World Indicators - as used by the United Nations to compare poverty levels across countries	Jersey Indicators- which may refine the calculation of a UN poverty index score.	Factors identified as important to low income groups & their advocates	Further responses that might suggest indicators to be developed	*Formal Research - which is currently being completed in Jersey
<b>A Long and Healthy Life</b> <ul style="list-style-type: none"> <li>% of people not expected to survive to the age of 60</li> <li>maternal mortality rate</li> <li>life expectancy at birth</li> <li>adults who smoke</li> <li>alcohol consumption per capita</li> <li>proportion of people with disabilities</li> </ul> likelihood of dying after 65 of heart disease, cancer	<b>Health</b> <ul style="list-style-type: none"> <li>mortality/morbidity rates</li> <li>freedom from disease</li> <li>lifestyle factors</li> </ul>	Cost of G.P & Dental services (A.C) Cost of eye care/foot care (A.C) HIE/ elderly property owners (A.C) Cost of basic food e.g. milk, bread (AC, CM, PU, SVP) Information on health topics (A)	Accessibility for specific groups to specific services e.g. pensioners and dental care Pensions Vs Cost of living Benefit thresholds & basket of goods % people paid below level of minimum wage	<b>Jersey Adult Health &amp; Lifestyle Survey</b> - Bristol University <ul style="list-style-type: none"> <li>lifestyle</li> <li>economic</li> <li>environment</li> <li>sense of community</li> </ul>
<b>Knowledge</b> <ul style="list-style-type: none"> <li>functional illiteracy</li> <li>Full time students per hundred</li> <li>Tertiary net enrolment</li> </ul>	<b>Education</b> <ul style="list-style-type: none"> <li>% of young people staying on in higher education</li> <li>% of young people who go to University</li> </ul>	Kids have lack of privacy/study space in cramped housing conditions (PU) Can't afford school trips (PU)	Level of charitable giving re uniforms, trips etc.	<b>Child Care Trust Survey</b> - Plymouth University <ul style="list-style-type: none"> <li>child care</li> <li>affordability</li> <li>quality</li> <li>accessibility</li> </ul> <b>Health Related Behaviour Survey.</b> Exeter University <ul style="list-style-type: none"> <li>looks at various aspects of young peoples behaviour relevant to health</li> </ul>
<b>Economic Provision</b> <ul style="list-style-type: none"> <li>income poverty</li> <li>government expenditure on housing and community amenities</li> <li>government expenditure on health</li> <li>government expenditure on education</li> </ul>	<b>Cost of Living (including housing)</b> <ul style="list-style-type: none"> <li>government expenditure on housing and community amenities</li> <li>government expenditure on health</li> <li>government expenditure on education</li> <li>average wage</li> </ul>	Expensive rents in non-quals sector (AC, CM, PU, SVP) Number of people in one room (A) Low Pensions (A.C) Child care cost (JCCT) Low Pay (A) Poor quality rental housing (WR) Types of restriction on rented accommodation (WR)	% of income on rent disincentives to return to work Level of income left after basket of goods % of income on child care access/ take up of child care in low income groups % of income spent on rent people per room	<b>Income Survey (forthcoming)</b> <ul style="list-style-type: none"> <li>Sample of incomes</li> </ul> <b>Sustainability Strategy - University College London</b> ranked policy options concerning housing need & poverty in Jersey
<b>Social Inclusion</b> <ul style="list-style-type: none"> <li>long term unemployment</li> <li>gender empowerment - derived from seats held in parliament, administrators, managers, professionals, and technical workers and earned income share.</li> </ul>	<b>Degree of Inclusion</b> <ul style="list-style-type: none"> <li>long term unemployment</li> <li>gender empowerment - derived from seats held in parliament, administrators, managers, professionals, and technical workers and earned income share.</li> </ul>	Poor public transport & expensive taxi (CM) Can't afford to go out (PU) Feel humiliated by welfare system (PU, WR, AC) Level of charitable giving (PU)	Level of racism Accessibility of leisure facilities Accessibility to the arts Perceived Level of self esteem/self worth. Degree of isolation felt.	<b>Social Security Research - Loughborough University</b> <ul style="list-style-type: none"> <li>benefit levels</li> </ul>

Organisations who participated in the consultation

AC= Age Concern

A = ACET

CM = Chez Margurite

WR = Women's Refuge

PU = Peoples University

SVP = St Vincent & St Paul Society

JCCT = Jersey Child Care Trust

\*In the column which includes the formal research only the broad area of research has been identified.

## Appendix - The Human Poverty Index

The UN introduced the Human Poverty Index (HPI) to bring together key aspects of deprivation into a single overall benchmark. The Human Poverty Index *"is a multidimensional measure of poverty. It brings together in one composite index the deprivation in four basic dimensions of human life - a long and healthy life, knowledge, economic provisioning and social inclusion. These dimensions of deprivation are the same for both developing and industrialised countries. Only the indicators to measure them differ, to reflect the different realities in these countries and because of data limitations."*

### Computing the human poverty index for industrialized countries

The human poverty index for industrialized countries (HPI-2) concentrates on deprivations in four dimensions of human life, quite similar to those reflected in the HPI - longevity, knowledge, a decent standard of living and social exclusion. The first deprivation relates to survival - vulnerability to death at a relatively early age. The second relates to knowledge - being deprived of the world of reading and communication. The third relates to a decent standard of living in terms of overall economic provisioning. And the fourth relates to non-participation or exclusion.

In constructing the HPI-2, the deprivation in longevity is represented by the percentage of people not expected to survive to age 60 ( $P_1$ ) and the deprivation in knowledge by the percentage of people who are functionally illiterate as defined by the OECD ( $P_2$ ). The deprivation in standard of living is represented by the percentage of people living below the income poverty line, set at 50% of the median disposable personal income, ( $P_3$ ). And the fourth deprivation, in non-participation or exclusion, is measured by the rate of long term (12 months or more) unemployment ( $P_4$ ) of the labour force.

The formula for the HPI-2 is given by

$$\text{HPI-2} = (1/4(P_1^3 + P_2^3 + P_3^3 + P_4^3))^{1/3}$$

Where

$P_1$  = the percentage of people not expected to survive to age 60

$P_2$  = the percentage of people who are functionally illiterate  
as defined by the OECD

$P_3$  = the percentage of people living below the income poverty line,  
set at 50% of the median disposable personal income

$P_4$  = the rate of long term (12 months or more) unemployment  
of the labour force

## Appendix - A Note on Global Poverty

This report has been concerned with poverty within Jersey. This appendix supplements the main report with some notes on the global situation. When taking a global perspective, the magnitude of the absolute poverty which continues to blight so much of the world requires a different set of measures from that which one might use to compare deprivation in advanced economies. In the words of the UN Human Development report, *"issues of poverty in the developing countries involve hunger, illiteracy, epidemics and lack of health services or safe water - which may not be so central in more developed countries, where hunger is rare, literacy is close to universal, most epidemics are well controlled, health services typically widespread and safe water easy to tap. Not surprisingly, studies of poverty in more affluent countries concentrate on such variables as social exclusion"*<sup>3</sup>.

### The Human Poverty Index<sup>4</sup>

The UN introduced the Human Poverty Index (HPI) in 1997 to bring together key aspects of deprivation into a single overall benchmark. The Human Poverty Index *"is a multidimensional measure of poverty. It brings together in one composite index the deprivation in four basic dimensions of human life - a long and healthy life, knowledge, economic provisioning and social inclusion. These dimensions of deprivation are the same for both developing and industrialised countries. Only the indicators to measure them differ, to reflect the different realities in these countries and because of data limitations.*

#### Developing Countries

*For developing countries the deprivation in a long and healthy life is measured by the percentage of people not expected to survive to age 40, deprivation in knowledge by illiteracy and deprivation in economic provisioning by the percentage of people lacking access to health services and safe water and the percentage of children under five who are moderately or severely underweight. Two observations. First, for economic provisioning in developing countries, public provisioning is more important than private income. At the same time more than four-fifths of private income is spent on food. Thus in developing countries lack of access to health services and safe water and the level of malnutrition capture deprivation in economic provisioning more practically than other indicators. Second, the absence of a suitable indicator and lack of data prevent the human poverty index from reflecting deprivation in social inclusion in developing countries".*

The enclosed table 4 shows the Human Poverty Index (HPI-1") for Developing Countries.

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<sup>3</sup> Human Development Report 1997, pp17, UNDP

<sup>4</sup> Human Development Report 1999, p 130, UNDP

## Industrialised Countries

A separate scale is required to compare deprivation in advanced economies. In these countries "deprivation in a long and healthy life is measured by the percentage of people not expected to survive to age 60, deprivation in knowledge by functional illiteracy, deprivation in economic provisioning by income poverty (as private income is the most important source of economic provisioning in industrialized countries) and deprivation in social inclusion by long-term unemployment"

The enclosed table 5 shows the Human Poverty Index ("HPI-2") for 17 Industrialised Countries.

## What Does the Human Poverty Index Reveal<sup>5</sup>?

According to the Human Development Report the HPI-1 index, calculated for 92 developing countries, reveals:

- *Human poverty ranges from a low 2.6% in Barbados to a high 65.5% in Niger. Several countries have an HPI-1 of less than 10%: Bahrain, Barbados, Chile, Costa Rica, Cuba, Fiji, Jordan, Panama, Trinidad and Tobago and Uruguay. These developing countries have overcome severe levels of poverty.*
- *The HPI-1 exceeds 33% in 37 of the 92 countries, implying that human poverty affects at least a third of the people in these countries. Others have still further to go in reducing human poverty. The HPI-1 exceeds 50% in Benin, Burkina Faso, the Central African Republic, Chad, Ethiopia, Guinea, Guinea-Bissau, Mali, Nepal, Niger and Sierra Leone, suggesting that poverty affects at least half the population.*
- *A comparison of HDI<sup>6</sup> and HPI-1 values shows the distribution of achievements in human progress. Countries can have similar HDI values but different HPI values (figure 5).*

For industrialized countries the HPI-2 index indicates that:

- *Among the 17 industrialized countries included in the HPI-2, Sweden has the lowest human poverty, with 7%, followed by the Netherlands and Germany, with 8.3% and 10.4%. The industrialized countries with the highest poverty according to the HPI-2 are the United States (16.5%), Ireland (15.3%) and the United Kingdom (15.1%).*
- *A high [human development indicator.] value does not automatically imply low levels of human deprivation. All 17 countries included in the HPI-2 have an HDI of at least 0.894, suggesting that they have achieved high levels of human development. Yet their levels of human poverty vary. Sweden and the*

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<sup>5</sup> Human Development Report 1999, p131

<sup>6</sup> HDI reflects achievements in the most basic human capabilities—leading a long life, being knowledgeable and enjoying a decent standard of living. The HPI complements the HDI by spotlighting deprivation the extent to which groups do not participate in the overall development achievement

*United Kingdom have almost the same HDI values, 0.923 and 0.918. But Sweden has an HPI-2 value of only 7%, while the United Kingdom's is 15.1%.*

### Limitations

The Human Poverty Index has significant limitations. In particular it does not register a lack of political freedom, inability to participate in decision-making, lack of personal security, inability to participate in the life of a community and threats to sustainability and intergenerational equity<sup>7</sup>.

### The Gap between Industrialised & Developing Countries

The enormous disparity between industrialised nations and developing countries can be seen from the selection of different criteria for the Human Poverty Index. The contrast between these cannot be overstated. For example, if one were to compare our close neighbours the UK and France with, say, Uganda with which Jersey has been associated through its Overseas Aid Programme and South Africa with which Jersey has substantial business links one can begin to grasp the gap in terms of poverty

	<i>People not expected to survive to 60 (%)</i>	<i>People who are functionally illiterate (%)</i>	<i>Long term unemployment (%)</i>	<i>Poorest 20% GDP per capita (PPP\$)</i>	<i>Population below \$14.40 a day (1985 PPP\$) (%)</i>
<b>United Kingdom</b>	9.8	21.8	3.3	3,963	13.1
<b>France</b>	11.3	16.8	4.8	5,359	12.0
	<i>People not expected to survive to 40 (%)</i>	<i>Adult illiteracy %</i>	<i>People without access to safe water %</i>	<i>Poorest 20% GDP per capita (PPP\$)</i>	<i>Population below \$1 a day (1985 PPP\$) %</i>
<b>Uganda</b>	47.4	36.0	54	309	50.0
<b>South Africa</b>	23.4	16.0	13	516	23.7

*Source: Human Development Report 1999 tables 4,5. PPP -purchasing power parity. US\$14.40 (1985 PPP) is the income poverty baseline set by the USA*

<sup>7</sup> Human Development Report 1997, p17