

Monitoring the Effects of the Financial Crisis on Vulnerable Groups Input for Roundtable Discussion

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Economic Crisis and Vulnerable

- Crisis will have profound impact on poor and vulnerable households
- Statistical systems face difficulties capturing full impact in time to inform response
- Aim of Roundtable is to identify limitations of current indicators/systems and suggest how best to improve information
- Including contribution of international organisations

Key Features to Capture

- Impact of the crisis will operate through many channels and affect “old” and “new” vulnerable
- Most directly via unemployment
 - need to capture scale accurately and quickly
 - but also impact on households
- Strain on social safety-nets
- In-work poverty – reduced hours, wages after tax (though some prices falling)
- Extent of household debt and its implications

Limitations of Current Data/Indicators

- Need information to capture key trends in time to frame response
 - Scale of crisis is revealing limitations
- Household surveys key poverty source
 - but lag in availability
- Administrative data on beneficiaries key
 - but partial picture, esp. of household
 - and reflect system structure so gaps may be missed

Monitoring Strategy to Include:

- Learn more and sooner from existing surveys
 - Produce preliminary results for sub-samples, appropriately adjusted?
 - Add-on to other existing surveys (e.g. LFS) focused on poverty

Monitoring Strategy to Include:

- Specially-designed and targeted new surveys or additional modules (incl. non-NSI):
 - Household debt and its impact
 - Declining asset values and their impact
 - Material deprivation
 - Housing problems – cost and access
 - Situation of self-employed
 - Effectiveness of and strains on social protection system

Monitoring Strategy to Include:

- Use administrative data more effectively
 - Linkage across administrative sources
 - Expanding data collected by administrative systems – on individual and their household (e.g. LFS of other members)
 - Processing and reporting of such data
 - Learning from best practice?

Monitoring Strategy to Include:

- Exploit data from business and voluntary sector
 - Financial institutions on debt (linkage across them?) – international collaboration and harmonisation?
 - Service providers, incl. NGOS, dealing with immediate impact but information not structured

Monitoring Strategy to Include:

- Simulation modelling using tax-benefit models (notably EUROMOD)
 - Based on representative sample of households
 - Allow impact of changes in macroeconomy to be investigated
 - e.g. in terms of extent and composition of poverty
 - And policy options to be assessed

Key Points

- Crisis will have profound impact on vulnerable through diverse channels
- Scale revealing serious limitations in current data/indicators
- Significant improvements critical and achievable
- Some elements of strategy suggested
- Key role for international organisations