

Pilot project: developing a common methodology on reference budgets in Europe

Tim Goedemé
Bérénice Storms
Karel Van den Bosch
Tess Penne

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Outline

1. Background
2. The project
3. Methodology
4. Results
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6. Next steps

Background

Previous projects on developing cross-nationally comparable reference budgets in the EU, main lessons:

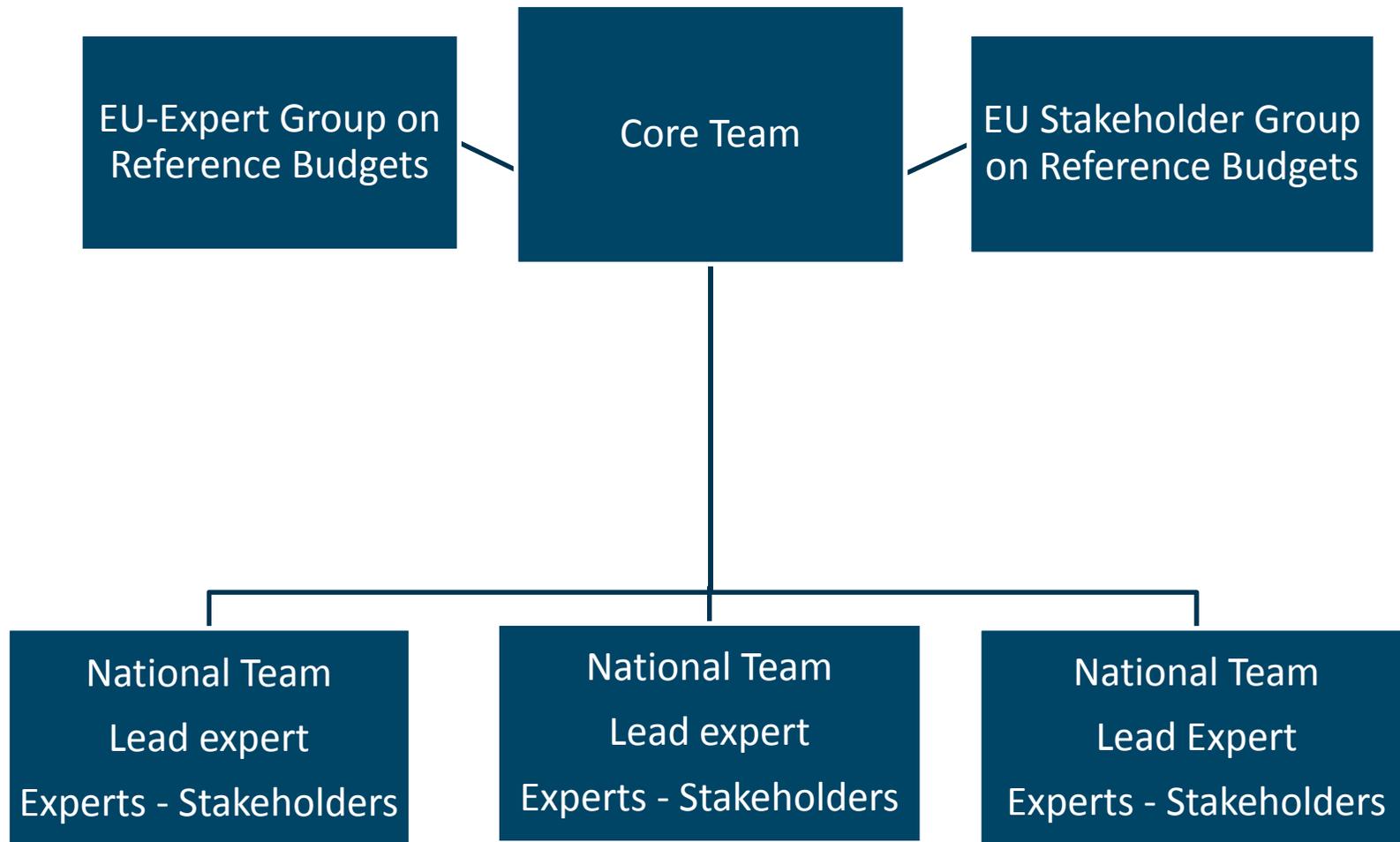
- PROGRESS project on 'Standard Budgets' (2008-2009)
 - Current reference budgets not comparable
 - Partners felt the need for an overall theoretical framework of social needs
 - More research needed on how to best involve FGs
- Peer Review on reference budgets 2010
 - Common method should include focus groups and expert knowledge
- FP7 funded ImPRovE project (First attempt for cross-country comparative reference budgets in BE, EL, ES, FI, HU, IT)
 - Meaningful results are possible, coordination is key

The project

Pilot project for the development of a common methodology on reference budgets in Europe (2014-2015)

- Development of network (researchers & stakeholders)
- Review of state of play
- Development of methodology
- Test methodology: food basket 26 countries + other baskets (housing, health care, personal care)
- Improve intellectual foundations for (comparable) reference budgets in the future

The project: development of a network



The project: review of state of play

- RBs are well established on the national level in many countries;
- Their usefulness for many purposes is generally recognized;
- Constructed in isolation from each other, no common language, various methods.

	In use	Under construction	Not in use (anymore)
AT	2009	2014	
BE	2008	2014	1997
BG	1953		2009
CY		2014	
CZ	1950	2014	
DE	1989, 2013		1975
DK	1993, 2004		
EE	2004a, 2004b		
EL	2009, 2012	2014	
ES	2009	2014	
FI	1995, 2010	2014	
FR	1952	2014	
HR			1996, 2000, 2002
HU	1991	2014	
IE	2006		
IT	1997	2014	
LT			1990, 2004
LU		2015	2010
LV			1991
MT	2011		
NL	<1980a, <1980b, 2010		
PL	1981, 1993, 2002a/2002b		
PT	1969	2014	1981
RO	1991, 2000, 2012		
SE	1978, 1981, 1985		
SI	1993, 2009		1977
SK	1997		2006
UK	2008		1990, 1994, 1997

The project: review of state of play

Advantages

- A clear understanding
- Potential to integrate 'experiential' and 'codified knowledge'
- Transparency of method and results
- Take account of cultural and institutional differences (including public goods and services)
- Flexibility to take account of particular living conditions of citizens
- Stronger basis for evaluating the adequacy of income levels

The project: review of state of play

Main pitfalls and how to avoid them:

Risk of prescriptive use and blindly use as a 'standard' ceiling

- Use reference budgets mainly as awareness-raising instruments
- Well-informed and fully committed societal stakeholders could promote and carefully watch the proper use of RBs
- Include a variety of people from different socio-economic backgrounds in focus groups to act as their own RBs committee
- Use focus groups and surveys to take account of the particular circumstances and characteristics of 'real families' (versus model families)

Risk of circularity: actual consumption patterns are constrained by people's economic resources.

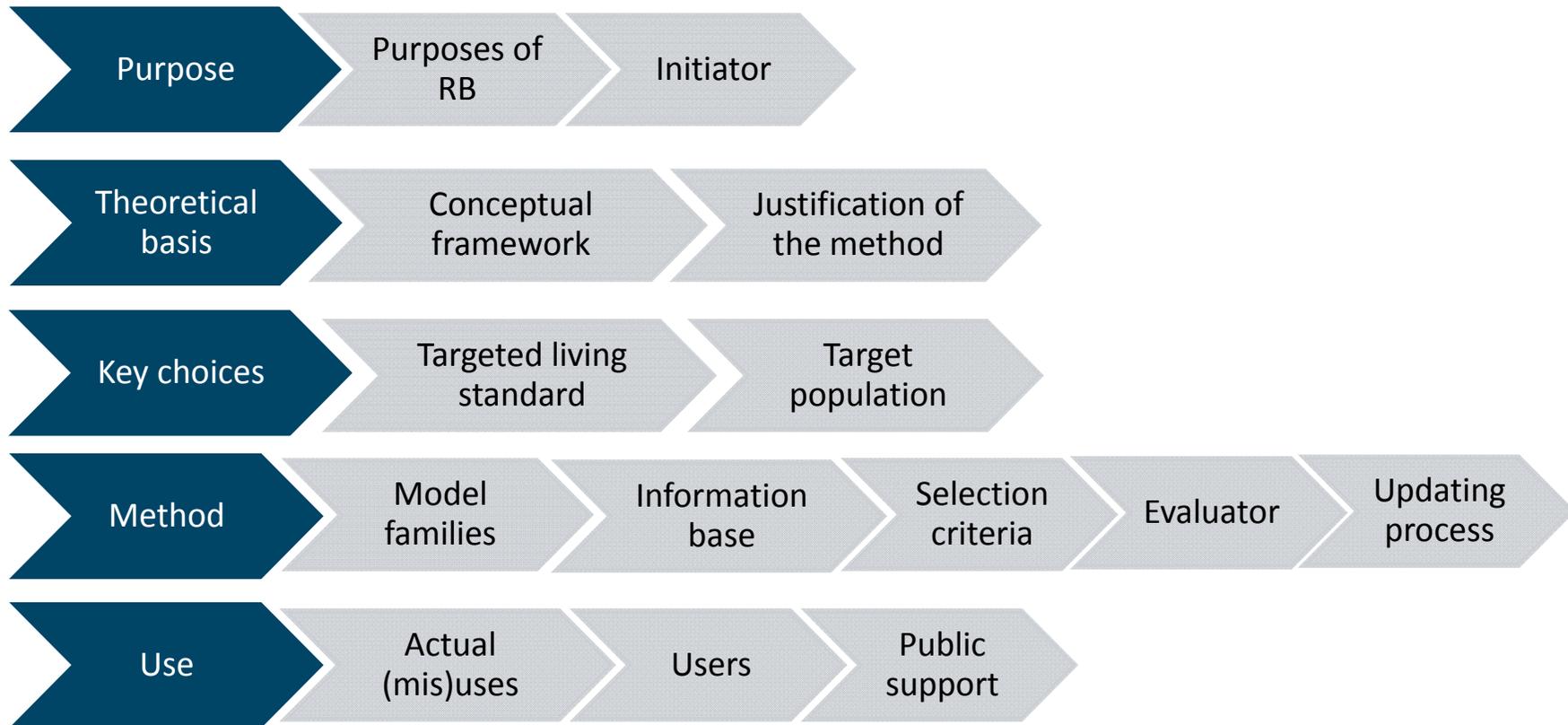
- Mostly for RBs solely based on household budget data

Arbitrary judgements and narrow conceptions of social participation

- Need of a strong underlying theoretical and methodological framework

The project: review of state of play

Common language, constituting elements:



The project: review of state of play

Quality criteria:

- Validity, transparency and acceptability
- Reliability, robustness and triangulation
- Cross-country comparability
- Responsiveness and manipulation
- Operational feasibility, timeliness and potential for revision

The project: methodology

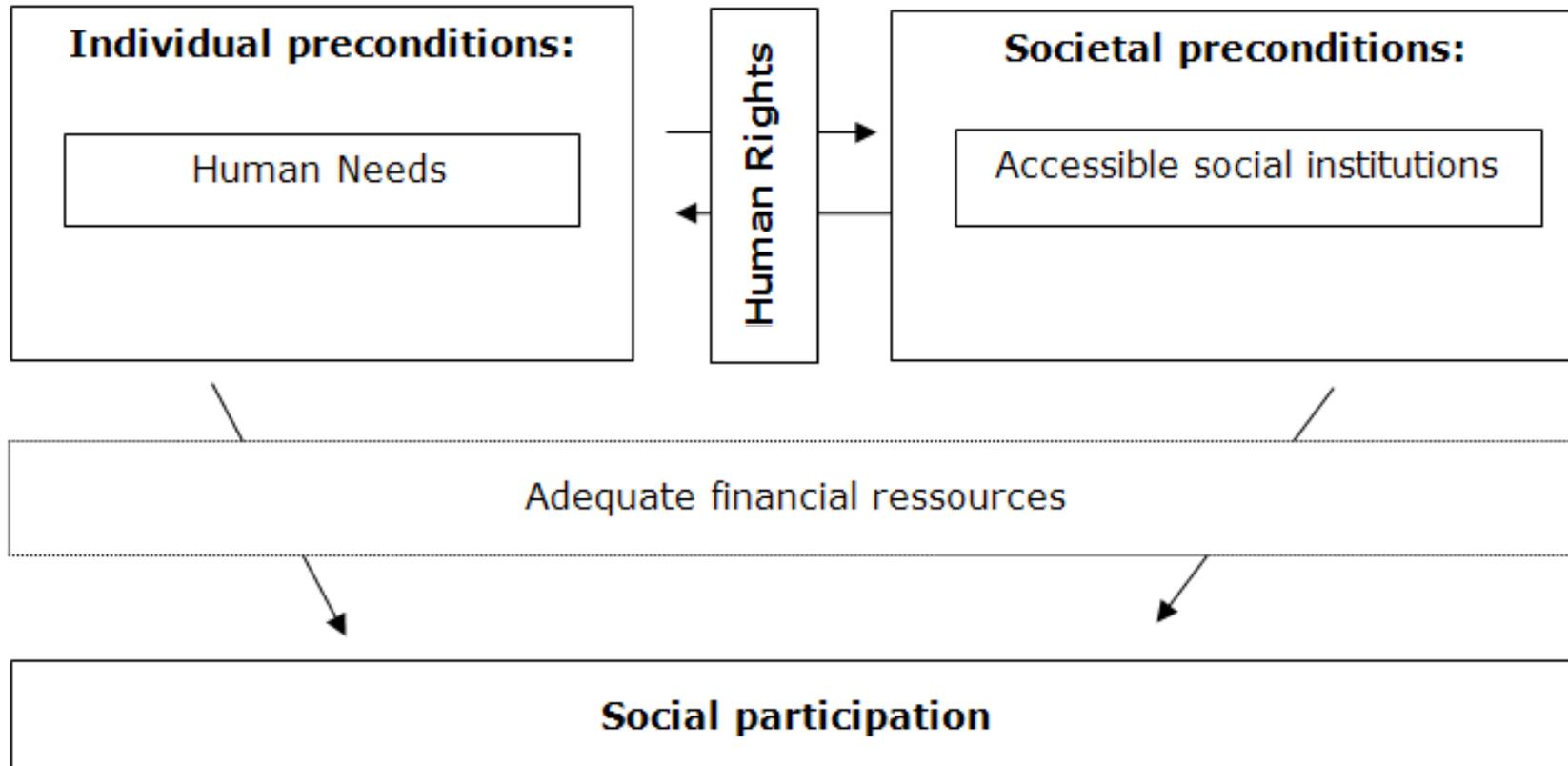


Purpose

Why EU comparable reference budgets?

- To help Member States to design effective and *adequate income* support measures;
- To facilitate mutual learning and identification of best practices in the *fight against poverty*;
- To facilitate the Commission's task of monitoring and assessing the *adequacy of income support* in Europe;
- To *contextualise other indicators*, and policies.

The project: methodology

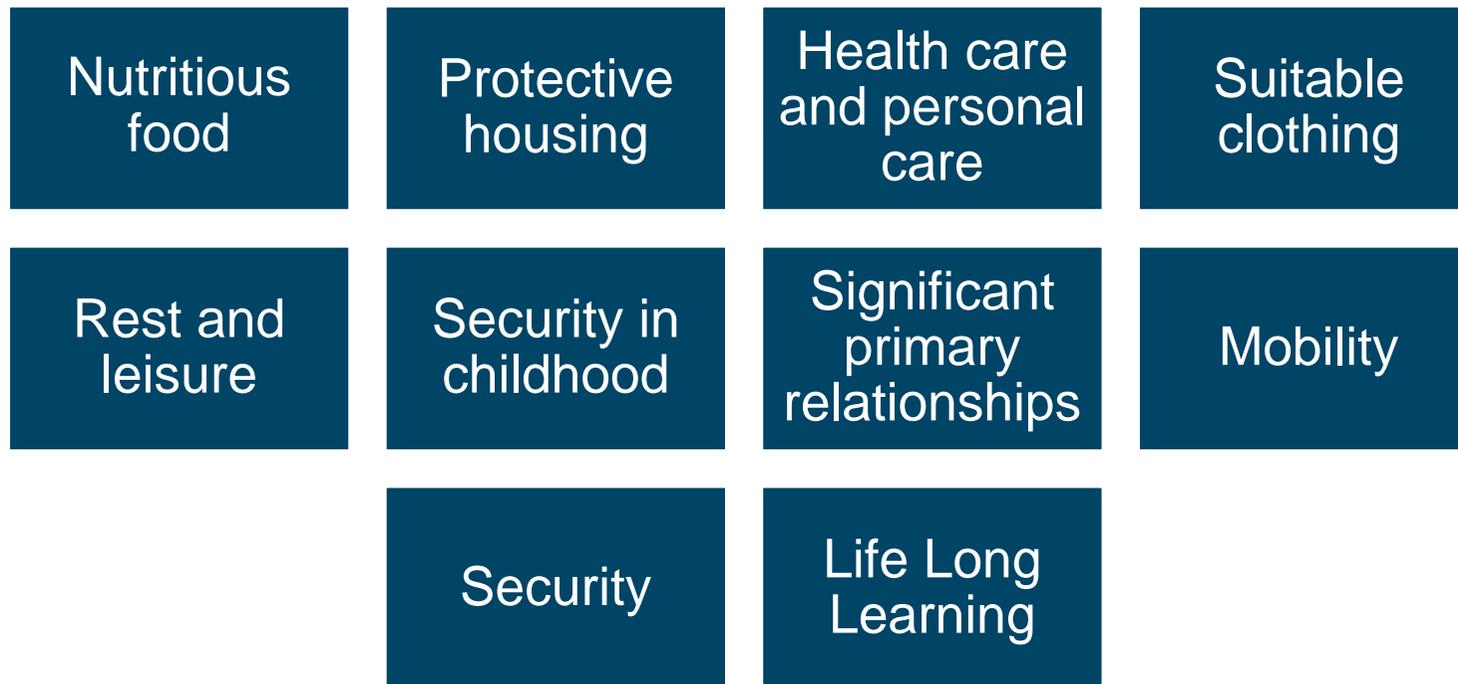


The project: methodology

Theoretical
basis

Social participation requires **autonomy** and **health** (Doyal and Gough, 1991)

Justification for 10 'intermediate needs' (baskets)



The project: methodology



Theoretical
basis

Targeted living standard:

Minimum resources required to adequately participate in society

To participate adequately

≈ Being able to adequately take the various social roles one should be able to take as a member of a particular society

The project: methodology



Theoretical
basis

Target population & model families:

- Hypothetical families:
 - A single-person household,
 - A single parent household with two children,
 - A couple with two children
 - Adults at active age (+/- 40 years)
 - Boy in primary education (10 years)
 - Girl in secondary education (14 years)
 - All well-informed, self-reliant, in good health, in capital city
- => Focus is on minimum necessary resources

The project: methodology



Method

Starting point:

- Reference budgets are *instrument to build consensus* in society about what is an adequate income
- Show *private (out-of-pocket) minimum costs* of adequate baskets of goods and services (disposable income)
- Take account of institutional, cultural, climatological and economic context of a country/city, esp. accessibility of public goods and services (e.g. health, education, transport)
- Mixed-methods approach: drawing on all relevant information + aiming at maximising comparability
- Normative and illustrative
- Feasible

The project: methodology

Method

Procedural comparability: same procedures in all countries

Substantive comparability: procedural comparability, with procedures that guarantee the same phenomenon is captured similarly in different social contexts

-> needs for social participation fulfilled at a similar level

-> RBs differ because, and only because, of differences in:

- Institutional context
- Cultural context
- Geographical and physical living conditions
- Economic context

The project: methodology

Method

Procedural comparability = minimum

Substantive comparability: should be maximised

But:

- robustness;
- lack of data;
- learning process;
- vast cross-national differences in living standards

=> coordination, collection of information

The project: methodology

Method

Phase 1: Preparation - coordinating team + national teams

Phase 2: Orientation- national teams

Phase 3: Argumentation - national teams

Phase 4: Deliberation & Pricing - coordinating team + national teams

Phase 5: Arbitration - national teams

Phase 6: Dissemination & Discussion - national teams and coordinating team

The project: use

Method

Procedural comparability = minimum

Substantive comparability: should be maximised

But:

- robustness;
- lack of data;
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The project: use



National partners & stakeholders

- Apply the common methodology for developing other baskets
- Using data in the debate on the adequacy of national minimum income systems

RBs Network:

- Maintain and strengthen the network in the future where possible

Commission:

- maintain the debate about the adequacy of social protection systems in the EU (cf. Bérengère Steppe)

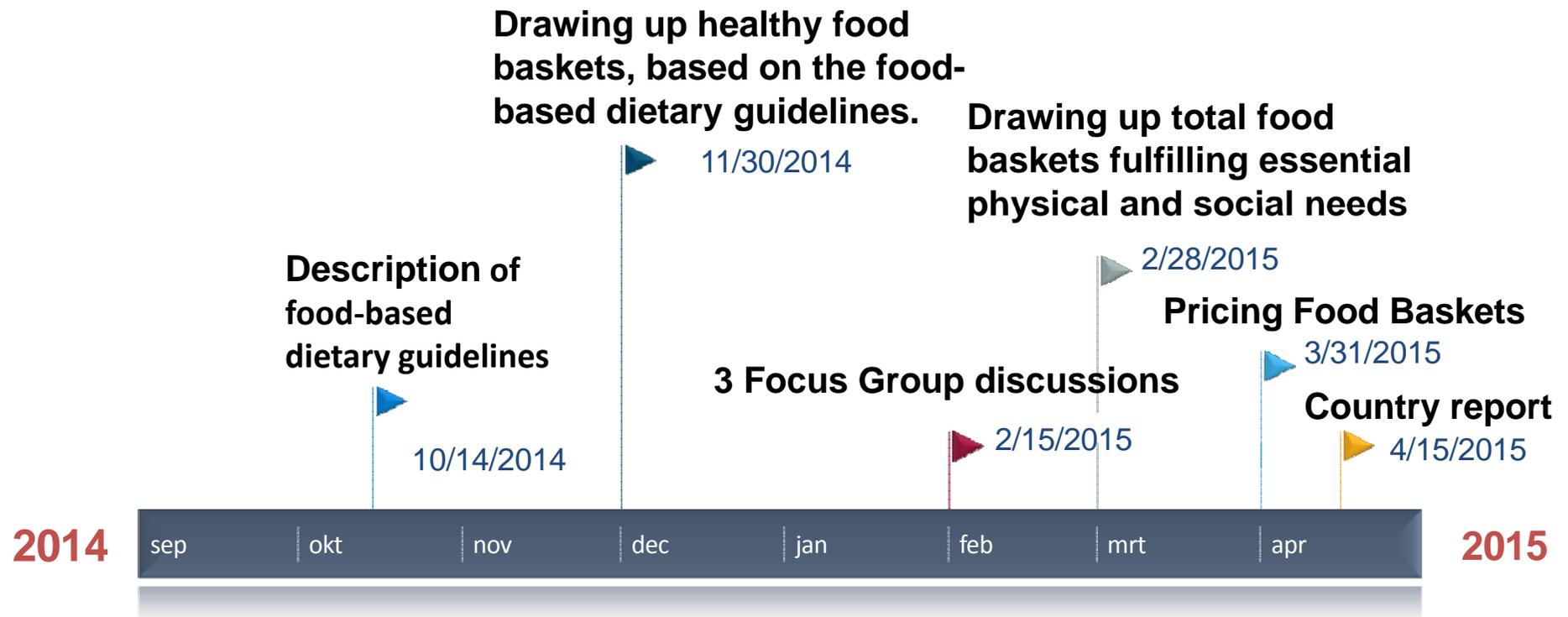
Results: Theoretical framework

In line with considered views of citizens

- 3 focus groups in 26 EU countries
- Social positions from starting list (European Convention on Human Rights, Charter of Fundamental Rights of the European Union) were generally accepted in all countries
 - Except for trade union member, which is in some countries seen as NOT common/essential
 - In most countries positions added or refined: member of a religious group, provider of informal care, volunteer, consumer, friend
- Acceptance on list of intermediate needs
 - Except for LLL
 - Addition of 'decent work'

Results: food basket

The development of a minimum budget for adequate food intake: 5 milestones

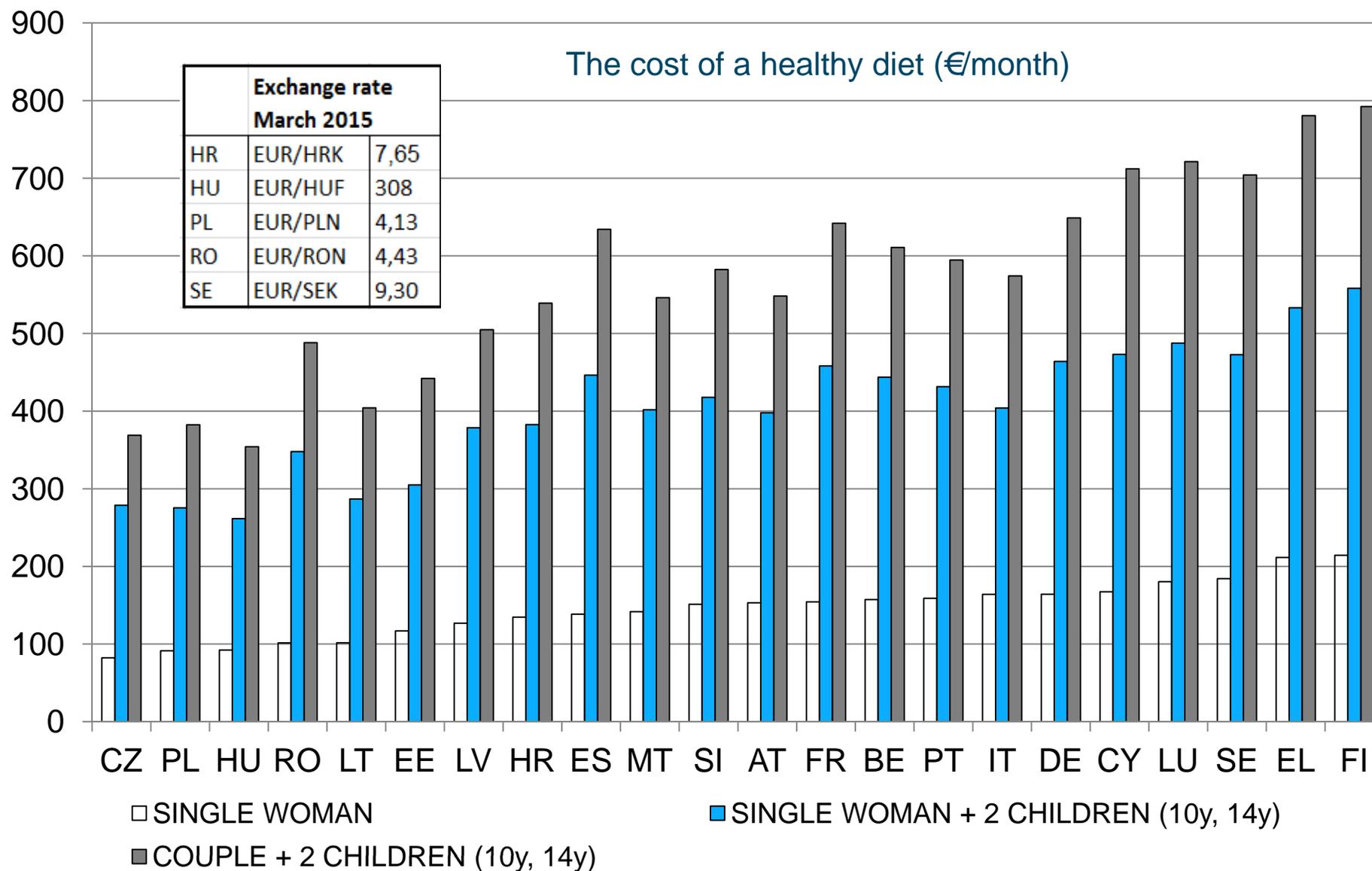


Results: food basket

Assumptions food basket:

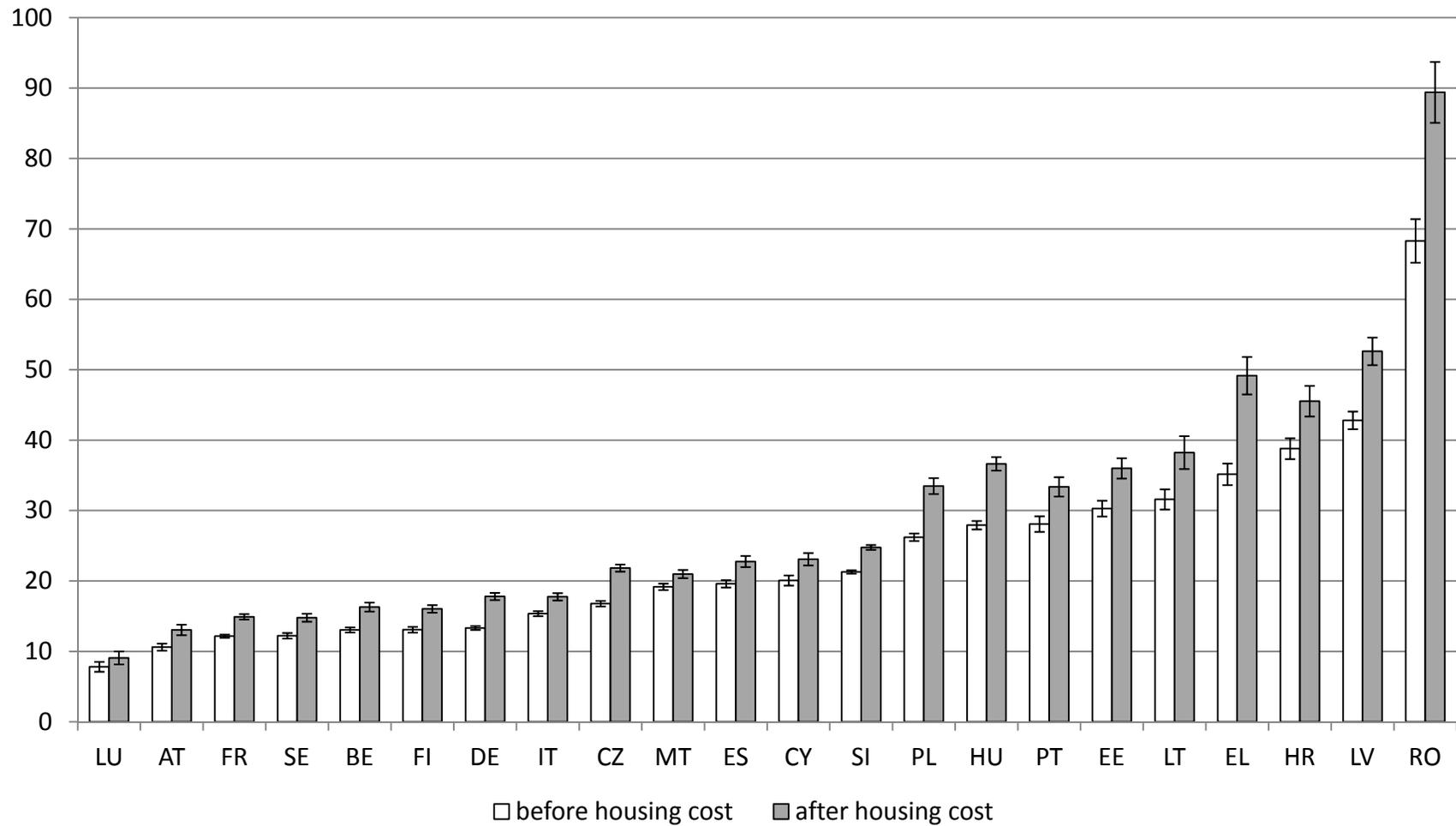
- Should allow for good health & prevention of diseases, in line with national FBDGs (EFSA: no EU-wide FBDG's)
- Should allow for storing, preparing, serving, consuming and conserving food (kitchen equipment)
- Takes account of minimum recommended physical activity
- All meals are prepared and eaten at home
- All food is acquired, prepared and consumed in the most possible economical way
- Same waste percentages across EU (fresh fruits 22%, vegetables 28%, potatoes 10%, fish 30%, fatter meat 20% and eggs 12%)
- Moderate physical activity (minimum recommendation)
- If upper and lower limits specified in FBDGs: lower bound for females, upper bound for males
- Should be acceptable, tasty & feasible for wider public: Focus group discussions
- Common pricing procedure (March - April 2015)

Results: food basket



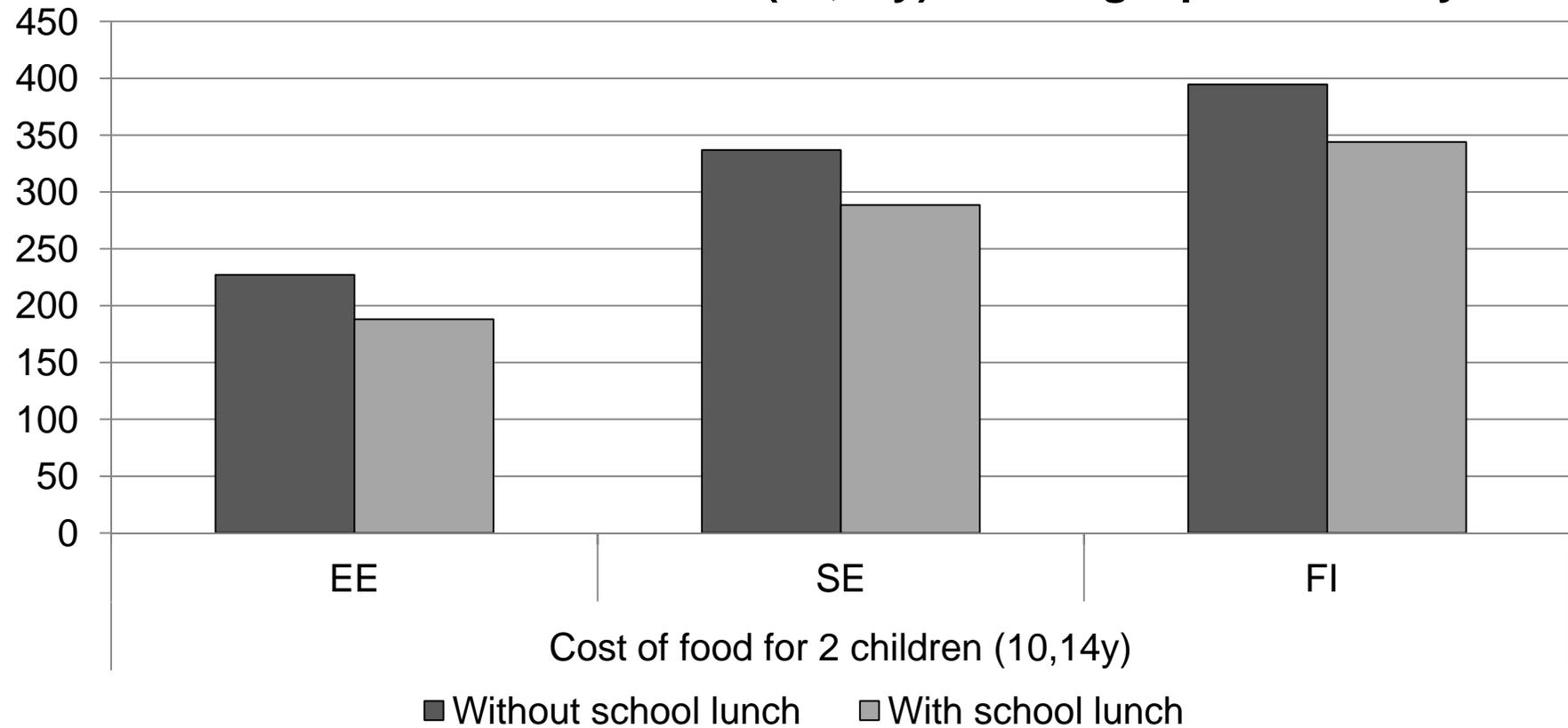
Results: food basket

Median ratio of the cost of a healthy diet and the disposable household income, densely populated areas, EU-SILC 2012



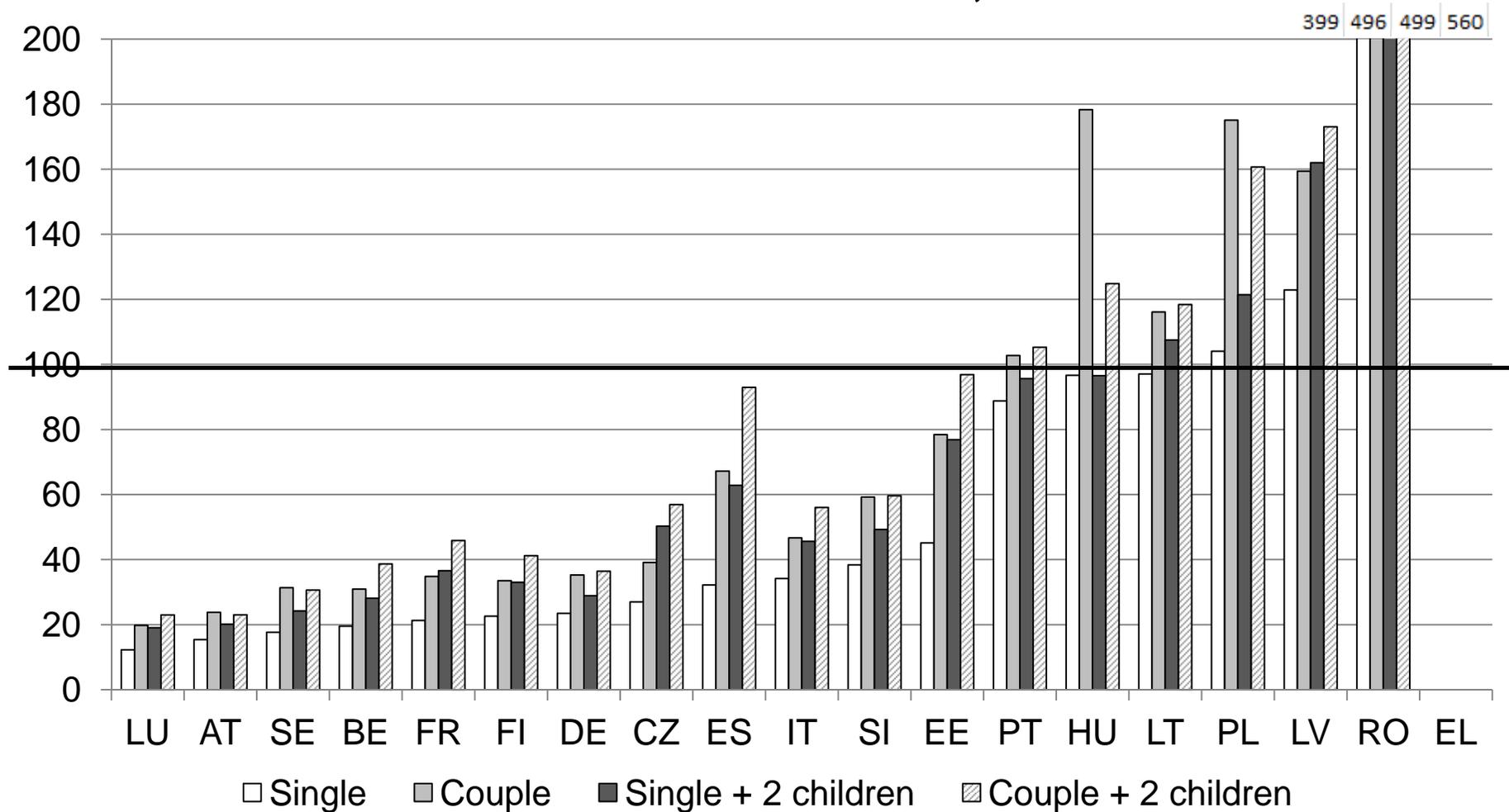
Results food basket

The effect of publicly provided school lunches on the cost of food for two children (10,14y) in a single parent family



5. Financial constraints for eating healthily

The cost of a healthy diet as percentage of social assistance in EU countries, 2012



Results food basket

- Large differences in cost of healthy food between countries, but less than differences in median income
- No significant economies of scale: costs increase with additional family members (adolescents > adults)
- Variation is explained by differences in:
 - Priorities & recommended quantities
 - Differences in national food-based dietary guidelines as benchmark
 - Price levels
 - Institutional differences (school lunches)
- Some countries minimum incomes are not adequate for eating

Conclusions

- Reference budgets bring a new perspective to minimum income protection policies, namely the perspective of the cost of essential expenditures that people face
- What is needed at the minimum varies much less across countries than median incomes
- Reference budgets show the large impact that accessible public goods and services on adequate participation
- Compared with richer countries, it's less straightforward to construct cross-nationally comparable reference budgets in poorer countries because of inadequacy of accessibility (availability, affordability) of public goods and services (e.g. housing, education, health care, child care, mobility) and because of wider use of informal practices (second hand shops, babysitting by family members)
- Studying differences between countries in this regard can provide scope for policy learning.

Conclusions

- Many questions of robustness and comparability remain;
- Country teams asked for more standardisation, rather than less;
- The development of EU-wide comparable surveys and databases on prices could create an important added value for developing more robust, and valid reference budgets.