# Report on Sprint Session 5: “Beyond Averages Day”

aka Mapping Distributional Frameworks

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21 September 2023

UN Network of Economic Statisticians

# Beyond Averages Day: Key Messages

- The Fab 4. Four frameworks that look “beyond averages”:
  - well-developed methodologies
  - producing datasets on inequality
  - used by researchers, national governments, media, and general public.

- The Fab 4 are:
  - **National Transfer Accounts**
  - **Household Distributional Accounts (EG DNA)**
  - **Distributional National Accounts (DINA or World Inequality Database)**
  - **Spatially-disaggregated Human Development Index.**

# Beyond Averages Day: Next Steps

- May not be possible to unify the 4 frameworks:  Different policy uses and different approaches.

- Develop a consolidated guide to the frameworks to facilitate a better assessment of the policy implications of each and sharing of innovative approaches among the frameworks.

- UN Network to facilitate working arrangements and collaborations between these communities to draft this guidance note.

# Beyond Averages Day:  Headlines

- **Alexia Fürnkranz-Prskawetz (Vienna Institute of Demography):  National Transfer Accounts** integrate demography (age and gender) into National Accounts to analyze consumption, earnings, and redistribution at the individual level.  NTAs help us understand how demographic change affects the economy and public redistribution, how individuals at different ages are affected by economic change, and how the roles of men and women differ for public and private reallocations.

- **Jorrit Zwijnenburg (OECD):  Household Distributional Accounts** produce distributions of income, consumption, and wealth for groups of households.  These are fully consistent with household sector of National Accounts.  These measure inequality across the three dimensions simultaneously: income, consumption, and wealth.  They help us understand how household groups have been affected by specific events (e.g., GFC, COVID), assess household vulnerability (e.g., inflationary pressures), and evaluate the impact of policies on specific household groups.

# Beyond Averages Day: Headlines

- **Lucas Chancel (Paris School of Economics): Distributional National Accounts (World Inequality Database)** provides income and wealth distributions for 140+ countries since the 1980s and 1990s – as well as a longer time-series for large countries and regions since the 1820s. Uses all available sources: tax data, household surveys, national accounts, rich lists, etc. Motivation: inequality data as a public good. Some key findings: wealth inequality is extreme everywhere, world regions moving toward a high inequality frontier, inequality after-tax is mostly due to inequality pre-tax.

- **Yanchun Zhang (UNDP): The Human Development Index** is a widely used alternative metric in global development. There is an increasing demand for disaggregated human development indices. Two examples. The Human Climate Horizons Platform projects impact of climate change globally and at the hyperlocal level (24,000 regions) to identify where people are most at risk. The HDI at hyperlocal levels at 0.1 by 0.1 degrees based on satellite imagery and machine learning.

# Beyond Averages Day: Headlines

- **Piedad Urdinola (Director General, DANE-Colombia)** noted commonalities: great collaborative efforts, building partnerships with academia (economists, demographers, environmentalists), focusing on greater granularity and timeliness of data. Highlighted two key additional dimensions of inequality: gender and climate change. The need for a vision of inequality that includes gender – noting the key roles it plays both in population aging and climate change. Climate change is a global issue that requires very detailed local data. The catalytic investment needed to increase the use of these frameworks is investment in technical capacity of NSOs to apply well-defined methods to data already available.

- **Eduardo Rios-Neto (Professor, Federal University of Minas Gerais)** compared the 3 accounting frameworks (NTA, DNA, and DINA) with suggestions on how to best exploit synergies. All three fit the aggregation of their micro-data to National Accounts. DNA and DINA measure distributions (e.g., quintiles of income), while NTA stratifies by population group (age, sex, education, family status). DNA measures consumption, income, and wealth distributions; DINA measures income and wealth distributions; and NTA measures average consumption, income, and reallocations by population group. They differ in focus: DNA – Households, DINA – Adults, NTA – Individuals.

# Resources from the Fab 4

| FAB 4 Frameworks | Manual/Guidelines | Data |
|---|---|---|
| National Transfer Accounts | bit.ly/NTA_Manual | www.ntaccounts.org |
| Household Distributional Accounts (EG DNA) | www.oecd.org/sdd/na/household-distributional-results-in-line-with-national-accounts-experimental-statistics.htm<br><br>www.oecd.org/sdd/na/OECD-EG-DNA-Guidelines.pdf | stats.oecd.org/Index.aspx?DataSetCode=EGDNA_PUBLIC |
| Distributional National Accounts (World Inequality Database) | wid.world/document/distributional-national-accounts-guidelines-2020-concepts-and-methods-used-in-the-world-inequality-database/ | www.wid.world |
| Spatially-disaggregated Human Development Index | www.nber.org/papers/w31044 | horizons.hdr.undp.org<br><br>communityhdi.org |