

# Insights from key databases and measurements of poverty and inequality

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## Question: Source of poverty data, how collected?

**Household surveys** are a **necessary input** to measuring poverty, used to construct measure of wellbeing and poverty line. Collected by NSOs, typically PAPI, some CAPI

→ But, that's not all, several **complementary data** sources are also needed



**Purchasing power parity (PPP) indices**

- Make poverty line comparable across countries (GLOBAL)



**Population (census) data**

- to estimate total number of the poor (as product of poverty rate and population)
- population frame for survey samples (NTL & GLOBAL)



**Inflation and national accounts growth**

- Inflation data to keep measures of wellbeing in real terms (NTL & GLOBAL)
- NA data to "line up" surveys into reference years (GLOBAL)
- Coherence with household surveys, important issue for gaps

## Question: Data coverage, gaps

Household income-consumption surveys provide two inputs

Indicator of  
**ECONOMIC WELLBEING**  
(ie. Consumption or  
income)

Selection of  
**POVERTY LINE,**  
expressed in LCU (NTL),  
in common currency  
(global)

- **POVERTY LINES:** For global estimates, we've constructed a data file of **864** harmonized national poverty lines for **129 countries**
- Greater temporal & country coverage, better support for Intl Pov Line
  - Subsample of lines closest to the 2011 benchmark (n=115), requiring on avg 1 year of CPI (filling gaps)
- *Harmonized:* All in per capita units, weighted similarly

Jolliffe & Prydz, 2016, "Estimating international poverty lines from comparable national thresholds," PRWPS 7606.

## Question: Data coverage, gaps (continued)

- **ECONOMIC WELLBEING:** PovcalNet.
- Online tool containing data from more than 1,000 national household surveys from 131 'developing' countries.
- Survey data from 2010 to 2014 used in the 2012 estimate cover:
  - 86% of the developing world's population
  - >90% in EAP, ECA, LAC and SAR
  - 68.7% in AFR
  - 37.4% in MENA
- Variation in measures,  $\frac{1}{4}$  income,  $\frac{3}{4}$  consumption; Most unit record data, a few still grouped.

2015 Poverty Update – Distribution types

	Grouped	Micro data	Total
Income	3	29	<b>32</b>
Consumption	3	96	<b>99</b>
<b>Total</b>	<b>6</b>	<b>125</b>	<b>131</b>

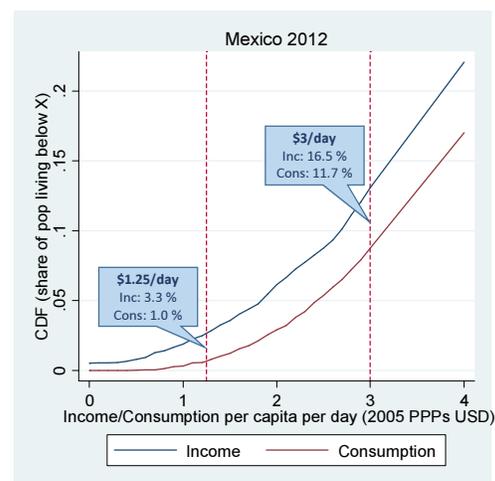
## Question: Primary challenges in data collection?

### Key point

- Primary focus of NSO counterparts and WB – National poverty measures
  - => data instruments are typically tailored to the specific country needs
- Poverty data is not collected for global poverty estimates
  - => significant variation in underlying measures of wellbeing, assumed to be comparable for global poverty counts

## Question: Primary challenge; comparability

- Income (¼), consumption (¾) assumed comparable but are different concepts (savings, volatility)
- Surveys often have zero incomes; seldom zero consumption.
  - Zeros exert significant influence on extreme poverty measures; more so as goal of eliminating poverty nears.
  - Example: Poverty in Mexico 2012 (at \$1.25/day, 2005 PPPs) was 3% based on income, 1% based on consumption



Source: PovcalNet

## Question: Primary challenge; comparability

... but even when concept is the same, consumption, much variation in how it's collected.

**Table 4: Total Household Consumption Percentiles  
Comparison of the Short- and Long-Questionnaire Samples**

	Percentile	<i>Short Questionnaire</i>		<i>Long Questionnaire</i>		Difference (percentage)
		Consumption	Std. Dev.	Consumption	Std. Dev.	
<i>Experiment, El Salvador: Detailed food list (94 items) vs. short, aggregated list (27 items) e.g. cheese vs. 3 types of cheese</i>	10 <sup>th</sup>	98.5	(5.00)	141.0	(11.2)	43%
	20 <sup>th</sup>	137.7	(7.27)	179.0	(10.9)	30%
	30 <sup>th</sup>	172.6	(6.83)	219.8	(11.5)	27%
	40 <sup>th</sup>	204.2	(7.67)	257.2	(16.4)	26%
	50 <sup>th</sup> (median)	245.2	(8.16)	310.8	(20.2)	27%
	60 <sup>th</sup>	295.1	(10.4)	375.6	(29.2)	27%
	70 <sup>th</sup>	352.3	(15.6)	478.7	(34.0)	36%
	80 <sup>th</sup>	452.6	(16.4)	609.0	(34.3)	35%
	90 <sup>th</sup>	619.2	(24.1)	869.0	(63.9)	40%
	<i>Estimated consumption about one third larger with more specific food prompts.</i>					

Jolliffe, D. "Measuring Absolute and Relative Poverty: The Sensitivity of Estimated Household Consumption to Survey Design." *Journal of Economic and Social Measurement*, 2001, 27(1/2): 1-23.

## A few concluding comments

### Why so much variation in national household surveys?

- NSOs collect household survey data for **national** poverty policies, not global poverty measurement.
  - Typically reflecting country context, some countries collect data on consumption, expenditure, and/or income
  - Level of economic development affects instrument design, similarly level of formality
  - Differing adjustments for adult-equivalence (and/or economies of scale)
  - Recall, "usual", last 7 days, last 14 days, diaries 30 days, diaries 14 days, cons/exp,
- Some efforts to standardize
  - Some regional efforts to bring more uniformity of instrument
  - Working with NSOs to implement Deaton-Zaidi guidelines for consumption
  - PovcalNet requests data in per-capita terms
- Current interagency efforts to propose guidelines for household survey data collection
  - Cross disciplinary agreement on many issues, in coordination with UNSC

# Thank you

## *Primary References*

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