Measuring Global Poverty

A Cover Note to the Report of the Commission on Global Poverty

Slides prepared and presented by Dean Jolliffe, World Bank, based on the Cover Note by Romer, Revenga and Ferreira. A brief summary of the World Bank Group's response presented at launch event of the Atkinson Report co-sponsored by OPHI and Oxford Martin School.

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Overview

- The Commission's advice was sought with regard to two questions:

  - *What should be the interpretation going forward of the definition of extreme poverty, set in 2015 at 1.90 PPP-adjusted dollars a day per person, in real terms?*

  - *What choices should the World Bank make regarding complementary poverty measures to be tracked and made available to policy makers?*

- Atkinson report delivers 21 recommendations for improving how the World Bank measures and monitors global poverty

  - *The World Bank has already started to act on several of the recommendations.*

World Bank's response groups the 21 recommendations into three broad categories:

1. *Recommendations we plan to adopt, largely as stated and relatively quickly.*

    Process of adopting is now started, and we expect progress on several by next reporting cycle

2. *Recommendations with which we agree conceptually, but the need for cooperation of other organizations and/or additional resources necessitates a gradual approach.*

    We anticipate that progress on these recommendations will be incremental and determined in part by the interest and needs of partnering organizations.

3. *A few recommendations (4) we don't anticipate adopting.*

Group 1: Adopting the recommendation

R1. Refer to the "International Poverty Line" (IPL), not the $1.90 line

- Valuable communication advice, linked to other recommendations.

R2. National Poverty Statistics Reports

- Demanding recommendation, but fundamental to central theme of Atkinson report – improve integration of national and international poverty analysis. Envisioned as a 1- or 2-page country brief, as online appendix to Poverty and Shared Prosperity report.

R10. Do not re-estimate IPL with future PPP conversion factors, only adjust the value of the IPL with national measures of inflation. (Lock in 2011 PPPs)

- Yes, but we leave open the possibility that future rounds of PPP might be used if we are satisfied that methodology has stabilized over two successive rounds.

Group 1: Adopting the recommendation (cont.)

R11. Portfolio of indicators, complementing consumption headcount ✔

   R12. Poverty Gap

   R16. Societal Global Poverty

- Country briefs will include poverty gap and country-specific weakly relative poverty line
- Higher fixed lines relevant for middle-income countries

   R18 & R19. Nonmonetary dimensions & MPI

- Plan to track 3 nonmonetary domains (education, health, access to basic services) along with extreme consumption/income poverty (IPL).
- Overlaps are a key area of interest, suggests single data source for the Bank's MPI.

Group 1: Adopting the recommendation (cont.)

R13. Global Poverty Profile

- We've already started to profile global poverty by age categories and urban / rural splits in the new *Poverty and Shared Prosperity Report.* We will explore possibilities for gender breakdown, but as noted in the Atkinson Report is consumption is measured at the household level (not the individual).

R6. Data details

- Online appendix to Poverty and Shared Prosperity Report)

R20. Additional investment statistical sources and analysis

Group 2: In agreement, but need funds and/or *partnerships*

R3. Work with UN on fitness of population data

- *First step: WBG data group documenting our protocol for selection of population data. In longer run, better documentation of decision rules by both UN WPP and WBG are desirable. Ultimately though, we are consumer's of census data, and rely heavily on UN.*

R4. Joint Statistical Working Group for hhold consumption statistics.

- *First step: Bank and FAO are jointly working on establishing guidelines for the measurement of food consumption data (a significant element of consumption).*

R7. A National Accounts based measure of household living standards

- *First step: WB data group awith support from the research group, to improve our understanding of the conceptual and empirical connections between Household consumption (HFCE) in national accounts and Household consumption as typically measured for poverty analysis.*

Group 2: In agreement, but need *funds* and/or partnerships

R5. Report total error, both sampling and non-sampling

- First step: Policy research report on poverty and shared prosperity and report setting the new IPL both provide significant discussion on nonsampling error. More papers planned for documenting magnitude of other sources of nonsampling error. But understanding the magnitude of the different sources on nonsampling error is a thin literature, requires quite a bit more investment.

R8. Investment in rapid-appraisal poverty measurement alternatives

- *The Bank has piloted several variations of rapid-appraisals and continues searching for more time and cost effective tools for poverty measurement. The poverty global practice carries out test of SWIFT consumption instruments, the data group has ramped up experiments on data capture.*

R9. Work with other institutions to improve quality of inflation data (constraint: funds & partners)

Group 3: Recommendations we are not currently planning to pursue

R14. Explore subjective measures of global poverty

- We have engaged (and continue to do so) incorporating qualitative analysis of poverty and subjective measures of poverty for *national* poverty work. We ultimately believe this is a tool that is very helpful for national and subnational analysis, but worry about trying to extend this to global comparisons.

R15. Construct a global basic-need IPL estimate of extreme poverty

- *The methodology currently used for estimating the IPL rests on taking an average of national poverty lines (estimated by cost-of-basic-needs). We believe the IPL does already reflect a minimum estimate of basic needs in the world. A global basic needs line is challenging to interpret as a complement to the IPL.*

R17. Advice on how to present the measure of shared prosperity

R21. Formal auditing system of global poverty measure

- *Our aim is to continue to seek guidance and advice from panels such as the Atkinson committee and to continue collaborations on research related to global poverty measurement. But we do not intend to create a standing external committee for review and audit of global poverty measures.*

Final comments

- Several committees have already been established for the purpose of implementing many of the Category 1 recommendations.

- Our quick action on several of the recommendations speaks to the excellence of the Commission's report. It is the most sound and authoritative advice we could have hoped for.

- *The Report will guide the poverty monitoring work of the World Bank Group for years to come.*