

UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

High-level Seminar on Harmonisation of Poverty Statistics in CIS Countries

organized in cooperation with Rosstat and CISSTAT, with support from the Russian Federation

WORLD BANK GLOBAL POVERTY MONITORING IN THE CIS COUNTRIES: PRESENT AND FUTURE

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Global Lead



Why we do it?

- **Comparability** of data and statistics produced by the countries in the region
- **Efficiency** in the use of statistics for regional research and policy dialogue
- **Scalability** on the process of data harmonization
- **Share the knowledge** within and across stakeholders

What is the World Bank Global Poverty Monitoring?

Support the monitoring of SDGs Goal 1

- Produce the international poverty line (1.90 at PPP 2011) and compute the poverty rate for country in which data is available

Commission on Global Poverty ([link](#)) chaired by Sir Tony Atkinson and another 23 leading economists with relevant expertise of poverty measurement

- 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?

Final Report was launched in October 18th ([link](#)) and was accompanied by a cover note with a detailed response of the World Bank to the recommendations of the Atkinson Commission ([link](#))

How we do it?

- **Global Team For Statistical Development**
 - Guidelines for Ex Post Harmonization of the Welfare Aggregate (always a work in progress)
 - Platform for Transferring, Archiving and Validating the Microdata, Auxiliary Data and Indicator (PRIMUS)
- **Regional Team for Statistical Development (ECATSD in the case of the CIS)**
 - Dialogue with Country Poverty Economists, Statistical Agencies and Regional Institutions
 - Country Poverty Economist are responsible to assure the feedback with Country Statistical Agencies when any issues arise
 - Implement the ex-post harmonization using the household surveys from the countries
 - ECAPOV is the ex post harmonized database of the microdata in the CIS region.
 - ECAPOV has been founded around 2000 and has been running since then.
 - Individual characteristics (module 2)
 - Consumption/welfare module (module 3)
 - Utilities module (module 4)
 - Social Protection and social assistance modules (module 6)
 - Income module (module 7)
 - Assets and services (module 9)
 - National welfare aggregate module (module 10)

Replicating of our global poverty numbers

How does PRIMUS help?

PRIMUS

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- BEL

TRN-000327173-ECA-ARM-7KB6Y DateTime: Thu Sep 29 2016 3:20:41 PM SurveyId: ARM_2012_ILCS_V01_M_V02_A_GP WG	UPI: 000327173 CountryCode: ARM	NAME: Minh Cong Nguyen REGIONCODE: ECA
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TRN-000327173-ECA-LTU-QHL8I		

Replicating of our global poverty numbers

How does PRIMUS help?

PRIMUS

◉ TRANSACTION DETAILS

Country Name: Armenia Data Year: 2012

◉ DATA SUMMARY

◉ PREVIOUSLY PRIMUS APPROVED

◉ CALCULATION DETAILS

STATA																LOG		
Welfare Set	Method	PPP Value	CPI Value	Group	Regional	DECDG	POVCAL	FINALIZER	PovLinePPP/day	PPP Adjusted	MeanPPP	HeadCount(%)	PovGap(%)	PovGapSqr	Watts	ReqYearPop(mil.)	#poor (mil.)	Group share (%)
welfare.weight	CustomCPI	183.7800	1.0256	none					1.9000	188.4848	5.8716	1.7366	0.3269	0.1045	0.4040	3.1925	0.0554	100.0000
									3.1000	188.4848	5.8716	17.4032	3.5213	1.0881	4.2955	3.1925	0.5556	100.0000
POVCALNET																LOG		
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									3.1000	188.4848	5.8716	17.4032	3.5213	1.0881	4.2955		0.5556	

◉ COMMENTS/JUSTIFICATION DETAILS

Your comment / Justification

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Comparable Consumption Aggregate

To examine poverty and inequality, one needs a measure of **material well-being**. Ideally, this measure should correspond as closely as possible to the way a person experiences his or her standard of living.

Income is often considered to be the preferred measure because it is an indicator of the “potential” to enhance welfare. However, **measuring income suffers from several defects**, both in theory and in practice:

- Can be highly volatile
- Income underreporting is common in transition countries (respondents not willing to fully disclose illegal or semi-legal income sources)
- Inability to separate out what is “household” income and what is “business income” in households engaged in informal activities

Given the problems with income-based measurement, and the practices of countries in the Region to measure poverty, ECAPOV relies on measuring welfare with consumption.

Comparable Consumption Aggregate

ECAPOV deals with issues of comparability with the following methodologies that are applied consistently across the region:

- Estimates of flow of services of durables, or durable purchases or rents are not used since data availability limits the application of this approach to all countries.
- Higher consumption should indicate a higher level of well-being. For health expenditures, this correspondence is questionable. As a result, health **expenditures are not included** as a part of consumption.
- Own food production and reciprocal exchange with other households and institutions are taken into account by using the **median local prices** to impute the value of **in-kind food consumption** and **households' own estimations** of the value of gifts and transfers in-kind for food and nonfood items.
- To limit the effect of extreme values at either end of the distribution, the data are “bottom-coded” **at 1 per cent of per capita mean real consumption** and “top-coded” at **10 times the median of household consumption**. The final data set excludes all records with zero consumption.

Price Deflation and Equivalence Scale

Deflation

- Across Time - ECAPOV uses **Quarterly CPI (IMF)** indexes to compute real values across time.
 - This measure ignores the differential impact of price increases on the poor and non-poor. Unfortunately, No price indexes for low-income groups are routinely available in the Region.
- Across Countries - **The Paasche price index** is used to account for regional price differences
 - This index involves not only the prices faced by a household in relation to the reference prices but also its expenditure pattern
 - The spatial price deflator is based entirely on differences in food prices given data limitations.

Equivalence

- **Per capita household consumption** is used to attribute the share of a household's resources to individuals within the household

Module 2: Individual characteristics

- Individual level data
- General Survey Information
- Core Individual Characteristics
- Other info (not necessarily standardized across survey)

Module 2: Individual characteristics

- Core Individual Characteristics

hhid

hhsiz

pid

age

female 1-female, 0-male

relthead 1-head, 2-spouse, 3-children, 4-parents, 5-other relative, 6-other non-relative

marstat 1-Married, 2-Single, 3-Living Together, 4-Divorced/Separated, 5-Widow/er

edlev 1-incomplete 5-12, 2-general secondary, 3-special secondary, 4-tertiary, 5-none or incomplete primary

lfstat 1-employee, 2-self employed, 3-unemployed, 4-retired, 5-student, 6-OLF

- Other info (not necessarily standardized across survey)

occup Army, Managers, Professionals, Technicians, Clerks, Service and sales workers, Skilled agricultural, forestry and fishery workers, Craft and related trades workers

sector private, public, mixed


Module 6: Social Protection and Social Assistance

- Individual level data
- General Survey Information
- Core Variables



- M10 Old age pension
- M11 Disability benefits
- M12 Health and life insurance
- M13 Survivor pension
- M14 Maternity allowance
- M15 Other social insurance
- M16 Other pension
- M20 Social assistance
- M21 Child and family benefits
- M22 Scholarship
- M23 Housing and utilities
- M25 Disability - social assistance
- M26 Other benefits
- M27 Privileges
- M30 Unemployment insurance
- M40 Subsidies and veterans
- M50 Money from relatives/friends in country
- M51 Remittances from outside

Module 7: Income

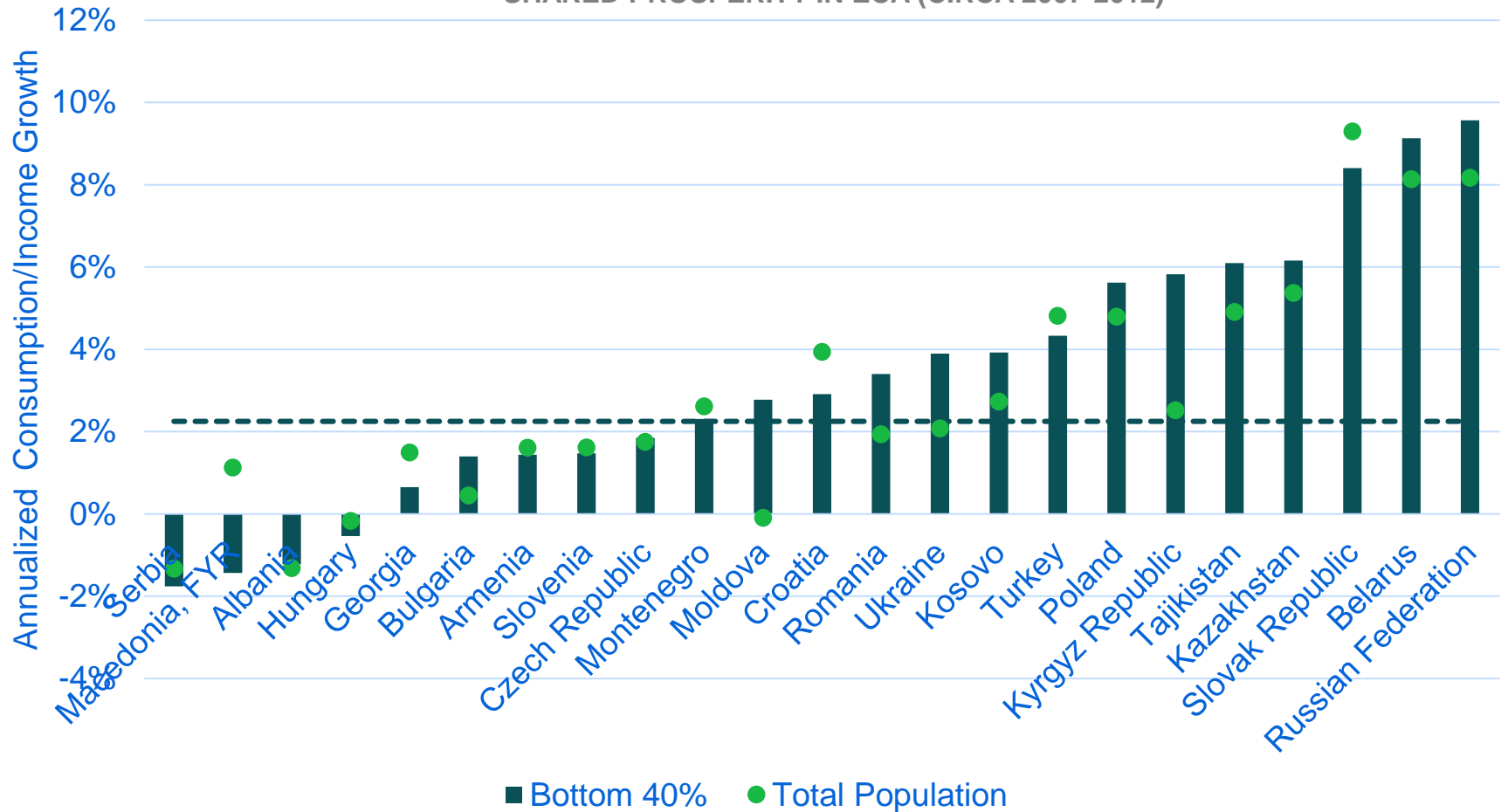
- Individual level data
- General Survey Information
- Core Variables 
 - totinc 1. annual total income excludes 4,5,11,12
 - oinc 2. annual other income
 - wage 3. annual wage income 4+5
 - hired_wage 4. annual employees wage
 - self_wage 5. annual self employed wage
 - SA 6. annual social assistance
 - remit 7. annual remittances
 - pension 8. annual pension
 - child_benefit 9. annual child and family benefits
 - unemp 10. annual unemployment benefit
 - public 11. annual wage from public sector
 - private 12. annual wage from private sector
 - property 13. annual income from property I, K, L
 - agr_inc 14. annual agricultural income

ECAPOV users can make region wide analyses on issues such as:

- **Shared Prosperity**
- **Poverty reduction**
- **Economic groups**

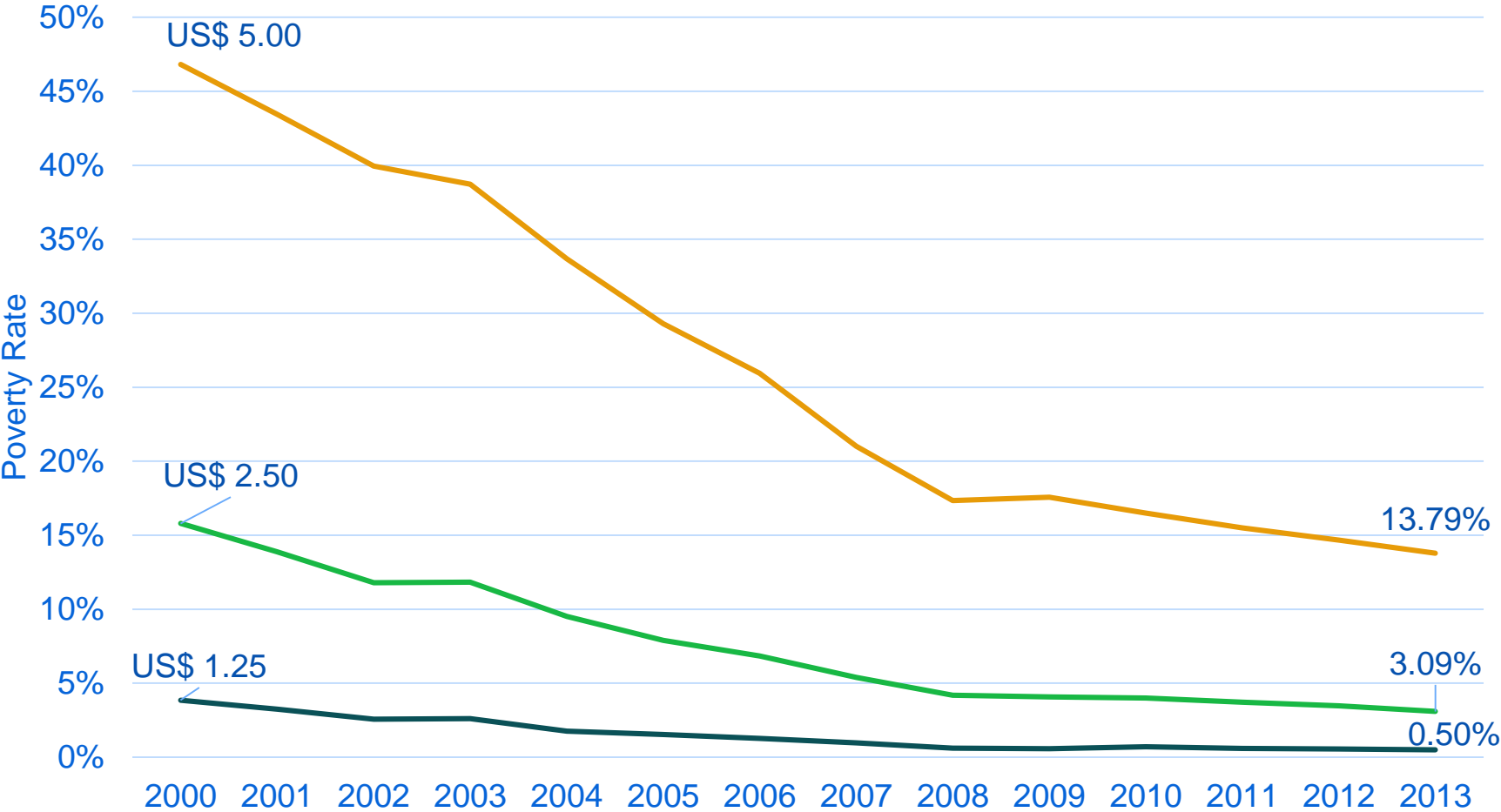
Shared Prosperity

SHARED PROSPERITY IN ECA (CIRCA 2007-2012)



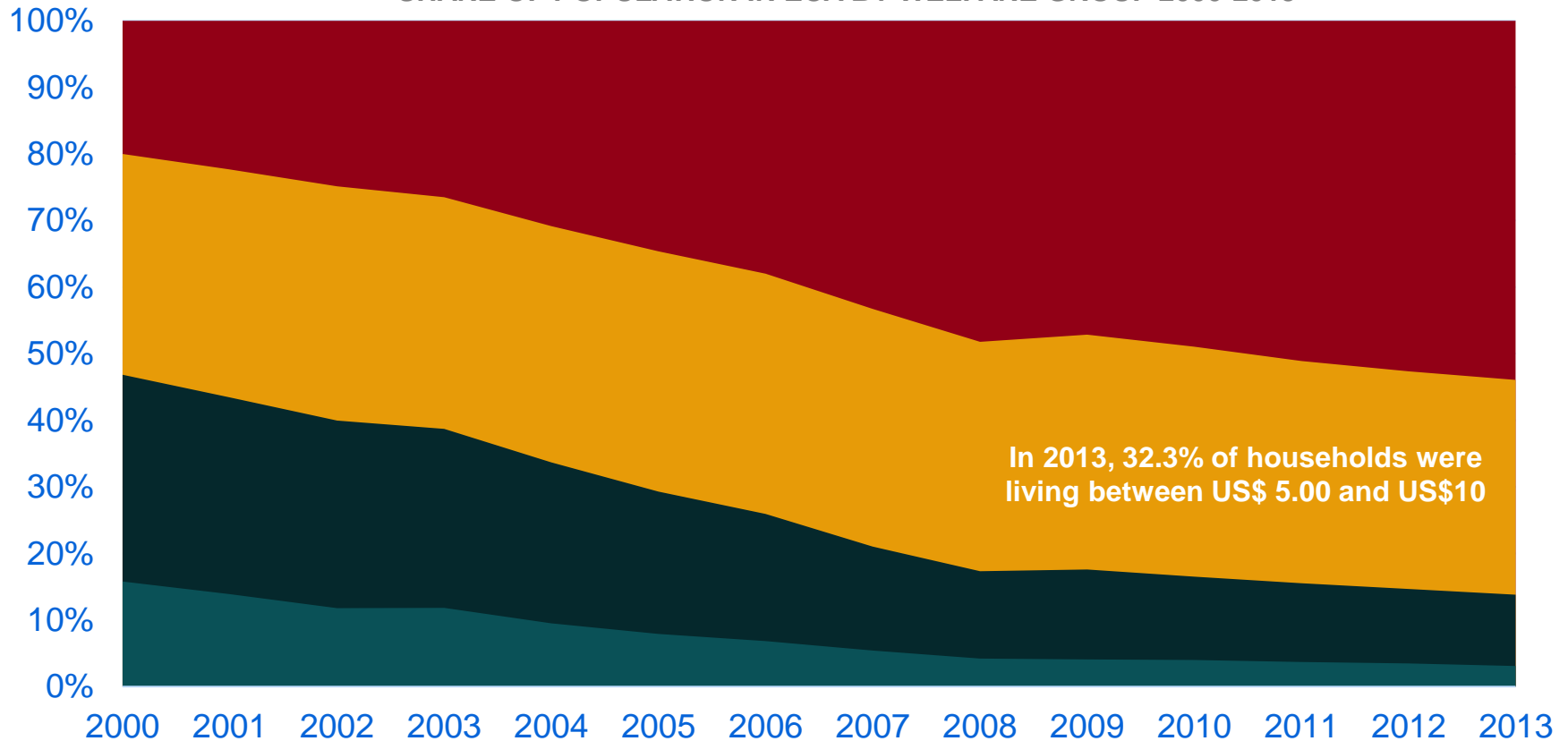
Poverty Reduction

POVERTY RATE IN ECA 2000-2013



Economic Groups

SHARE OF POPULATION IN ECA BY WELFARE GROUP 2000-2013



■ Middle Class (Living above US\$10)

■ Vulnerable (Living between \$US 5.00- 10.00)

■ Moderate Poor (Living between US\$2.50 -5.00)

■ Extreme Poor (Living below \$US 2.50)

Going forward

Access to microdata still a challenge among some of the CIS countries, and it will be important to think together how create the enabling environment for NSOs to be able to share microdata to users (national and international)

New international poverty lines are likely to be produced

The World Bank is currently working on a methodology to compute relevant poverty lines by country's income classification

Commission on Global Poverty and three important recommendations accepted by the World Bank

Report margins of error alongside our point estimates for poverty statistics. Specifically, it recommends that we adopt a “total error” approach, recognizing that sampling error (in the underlying household surveys) is likely to be a relatively minor source of uncertainty about our estimates. Other, more important sources of error are likely to include inaccuracies in population statistics; in estimates of the growth rates used to bring poverty estimates to a common “line-up” year; errors involved in the estimation of Purchasing Power Parity exchange rates; and in national consumer price indices.

Introduction of a societal headcount measure of global poverty, which combines absolute and relative elements of poverty, and thus allows for poverty thresholds that are more generous, in monetary terms, in richer countries. As suggested, we will henceforth report an additional global poverty count based on such an upper-bound, weakly-relative poverty line, similar in spirit to the proposals by Atkinson and Bourguignon (2000) and Ravallion and Chen (2011).

Introduce a “multi-dimensional poverty indicator based on the counting approach, and covering the overlap of dimensions”. We plan to implement this suggestion by tracking non-monetary deprivations in three specific domains where relative market prices are typically either unavailable or uninformative as natural aggregators, namely: educational outcomes; access to health care; and access to basic services, such as water, sanitation and electricity.

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