

# **Minutes of the Panel Meeting on Global Poverty Measures and International Comparisons**

**(New York, Tuesday, 3 February 2004 – 10:00 a.m. to 1:00 p.m.)**

In his opening remarks, Mr. Jose Antonio Ocampo, Under Secretary General of DESA, first noted the lack of adequate data on poverty but gave due recognition on the first major attempt to measure global income poverty by the World Bank over the last 2 decades. He also noted the recent advances in coordination among international institutions in their effort to reduce poverty in the world through, for example, the adoption of the Millennium Development Goals that also shows a broader consensus among these institutions on widening the scope for poverty measurements.

Mr. Ocampo particularly emphasized the multi-dimensional aspects of poverty, noting the fact that they should be more central in the handbook, as they may also affect what type of data should be collected from the household surveys. Likewise, he underscored the importance of the non-monetary component of poverty measures as being essential to analyze the dynamics of income poverty, whether it is likely to be persistent or not, and thus for the associated policy implications.

With due respect to the work of the World Bank to produce world income poverty estimates, Mr. Ocampo nevertheless argued for some methodological issues that require the use of alternative indices for poverty measures, including a revised version of the current global poverty measure. In particular, with regard to international comparison of poverty, Mr. Ocampo noted the lack of a consistent international protocol for survey design, as well as consistency on analysis of the data including the adjustment for under-reporting and non-response and other adjustments made to the data that could lead to significantly different results on the levels and trends of global poverty. A few of the options to improve the current approach to international poverty comparisons Mr. Ocampo cited include: (a) the need for common protocol for surveys design and as well as for survey processing; (b) revised PPPs based on international comparable basket of basic necessities such as food; and (c) the need to complement the food PPPs methods with second index based on a new set of PPPs that compare consumption basket of the poor in different countries, taking into account the specific consumption patterns in each country. The issue of inconsistency between the national account and household survey estimates in consumption was also raised and taken on during the discussion that followed.

The presentations by the panelist helped to clarify issues surrounding the current controversial debate on the global poverty. The discussion also provided a platform to review the current situation and to highlight some important aspects of the handbook in terms of emphasis of different types of measures, on the drawbacks of particular approaches in light of the UN concerns to obtain a comprehensive and harmonized approach to understanding the nature, and the extent and variant incidence of poverty around the world.

Given the importance of the way global poverty is currently measured and used to monitor the specific targets related to the MDGs, some concerns were expressed related to the one dollar per day measure of global poverty. The critics were not only on the ground of its conceptual simplicity, but also because the current methodology taken over time appears to yield results that are inconsistent, not only with field observations by organizations working in the field [raised by a representative of UNICEF in attendance] – but also according to the World Bank’s own data [e.g., the 2003 World Bank Atlas and World Bank Indicators reports].

However, the discussion was at an early stage for the members of the steering committee to come to an agreement on whether the current or an alternative method should be used. Both the improvement of the current methods and the development on a non-monetary measure of poverty to complement the one dollar per day, appeared equally desirable as practical alternatives to be pursued.