

Goal 1: End poverty in all its forms everywhere

Target 1.1: By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day

Indicator 1.1.1: Proportion of population below the international poverty line, by sex, age, employment status and geographical location (urban/rural)

Institutional information

Organization(s):

International Labour Organization (ILO)

Concepts and definitions

Definition:

Proportion of employed population below the international poverty line of \$1.90 per day, also referred to as the working poor, is defined as the proportion of the employed population living in households with per-capita consumption or income that is below the international poverty line of US\$1.9.

Rationale:

The concept of the working poor is captured by combining poverty status with employment status, which aims to measure how many workers, despite being in employment, live in poverty.

The proportion of working poor in total employment (also known as the working poverty rate) combines data on household income or consumption with that labour force framework variables measured at the individual level and sheds light on the relationship between household poverty and employment.

Concepts:

Employed persons: All persons of working age who, during a short reference period such as a day or a week, (i) did some work (even for just one hour) for pay, profit or family gain, in cash or in kind; or (ii) they were attached to a job or had an enterprise from which they were 'temporarily' absent during this period (for such reasons as illness, maternity, parental leave, holiday, training, industrial dispute).

Employed persons include those persons of working age who worked for at least one hour during the reference period as contributing family workers working in a family business.

Poverty Line: Threshold below which individuals in the total reference population are considered poor and above which they are considered non-poor. The threshold is generally defined as the per-capita monetary requirements an individual needs to afford the purchase of a basic bundle of goods and services. For the purposes of this indicator, an absolute international poverty line of US\$1.9 per day is used.

Household in poverty: Households are defined as poor if their disposable income or consumption expenditure is below the poverty line taking into account the number of household members and composition (e.g., number of adults and children).

The working poor: Employed persons living in households that are classified as poor, that is, that have income (or consumption) levels below the poverty line used for measurement.

Comments and limitations:

At the country level, comparisons over time may be affected by such factors as changes in survey types or data collection methods. The use of PPPs rather than market exchange rates ensures that differences in price levels across countries are taken into account. However, it cannot be categorically asserted that two people in two different countries, living below US\$1.9 a day at PPP, face the same degree of deprivation or have the same degree of need.

Poverty in the context of this indicator is a concept that is applied to households, and not to individuals. Based on the assumption that households pool their income, the question asked is whether a household's total income is sufficient to ensure that it isn't classified as being in poverty. The poverty status of a household is therefore a function of the wage and other employment-related income secured by those household members who work (plus any non-employment-related income such as transfer payments) and the number of household members. Whether a worker is counted as working poor therefore depends on his own income, the income of other household members and the number of household members – for example, children – who need to be supported. It is thus often valuable to study household structure in relation to working poverty. For example, it may be relevant for some countries to assess the differences in working poverty rates between persons living in households whose members are unrelated individuals from those whose members are related.

Methodology

Computation Method:

The proportion of the working poor is calculated by dividing the number of employed persons living in households below the poverty line (disaggregated by sex, age and geographical location) by the total number of employed persons (disaggregated by sex, age and geographical location).

Disaggregation:

The working poverty rate (proportion of employed persons living in poverty) is disaggregated by sex and age.

Data Sources

Description:

The preferred data source is a household survey with variables that can identify both the poverty status of households and give information on the economic activity of the household's members. Examples include household income and expenditure surveys (HIES), living standards measurement surveys (LSMS) with employment modules, or labour force surveys (LFS) that collect information on household income. Such surveys offer the benefit of allowing the employment status and income (or consumption expenditure) variables to be derived from the same sampled households ideally for the same long observation period.

Employment estimates derived from a household survey other than the labour force survey may not, however, be robust enough due to the differences in the design and questionnaire of the survey and sampling. Similarly, a labour force survey may not be the best instrument for collecting household income or consumption expenditure data given the survey design which typically targets the unemployment rate as the headline indicator, although an attached income module can be designed to achieve maximum, statistically reliable results, including ensuring an overlap in the long observation period between household income (or consumption expenditure) and employment status. Another possibility is to use data from a household income and expenditure survey, as well as from a separate labour force survey when the respondent households can be matched and consistency in the long observation period between the surveys can be obtained.

Data Availability

Statistics on employment by economic class (by sex and age group), including the working poverty rate (proportion of employed persons living in poverty) are available for 121 countries, from www.ilo.org/ilostat/kilm (KILM17).

Calendar

NA

Data providers

Mainly National Statistical Offices.

Data compilers

ILO

References

URL:

www.ilo.org/ilostat

References:

Decent Work Indicators Manual:

http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_223121.pdf

Key Indicators of the Labour Market, 9th edition:

www.ilo.org/ilostat/kilm