

CHAPTER IX. CONCLUSION

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Anecdotal evidence is critical for understanding the human side of poverty. However, sound statistical data and analysis are essential for accurately assessing the full dimension of poverty and to gauge the impact of anti-poverty programs

As this handbook has extensively revealed, measuring poverty is not a simple matter. Even within a single nation's borders, the metrics of poverty can vary significantly between city and country, between single and multi-person households, and in grey markets where individuals may be reticent to disclose their full income. In the most extreme cases, it may be impossible for country's to find and survey its poorest because of a lack of permanent residence or respondents' inability to clearly answer questions.

9.1 Summary

A key goal of this handbook has been to find common ground in the ways countries measure poverty and to make recommendations that increase harmonization of these practices. The handbook has identified aspects in poverty measurement where

improvements are essential. Monetary measurements, for example, should base the measurement of welfare on expenditures data as opposed to income data. They should follow the same standards in establishing poverty lines, in adjusting for adult equivalent, and in conducting poverty-focused household surveys (including collecting price data and handling missing data and implausibly low values of income and consumption).

The handbook encourages similar improvements in adopting a broad set of guidelines for poverty analysis to achieve more consistent and reliable interpretation of raw data. For example, as a practical recommendation, it is suggested to focus on producing the most commonly used poverty measures (i.e., the headcount index, poverty gap, and squared poverty gap) to promote comparability across countries. Other measures, such as the median income of the poor population, that are simple to compute and provide a richer picture of conditions of poverty, should also be computed more frequently than is currently the practice.

There has been considerable improvement in poverty measurement over the recent decades. However, countries should make effort in following some basic steps to further improve the reliability and comparability of the basic poverty data, for example, using multiple thresholds that include a common value, e.g. 2,100 kcalories. The choice of divisor for calculating per capita poverty figures can also significantly affect the results. Developing countries need technical assistance in applying scale economy-adjusted methods for estimating per capita household food consumption and income (expenditure) distributions. More specifically, further empirical work is needed that lead

to evidence-based recommendations on the use of the age-by-sex RDA in estimating food-poverty lines and on the use of models to incorporate scale economies in deriving divisors for computing per capita non-food poverty lines and income/expenditures.

Another theme of this handbook is the need for consistent survey methods so that poverty comparisons uncover real changes in the population rather than statistical distortions caused by variations in survey design. The method of data capture employed in the poverty surveys varies greatly among countries, from one-year, six month or one month recall of income and expenditures to a daily diary method supplemented by weekly recall. Overall, sensitivity of poverty estimates to variations in survey design also underscores the importance of measurement error. Comparisons over time are particularly prone to bias due to measurement error. Furthermore, many country- and community-based poverty evaluation and monitoring systems lack consistency because they are launched by donors and external agencies possessing the necessary seed funds but lacking concern for a coordinated focus. They do not usually fit together in terms of their scope, timing, and coverage. Many will have been implemented as one-off exercises or prove unsustainable for either technical or financial reasons.

National statistical agencies should undertake comprehensive efforts to improve the accuracy of their household survey data, such as increasing supervision of field work and conducting validation studies. Along the same line, converging data-capture methods used by developing countries, supported by empirical evidence from experiments imbedded in the poverty surveys themselves, should be a high priority in

national and international programs. As part of a more comprehensive probability-based survey design, alternative sources (including qualitative and subjective methods and national accounts) can provide more insightful poverty assessments. International agencies and other organizations should give high priority to developing global household survey standards to generate reliable poverty estimates consistent with the national accounts across countries and across time. Further, it is crucially important that all countries attempt to collect nationally representative panel data, even if this means revisiting households only every two or three years.

9.2 Statistical addendum: The UN Global survey on poverty measurement practices

A number of nations have problems aggregating basic poverty data – including data from different regions--to produce an accurate picture of its own poverty. Such difficulties grow exponentially when trying to assess poverty across borders. Only by identifying similarities and differences in the ways in which nations collect data, can we begin to understand the accuracy of poverty studies. This is the purpose of the statistical addendum presented in the Annex 3. Data collection methods and poverty statistics presented are the product of a year-long study that sought to enhance the understanding of both the character of poverty and the ways in which nations measure it. In gaining a clearer understanding of how poverty is measured, this report will help identify the strengths and weaknesses in the current data collection processes.

The genesis of this survey started in May 2004 in Rio de Janeiro, Brazil with the first United Nations workshop on poverty measurements. Subsequent workshops were held in July 2004 in Abuja, Nigeria, in October 2004 in Manila, Philippines, and then in November 2004 in Amman, Jordan that refined the questionnaire, paving the way for the first global survey of how nations measure poverty. The survey had two primary purposes: discover regional perspectives in how nations gauge poverty and identify means in which poverty measurement could be improved.

After being translated into English, Spanish, French and Russian, the questionnaire was sent out in February 2005 to national statistical offices in nearly 189 countries around the world. To help obtain a greater response rate, the UN prepared an abridged version of the questionnaire which was sent out to countries in October 2005. All together, Government statistical offices in 106 countries replied to the global survey. Statistical offices in 15 countries indicated that they are not currently collecting poverty data at all.

Survey responses were subsequently consolidated in the statistical addendum highlight the substantial areas where greater uniformity will raise the overall quality of poverty measure and improve comparability of measures across time and location. If nations embrace this report's survey recommendations, it may ensure a more accurate understanding of poverty and help produce more comparable national statistics. If these goals can be achieved, they will ultimately help nations more effectively target spending and ameliorate poverty.