

# Evolution of Knowledge on Poverty and Inequality

Comments

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# 1. Transitory vs. structural poverty

- Need to understand better what drives movements into and out of poverty.
- For tackling extreme poverty, we need to better understand structural poverty and poverty traps.
- More involved data collection process: panel data.
  - Slow progress with panel data

Decomposition of chronic and transitory poverty in China

Province	Observed poverty	Chronic poverty component	Transient poverty component	% of observed poverty which is transient
Guangdong	0.14194	0.02241	0.11953	84.21
Guangxi	1.78789	0.77543	1.01246	56.63
Guizhou	2.85365	1.63217	1.22148	42.80
Yunnan	1.15714	0.59045	0.56669	48.97
All 4 provinces	1.42790	0.72272	0.70518	49.39

Source: Jalan and Ravallion (1998)

## 2. Stagnation of poverty decline

- Tackling poverty for remaining poor population with less information and evidence
- Remaining poor: extreme poor, people living in conflict and fragile countries, and forced migrants
- Collecting data on these contexts is difficult but not impossible: lessons from academia, developing countries, and humanitarian agencies.
- Need to act jointly:
  - Joint efforts across organizations
  - South-south cooperation
  - NGO and foundations.

	Number of poor (million)		Poor as percentage of the world total (%)	
	1990	2019	1990	2019
East Asia & Pacific	1055.5	23.6	52.9%	3.6%
Sub-Saharan Africa	271.5	389.0	13.6%	60.0%
Rest of the world	4.1	6.7	0.2%	1.0%
Middle East & North Africa	14.0	33.0	0.7%	5.1%
South Asia	563.0	156.3	28.2%	24.1%
Latin America & Caribbean	73.2	27.8	3.7%	4.3%
Europe & Central Asia	15.0	11.8	0.7%	1.8%

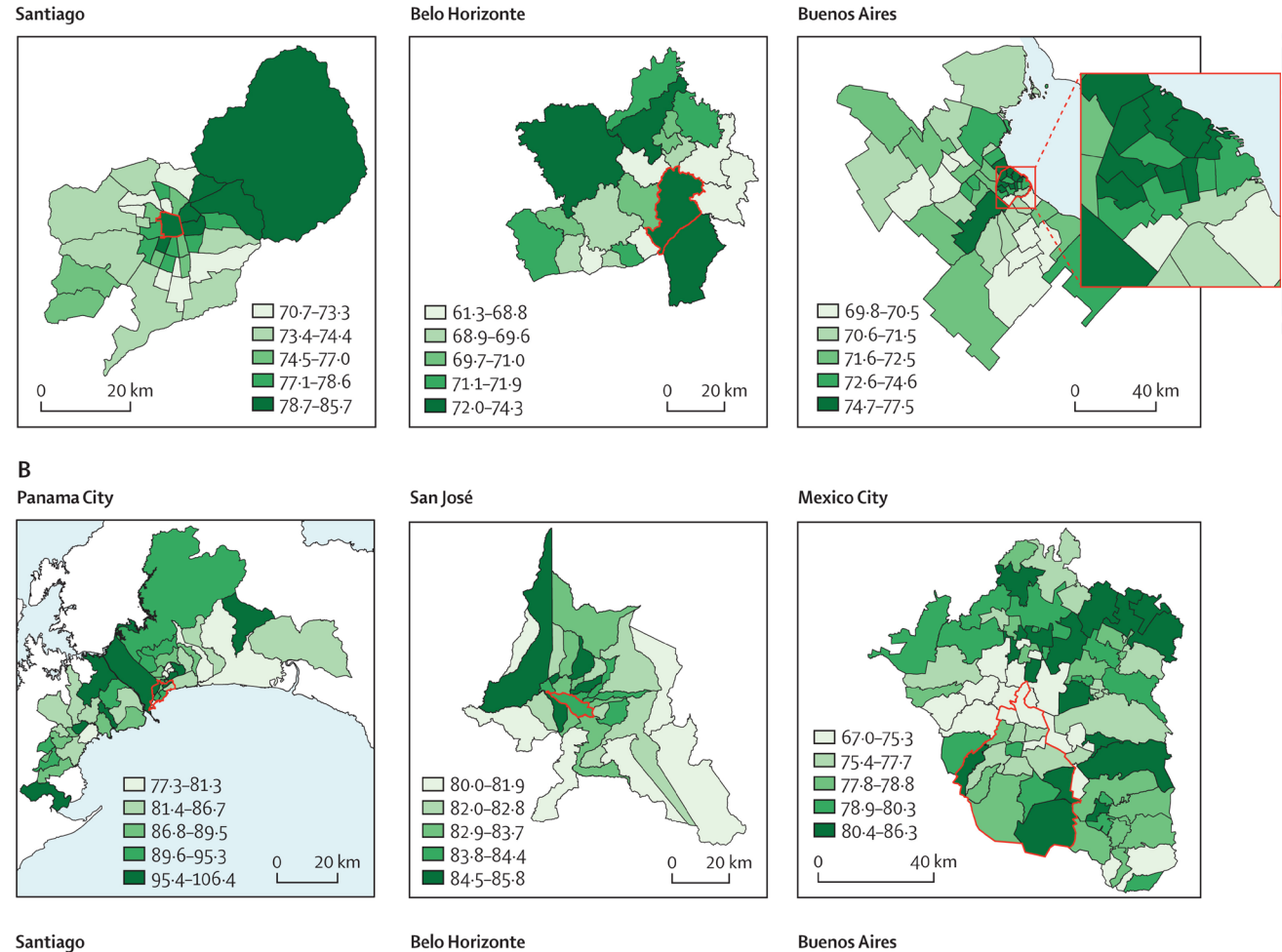
Source: Poverty and Inequality Platform, <https://pip.worldbank.org/>.

Note: The estimates are based in 2017 PPP but are available in 2011 PPP in PIP.

### 3. Nowcasting and granularity of data

- Pandemic highlighted the need to rapidly identify the extreme poor, poor and vulnerable populations to provide aid and transfers: targeted and timely.
- Who are the poor? Where do they live? And which are their needs.
- How to combine sources of data?:
  - Household surveys, administrative data and big data.
- Poverty maps in real time.

#### Life expectancy in some Latin American cities



Source: The Lancet Planetary Health 2019 3e503-e510DOI: (10.1016/S2542-5196(19)30235-9)

## 4. Consumption vs. income

- Is it desirable to transition from consumption to income data?
- Income sources for poor and extremely poor
  - Highly informal
  - Atomized across different sources
  - Countries or regions in conflict and fragile contexts: bartering
  - Transfers, aid and remittances: in species
- One example for rural households in El Salvador and Perú of difficulty to measure income:
  - Own farm income from agricultural modules is 72% (Perú) and 74% (El Salvador) of self-employed modules
- Intra-household inequality is mostly driven by distribution of consumption within the household