

Expert Group Meeting:

Money-metric poverty measurement and tools for policy making

Amman Jordan

20-21 June 2022

Concept Note

1. Background

The 2030 Agenda for Sustainable Development recognizes that fighting poverty in all its forms and dimensions, including extreme poverty, is among the greatest global challenges and is indispensable for sustainable development. States have pledged to leave no one behind for the implementation of the Agenda and to endeavor to reach the furthest behind first. With less than ten years left to meet the Sustainable Development Goals (SDGs), the COVID-19 pandemic has had devastating consequences for social development in all countries, reversing progress made in reducing extreme poverty in some regions for the first time since 1988. The poorest and the most vulnerable populations in the Arab region have been affected disproportionately harshly, and there is concern over their capacity to recover and transition out of poverty and vulnerability to it.

In light of the agreements in the Arab Strategic Framework for the Eradication of Multidimensional Poverty that was Adopted by the League of Arab States in the 4th Arab Economic and Social Developmental Summit in Beirut 2019, and in light of the promulgation of the regional Arab Multidimensional Poverty Index that was prepared by ESCWA and its institutional partners and adopted by the Arab Social Ministers Council, Arab policymakers have aspired to formulate integrated policies. Their aim is to simultaneously reduce poverty, hunger and inequalities, and enhance people's capabilities and resilience, based on consistent and reliable poverty data. To this end, based primarily on two technical papers recently prepared by ESCWA that use grouped data for over 150 countries, this expert group meeting aims to discuss methodologies for estimating and projecting measures of income/consumption poverty (using an appropriate poverty line for global comparisons) for the years 2000 to 2030 (under various growth and inequality scenario assumptions). The second aim of the meeting is to discuss prospective methodologies for forecasting inequality under various plausible policy-relevant scenarios. The third objective is to receive expert feedback on a tool currently being designed by ESCWA that integrates these functions on a user-friendly web-based platform giving experts and non-experts easy access to in the Foster-Greer-Thorbecke (FGT) class of poverty measures based on user-defined specifications.

The first ESCWA study addresses the growth assumptions and exposes a limitation in assuming a full transmission of macroeconomic growth forecasts in national accounts to household level income in surveys. Acknowledging this, the study discounts the national accounts growth by a certain passthrough ratio, and employs unsupervised clustering methods to compute the ratio. This will allow policy makers to back/now/forecast poverty measures more credibly.

Letting national accounts grow according to historically observed and UN-forecasted growth rates, our simulations methodology will allow policy makers to project poverty according to fixed international lines as well as national poverty lines, under alternative assumptions about inequality. The results will also provide insights on poverty reduction measures and policy directions amid the reverberations of the COVID-19 crisis.

Tracking and monitoring recovery and poverty progress over time requires setting consistent yet context-specific poverty lines. To this end, the second ESCWA study builds on extant approaches to propose a set of quasi-absolute poverty lines with favorable properties in terms of their values and the corresponding poverty headcount ratios across vastly different contexts, including in the highest-income countries without established national poverty lines, and in the years as far away as 2030. The estimated dynamic poverty lines updated over time as well as across space exhibit the key property that they all tend to increase as countries' economic conditions improve.

Both studies conclude that the world is off track to meeting the Sustainable Development Goals for the reduction in poverty according to extreme poverty definitions as well as according to national poverty lines by 2030. Policymakers should thus re-commit themselves to raising standards of living and ensuring that growth trickles through to the most vulnerable households. Accepting that regional and global poverty will not be eliminated anytime soon, policymakers should also commit to space- and time-consistent poverty monitoring over the years to come.

The third line of inquiry relates to the future inequality scenarios, and how changes in countries' Gini indices impact poverty going forward to 2030. Acknowledging that the observed changes in the Gini may be produced by various possible distributional changes in distinct parts of the income distribution, ESCWA examines the extant literature, gathers the required data, including the observed annualized growth rates of per capita income at various quantiles, and models the impact of changes in inequality on poverty.

Finally, ESCWA has advanced a policy-making tool that integrates and builds on the methodologies proposed in the above studies. A prototype of this tool has been developed and is presently being enhanced in terms of its value added, ease of use, and functionality.

The comments and feedback received during the Expert Group Meeting will help to ascertain that ESCWA member States benefit to the fullest from these methodological innovations and the associated toolkit. The States will gain knowledge and capacity to assess the profile of poverty and poverty impacts of shocks including COVID-19, make poverty forecasts to 2030, and assess the performance of poverty-alleviation programs and attainability of SDG targets.

2. Objectives

Against this background and broad aims, this Expert Group Meeting has the following objectives:

- First, the Expert Group Meeting introduces the methodologies, and showcases the results reached
- Second, the Expert Group Meeting allows the critical assessment and discussion of the methodologies and assumptions used in the analysis
- Third, the Expert Group Meeting showcases the prototype poverty-assessment tool, including its back-end architecture, to solicit guidance on the tool's back- and front-end functionality and user interface and experience. How the tool can be put to use for intelligence-sharing and policymaking is a distinct focus of deliberations.
-

3. Topics

The following list of topics will be discussed during the Expert Group Meeting:

- (1) National accounts growth trends, factoring in the passthrough effects
- (2) Impacts of distributional changes on poverty
- (3) Comparability and specificity challenges in poverty lines estimation, and ESCWA's proposed model
- (4) Poverty indices under various scenarios and assumptions, and how they impact the SDG targets
- (5) ESCWA poverty assessment tool, and its use in reporting and policy-making

4. Participation and registration

Participants will include experts from partner organizations including, on the UN side, ESCWA, UNDP and UNICEF, partners UNU-WIDER and LAS, as well as independent experts from academia and non-governmental institutions.

5. Organization, format, venue, and dates

The Expert Group Meeting is held in Amman, Jordan, at the Kempinski Hotel, on Monday-Tuesday, 20-21 June 2022, for a duration of two days.

English will be the working language of the Meeting.

6. Agenda

Day 1 – June 20th 9:30 am
Opening Notes
Introductory comments by ESCWA (Khalid ABU-ISMAIL) and LAS (Tarek NABULSI)
Session 1 (9:45–11:15 am): Review of methodologies for poverty projection
Technical report 1 - Is the world on track to eradicate extreme poverty by 2030? Mind the growth passthroughs – Hassan HAMIE and Khalid ABU-ISMAIL, ESCWA
Discussion (led by Touhami ABDELKHALEK, Fekadu TEREFE)
Coffee Break (30 minutes)
Session 2 (11:45–13:15): Review of methodologies for poverty line harmonization
Technical report 2 - Harmonized quasi-absolute poverty lines: an integrated approach – Vladimir HLASNY and Khalid ABU-ISMAIL, ESCWA
Discussion (led by Heba EL-LAITHY, Imane HELMY)
Coffee Break (30 minutes)
Session 3 (13:45–15:00): Review of methodologies for inequality projection
Projecting inequality: methodological challenges & options – Hassan HAMIE and Khalid ABU-ISMAIL, ESCWA
Discussion (led by Carlos GRADÍN, Paul MAKDISSI, Xavier MANCERO)
Lunch (15:00 – 16:00)
Day 2 – June 21st 9:30 am
Session 4 (9:30–11:30): Development of the ESCWA poverty assessment tool (https://moneymetrics.unescwa.org/)
Presentation of the core tool as compared to existing platforms (PovCal, PIP, ADePT, WID etc.): Content, Ease of use, User experience, Advanced analytics, Validity/consistency of results, Upload of user data and specifications, Navigation within tool, Adaptability, Consistency/interaction with other platforms – Hassan HAMIE, ESCWA
Launch of the tool: Usability for Arab policymakers including Visuals and design, Access modalities, Saving/exporting results, Manuals, Training, Technical/validation reports – Vladimir HLASNY and Khalid ABU-ISMAIL, ESCWA
Discussion (led by Leonardo MENCHINI, Reham RIZK, Areef SULEMAN)
Coffee Break (20 minutes)

Session 6 (11:50–12:50): Post-launch reporting products

Ways forward in poverty measurement and projection: Global poverty report & annual Arab country/regional briefs, external requests – Khalid ABU-ISMAIL, ESCWA

Discussion (led by Jawad AL-SALEH, Massoud KARSHENAS)

Session 7 (12:50–13:30): Closing session

Updates and feedback from the Arab Center for Social Policy and Poverty Reduction Center– Mona AL RFOU – Management officer of the Center

Concluding remarks – Tarek NABULSI, LAS, and Khalid Abu ISMAIL, ESCWA

Lunch (13:30–14:30)