

Child Poverty & (a little on) Inequality

MARTIN EVANS

UNIVERSITY OF LUXEMBOURG 1ST MARCH 2016

Today's Lecture

- ❑ Poverty and Child Poverty land the 'Sustainable Development Goals' (SDGs) – 2015-2030
- ❑ Focus on 'Developing Countries'
 - ❑ BUT the SDGS are universal and apply to Luxembourg and all of EU and to OECD high income, industrialised countries
- ❑ My personal views not necessarily represent either UNICEF's views or policy.

Poverty in SDGs



Goal 1 **Poverty**

1.1 by 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.90 a day ppp

1.2 by 2030, **reduce at least by half** the proportion of men, women and **children** of all ages living in **poverty in all its dimensions** according to **national definitions**

Policy To Respond to Poverty

1.3 social protection systems

1.4 ensure equal rights to access economic resources

1.5 build the resilience of the poor and those in vulnerable situations

My Focus is on Goals 1.1 and 1.2

My talk is in three main parts

- ❑ Children and Extreme Poverty
- ❑ Children and National Monetary Poverty
- ❑ Children and Multi-dimensional Poverty

1: Extreme Poverty

Indicator: 1.90 per day per person (p.p.p.)

SDG GOAL 1.1

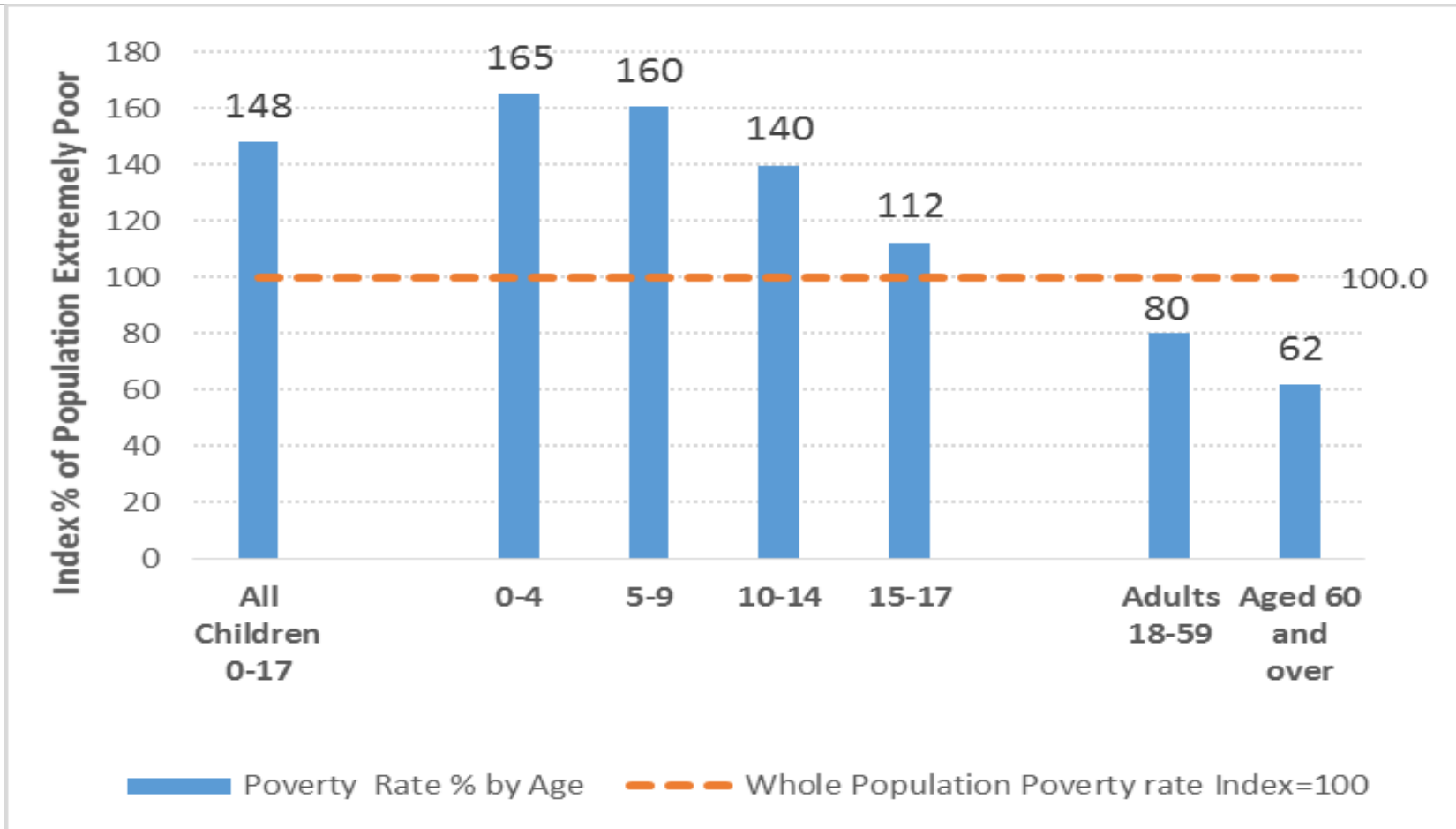
BY 2030, ERADICATE EXTREME POVERTY FOR ALL PEOPLE EVERYWHERE,
CURRENTLY MEASURED AS PEOPLE LIVING ON LESS THAN \$1.90 A DAY PPP.

'Extreme Poverty'

International cross-country poverty measure

- ❑ Defined and measured by The World Bank
- ❑ \$1.90 per day per person in purchasing power parity (ppp set in 2011)
- ❑ the focus is on Developing Countries
- ❑ World Bank assumes that this level of poverty is zero in high income OECD countries
- ❑ Today's discussion considers some initial 'work in progress' undertaken with the World Bank
 - ❑ No 'numbers' – all results here are in indexed/in ratios
 - ❑ Work being undertaken on robustness and sensitivity (e.g. equivalence and inconsistent consumption and income distributions)

Children are More Likely to be Extremely Poor



Disproportionate Poverty Risk by Age

	% of global poverty	% of global population
Children 0-17	47.9	32.3
<i>Children 0-4</i>	15.5	9.4
<i>Children 5-9</i>	14.4	9.0
<i>Children 10-14</i>	12.1	8.7
<i>Children 15-17</i>	5.9	5.2
Adults 18-59	45.9	57.5
Adults 60 or more	6.2	10.1
Total	100	100

Extremely Poor Children by Global Region

	Index child extreme poverty rate	% of extremely poor children	% of global child population
	(global average CP%=100)		
Sub Saharan Africa	224	45	20
South Asia	104	37	36
<i>of which India</i>	(107)	(29)	(27)
East Asia and Pacific	50	14	28
<i>of which China</i>	(44)	(8)	(17)
Latin America & Caribbean	36	4	11
East Europe & Central Asia	2	0	5
Middle East and North Africa	10	0	1
Total		100	100

Worse for Fragile States

Fragile CP rates ----- 259

Non-Fragile CP rates---- 92

(Index – global CP=100)

*Comparison within global population of extreme poor children

2: Children in National Poverty

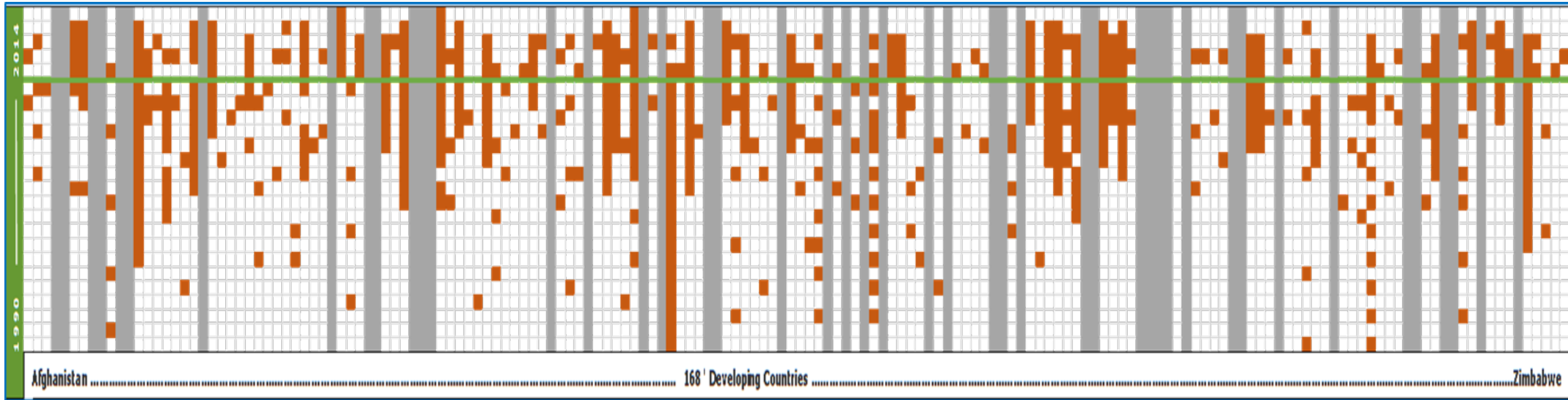
indicator: National Poverty Lines – ‘NPL’

GOAL 1.2 BY 2030, REDUCE AT LEAST BY HALF THE PROPORTION OF MEN, WOMEN AND *CHILDREN* OF ALL AGES LIVING IN POVERTY IN ALL ITS DIMENSIONS *ACCORDING TO NATIONAL DEFINITIONS*

Long History of National Poverty Measurement

- ❑ Some High Income Countries have had national poverty measures since 1960s or earlier:
 - ❑ EG USA (1963)
- ❑ BUT.... Many Countries do not have clear poverty measures or see poverty as a direct policy priority
 - ❑ No poverty measures in diverse countries... e.g North Korea, Singapore, Somalia, Pacific and Caribbean Island States
 - ❑ OECD and EU have cross-country/regional poverty measures even when members may have no or ambiguous poverty commitment
- ❑ Approaches differ HUGELY between countries
 - ❑ Absolute or Relative (as in many EU/OECD)
 - ❑ Income or Consumption
 - ❑ Equivalence assumptions – thus weight given to children

How Many Countries are Reporting NPL poverty?



Good News

122 out of 168 (72%) have EVER reported 1990-2014

Less Good News

43 out of 168 (25%) have reported since 2009

How Many Countries Identify Children in NPL?

- ❑ There is a big problem of perception in some countries
 - ❑ *'Children can't be poor because they don't work'*
- ❑ Work since 2013-14 to map what is done and to encourage 'child poverty' disaggregation
 - ❑ 'Easy' in technical terms – simple new tabulation
- ❑ Data obtained from 89 countries
- ❑ Of these 30 have been validated to 'official NSO NPL' poverty lines
- ❑ A big effort is needed to make NPL poverty reporting more consistent in coverage and in regularity across countries
 - ❑ Disaggregation by age and 'child poverty' profiles should be part of that process

3: Multi-dimensional Child Poverty

indicator: “a multi-dimensional poverty index”

GOAL 1.2 BY 2030, REDUCE AT LEAST BY HALF THE PROPORTION OF MEN, WOMEN AND CHILDREN OF ALL AGES LIVING IN POVERTY IN ALL ITS DIMENSIONS ACCORDING TO NATIONAL DEFINITIONS

Ambiguous Consensus in SDGs

- ❑ The focus on 'non-monetary' aspects of poverty is 'recent'
 - ❑ Sen and 'capability' theory & Human Development and UNDP's Human Development Index since 1990s..
- ❑ Competing methodologies
 - ❑ UNDP & Oxford Poverty and Human Development Initiative (OPHI) Multi-dimensional Poverty Index (MPI)
 - ❑ UNICEF has two methodologies in Latin America vs Africa and elsewhere
- ❑ Minority of Countries with Varying Approaches
 - ❑ Many Latin American countries have adopted MPIs
 - ❑ Mexico has different approach (CONNEVAL) which is being 'exported'
- ❑ Opposition and Hostility from Agencies and Countries to MD poverty (principal and composite indices)

What is Optimal for Multi-dimensional Poverty?

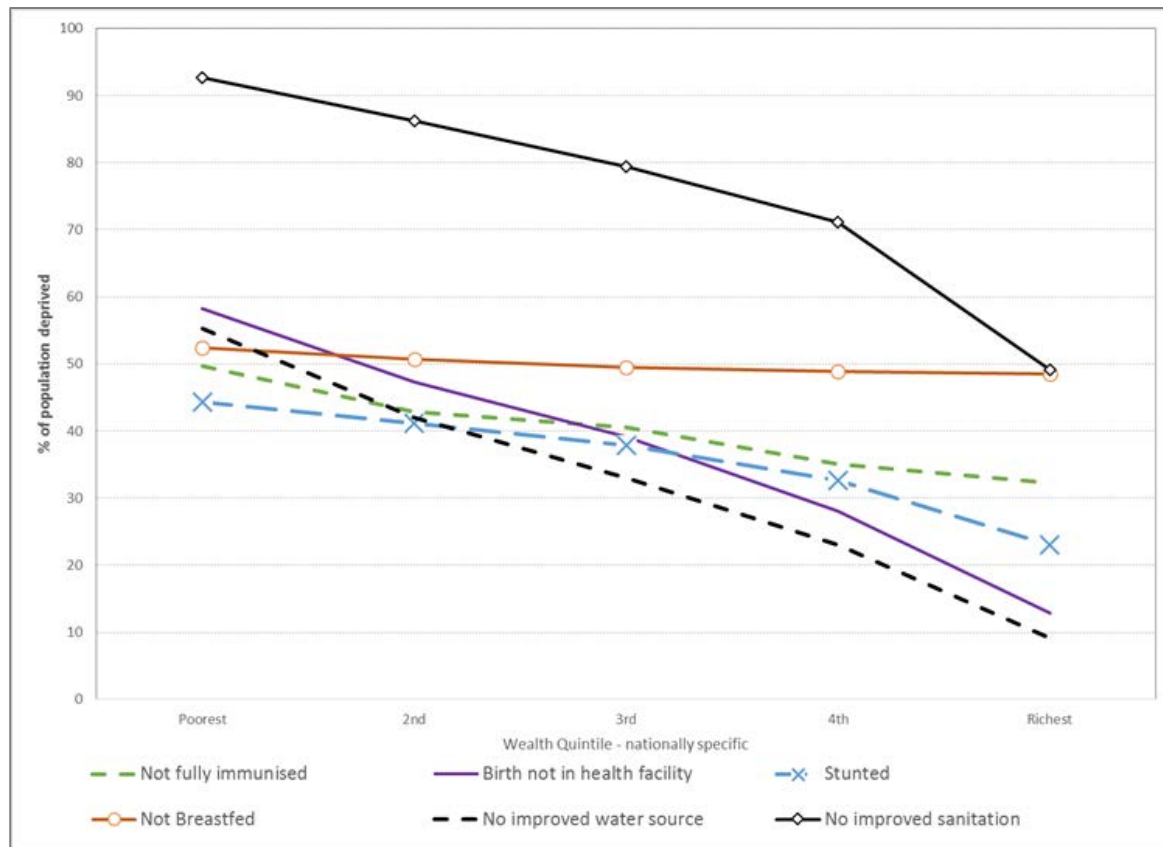
- ❑ Be consistent with ‘policy’ targets of Goal 1
 - ❑:1.3 social protection systems
 - ❑1.4 ensure equal rights to access economic resources
 - ❑1.5 build the resilience of the poor and those in vulnerable situations
- ❑ Have clear approach to ‘disaggregation’ *for ‘men, women and children of all ages’*
- ❑ Be an effective measurement tool for capturing ‘poverty reduction’
 - ❑ Robust
 - ❑ Capture change over time in prevalence and intensity
- ❑ I will discuss three potential underlying areas of emphasis.. Stimulate debate!!!

1. Align with 'Material Well-Being'

- ❑ Multi-dimensional poverty approaches have put many different types of indicator into a composite index
- ❑ Concentrating on 'Material Well-being' rather than 'All Well-being' helps a consistent focus on economic/material constraint
 - ❑ Maintains a distinction between 'poverty' and 'well-being'
 - ❑ Builds on approaches already in place in OECD and EU
 - ❑ Allows clear 'triangulation' with monetary poverty measures
 - ❑ Clearly links to social protection and other policy responses

Check indicators for material constraint

Choose Indicators that have 'gradient'



Check for non-monetary influences

Examples:

Failure to vaccinate children and 'religious faith' (East Africa)

Poor material housing conditions – sand floors and \$1,000 carpets (Morocco)

Adobe construction – poor housing (Kurdistan in Iraq)

2: Disaggregation and Specific Poverty For Children and other Age-Groups

- ❑ There are SHARED and distinctive deprivations across the population
- ❑ Shared material deprivations for whole population: eg
 - ❑ Housing (overcrowding, poor repair or construction)
 - ❑ Sanitation
 - ❑ Water access
 - ❑ Household Assets
- ❑ Distinctive to Age-group and Individuals (Children) eg
 - ❑ Health
 - ❑ Education
 - ❑ Nutritional status

Capturing General and Distinctive Multi-Dimensional Poverty

- ❑ Have MD poverty index to capture 'general' and shared poverty factors at the household level (e.g. MPI and Mexico's CONNEVAL)
- ❑ Disaggregate that index to identify individuals by age-group
- ❑ At the individual level ADD the individual level age-specific indicators
- ❑ Reweight the age-group index to incorporate the new indicators
- ❑ Result: A consistent national poverty approach
 - ❑ indices that use same methodology and that give disaggregated and specific profiles
- ❑ Result – children are both 'mainstreamed' and their particular poverty risks are identified

3: Prioritise Robustness in Ranking

- ❑ Learn from the methodology of monetary poverty that invests huge effort to ensure that the ranking of the distribution is robust
 - ❑ ensuring that income and consumption of household A is comparable and consistent to household B (e.g. calculating imputed rents for those that own their home, home production of produce)
 - ❑ ensuring that household A has higher or lower 'welfare' than household B
- ❑ Multi-dimensional approaches have sometimes mixed empirical and normative approaches in ranking
 - ❑ this can lead to 'sub-optimal' outcomes for measurement and for applied policy purposes (and thus the SDGs)
 - ❑ Let's finish by playing a game to illustrate the 'problem'.....

Audience Participation:

Rank these children

Vote for who you think has better or worse
'material well-being' (who is poorer???)

Please rank Jean and Alice for multi-dimensional poverty using 2 factors?

- ❑ Jean: Is obese and has left school to help his father sail their luxury yacht across the Caribbean.
- ❑ Alice: Is stunted for her age from under-nutrition and her family cannot afford to send her to school.

Who is 'poorer'?

Please rank Frederic and Justine for multi-dimensional poverty using 2 factors?

- ❑ Justine: is 13, she lives in a household with three brothers aged 7, 9 and 11 and all of them go to school. The household does not have a cell-phone.
- ❑ Frederic: is 13 he lives in a household with three brothers aged 7, 9 and 11 but none of them go to school. Their father has a cheap Samsung PAYG cell-phone

Who is 'poorer'?

Please rank Julianne and Christina for multi-dimensional poverty using 2 factors?

- ❑ Christina: is 13 she neither works nor is in school.
- ❑ Julianne: is 13 she works on weekends and evenings to have money to pay her school fees – she attends school.

Who is 'poorer'?

Final Summary & Comments

- ❑ The SDGs directly include children in the poverty goal – time to ‘get real’ for child poverty and obtaining child poverty reduction
- ❑ Global measures are limited to \$1.90 per day and World Bank are working on putting children into that Extreme Poverty measure
- ❑ All other targets and goals are nationally specified
- ❑ National Poverty Lines are well-established but not consistently so
- ❑ Child Poverty using NPLs needs active encouragement – then put children in Poverty Reduction/Inclusive Growth Strategies
- ❑ Child Poverty using a multi-dimensional index needs a lot of development to ensure robustness and policy relevancei-dimensional poverty.

Luxembourg's Role???

I would like to hear your views and thoughts

- ❑ I've identified three
- ❑ Active in UN, EU and in Development Policy;
- ❑ Luxembourg Income Study has international reputation and holds data to help but needs to grow and recruit more Developing Countries;
- ❑ University of Luxembourg – internationally renown experts in multi-dimensional poverty, inequality