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Economic and Social Commission for Asia and the Pacific

Statistical Yearbook
for Asia and the Pacific
2015

1 NO POVERTY

Sustainable Development Goal 1
End poverty in all its forms everywhere

For decades poverty eradication has been a global development goal and for many countries a national policy priority. The adoption of the 2030 Agenda for Sustainable Development[1] by the United Nations General Assembly on 25 September 2015 has further raised the level of ambition and increased the scope for monitoring poverty around the world. As stated in the Preamble to the Agenda, "…eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development."

Over the next 15 years, monitoring of poverty will be critical in delivering an ambitious international development agenda that aspires to a world without monetary poverty, and one where poverty in all its dimensions has been at least halved. The Asia-Pacific region will be fundamental in achieveing these targets, with more than 600 million people living in extreme poverty – more than half of the world's poor.

1.1 Poverty trends

Poverty can be reduced or made more severe as a result of a range of decisions or situations related to economic development, such as investment and job creation; distribution of wealth, through social protection schemes for example; access to services, such as education and health care; mitigation of the effects of climate change and disasters; and peace and security. How the root causes of poverty are understood also has a bearing on how phenomena, such as income poverty versus multidimensional poverty, are measured.

In Asia and the Pacific, while many countries have made enormous progress in reducing the number and percentage of people living in extreme poverty, millions of people are still unable to meet their basic needs.

As shown in figure 1, while more than 50 per cent of the population in Asia and the Pacific were living in extreme poverty in 1990 that proportion was reduced to 15 per cent in 2012, which is below the global average of nearly 17 per cent.

Of the 1.2 billion people worldwide that have lifted themselves out of extreme poverty since 1990, 1.1 billion were living in Asia and the Pacific

Figure 1
Percentage of population living in poverty (below $1.25 per day in 2005 purchasing power parity) in Asia and the Pacific, and the world, 1990-2012
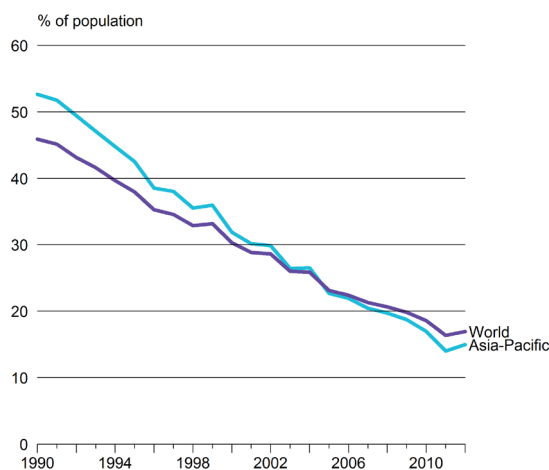
The number of people worldwide living in extreme poverty (living on less than $1.25 per day in 2005 Purchasing Power Parity (PPP) fell from 2.4 billion in 1990 to approximately 1.2 billion in 2012. Over the same period, the number of people living on less than $2 per day (in 2005 PPP) fell from 3.6 billion people to 2.6 billion.

A large part of the progress in combating extreme poverty globally has been made in the Asian and Pacific region. More than 70 per cent of people in extreme poverty in 1990 were living in this region compared with 53 per cent in 2012. Furthermore, of the 1.2 billion who lifted themselves out of extreme poverty, 1.1 billion were from Asia and the Pacific.

China, the world's most populous country, was able to reduce the proportion of its population living in extreme poverty from 60 per cent to 6 per cent over a period of 22 years.

Figure 2 shows that progress in combating extreme poverty in the region has been dramatic. Countries of the population living in extreme poverty such as Pakistan (from 64.7 per cent to 12.7 per cent), Cambodia (from 44.5 per cent to 10.1 per cent), Azerbaijan (from 25 per cent to only 0.3 per cent) and Thailand (from 11.6 per cent to only 0.3 per cent), have all reported significant decreases in the percentage of their populations living in extreme poverty. Similarly, countries such as Bangladesh (from 70.2 per cent to 43.3 per cent), India (from 49.4 per cent to 23.6 per cent) and the Lao People's Democratic Republic (from 55.7 per cent to 30.3 per cent) have made substantial reductions, but with a higher percentage of their populations still remaining in extreme poverty.

1.2 Data and monitoring issues

International poverty lines exist but there are no agreed international standards for guiding poverty measurement at the national level

Under principle 9 of the 10 Fundamental Principles of Official Statistics,[2] it is stated that "the use by statistical agencies in each country of international concepts, classifications and methods promotes the consistency and efficiency of statistical systems at all official levels". Although international poverty lines exist, there are no agreed international standards on how to measure poverty at the national level.

In the absence of internationally agreed standards, it is understandable in the quality of the national data required to assess the level of poverty or its severity in a given country is prioritized over the international comparability of national poverty lines.[3] Furthermore, the 2030 Agenda for Sustainable Development, which calls for leaving no one behind, is concerned with producing statistics for all relevant subpopulations. As poverty measurement is essentially about wealth distribution, the more disaggregated are the data available about individuals and small groups within a population, the greater will be the value of the information that can be derived from analyses of poverty. Hence, measurement of subnational poverty, where disaggregation by geographical location (urban/rural) as well as by subpopulation is
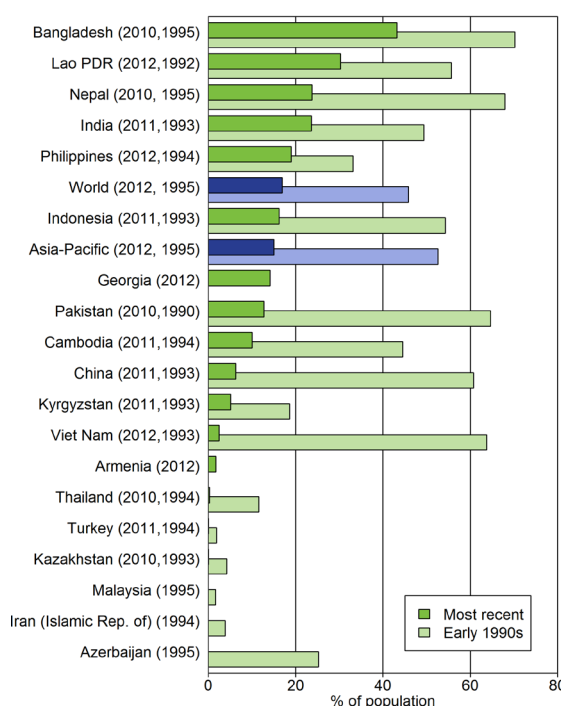
Figure 2
Percentage of population living in extreme poverty (below $1.25 per day, in 2005 purchasing power parity) in Asia and the Pacific, and the world, 1990 and most recent years

available, targeted poverty reduction policies become feasible. Such measurements and policy measures are of relevance in Asia and the Pacific, especially in view of the steadily falling overall poverty rates now occurring despite the existence of persistent pockets of poverty.

Income	Consumption
Definition	
- Household income consists of all receipts whether monetary or in kind (goods and services) that are received by the household or by individual members of the household at annual or more frequent intervals, but excludes windfall gains and other such irregular and typically one-time receipts. [a]	- Consumption covers all goods and services purchased and produced for one's own final use.[4]
Advantages	
- While income has multiple components that may be complex to measure, it is easier to standardize the concept of income across countries.	- Consumption is less volatile than income, as it is measured during a short reference period and tends to be more representative of a given household's welfare; - Recall of expenditures may be easier than that of income.
Disdvantages	
- Income is more volatile than consumption, especially in developing countries, where, for example a large part of the working age population may not be participating in the formal labour market.	- Consumption items are varied and it is difficult to develop standardized measures across countries.
- Income is prone to measurement errors due to underreporting, especially of such sources as income from self-employment, property income, owner-occupied housing.	- Households may underreport their expenditures, especially on luxury and illicit items.
a United Nations, Economic Commission for Europe, Canberra Group Handbook on Household Income Statistics, 2nd ed. (ECE/CES/11) (Geneva, 2011).	

In large countries such as India, where currently there is no official national poverty line, reference to subnational poverty lines may be especially appropriate. Indeed, to that end those Indian states already having statistical capability conduct state-level censuses on those living below the poverty line.

The diversity in poverty measurement is partly a result of the various ways in which poverty is conceptualized.

The first step in providing poverty statistics is to determine a poverty measure or a welfare indicator. The traditional measures of poverty have been based on household income or consumption as welfare indicators obtained through household surveys.[4] In table 1, brief definitions are furnished, as well as the advantages and disadvantages of these two indicators of welfare.

A poverty line, on the other hand, can be relative or absolute. Relative poverty lines that are usually used in developed countries are based on a selected cut-off point in income distribution or consumption, such as the level below which one third of the population finds itself, or that proportion earning half of the median income.

Currently used international poverty lines focus on absolute poverty. The most common basis for constructing an absolute poverty line at the national level is the use of the basic needs approach. The prerequisite for this approach is to determine a basket of goods, including food items reflecting the diet and the context of the country or the region concerned. The food component of the poverty line is based on the cost of acquiring food that is sufficient to meet a food energy threshold; in this regard, FAO has suggested using as a threshold the daily intake for an adult: 2,100 calories. That cost can be computed based either on a bundle of food items with the lowest possible price or on the diet of households whose members' potential energy intake is nearest that of the threshold.

The non-food component of the poverty line can be computed by predetermining a bundle of non-food items, or by extending the food poverty line based on the average total expenditure of households whose food expenditures are equivalent to the food poverty line, or on non-food expenditures of households whose total expenditures are equivalent to the food poverty line. An alternative to this approach is to determine a multiplier to scale up the food poverty line.[5]
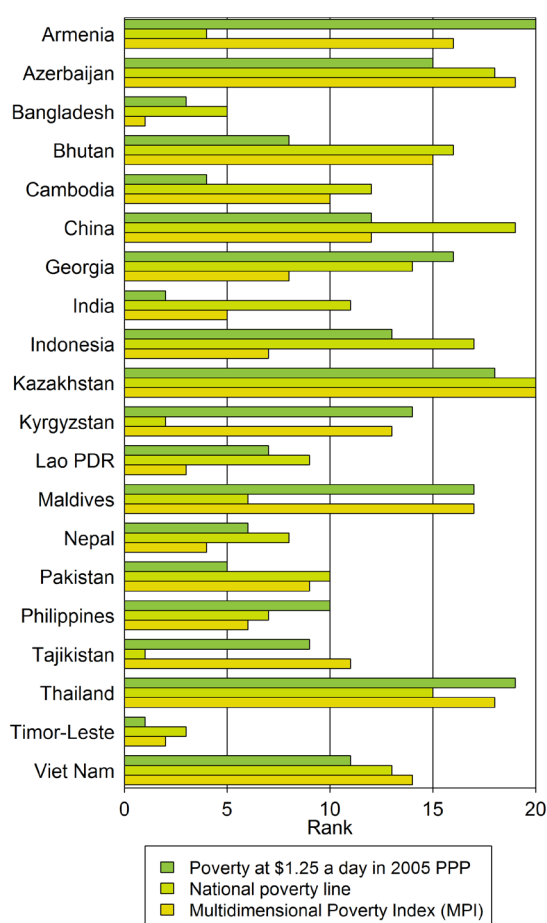
Multidimensional poverty indicators complement these monetary measures of poverty and take into account desired minimum levels of food needed to maintain nutrition and health. Hence for multidimensional poverty measurement, indicators such as infant mortality, life expectancy, education, food expenditures and housing conditions, are of value.

Since 2010, UNDP has been publishing the Multidimensional Poverty Index (MPI),[6] the components of which are deprivations in health, education and standard of living at the household and individual levels. MPI is constructed using the same data source across indicators for a given country; Demographic Health Surveys and Multiple Indicator Cluster Surveys are the most widely used since they are implemented internationally. MPI, which is available for 91 countries, does not include income as such information is available through household income and expenditure surveys or other data sources. Although MPI should be seen as a complementary measure to monetary poverty measures, how these measures relate to one another is still an area requiring further research.

The incidence of poverty in a given country can vary significantly based on the poverty measure and line chosen

Different measures the calculation of poverty affect of the incidence of poverty in a given country. It is important to note that the figures that follow are purely for illustration purposes as the indicators presented are not comparable.

India is a country with striking differences in the incidence of poverty based on the poverty line chosen. When MPI is used, more than half the population is considered to be living in multidimensional poverty, whereas, based on the national poverty line (2011) and the international poverty line, the monetary poverty headcount figures remain at 21.9 and 23.6 per cent respectively. Figures 3 and 4 illustrate a significant variation in the incidence

Figure 3
Poverty headcount based on the Multidimensional Poverty Index, national poverty line and international poverty line (below $1.25 per day in 2005 purchasing power parity)
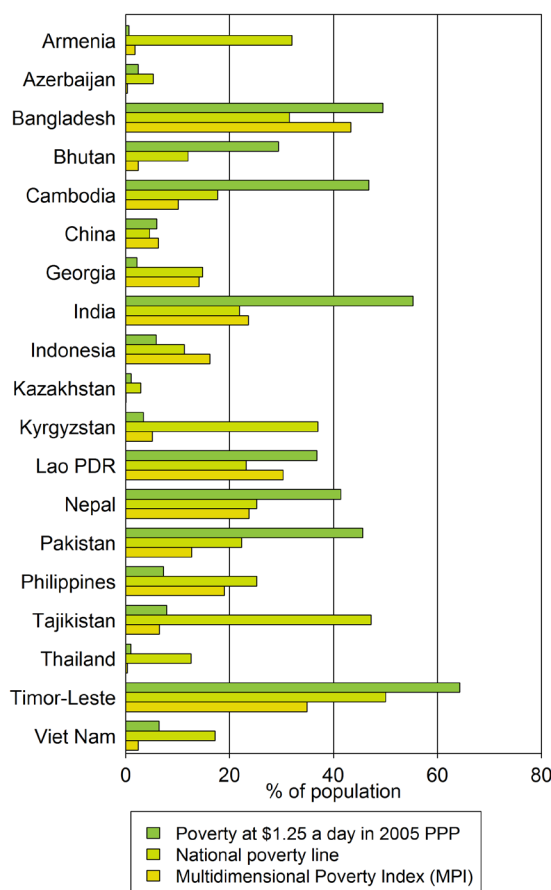

Figure 4
How countries rank based on three different methodologies: Multidimensional Poverty Index, national poverty line and international poverty line

Box 1

Updated international poverty line ($1.90 per person per day)

The international poverty line depends on purchasing power parity (PPP) conversion factors that are obtained through the periodic International Comparison Programme (ICP). ICP is an independent partnership of various statistical administrations in almost 200 countries, the global office for which is located in World Bank headquarters in Washington, D.C. In Asia and the Pacific, the Asian Development Bank manages the ICP; 23 economies in the region participated in the 2011 round of surveys.[a,b]

The first ever international poverty line was $1 per person per day in 1993 prices; the international poverty line was subsequently revised a number of times based on PPP updates. The results of the latest ICP (2011) were released in 2014 and hence provide a basis for revising the international poverty line.

The international poverty line in 2011 PPPs, equivalent to $1.25 in 2005 PPPs, is now computed at $1.90 per day. This poverty line is expected to be adopted at the next session of the United Nations Statistical Commission in March 2016 as the new international poverty line which will also be used for monitoring progress towards the achievement of target 1.1 of the Sustainable Development Goals: "By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than $1.25 a day."

The increase in the value of the international poverty line "reflects the fact that the new PPPs yield a relatively lower purchasing power of that currency vis-à-vis those of most poor countries."[c] International poverty lines in both 2005 and 2011 PPPs are based on the average of national poverty lines of the 15 poorest countries. This fact should be taken as a caveat when assessing poverty in middle-income and high income economies, which would have higher average poverty lines.

Note: The following economies in Asia and the Pacific participated in the 2011 ICP round: Bangladesh; Bhutan; Brunei Darussalam; Cambodia; China; Fiji; India; Indonesia; Lao People's Democratic Republic; Malaysia; Maldives; Mongolia; Myanmar; Nepal; Pakistan; Philippines; Singapore; Sri Lanka; Thailand; and Viet Nam, as well as Hong Kong, China; Macau, China; and Taiwan Province of China.

a Francisco H.G. Ferreira and others, "Abstract", "A global count of the extreme poor in 2012: data issues, methodology and initial results", Policy Research Working Paper No. 7432 (Washington, D.C., World Bank Group, 2015). Available from http://documents. worldbank.org/curated/en/2015/10/25114899/global-count-extreme-poor-2012-data-issues-methodology-initial-results.

b Asian Development Bank, August 2014,. *2011 International Comparison Program in Asia and the Pacific: Purchasing power parities and real expenditures*. Available from http://www.adb.org/sites/default/files/publication/59715/2011-icp-ppps-real-expenditures.pdf

c World Bank, *A Measured Approach to Ending Poverty and Boosting Shared Prosperity: Concepts, Data, and the Twin Goals, Policy Research Report* (Washington, D.C., 2015).

of poverty within each country and in how countries rank vis-à-vis each other based on the methodological choices made.[7] For instance, Armenia appears to be the country with the lowest incidence of poverty based on MPI, whereas the national poverty line yields the fourth highest poverty headcount among the selected group of countries. Kazakhstan, on the other hand, is an exception where both the incidence of poverty based on the three

different poverty lines and the ranking of the country vis-à-vis others varies only slightly.

Data availability on the incidence and severity of poverty is irregular in the Asia-Pacific region and the rest of the world, as the source data come from household surveys, most of which require external funding and are conducted at best at three-year intervals. The Living Standards Measurement Survey of the

Indicator	No. of countries with one data point			No. of countries with two or more data points		
	2000-2004	2005-2009	2010-2014	2000-2004	2005-2009	2010-2014
Headcount, national poverty line	11	10	9	7	14	13
Headcount, multidimensional poverty indicator		11	13			
Headcount, international poverty line ($1.25 per person per day)	13	8	9	12	15	8

World Bank or similar household income and expenditure surveys are common examples of such data-collection programmes. The number of countries where one and two or more data points are available in the ESCAP online statistical database[8] for the period 2000-2014 are given in table 2.

Focusing on data availability based on national poverty lines, it should be noted that the availability of data points in the ESCAP online statistical database does not correspond one on one to the availability of an official national poverty line. The data points can however serve as a proxy indicator for how many countries in Asia and the Pacific have a national poverty line that is used and reported on internationally.

Beyond data availability, the quality of the national time series may be affected by changing concepts and modification of data collection instruments, which are not fully captured in table 2. In addition to irregular data collection, the lengthy processing of survey data undermines the timely availability of poverty statistics. An indication of the timeliness – a component of quality – of poverty statistics was presented in the results of the capacity screening survey[9] conducted by the ESCAP Statistics Division in 2013/14 as part of the Implementation Plan of the Regional Programme for Improvement of Economic Statistics in Asia and the Pacific. According to that survey, less than 10 per cent of 51 responding Asia-Pacific countries were able to process household income and expenditure survey results within three months of collection.

This brief overview outlines limitations of poverty measurement and the various indicators that are currently used for monitoring poverty. In assessing the progress that countries, regions and the world make towards the related targets of the Sustainable Development Goals, it will be necessary for producers and users of poverty statistics to develop and adopt integrated poverty measures to enable coherent interpretation of the status of poverty in all its dimensions.

Endnotes

1 General Assembly resolution 70/1.

2 General Assembly resolution 68/261.

3 It should be noted here that an added complication is the absence of national poverty lines in some countries. India and the United Kingdom of Great Britain and Northern Ireland are examples of countries that do not have official national poverty lines.

4 Jonathan Haughton and Shahidur R. Khandker, Handbook on Poverty and Inequality (Washington, D.C., World Bank, 2009).

5 Jean Olson Lanjouw, "Demystifying poverty lines" Series on Poverty Reduction (New York, UNDP, 1997).

6 United Nations Development Programme, Multidimensional Poverty Index. Available from http://hdr.undp.org/en/content/multidimensional-poverty-index-mpi (accessed 31 July 2015).

7 In the case of the international poverty line and headcount based on the Multidimensional Poverty Index, the methodologies enable international comparability. The ranking of the headcount based on national poverty lines is, however, just to illustrate the impact of the measure chosen; the ranking itself should not be taken as authoritative.

8 See http://www.unescap.org/stat/data/statdbDataExplorer.aspx.

9 United Nations, Economic and Social Commission for Asia and the Pacific, Report on the Region-wide Capacity Screening of Economic Statistics in Asia and the Pacific (updated in September 2014). Available from http://www.unescap.org/resources/report-region-wide-capacity-screening-economic-statistics-asia-and-pacific.

NO POVERTY

2 NO HUNGER

3 GOOD HEALTH

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

7 RENEWABLE ENERGY

8 GOOD JOBS AND ECONOMIC GROWTH

9 INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

16 PEACE AND JUSTICE

PARTNERSHIPS FOR THE GOALS