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**REPORT ON THE ACTIVITIES OF THE PROJECT FOR THE UPDATE OF
POVERTY MEASUREMENT METHODOLOGY USED IN
LATIN AMERICA AND THE CARIBBEAN ***

* Report prepared by ECLAC.

2007-909

1. Project goals¹

(a) Overall objective

To improve the identification and description of poverty in the countries of Latin America and the Caribbean by developing a methodology that will serve as a regional public good and is an indispensable element for the appropriate design, follow-up and evaluation of poverty reduction strategies.

(b) Specific goals

- (i) To update the parameters and standardize the methodology for determining poverty lines in the countries of Latin America and the Caribbean, as an input for improving the design, monitoring and evaluation of social policies.
- (ii) To disseminate the methodological advances and their results in publications which countries can use as a reference for improving their current procedures and methodologies.
- (iii) To foster methodological convergence between countries at the regional level in order to enhance the comparability of data and facilitate evaluation of the advance towards the poverty reduction targets set out in the Millennium Declaration.
- (iv) To provide training on the advances in poverty measurement to officials of national statistical institutes and other government departments in the social field.

2. Scheduled activities

The achievement of the goals of this project will hinge on five elements designed to improve methodologies for calculating poverty lines; disseminate recommendations and best practices; support technical recommendations for their use; and promote tools that will facilitate free access to information. These elements are: methodological development, working groups, technical seminars and regional workshops, training courses and databases.

- (i) Methodological development. This includes the main activities involved in research and in the determination of poverty lines. Using information from the most recent income and expenditure surveys available in the region, analyses and simulations will be made based on different methodological options for treating income and determining poverty lines.
- (ii) Working groups. The active participation of countries in consultations and information exchange is essential for developing a poverty measurement methodology that effectively constitutes a regional public good. To that end, working groups will be organized with representatives from national statistical offices, grouped by subregion. The technical and managerial staff making up the groups will be responsible for collecting, processing and systematizing the information required for the project, on the basis of the requirements identified by their coordinators.

¹ The project was executed by the Inter-American Development Bank (IDB) and the Economic Commission for Latin America and the Caribbean (ECLAC); it was financed by the project Improvement of statistics for measuring living conditions (RG-T1156), as part of the Initiative for the Promotion of Regional Public Goods.

- (iii) Technical seminars and regional workshops. Technical seminars are meetings where a select group of experts in poverty measurement and analysis discuss different methodological questions and evaluate their practical consequences. Regional workshops are held to analyse issues relating to measurement of living conditions and are attended by representatives of statistical offices and other bodies of the countries of the region. Their purpose is to evaluate advances made in recent years and examine alternatives for future work in areas such as income and expenditure calculation, the use of complementary methodologies for measuring living conditions and the design and holding of household surveys.
- (iv) Training courses. Intended for technical staff of statistical offices and other government departments in the region in new poverty measurement methodology, these courses train staff, who are then able to apply such methodology in their own countries.
- (v) Databases. Two products will be created. The first is a free-access data bank with information on the household surveys conducted since 2000 by those countries which have expressly given their approval. This data bank will include a series of additional standardized variables in accordance with the usual practice of CEPAL and the new poverty lines. The second product is a database of poverty indicators based on the new measurements.

3. Progress achieved to date

In the first phase of project execution, an initial methodological proposal was developed and its implementation has been assigned to staff of the Statistics and Economic Projections Division of ECLAC with support from consultants, who will be paid out of the project budget. The proposal was discussed in workshops with regional experts in poverty measurement. The first workshop financed with project funds focused on a review of ECLAC methodology for poverty measurement in Latin America and the Caribbean and was held on 18 and 19 October 2007 in Santiago, Chile. Status reports on the project were also presented at other forums, including the eighth meeting of the Expert Group on Poverty Statistics (Rio Group), which took place in Rio de Janeiro, Brazil, on 24 and 25 August 2006; the seminar-workshop on methodological aspects of the poverty line, held in Montevideo on 25 and 26 October 2006; and a technical meeting between ECLAC, the Pan American Health Organization and the Institute of Nutrition of Central America and Panama (INCAP), held in Guatemala City on 29 and 30 October 2007.

As from 2008, the countries of the region are expected to participate actively to ensure greater convergence in the area of methodology and to enhance the comparability of data. The project will require very intensive processing of the household survey data collected in the different countries and is expected to lead to a number of recommendations designed to contribute to the improvement of these sources of information and to provide guidelines for harmonization of surveys in the region. These elements and the methodological aspects of poverty measurement will be addressed in the regional workshops and working group meetings to be held in the coming months.