

Poverty assessments: The next generation

Summary of the session held at the World Bank on April 9, 2003¹

How will the next generation of poverty assessments differ from the old? The session started with a brief introduction to the new Operational Policy 1.00 on Poverty Reduction and the Guidance on Good Practice Poverty Assessments.² Then three task managers of recent or ongoing poverty assessments (Trina Haque, Kaspar Richter, and Quentin Wodon) provided feedback on the new guidance.

Task managers welcomed the new guidance, saying that it provided a useful checklist, a source of new ideas on what to cover, and flexibility in deciding topics. Issues were raised on technical and process aspects. On the technical side:

- Are we not expecting too much when we use household survey data to establish the impact of public services on poverty? Regressions with consumption (or another welfare indicator) as the dependent variable indicate correlation rather than causality; often few of the explanatory variables are amenable to quick policy changes; the analysis is old by the time it is done; in any case it may be a guide to marginal changes, but not to large changes; results vary by welfare indicator selected; and we often know very little on the cost of public services. So the results are presented with a long list of caveats, and may not be so useful in guiding policy. Maybe more time should be spent on the basics: reaching agreement on how to define poverty and how to set a poverty line, etc.
- Where there are technical issues common to several countries in a region, it may be useful to prepare region-specific guidance (in the Europe and Central Asia region, for example, adjusting for household composition and constructing price deflators often pose problems).
- Should poverty assessments contain an appraisal of poverty monitoring and evaluation systems? If poverty is intended broadly, this may mean reviewing monitoring arrangements for a significant number of indicators and evaluation systems in a number of sectors. On the other hand, participants felt that it was necessary to review these arrangements, especially in low-income countries, if donors and country clients were to have a basis to judge the adequacy of the arrangements laid out in poverty reduction strategies. Several people felt that those working closely on poverty ought not to find it too burdensome to provide a brief assessment on monitoring and evaluation systems. However, one area where guidance is needed is poverty monitoring in decentralized settings.

¹ This session is part of a program of clinics on poverty analysis. For summaries of other sessions and background materials or presentations, go to www.worldbank.org/poverty/wbactivities/pa/index.htm. This summary was prepared by F. Bastagli and G. Prennushi. For further information, please contact them at fbastagli@worldbank.org or gprennushi@worldbank.org, or send an email to the PovertyNet feedback line, povertynet@worldbank.org.

² See www.worldbank.org/poverty/wbactivities/op.htm for the new OP and the Guidance on Good Practice. A brief presentation is also available at www.worldbank.org/poverty/wbactivities/pa/index.htm.

Issues raised on the process side included:

- Addressing relevant policy issues often requires working with different counterparts than those with whom Bank staff work on data analysis (generally, officials from the statistical agency). Key policy issues ought to be identified up front and relevant counterparts should be involved.
- Building capacity in countries and supporting dialogue requires a long-term involvement and ongoing collaboration. A good way to achieve this is to take a programmatic approach, where Bank-supported poverty work is planned over several years. The guidance note should reflect this type of approach.³ On the other hand, a multi-year approach ought not to be mandatory because it may not be appropriate for countries where available Bank budget is too small.
- How to deal with capacity constraints on both the Bank and the clients' side? In the Africa region, too few poverty assessments have been carried out with Bank support over the last five years than what would have been needed to keep knowledge current. The reasons for this include the low number of staff working on poverty assessments and the difficulty of obtaining data. The approach currently proposed is to structure poverty assessments into two parts, the first one covering "core" diagnostics, the second covering poverty and social impact analysis of selected policies/reforms of importance to the country. It was noted that the new guidance did require a poverty assessment, to be classified as such, to contain an analytical synthesis of the existing body of knowledge on three topics: (i) assessment of the poverty situation; (ii) analysis of the impact of growth and public actions on poverty; and (iii) appraisal of poverty monitoring and evaluation systems. So the proposed two-part approach would need to take this into account.
- The guidance now covers a broad range of topics, but is silent on the process by which priority issues will be identified. Dialogue with country counterparts is key to define priorities. (This will be rectified in the next revision.)
- Guidance on average costs would be useful.

³ A clinic on Programmatic Approaches to Poverty Analysis is planned for May 13, 2003, and a summary will be available at www.worldbank.org/poverty/wbactivities/pa/index.htm.