AVAILABLE DATA AND ESTIMATES OF THE IMPACT OF COVID-19 ON GLOBAL POVERTY

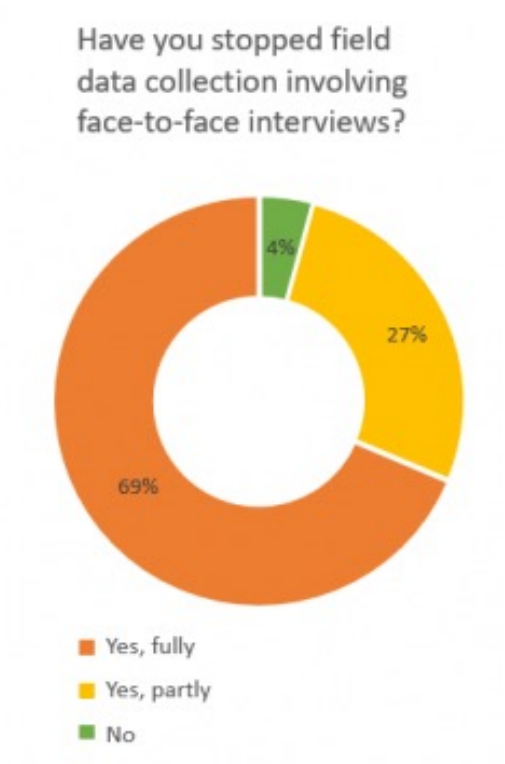
WORLD BANK GROUP

May, 2021

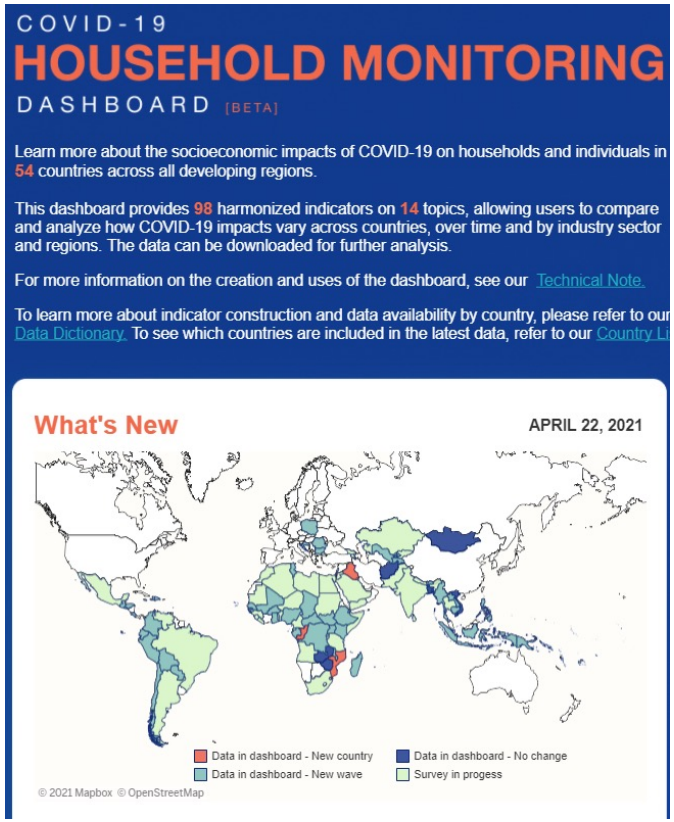
DATA REQUIREMENTS

First best:
Household survey data

But most NSOs will not have any for 2020:



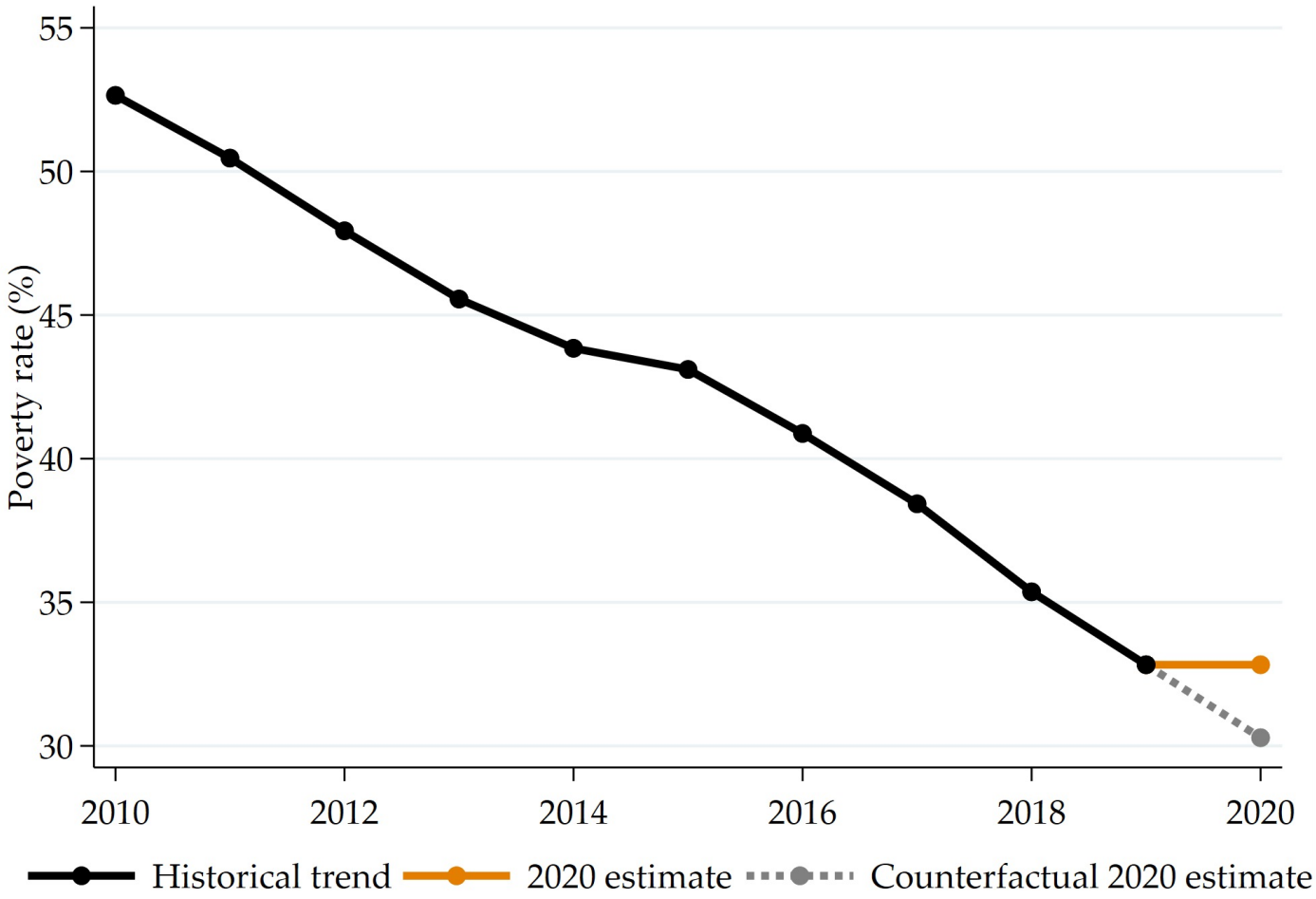
Second best:
Phone survey data



Third best:
Use other data related to welfare
+
past theoretical/ empirical relationships

DATA REQUIREMENTS FOR COUNTERFACTUAL SCENARIO

Even in the first-best world, we still need strong assumptions to create a counterfactual scenario

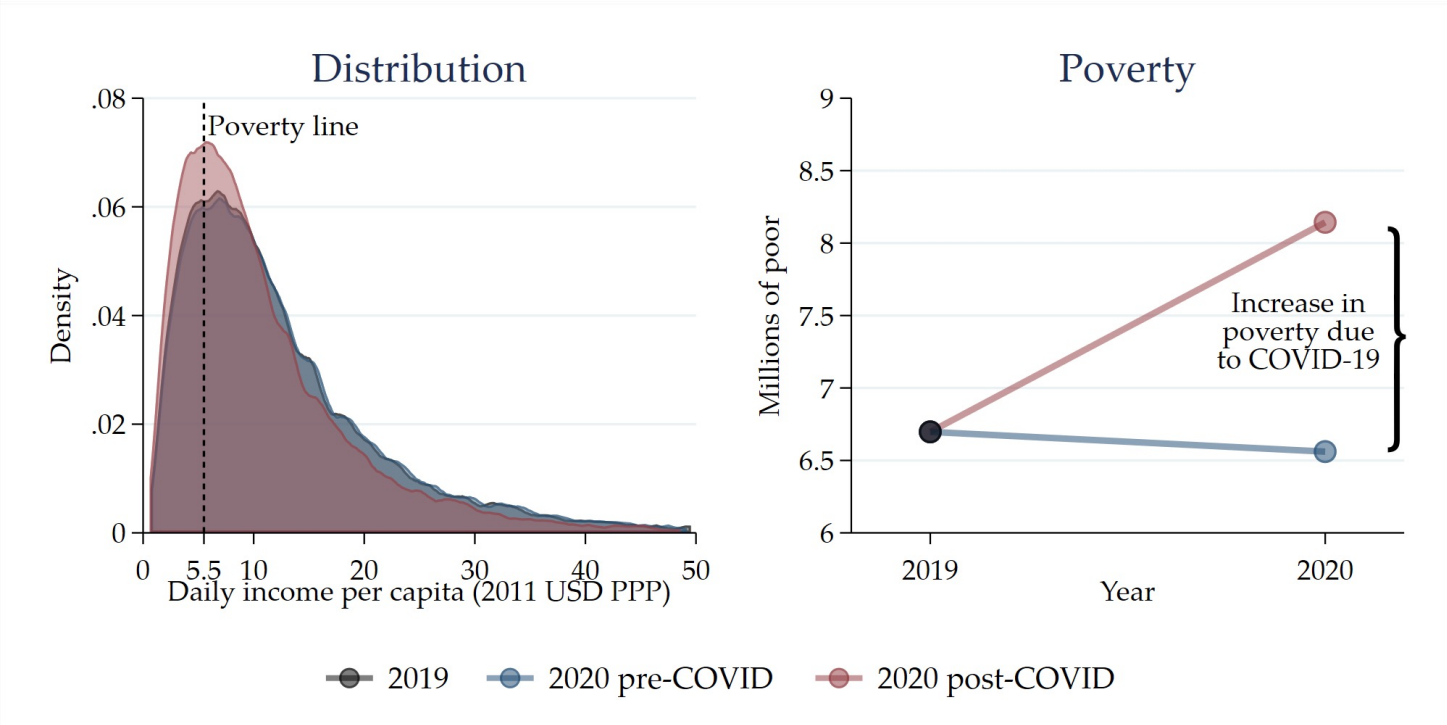


GLOBAL METHOD USED BY THE WORLD BANK

- Use data from PovcalNet: http://iresearch.worldbank.org/PovcalNet/
- PovcalNet contains the data used for official global and regional poverty monitoring for SDG 1.1.1.
- The data cover 167 countries ~97.7% of the world's population
  - Microdata for 149 countries ~70% of the world's population
  - Binned data (400 bins) for 8 countries ~9% of the world's population
  - Grouped data (5/10/40 groups) for 10 countries ~19% of the world's population (including China)

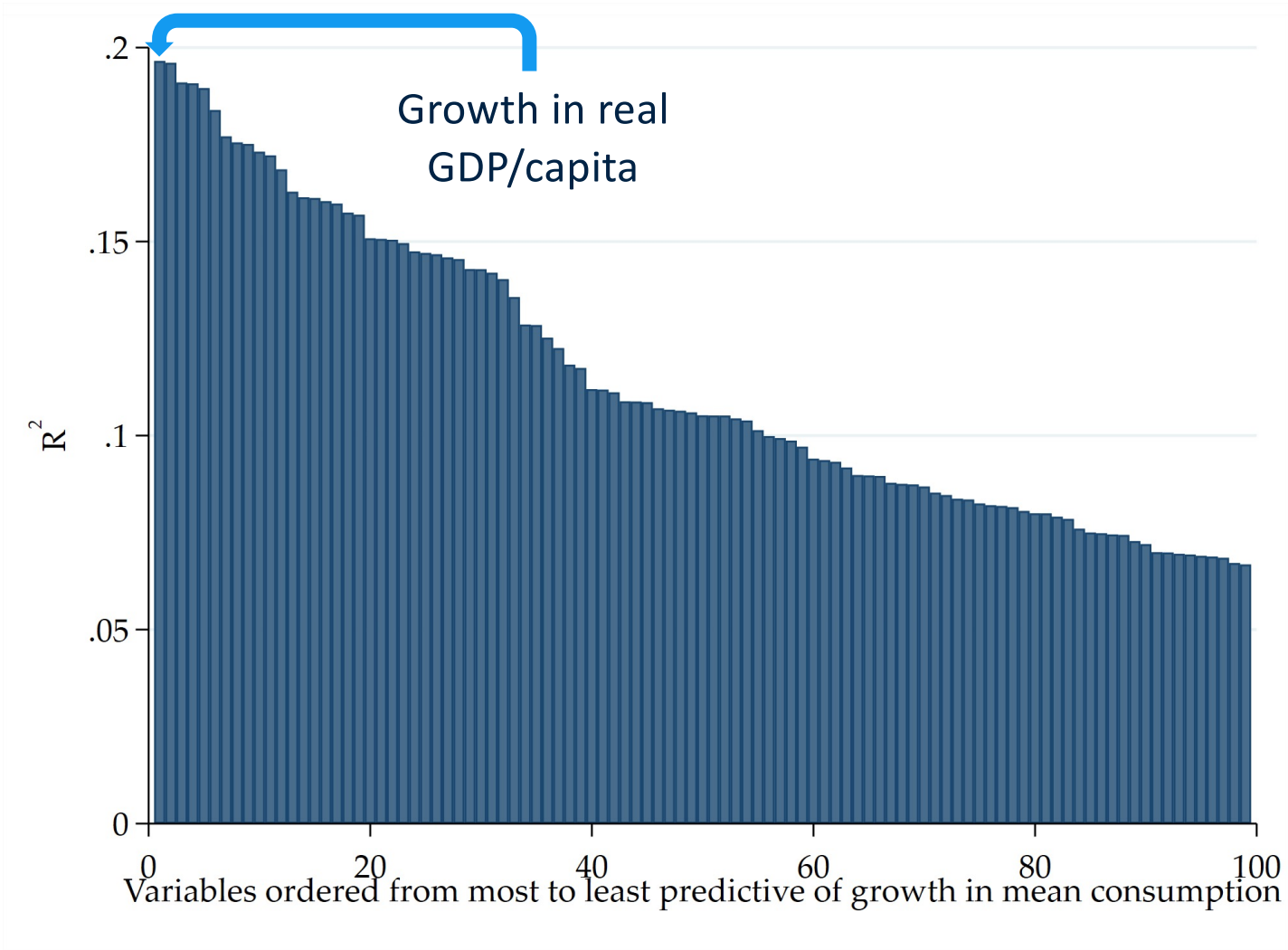
GLOBAL METHOD USED BY THE WORLD BANK

- Our starting point is the distribution of consumption for 2019 for each of the 167 countries for which PovcalNet has data.
- Counterfactual scenario: Project distribution forward using GDP growth forecast before COVID spread
- Actual scenario: Project distribution forward using most recent GDP growth forecast to project distributions forward.

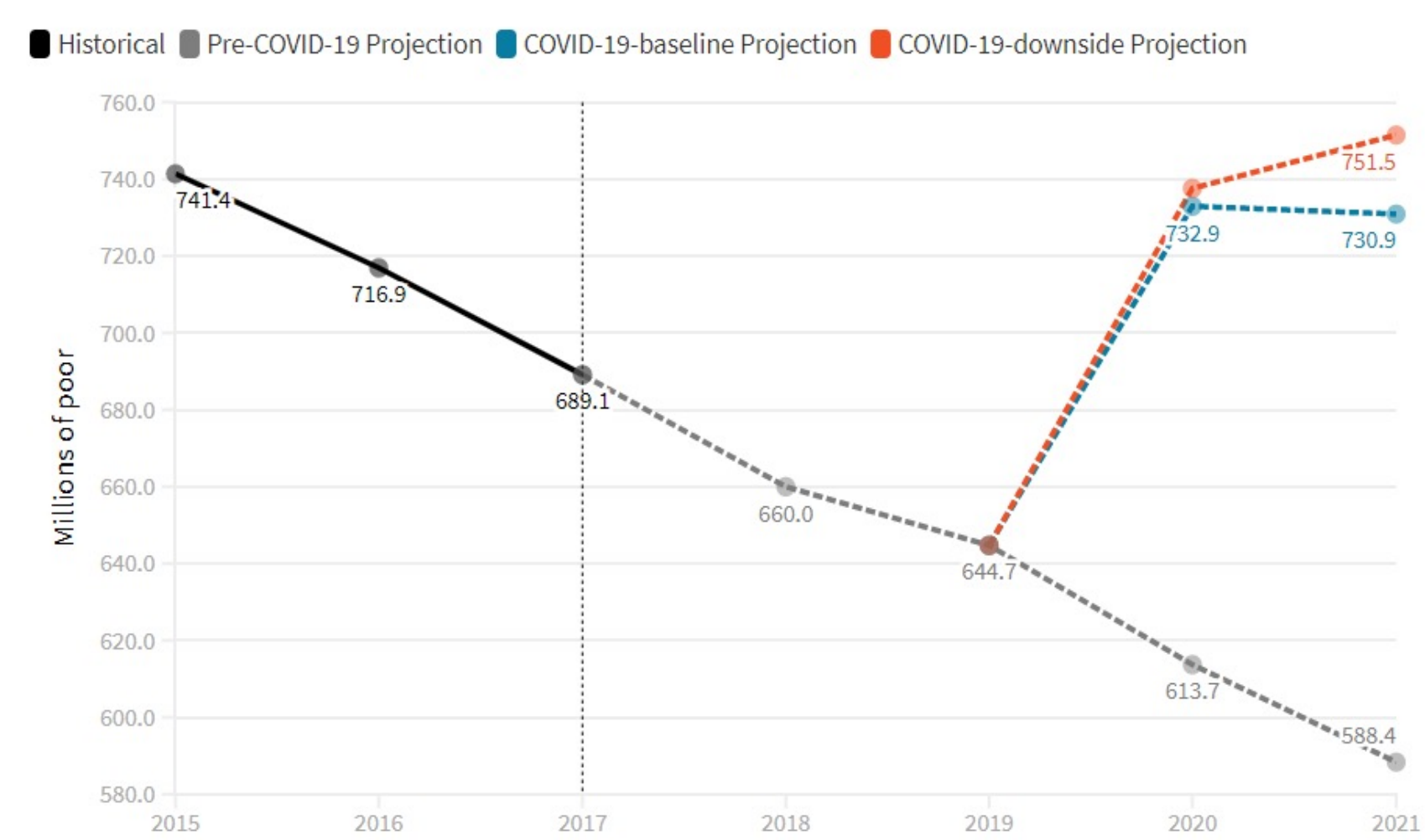


WHY USE GDP TO PROJECT FORWARD?

3000 variables ordered by their ability to predict changes in mean consumption from household surveys:

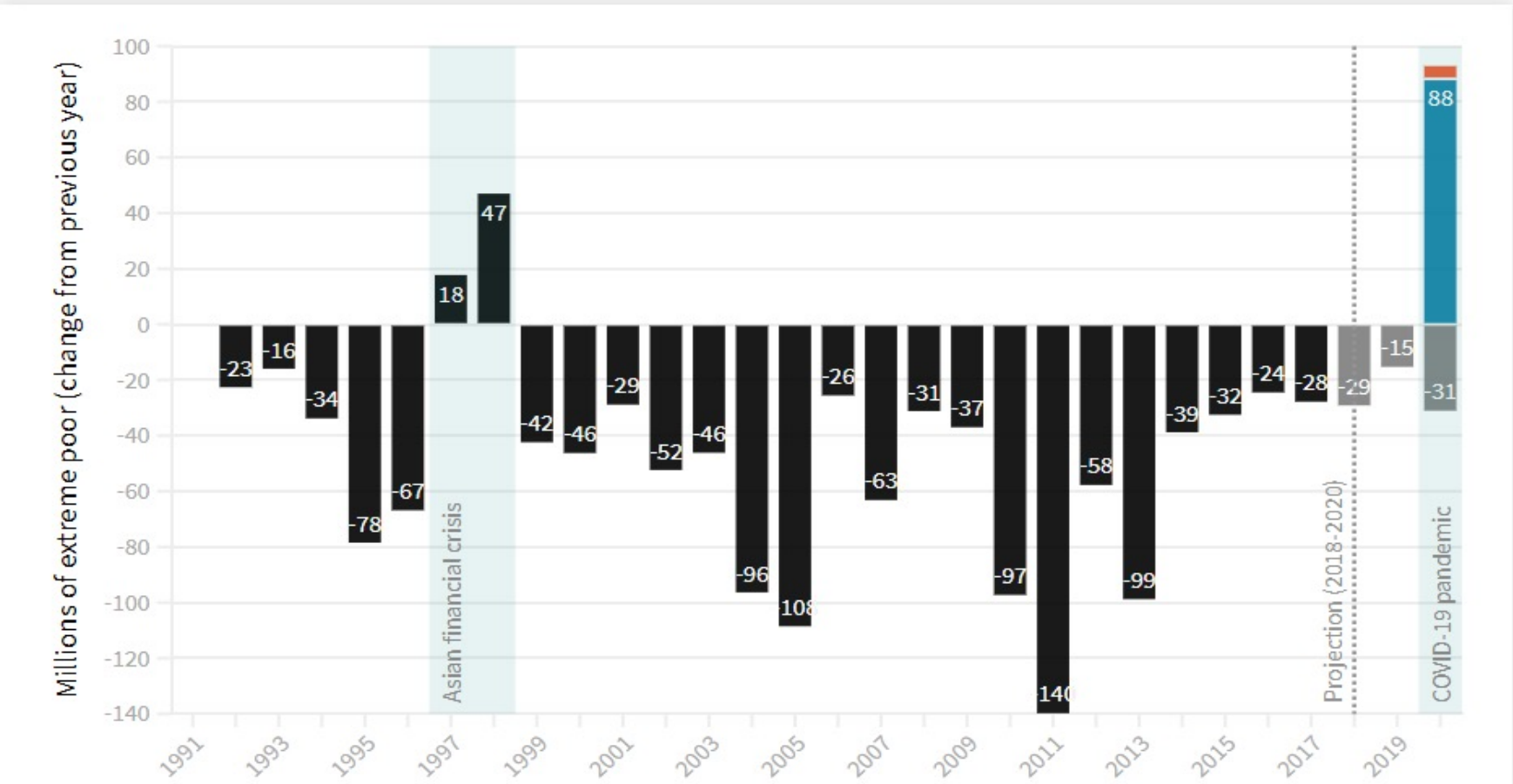


NOWCAST OF EXTREME POVERTY, 2015-2021



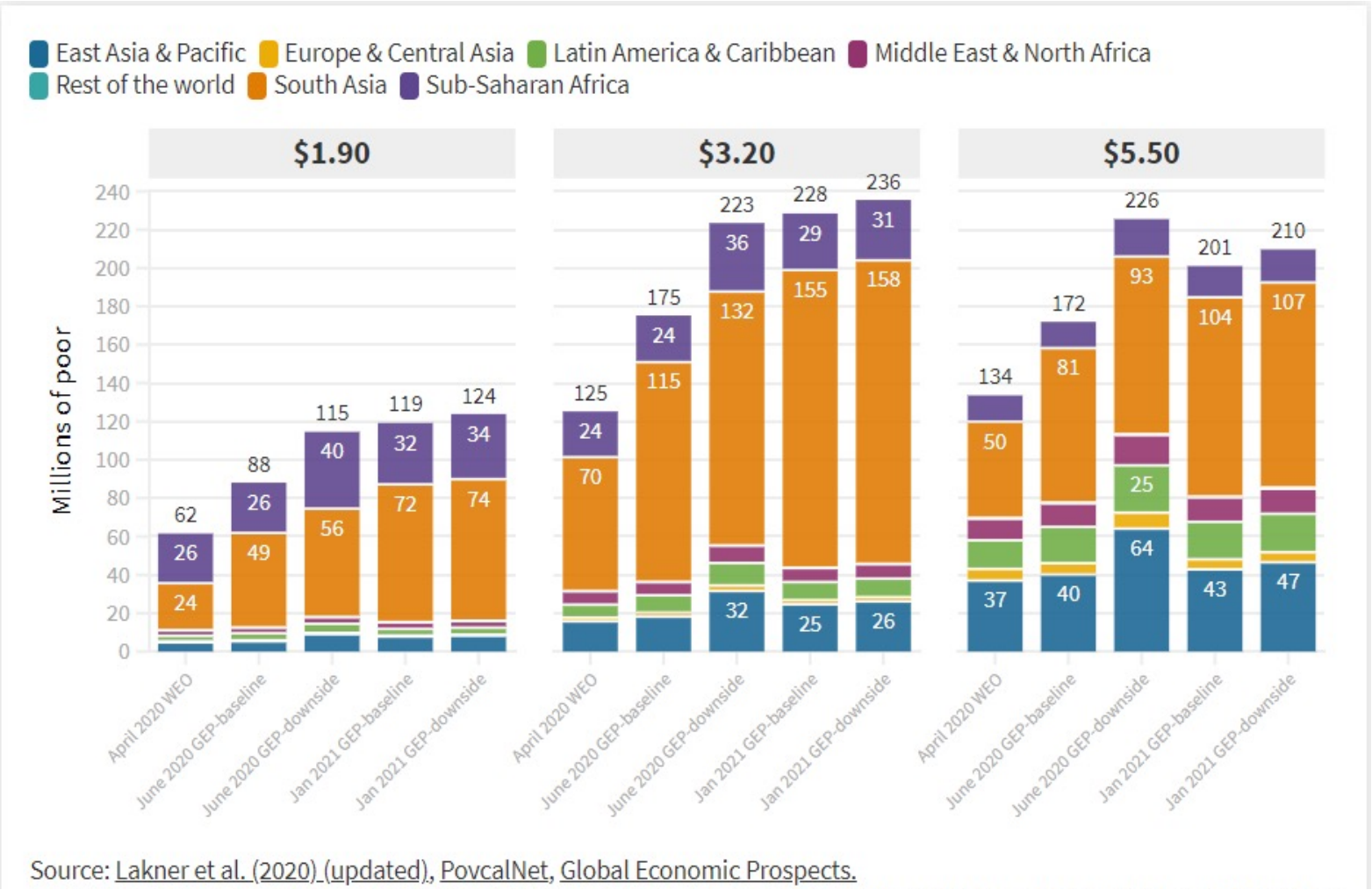
Source: Lakner et al (2020) (updated), PovcalNet, Global Economic Prospects.
Note: Extreme poverty is measured as the number of people living on less than $1.90 per day. 2017 is the last year with official global poverty estimates. Regions are categorized using PovcalNet definition.

ANNUAL CHANGE IN THE NUMBER OF EXTREME POOR



Source: Lakner et al. (2020) (updated), PovcalNet, Global Economic Prospects.

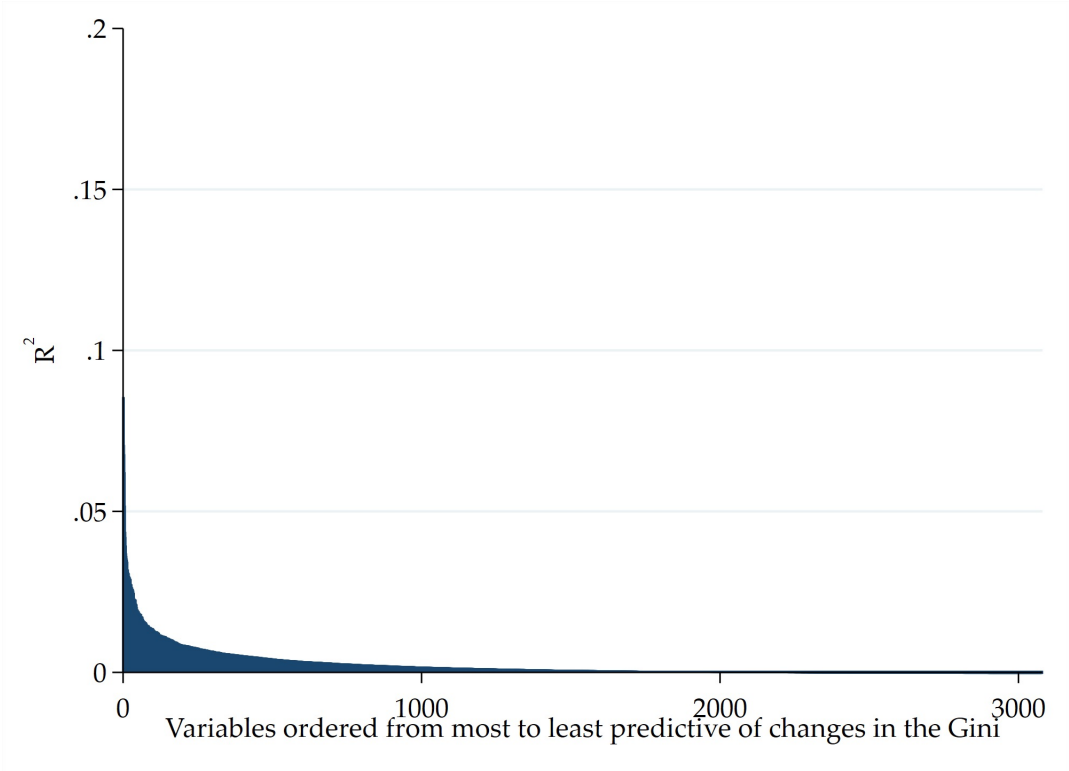
COVID-19-INDUCED NEW POOR IN 2020



Source: Lakner et al. (2020) (updated), PovcalNet, Global Economic Prospects.

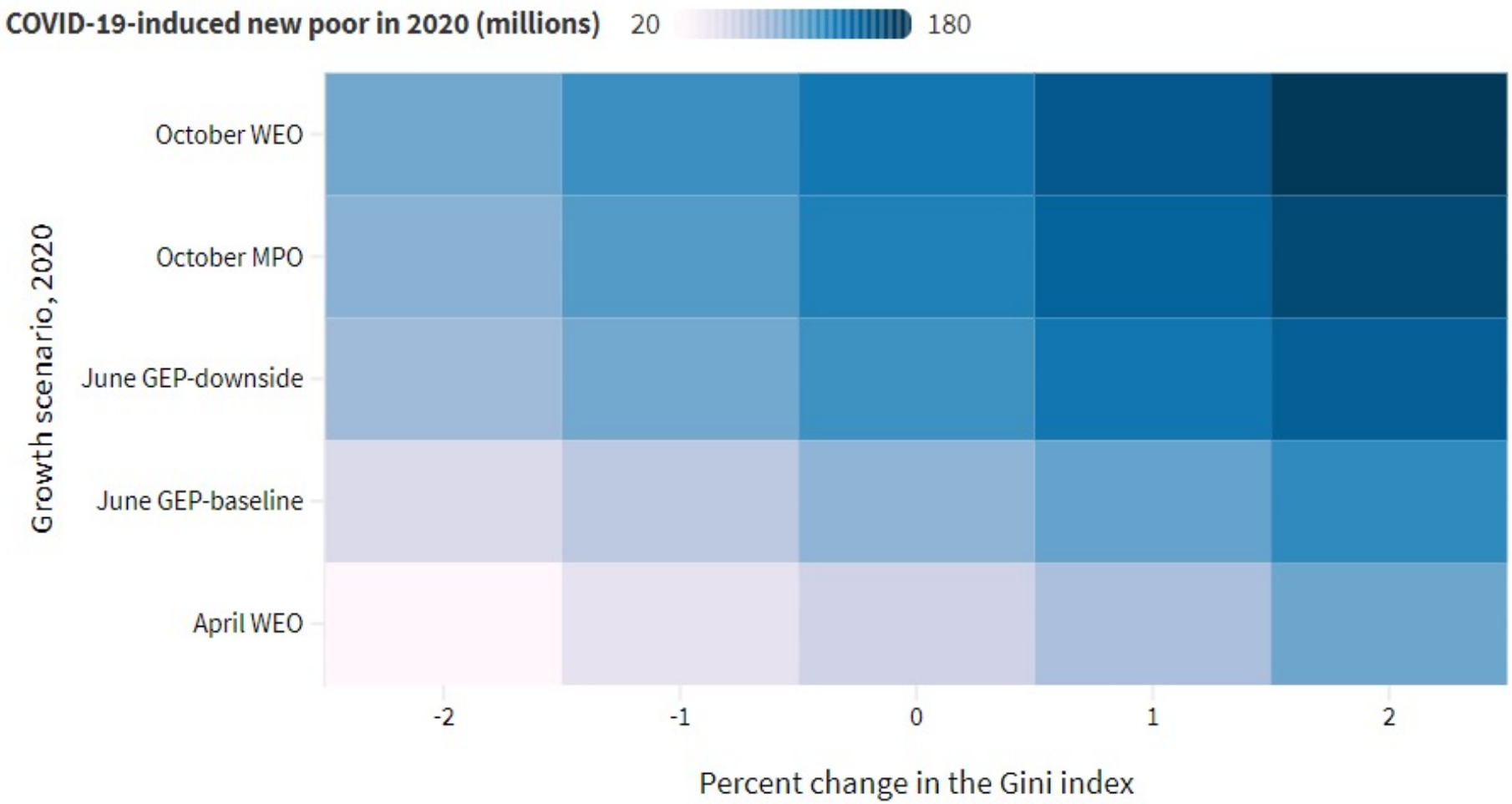
WHY ASSUME NO CHANGE TO INEQUALITY?

- Predicting changes in inequality is incredibly difficult
- 3000 variables ordered by their ability to predict changes in the Gini:



- Instead, we look at different possible scenarios of changes to inequality

DIFFERENT SCENARIOS FOR GROWTH AND INEQUALITY



Thank you

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