Estimates and forecasts of poverty by sex and age at the global, regional and national level

Ginette Azcona
Antra Bhatt
Introduction

• Poverty has been conventionally measured using a monetary measure based on income or consumption and collected at the household level.
• Data are collected on the total consumption or total income of each household, not of each individual living in those households.
• The household-level welfare estimate is attributed to all individuals living there.
• Due to the above shortcoming, household level measures alone may not reveal the extent to which women and men experience poverty differently on an individual level. Despite these limitations, household level data disaggregated by sex and age can nevertheless reveal meaningful differences in the way women, men, girls and boys experience poverty.
• This is especially crucial in the context of the COVID-19 pandemic which has shown substantial gendered impacts.
• In our presentation, we will present key insights from joint work by UN Women, UNDP and the Pardee Center for International Futures on projecting poverty by sex and age at the global, regional and country level.
• The presentation, in addition to discussing the sex/age differentials using the $1.90 poverty line, will also discuss projections of poverty by sex at $3.20, $5.50 and national poverty lines.
For the first time, data on extreme poverty was disaggregated by sex and age for 89 countries (through a UN Women and World Bank collaboration).

Focus was on per capita household income/consumption converted to 2011 PPP.

Results emphasized the need for a life cycle approach when analyzing gender differences in poverty.

Key limitation: Only regional and global aggregates were released for public consumption, no national estimates were released.
Data on extreme poverty disaggregated by sex and age was updated for 91 countries (through a phase II of UN Women and World Bank collaboration).

Phase II focused on updating the findings with latest database and adding additional disaggregation such as by household composition.

Findings enriched the original analysis by showing that household demographic structure is integral in profiling poverty.

Key limitation: Only regional and global aggregates were released for public consumption, no national estimates were released.

Figure 2: In some regions, lone mothers are especially vulnerable to being poor.
Projections of extreme poverty by sex and age (as of 2020)

- UN Women collaborated with UNDP and the Pardee Center for International Futures to produce estimates and projections of extreme poverty by sex and age using the International Futures Model.
- Estimates covered 186 countries and areas and are the first available dataset on extreme poverty by sex and age available for public consumption. Since the estimates were released during the COVID-19 pandemic, COVID-19-adjusted extreme poverty headcounts resulting from the IMF’s June 2020 downward revision in global economic growth were also included.
- The dataset helped to fill critical data gaps during the pandemic by bringing forth attention to the disproportionate impact of the pandemic on women and girls.

Gender poverty gaps will worsen by 2030

Among those aged 15+, women will still be the majority of the extreme poor in 2030.

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<tbody>
<tr>
<td>2020</td>
<td>200</td>
<td>300</td>
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<tr>
<td>2021</td>
<td>200</td>
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<tr>
<td>2030</td>
<td>200</td>
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</table>

By 2030, the global gender poverty gap for ages 25 to 34 will worsen from:

118 women for every 100 men in 2021 to 121 women in 2030.

In South Asia, the gender poverty gap will worsen further still:

Women per 100 men
Projections of extreme poverty by sex and age (as of 2021)

- UN Women continued the collaboration with UNDP and the Pardee Center for International Futures to produce estimates and projections of extreme poverty by sex and age using the International Futures Model. This time the estimates and projections were extended to $3.20, $5.50 per person per day as well as National Poverty line-based estimates.

- Current dataset is a limited release with only the global and regional averages being released. Full dataset with national estimates will be released in Fall 2022.

- The dataset shows the trajectory of poverty at different thresholds by sex including based on a high damage scenario which assumes higher inequality and slower economic recovery.
A deep dive into the methodology
• The International Futures (IFs) model is a sophisticated and comprehensive forecasting modeling system that is used to forecast change and development in 186 countries worldwide.

• IFs includes more variables and connections from a wider range of key development systems than any other forecasting model available today (and it does so for 186 countries).

• The International Futures (IFs) tool, makes use of historical data (over 4,500 historical series), identifies and measures trends, and models dynamic relationships to forecast hundreds of variables at the global, regional and country level.

Introduction to the IFs model
How is poverty by sex and age forecasted in the IFs?

- Drivers of poverty at the national level (National income, distribution of the income, macroeconomic variables like growth and employment)
- Drivers of age-specific poverty (Household income, youth unemployment, education of the householder, wage differences from education and age)
- Drivers of the gender gap in poverty (female-to-male ratio of adult educational attainment, the wage ratio between women and men, the crude birth rate, and expenditures on social protection).
Process of building the forecasts

- Once the model is initialized with the survey data, poverty headcounts are computed using the poverty rate and population of each group in the IFs demographic model.
- Age-group specific poverty rates are first forecasted for a reference group (women and men of reproductive ages) and all other age groups are tied to this reference group.
- Poverty head counts in each of the age groups are computed by multiplying age-group poverty rate with age-group population.
- Age-group poverty counts are normalized with the national poverty headcount.
- The age-group poverty rates are split into female and male poverty by computing a gender difference in poverty rates for each of the age-group. Following the logic like the one used for computing total age-group poverty, a reference age-group is identified first.
- Gender difference in poverty in all other age-groups are computed from the gender difference in the reference age-group. Among the eight age-groups, the third one which includes everyone from 25-year-olds to 34-year-olds, has the largest gap between female and male poverty and is thus chosen as the reference group for gender difference in poverty.
- Female and male poverty headcounts by age-group are computed from poverty rates and age-sex population. Female and male poverty headcounts and rates at the national level come from population weighted average of age-group poverty rates for each of the sexes.

Building an Age-Sex Poverty Profile
Model Initialization
Forecast Dynamics
- 4.1 Poverty Rates by Age Groups
- 4.2 Number of People in Poverty by Age-Group
- 4.3 Reconciling Bottom-Up and Top-Down Poverty Computations
- 4.4 Gender Difference in Poverty
- 4.5 Poverty Headcounts by Sex
- 4.6 National Poverty by Sex
- 4.7 Poverty Shortfall
- 4.8
Model Parameters
Scenario Analysis

• Given the interconnected nature of the IFs model, it’s also possible to look at how the forecasts for poverty by sex and age can change if model assumptions change.

• These new estimates and policy simulations allow for a more comprehensive assessment of the impact of COVID-19 and other crises on poverty and gender equality and the potential benefits of a comprehensive push policy scenario as compared to a counterfactual of business as usual.

• This scenario analysis exercise helps recognize that one-dimensional policy levers are inadequate and that it is indeed more comprehensive instead to look at addressing challenges that are intersecting and growing in frequency through a multi-layered approach focused on high-investment for a high-yield future.
<table>
<thead>
<tr>
<th>Scenario name</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Base Case</td>
<td>Current path of development. Reference Case.</td>
</tr>
<tr>
<td>Wage</td>
<td>Converge female and male wages over a 10-year period. Countries where women earn more wages remain unchanged.</td>
</tr>
<tr>
<td>Welfare</td>
<td>Increase government welfare transfers to unskilled households (as a percent of GDP) to levels on average with high-income economies over a 10-year period. Countries already at that level remain unchanged.</td>
</tr>
<tr>
<td>Family Planning</td>
<td>Reduce total fertility rates by 20 percent over a 10-year period to simulate greater access to family planning services.</td>
</tr>
<tr>
<td>Female Education</td>
<td>Increases female student throughput across all levels by 20 percent (if possible) over a 10-year period for all countries.</td>
</tr>
<tr>
<td>Combined</td>
<td>Combines all for interventions described above.</td>
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</tbody>
</table>
COVID scenarios

No COVID
- GDP growth rates follow IMF April 2019 projections
- All other results are estimated endogenously

COVID Base
- Wage gap rises between women and men as a proxy for COVID’s disproportionate impact on female employment, but return to pre-COVID levels by 2023 [1]
- Increase in births in 2020-2022 (following low health service disruption estimation) [2]

High Damage
- Distribution of calories worsens over time
- Rather than stemming mostly from underutilized capital, the economic shock of COVID leaves a more lasting scar on economic productivity
- Inequality increases by 5 percent globally
- Countries take on greater debt
- Severe Acute Malnutrition is worse in 2020 and contributes to higher stunting levels
- High debt-risk countries see a 5 percent reduction in expenditures over the coming decade
- Education enrolment and quality drop in countries with significant closures
- Low- and lower-middle income countries experience a higher degree of child undernourishment
- Wage gap rises between women and men as a proxy for COVID’s disproportionate impact on female employment [1]
- Increase in births in 2020-2022 (following high health service disruption estimation) [2]

[2] Increased TFR so that additional births (relative to No COVID) matched estimates from UNFPA 2020.
SDG Push scenario

Social Protection
• Shift towards a more crop-based diet
• Modernization of cookstoves
• Increased public health spending
• Greater welfare transfers in low-income economies
• Increased access to piped water and improved sanitation
• Equal pay for women

Digital Disruption and Innovation
• Higher secondary education graduation rates
• Increased focus on science and engineering graduates
• Greater education budget allocation
• Higher research & development spending
• Higher infrastructure spending
• Increased access to fixed and mobile broadband

Governance
• Improved government effectiveness
• Strengthened democratic institutions
• Increased government transparency

Green Economy
• Lower water demand
• Reduced electricity transmission loss
• Improved urban air quality
• Reforestation
• Stronger carbon tax regime
• Reduced energy intensity in the economy
• Greater investment in renewable resources
• Reduced energy demand
• Increased electricity access
• Reduced agricultural losses
• Improved crop yields
• Reduced fish catches for largest producers

Additional Phase 1 Interventions
• Reduction in total fertility rates
• Increase in wages and welfare transfers (beyond related SDG Push interventions)
Global sex difference in $5.50 poverty rates

For ages 25 to 34, by scenario
UN Women Resources

The Gender Snapshot 2021

SDG Spotlight Series

COVID-19 and the Gender Monitor (database)

From Insights to Action: Gender Equality in the Wake of COVID-19

COVID-19 and Gender Policy Tracker

RGAs on Socio-economic impacts of COVID-19

RGAs on the impacts of COVID-19 on VAW