

Guidance Note on Poverty Assessments

1. This note is intended to provide good practice guidance to staff in the preparation of poverty assessments. It is not intended to be a mandatory policy document nor are its requirements binding. For these requirements, staff should refer to OP 1.00, Poverty Reduction.

Content of poverty assessments

2. As part of economic and sector work, the Bank periodically prepares, in close collaboration with national institutions, partners and civil society groups, including poor people's organizations, poverty assessments for member countries in which it has an active program. To be most useful, a poverty assessment should be conducted at least every five years.^{1 2} Where useful, poverty assessments should be integrated, or at least closely coordinated, with other country studies, such as Country Economic Memorandum, Development Policy Reviews, Risk and Vulnerability Assessments, and integrate findings from other analytical work such as Country Gender Assessments and Public Expenditure Reviews.³

3. A poverty assessment includes:

- (a) an analytical synthesis of the existing body of knowledge on the three topics to be covered in a poverty assessment, which are: (i) assessment of the poverty situation; (ii) analysis of the impact on poverty of growth and public actions; and (iii) appraisal of poverty monitoring and evaluation systems;
- (b) an identification of key knowledge gaps with respect to these three topics; and
- (c) new analysis that addresses selected gaps or complements existing work.

4. In covering the three topics highlighted in point (a) above, poverty assessments should address the key questions raised below in paragraphs 8 –17. The bullet points mention additional topics which may also be covered in the assessments. The bullet points are not intended to be exhaustive; there may be other issues that are important in a

¹ Even where household survey data are not available every five years, there will generally be at least some new information on poverty from other surveys or participatory studies every five years to prepare a poverty assessment. Moreover, there may be gaps in existing assessments – for example on the poverty and social impact of reforms – that do not necessarily require additional/new data.

² The frequency of poverty assessments is determined as part of the CAS process (see OP1.00, *Poverty Reduction*, footnote 4, BP 2.11, *Country Assistance Strategy*, forthcoming).

³ For example, when analysis of gender issues is an important focus of a poverty assessment, the poverty assessment may serve as a country gender assessment. For the requirements of a country gender assessment, see (OP/BP 4.20, *Gender and Development*, March 2003). Guidance on country gender assessments can be found at: <http://gender/cga>.

particular country and that should be covered. Poverty assessments should emphasize the topics that are most relevant in the country context.

5. When deciding on the content and depth of a poverty assessment, it is important to take into account the capacity and data sources existing in the country. Where capacity and data are weak, a poverty assessment might place more emphasis on ways to improve data sources, monitoring systems, and analytical capacity. Qualitative data and sociological/anthropological studies should also be considered.

6. Where other partners (the government, research institutions, other aid agencies, civil society groups, etc.) have done relevant analytical quantitative and/or qualitative work on one or more of these topics, the poverty assessment presents an analytical synthesis of the existing work and new analysis to complement it. In most cases, it is likely that the existing analysis does not fully cover the three topics, so the poverty assessment identifies the key gaps and provides new analysis intended to fill the gaps, thus complementing existing work (or work planned to be undertaken by others). Given limitations in available data, time, resources, as well as capacity and the inherent complexities of many issues, usually only some of the existing gaps can be addressed; the decision of what to cover is taken at the Concept Paper review meeting, at which point a decision is taken as to whether the task should be classified as a poverty assessment or as other poverty work (see para. 24 below).

7. Good-practice poverty assessments aim to inform good pro-poor policy. Good technical analysis is a means to this end. The choice of topics and presentation of results should be relevant to policy and program decisions. If the poverty assessment feeds into processes that aim to develop a strategy, such as for example PRSP processes, it need not contain a fully developed poverty reduction strategy, so as not to pre-empt discussion, but may rather lay out options to be discussed. When it is appropriate to recommend actions to be taken, it is important to prioritize them, indicate the appropriate timing, and identify the institutions that would be responsible for taking such actions, including the Bank and other development agencies. Options and recommendations should follow from the analysis. When poverty assessments include the analysis of poverty and social impacts of reforms, recommendations for the design and/or implementation of reforms should be made.

Assessment of the poverty situation

8. This topic covers the description of the poverty situation across the country's regions and its evolution over time, using monetary and non-monetary indicators that reflect the multidimensional nature of poverty, and the analysis of the determinants of monetary and non-monetary poverty.

9. The poverty assessment should address the following questions: What are the levels of monetary and non-monetary poverty indicators (income/consumption poverty

and human development indicators)⁴ across regions? What have been their trends over time? (Methodological choices related to the definition and measurement of indicators, in particular the construction of the income/consumption aggregate and the poverty lines, as well as any adjustments made for price variations across areas and time, should be documented carefully. In analyses based on household data, check the statistical significance of comparisons.)⁵ Additionally, the poverty assessment may:

- Assess levels of and trends in indicators of empowerment and vulnerability.
- Incorporate findings from both quantitative and participatory studies.

10. The poverty assessment should address the following questions: Who are the poor? Where are they? What do they do? What are their patterns of consumption, sectors of employment, access to health and education services? How do aspects of monetary and non-monetary poverty differ between males and females? Additionally, the poverty assessment may:

- Examine income sources and asset ownership (land, livestock, etc.) of different groups.
- Assess the degree of participation in key markets (labor, product, financial, land markets) of different groups.
- Assess access to key infrastructure such as electricity, water, transportation, communications and access to other services (in addition to health and education).
- Identify, as permitted by the data, the role of ethnic, religious, or other social group indicators and their correlation with poverty indicators.
- Use anthropological, historical, and sociological data in addition to economic data.

11. The poverty assessment should address the following questions: What are the main sources of vulnerability at the various levels (e.g., individual, household, community and national levels)? Additionally, the poverty assessment may:

- Assess food security; health risks; conflict; and environmental risks.
- Assess risk of loss of income due to poor harvests, terms of trade shocks, unemployment, or to declines in real wages.⁶

⁴ The Millennium Development Goals provide guidance on indicators.

⁵ For guidance on these issues see chapters 1.1. and 1.2. in the PRSP Sourcebook: <http://www.worldbank.org/poverty/strategies/sourctoc.htm>

⁶ When analysis of risk issues is an important focus of a poverty assessment, the poverty assessment may serve also as a risk and vulnerability assessment. Guidance on risk and vulnerability analysis can be found at: http://wbwebapps5/wwwextweb/sp/risk_management/.