Plenary Session:

Keynote Address by
Luis Felipe López-Calva, World Bank

Instructions: Click on the link to access the presentation.

Biography

Luis Felipe López Calva: Getting back on track to end poverty: The role of data and statistical systems

Luis Felipe López-Calva
Global Director, Poverty and Equity Global Practice, World Bank

Luis Felipe López-Calva is the Global Director for Poverty and Equity at the World Bank. He has over 25 years of professional experience working with international institutions and advising national governments.

Prior to rejoining the World Bank in 2022, he served as UN Assistant Secretary General and Regional Director for Latin America and the Caribbean at the United Nations Development Program. Previously at the World Bank, López-Calva led research, financing, and policy engagement on poverty and inequality issues across multiple regions, and as served the Co-Director for the World Development Report 2017 on Governance and the Law.

López-Calva has also held various positions in academia including as a visiting scholar/professor at Harvard University, Stanford University, University of California-San Diego and the World Institute for Development Economics Research (WIDER).

His research interests focus on labor markets, poverty and inequality, institutions, and the microeconomics of development. He holds a Master's degree in Economics from Boston University, as well as a Master's and a PhD in Economics from Cornell University.

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We are off track to achieve SDG1

We have come a long way toward ending global extreme poverty
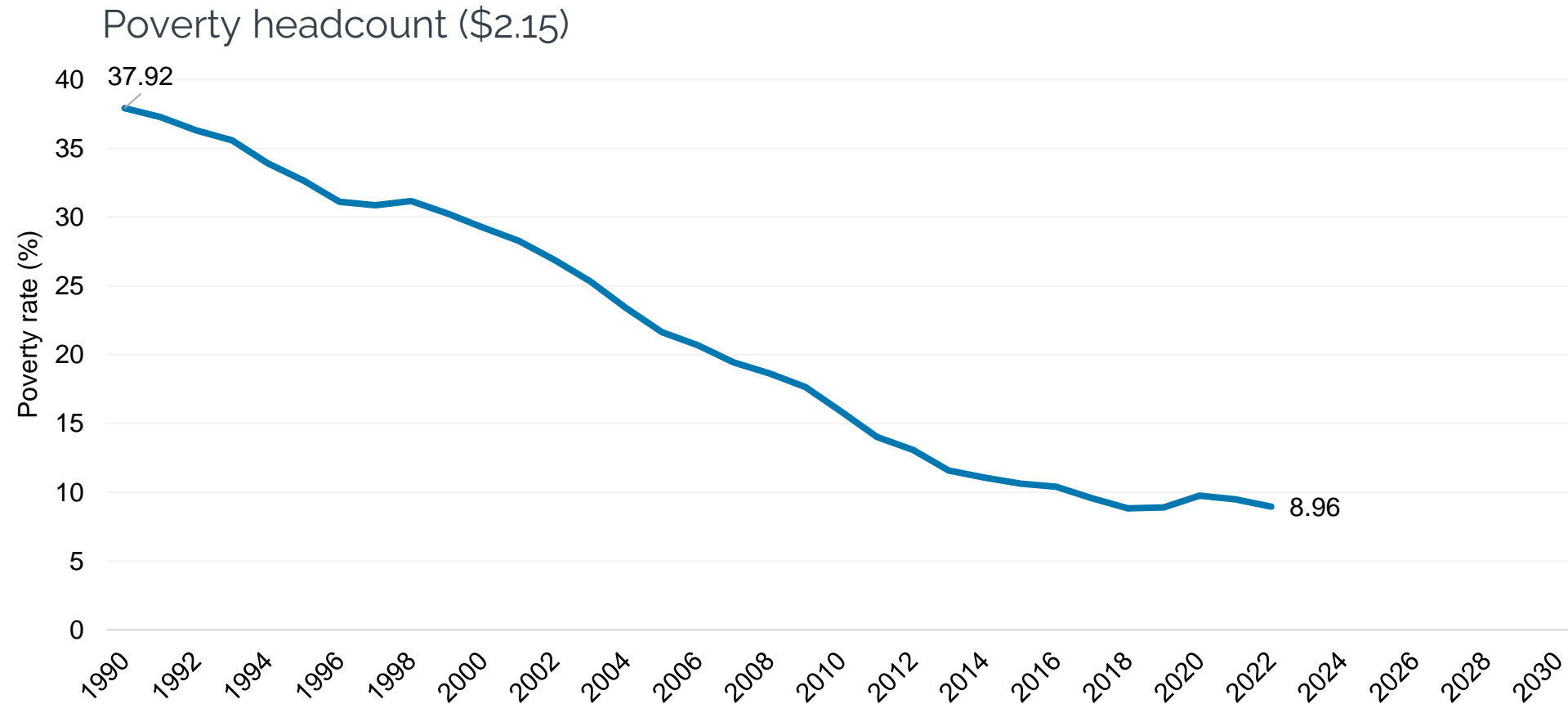
Poverty headcount ($2.15)

Chart: Poverty rate (%) declining from 37.92 in 1990 to 8.96 in 2022, plotted against years 1990–2030.

But progress has slowed in recent years and witnessed a historical reversal in the wake of recent crises

Poverty headcount ($2.15)
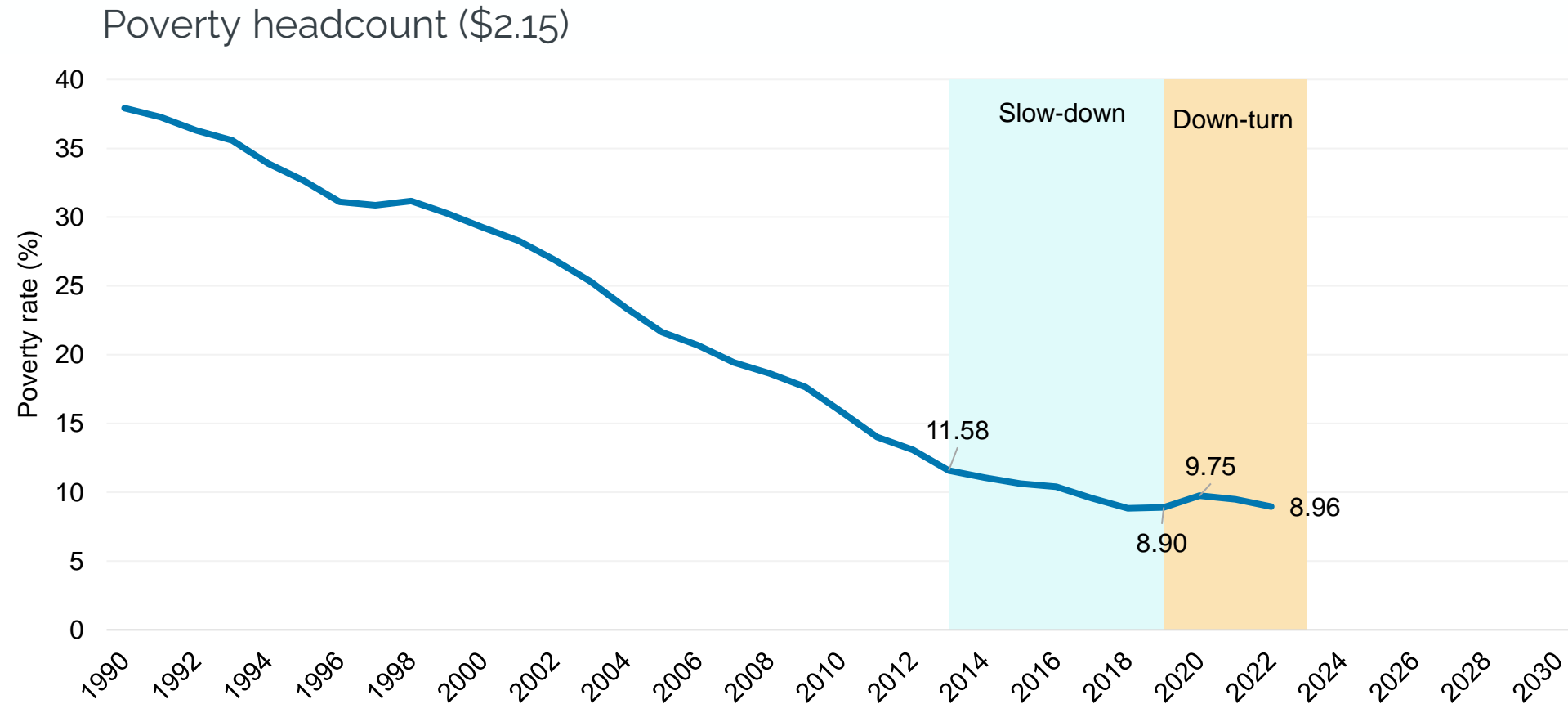
Source: World Bank Poverty, Prosperity, and Planet Report 2024 (Forthcoming)

If we continue on a path of "business as usual," extreme poverty will be more than double our goal of 3% in 2030

Poverty headcount ($2.15)

Projections

Projection: 7%

Goal: 3%

Poverty rate (%)

1990 1992 1994 1996 1998 2000 2002 2004 2006 2008 2010 2012 2014 2016 2018 2020 2022 2024 2026 2028 2030
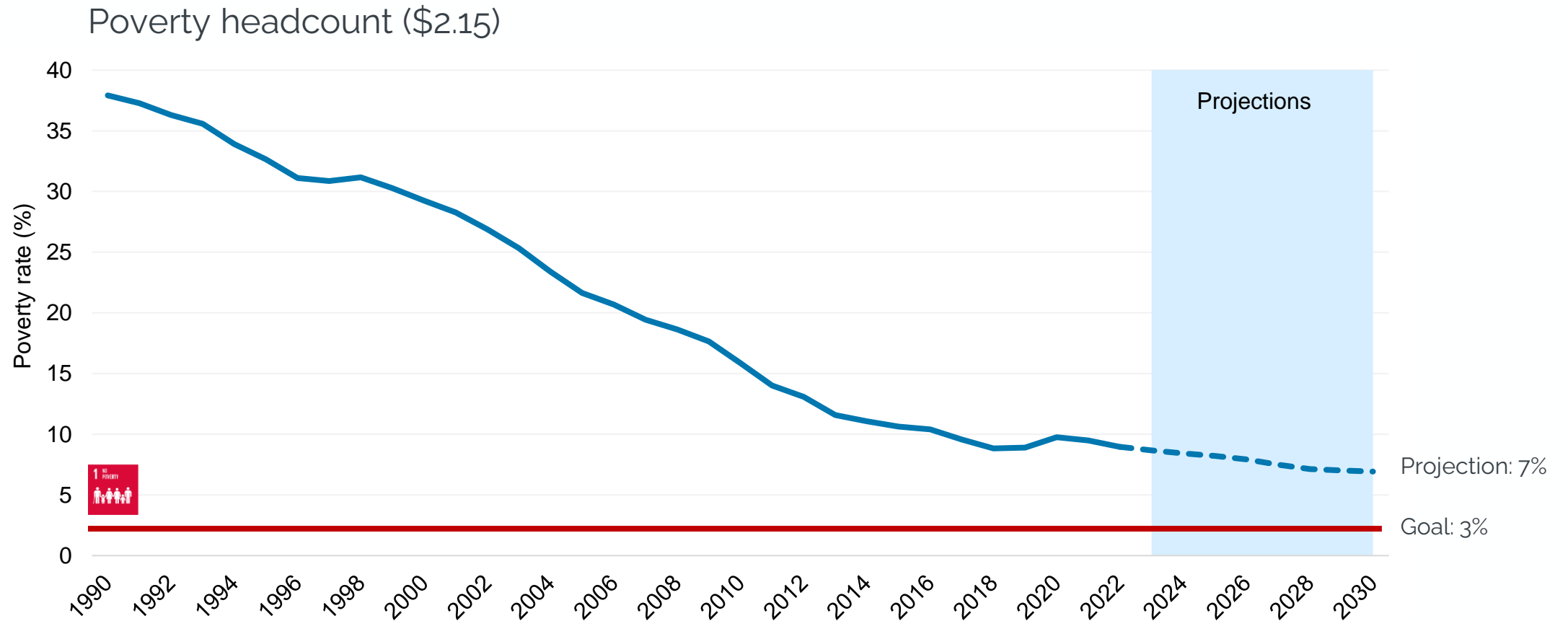
Source: World Bank Poverty, Prosperity, and Planet Report 2024 (Forthcoming)

At a higher poverty line of $6.85, almost half of the global population is poor

Source: World Bank Poverty, Prosperity, and Planet Report 2024 (Forthcoming)
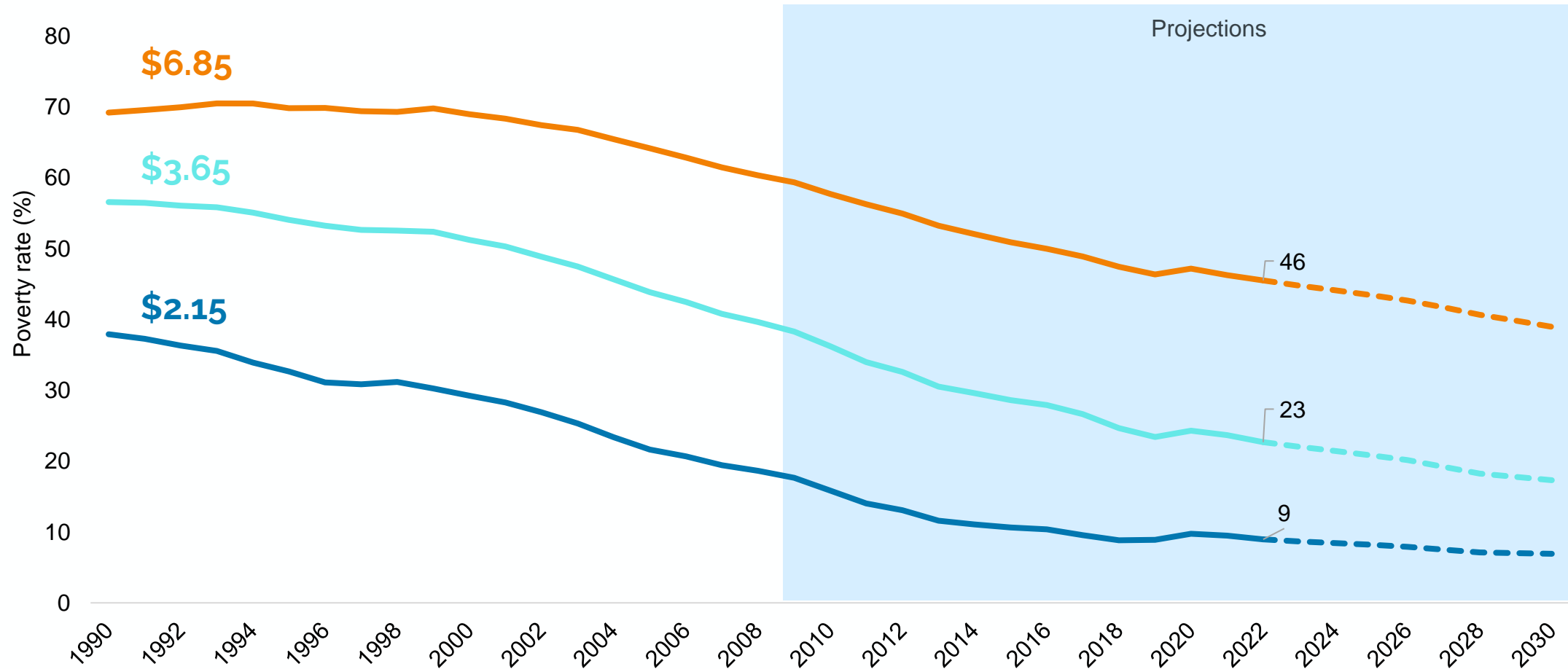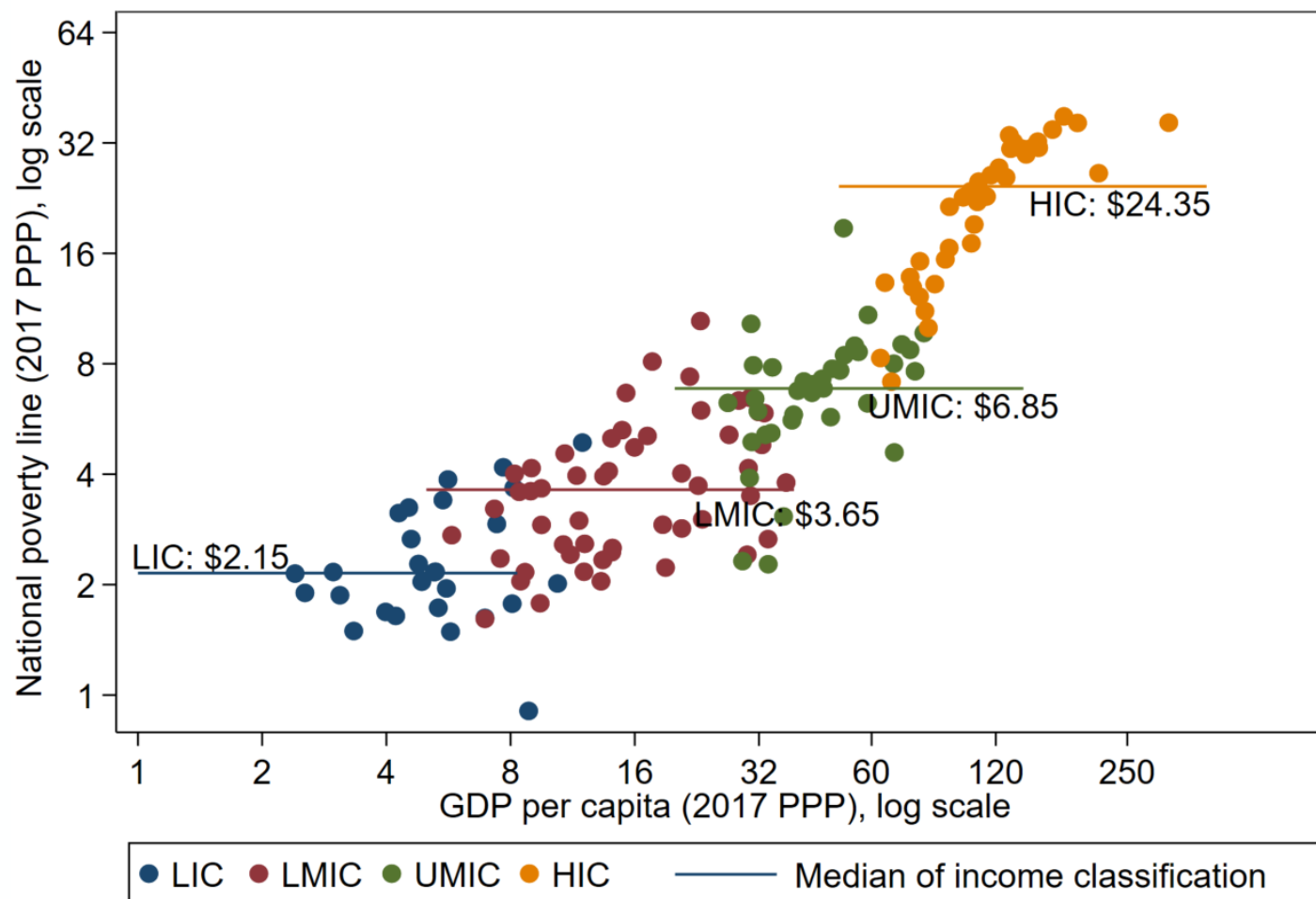
Where do the different international poverty lines come from?

Median poverty line for...

Low income countries:
$2.15 (2017 PPP)

Lower middle income countries:
$3.65 (2017 PPP)

Upper middle income countries:
$6.85 (2017 PPP):

The geography of poverty also changes when we move to the higher line

$2.15

Poverty is concentrated in **Sub-Saharan Africa** (64%) followed by **South Asia** (24%).
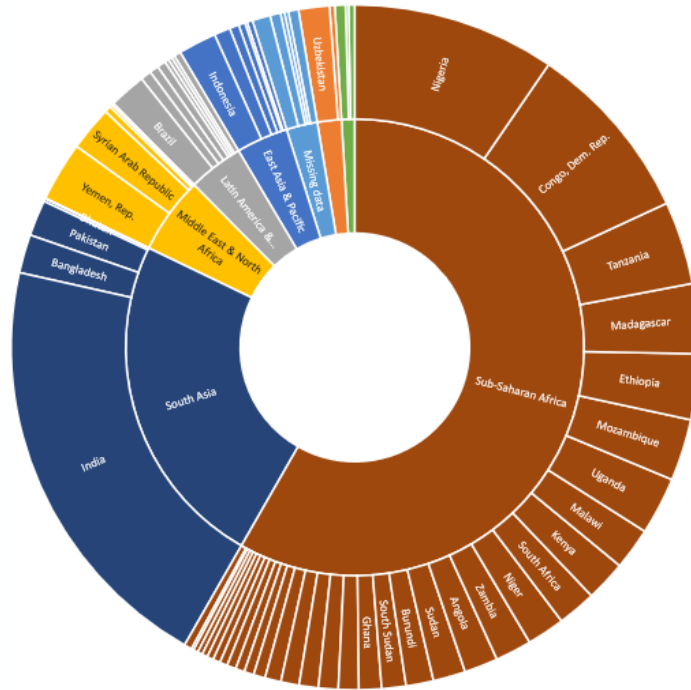
$6.85

Poverty is concentrated **in South Asia** (42%), followed by **Sub-Saharan Africa** (30%), and **East Asia & the Pacific** (16%)
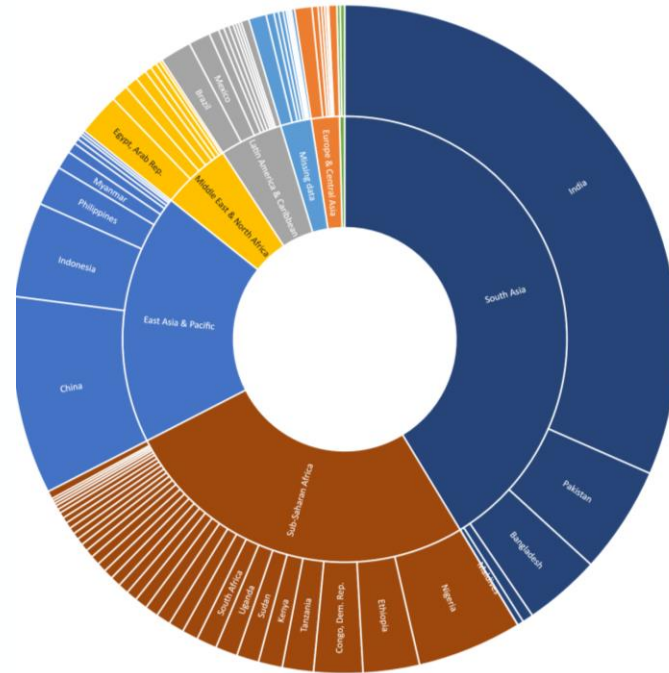
Legend:
- East Asia & Pacific
- Europe & Central Asia
- Latin America & Caribbean
- Middle East & North Africa
- Missing data
- Other High Income Countries
- South Asia
- Sub-Saharan Africa

And despite progress in lifting households above the extreme poverty line, vulnerability to falling back remains high

Crossing the poverty line is not enough to ensure economic security

Source: World Bank Poverty, Prosperity, and Planet Report 2024 (Forthcoming)
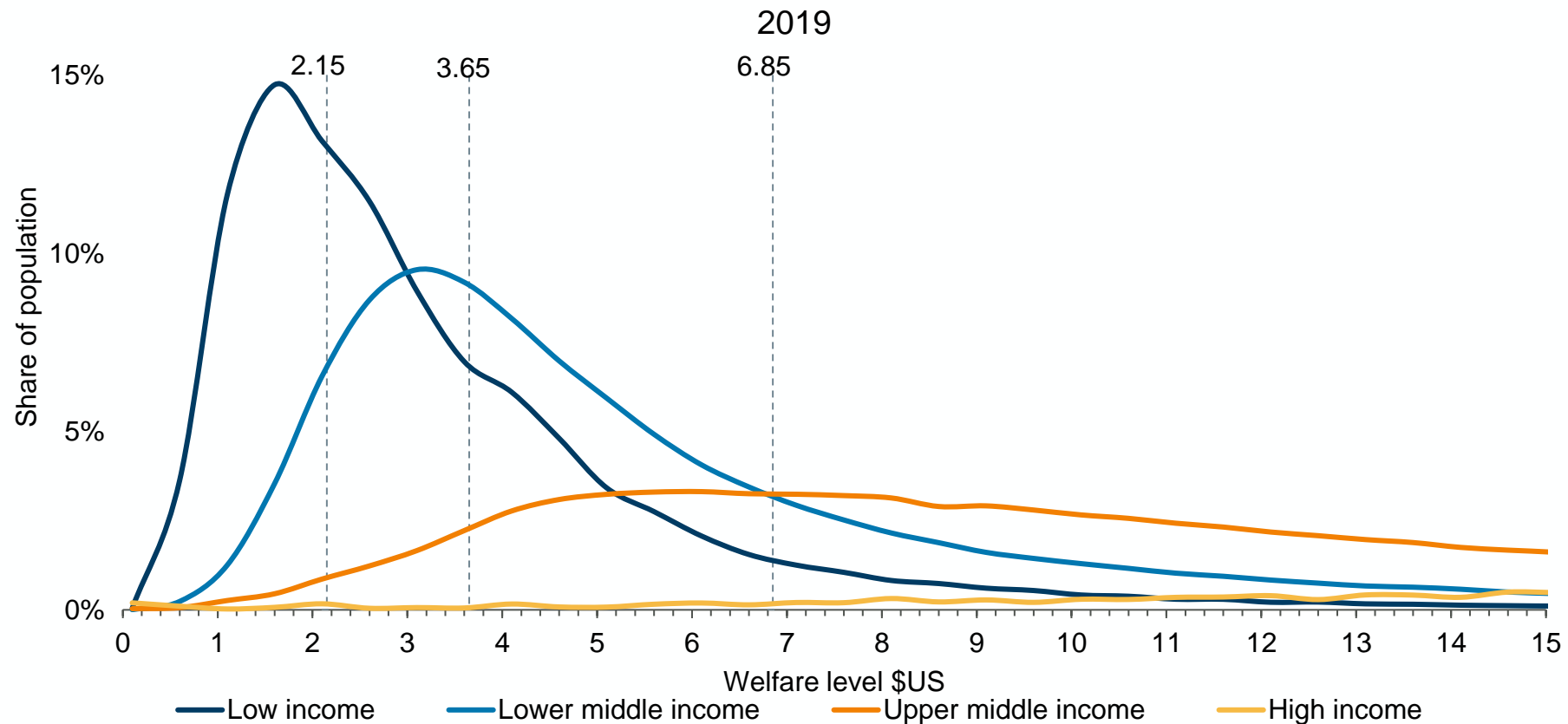
2

Reigniting poverty reduction requires a broader focus on growth incidence

We need to look beyond measures of poverty to also understand patterns of income growth across the distribution

Growth incidence curve: Global

GIC 2000-2010 — GIC 2010-2015 — GIC 2015-2019 — GIC 2019-2022
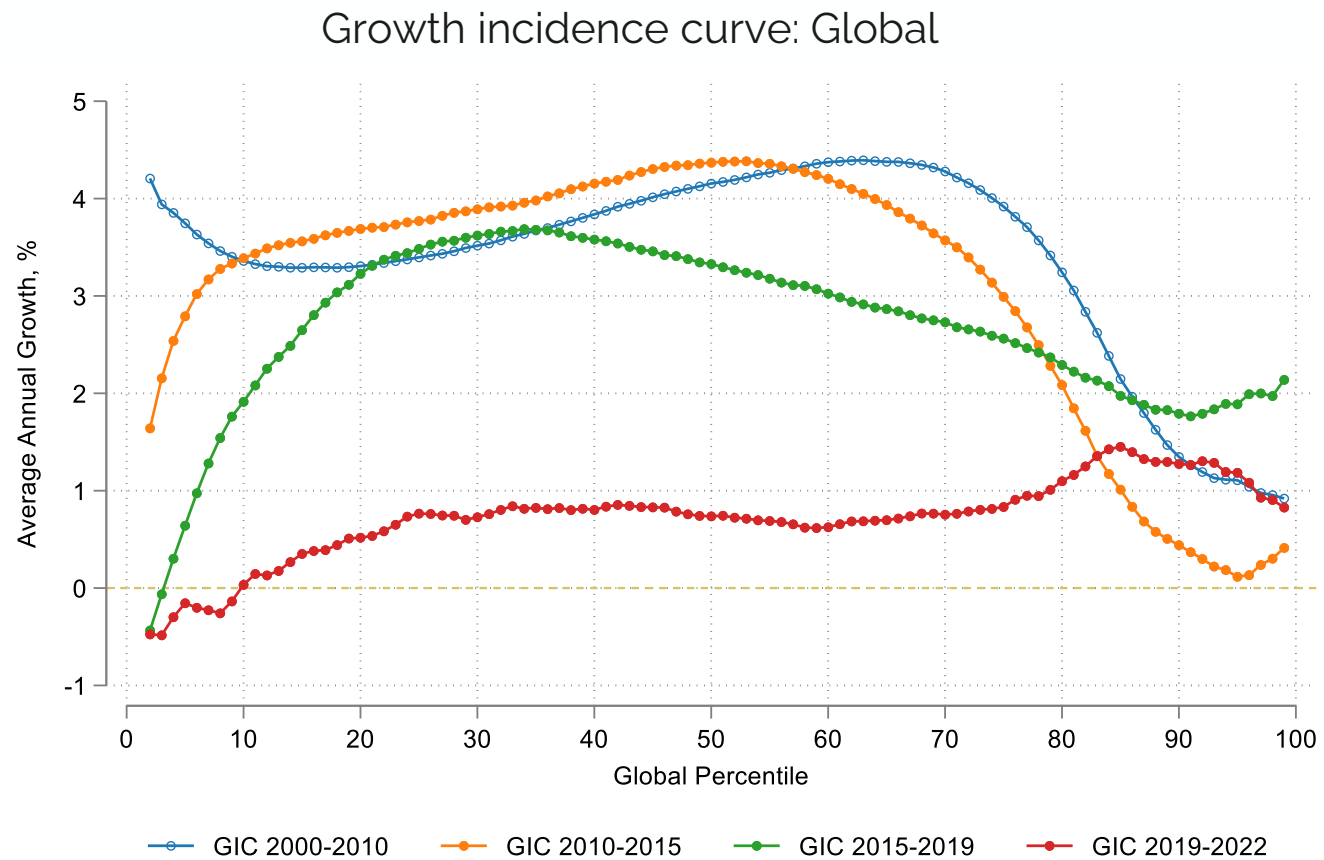
Source: World Bank Poverty & Equity Global Practice

Moving from a "pro-poor growth" to a "pro-growth equity" approach

Economic Growth

Growth and its distribution are jointly determined

Household income
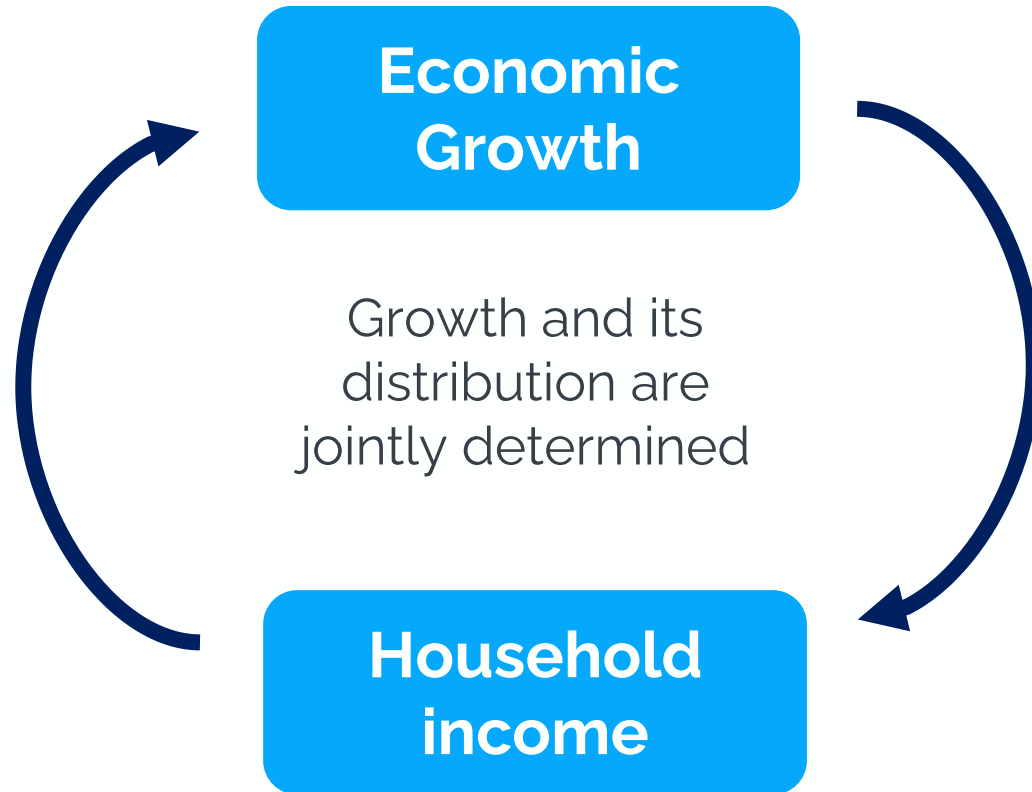
"Distributional objectives should be treated as an integral part of development strategy. They should be expressed in terms of the growth of income and consumption of different socioeconomic groups, with special weight being given to growth in low-income 'target groups.'"

-Ahluwalia and Chenery (1974)

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We need policies that invest in the productive capacity of the poor and fiscal polices that work for all

Unlocking income growth opportunities for those at the bottom

Through an assets-based approach we can better understand what is behind the pattern of growth incidence that we see in different country contexts and identify the binding constraints that the poorest face in growing their incomes

Market structure & macro conditions

FINANCIAL CAPITAL

SOCIAL CAPITAL

HUMAN CAPITAL

ASSET ACCUMULATION
×
INTENSITY OF USE
×
RETURNS
=
INCOME GENERATION CAPACITY

+ taxes, transfers and subsidies

PHYSICAL CAPITAL

NATURAL CAPITAL

An assets-based approach

$$\text{Household market income} = \left[\text{Accumulation of assets} \times \text{Intensity of use of assets} \times \left(\frac{\text{Returns to assets}}{\text{Prices}} + \frac{\text{Transfers}}{\text{Prices}} \right) \right] \times \text{External Shocks}$$
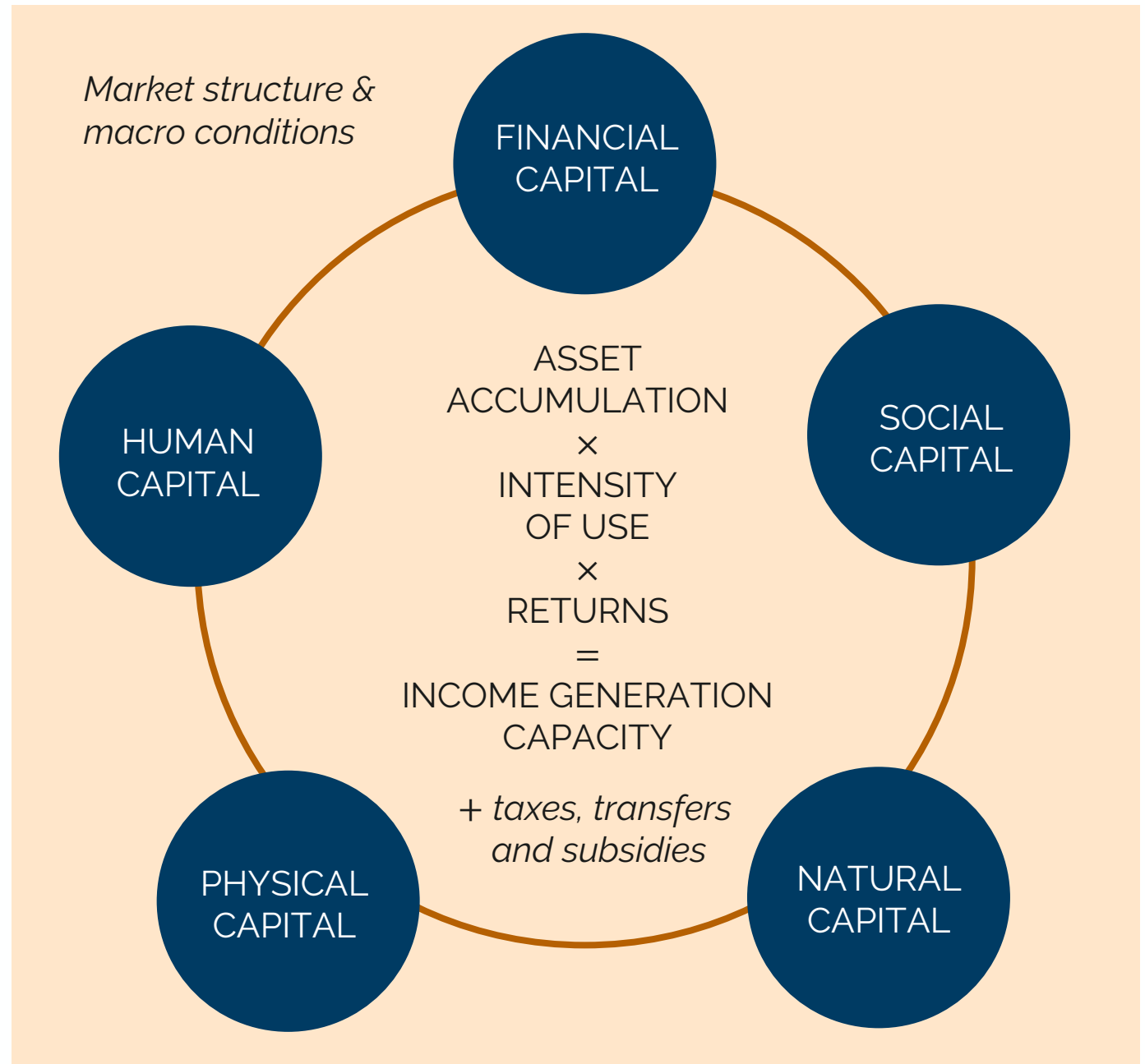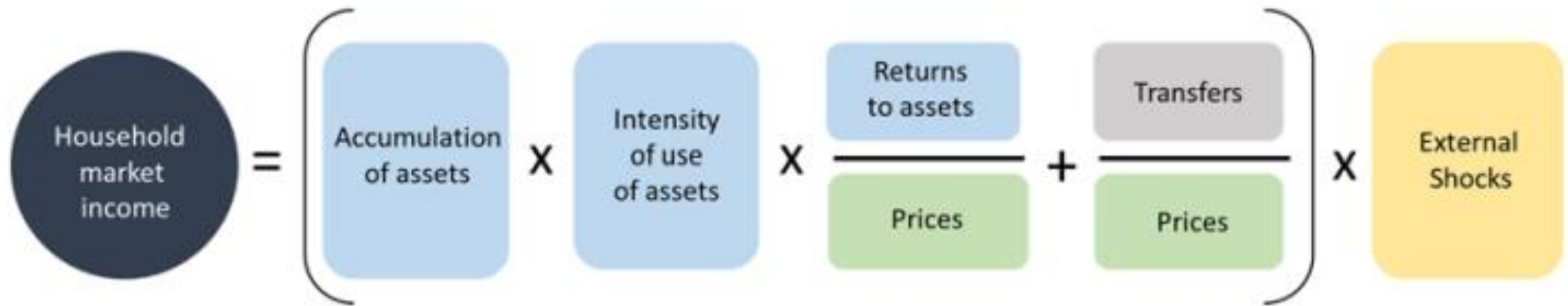
Source: Lopez-Calva, Luis F.; Rodríguez-Castelán, Carlos. 2016. Pro-Growth Equity: A Policy Framework for the Twin Goals. Policy Research Working Paper;No. 7897. World Bank, Washington, DC.

Redistribution also plays an important role in reducing poverty, but many fiscal systems still leave the poorest behind

Percentage point change in poverty rate after taxes, transfers, and subsidies
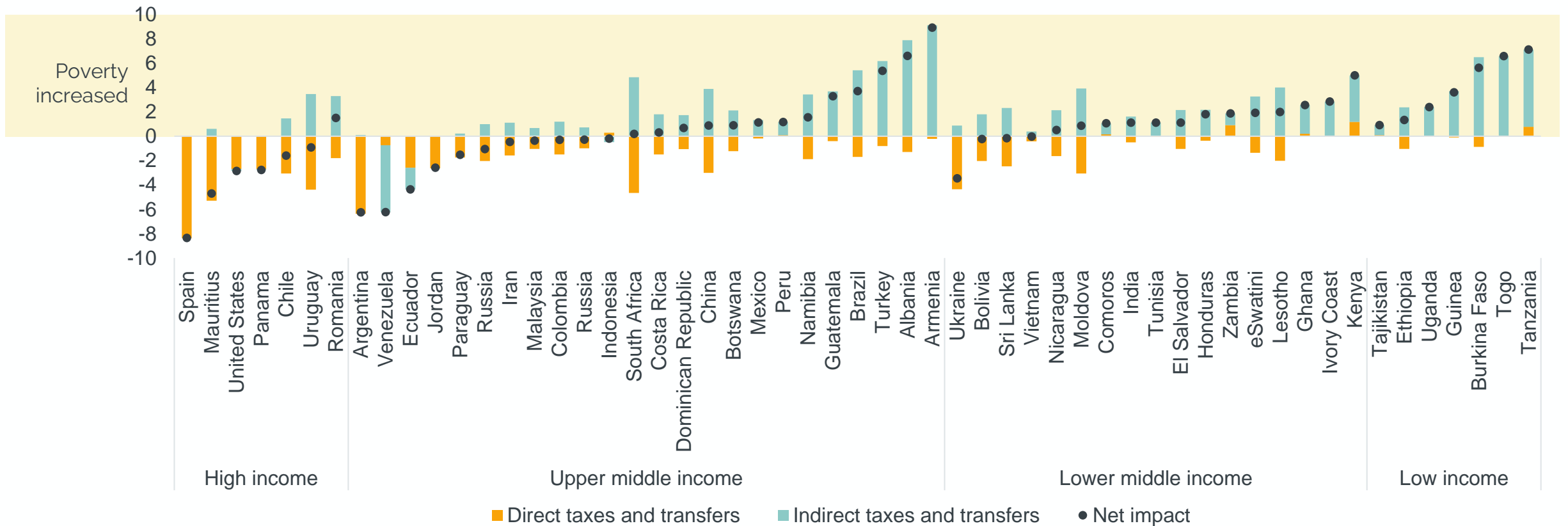
Direct taxes and transfers • Indirect taxes and transfers • Net impact

Fiscal systems can protect households against falling back into poverty during a crisis, but their efficacy varies widely by country

While fiscal policy nearly fully offset the impact of the COVID-19 pandemic on poverty in HICs, it offset only ½ of the impact in UMICs and just over ¼ of the impact in LICs and LMICs.

Source: World Bank Poverty and Shared Prosperity Report 2022.

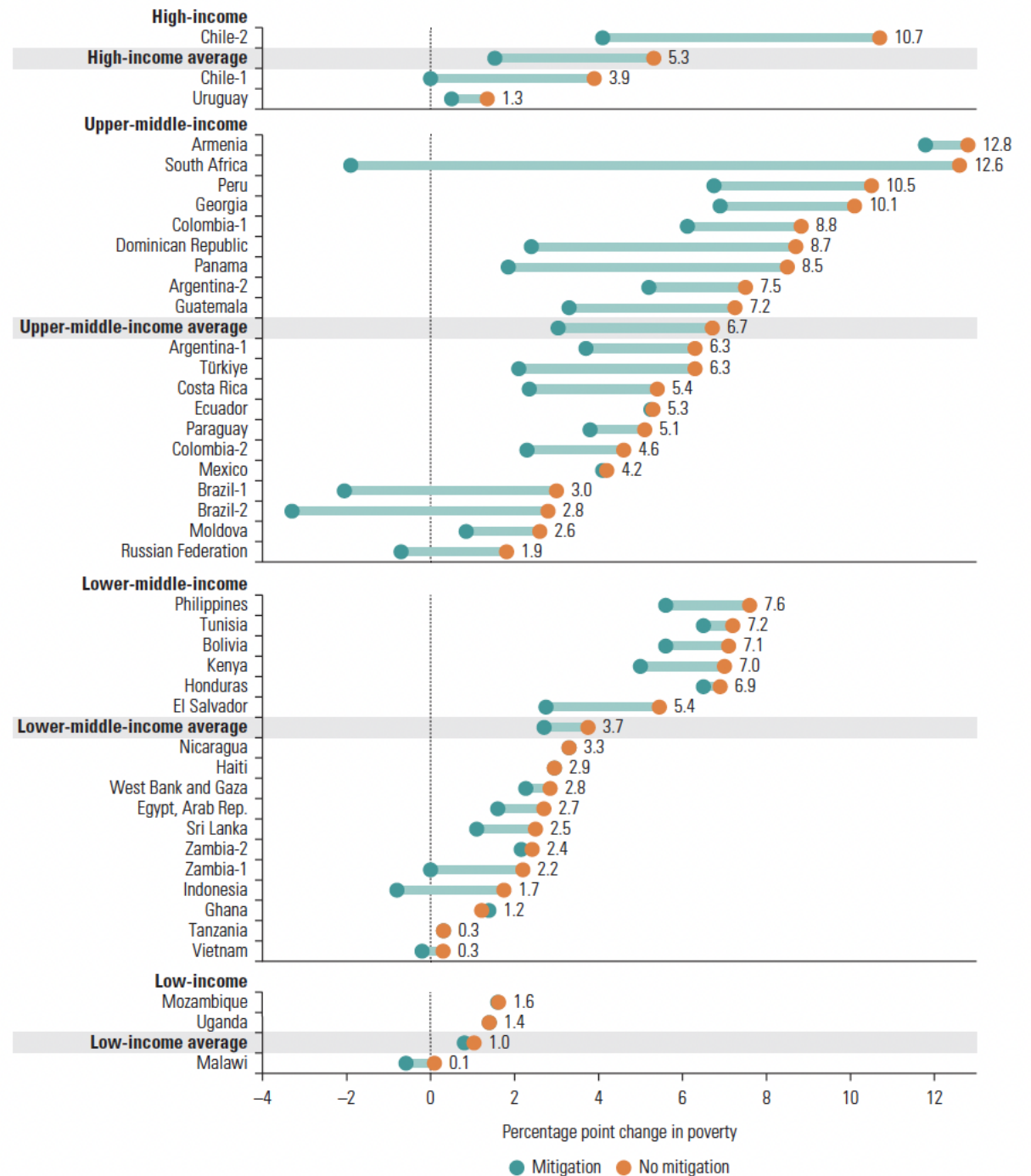|	Mitigation	No mitigation
High-income		
Chile-2		10.7
High-income average		5.3
Chile-1		3.9
Uruguay		1.3
Upper-middle-income		
Armenia		12.8
South Africa		12.6
Peru		10.5
Georgia		10.1
Colombia-1		8.8
Dominican Republic		8.7
Panama		8.5
Argentina-2		7.5
Guatemala		7.2
Upper-middle-income average		6.7
Argentina-1		6.3
Türkiye		6.3
Costa Rica		5.4
Ecuador		5.3
Paraguay		5.1
Colombia-2		4.6
Mexico		4.2
Brazil-1		3.0
Brazil-2		2.8
Moldova		2.6
Russian Federation		1.9
Lower-middle-income		
Philippines		7.6
Tunisia		7.2
Bolivia		7.1
Kenya		7.0
Honduras		6.9
El Salvador		5.4
Lower-middle-income average		3.7
Nicaragua		3.3
Haiti		2.9
West Bank and Gaza		2.8
Egypt, Arab Rep.		2.7
Sri Lanka		2.5
Zambia-2		2.4
Zambia-1		2.2
Indonesia		1.7
Ghana		1.2
Tanzania		0.3
Vietnam		0.3
Low-income		
Mozambique		1.6
Uganda		1.4
Low-income average		1.0
Malawi		0.1

Percentage point change in poverty

4

# Ending poverty...
on a livable planet

A critical challenge ahead is how to we make actions for poverty reduction compatible with actions to mitigate and adapt to climate change

	POPULATION (share of global population)	GDP (share of global economic activity)	EXTREME POVERTY (share of global population)	CO$_2$ EMISSIONS (share of global emissions)
LOW INCOME	8.9%	0.6%	36.5%	0.5%
LOWER MIDDLE INCOME	40.3%	8.3%	55.4%	15.7%
UPPER MIDDLE INCOME	35.1%	30.3%	7.1%	48.6%
HIGH INCOME	15.7%	60.8%	1.0%	35.2%

Source: World Bank World Development Report 2024 (forthcoming). WDR staff using the World Bank WDI, WB Poverty and Inequality Platform, and Global Carbon Project 2022 data.

Ending poverty on a livable planet goes beyond climate concerns. The multiple intertwined global challenges we face will demand a different approach going forward.

Share of global extreme poor by location

Projection

**Legend:** ■ FCS in SSA ■ SSA (non-FCS) ■ FCS outside SSA ■ Rest of the World
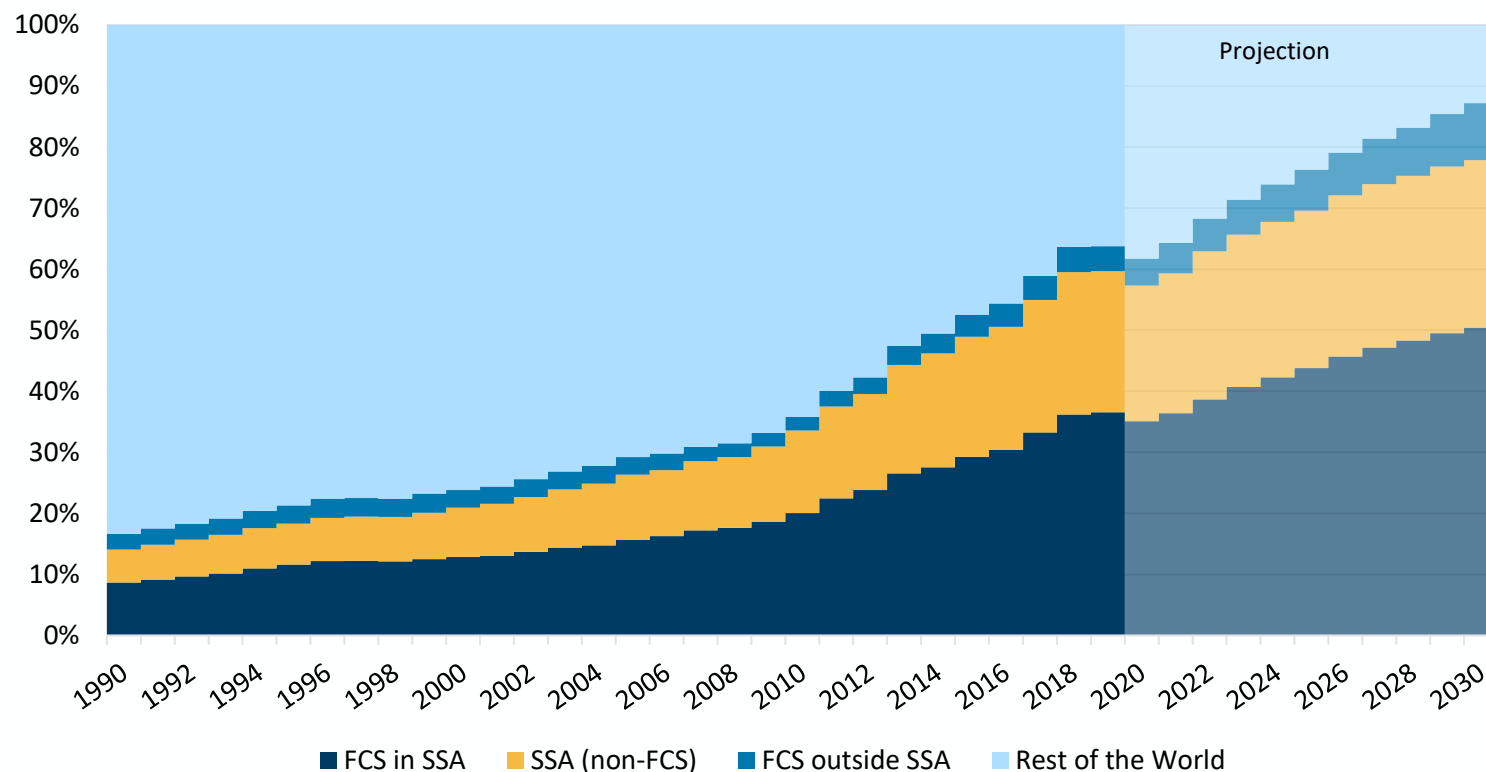
Extreme poverty will be concentrated in Sub-Saharan Africa (SSA) and in Fragile and Conflict-Affected Situations (FCS).

In the past 4 decades the share of extreme poor in FCS and/or SSA will have grown from 17% to 87%

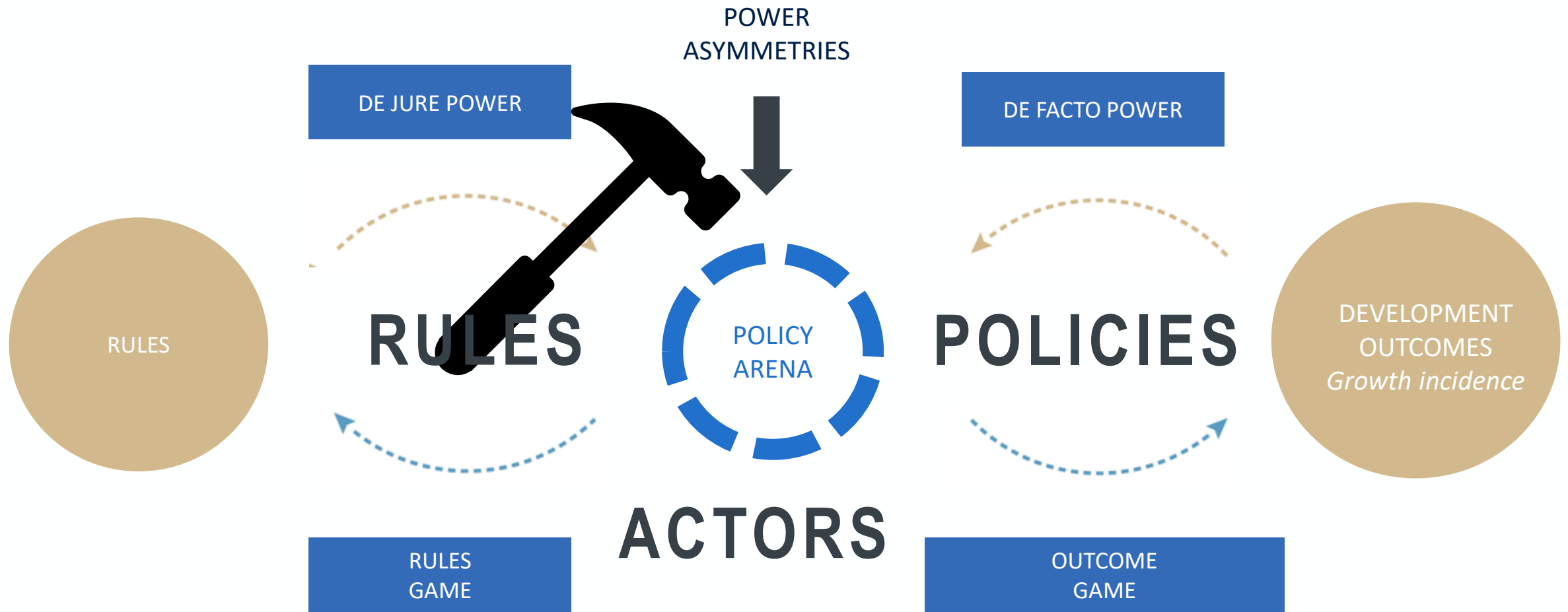Source: World Bank Poverty, Prosperity, and Planet Report 2024 (Forthcoming)
Note: FCS is defined using the 2022 classification

Governance and growth incidence: An "infinity loop"
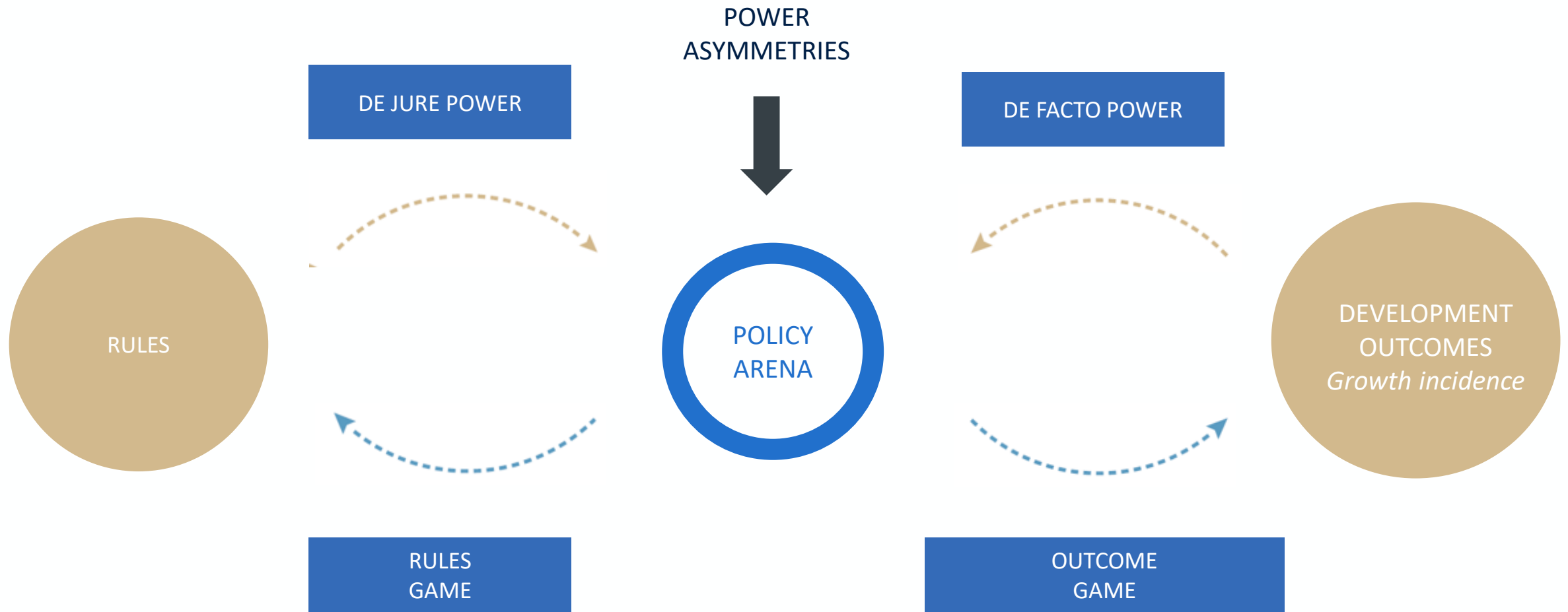
Source: World Bank (2017). World Development Report 2017: Governance and the Law

Governance and growth incidence: An "infinity loop"

POWER ASYMMETRIES

DE JURE POWER

DE FACTO POWER

RULES

POLICY ARENA

POLICIES

ACTORS

RULES

DEVELOPMENT OUTCOMES
Growth incidence
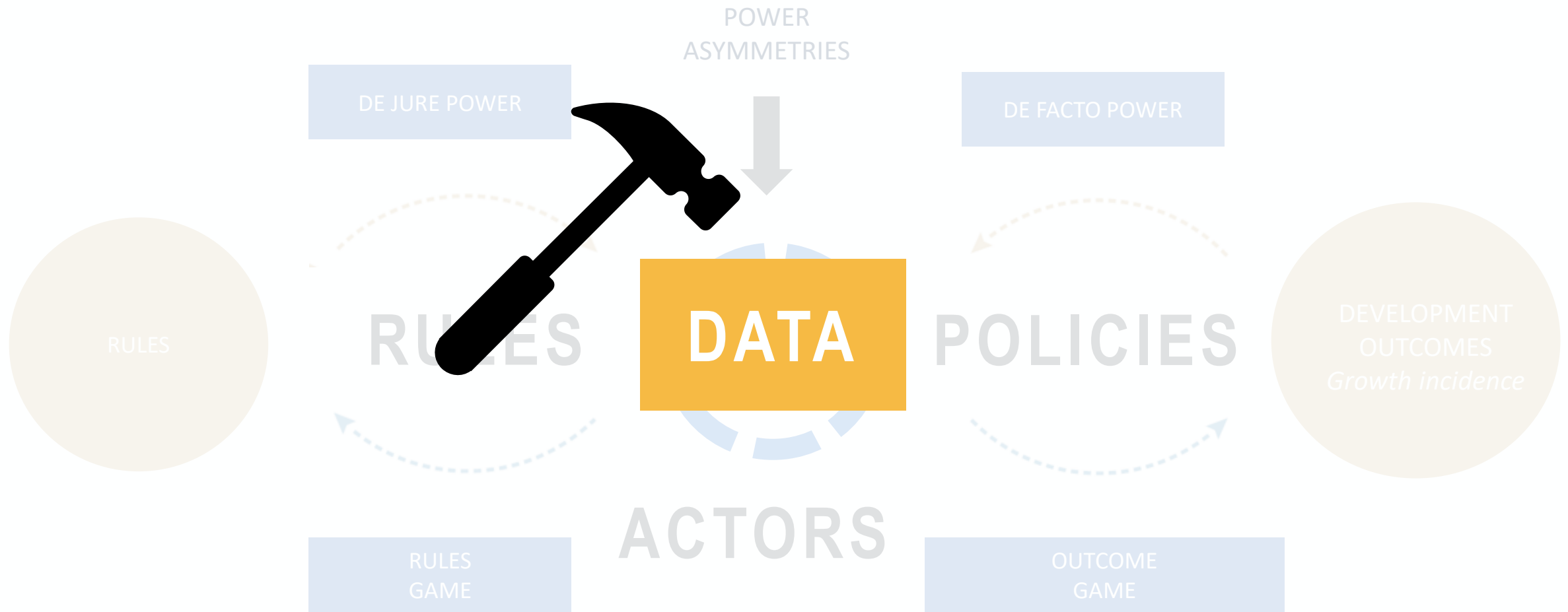
RULES GAME

OUTCOME GAME

Source: World Bank (2017). World Development Report 2017: Governance and the Law

5

Data is the infrastructure of policy

Data is a precondition for effective policymaking

POWER ASYMMETRIES

DE JURE POWER

DE FACTO POWER

RULES

DATA

POLICIES

DEVELOPMENT OUTCOMES
Growth Incidence

RULES GAME

OUTCOME GAME

ACTORS

Source: World Bank (2017). World Development Report 2017: Governance and the Law

Data alone is not enough: The "information value chain"

Condition 1	Condition 2	Condition 3
Transparency makes information available	**Publicity** makes information accessible	**Accountability** makes information actionable

Source: World Bank (2017). World Development Report 2017: Governance and the Law, based on Naurin 2006
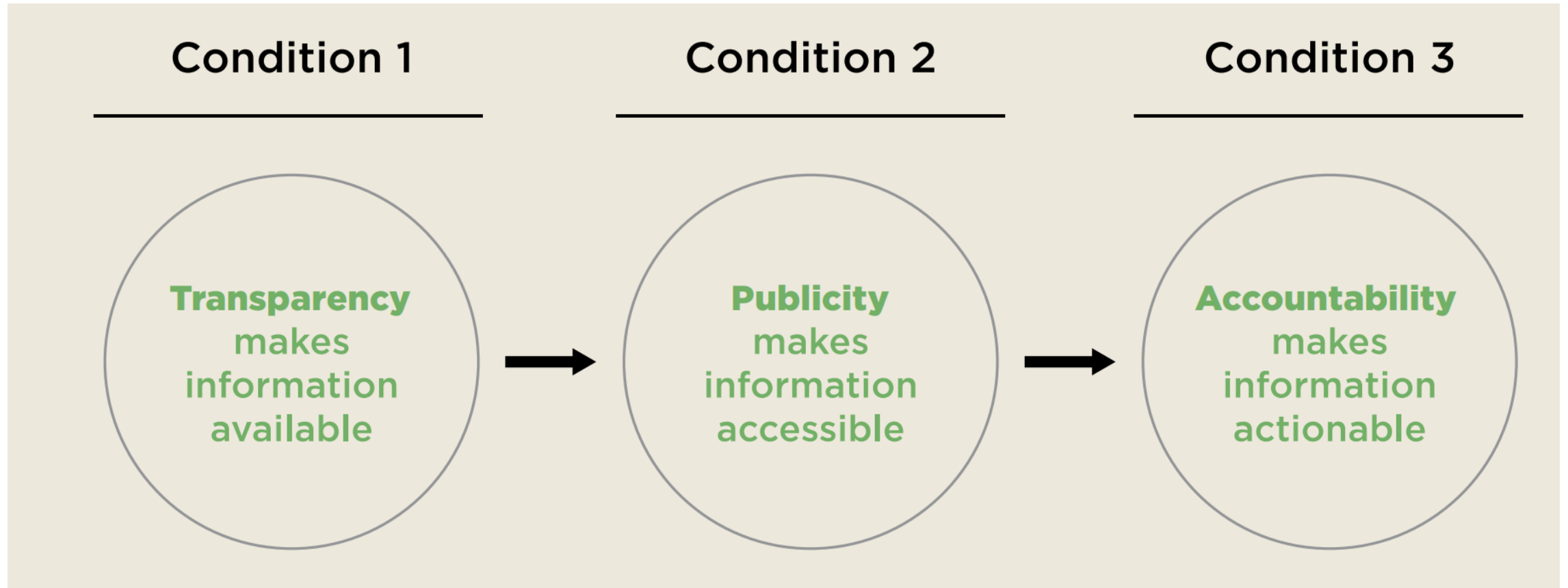
Data is a critical input for improving people's lives

- The **value** of data comes from using it to inform policies or projects that can **improve the lives of people**

- Data enhances the ability of policy makers to be more effective at solving problems through **people-centered approaches**
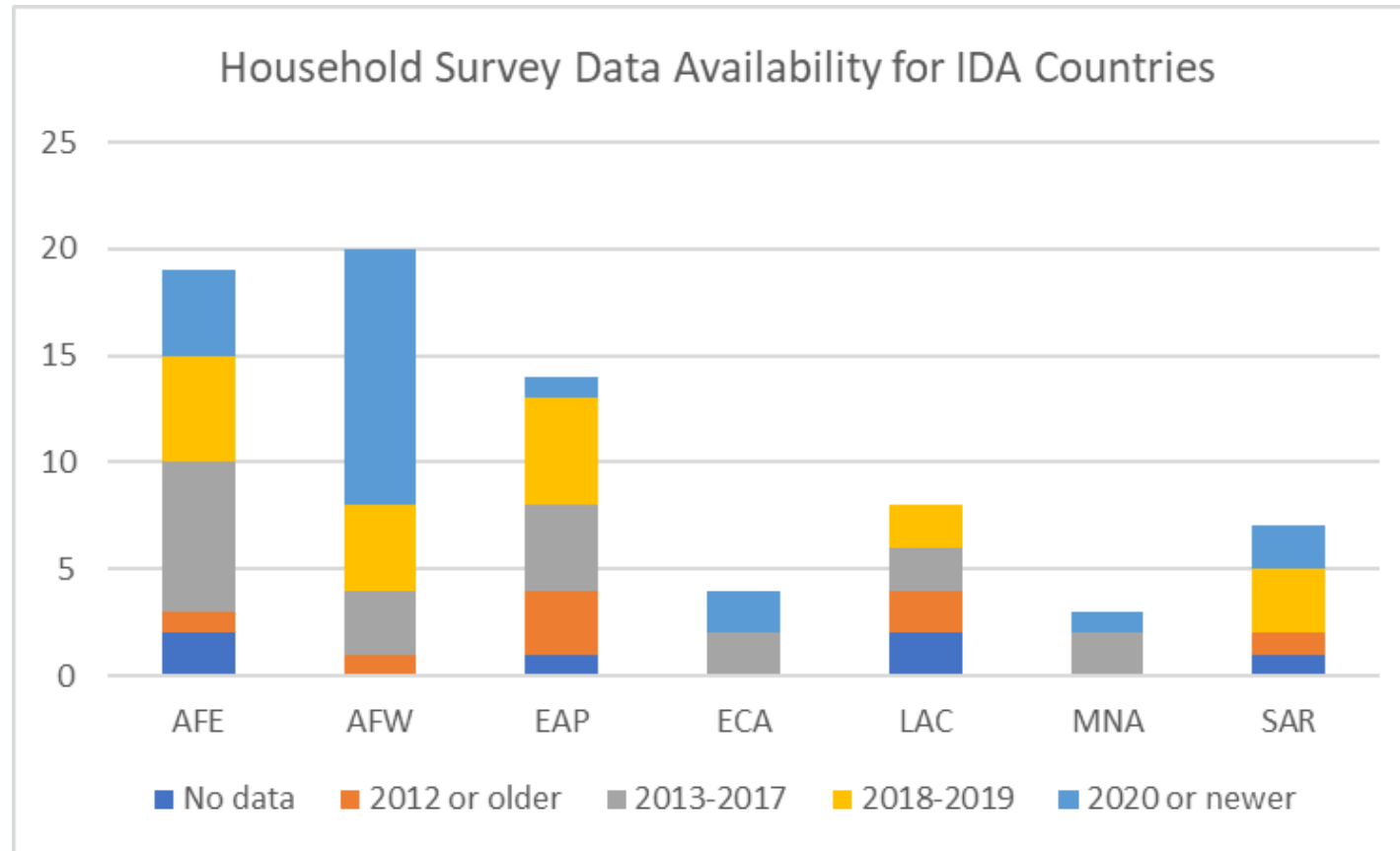

Figure 2 **The social contract for data**

VALUE
The full value of data materializes when systems enable the use and reuse of data for different purposes.

THE SOCIAL CONTRACT

TRUST
A trust environment is created when the rights and interests that all stakeholders have in data are safeguarded.

EQUITY
All share equitably in the benefits of data when investments and regulations create a level playing field.

Source: WDR 2021 team.

Source: WDR 2021. Data for Better Lives

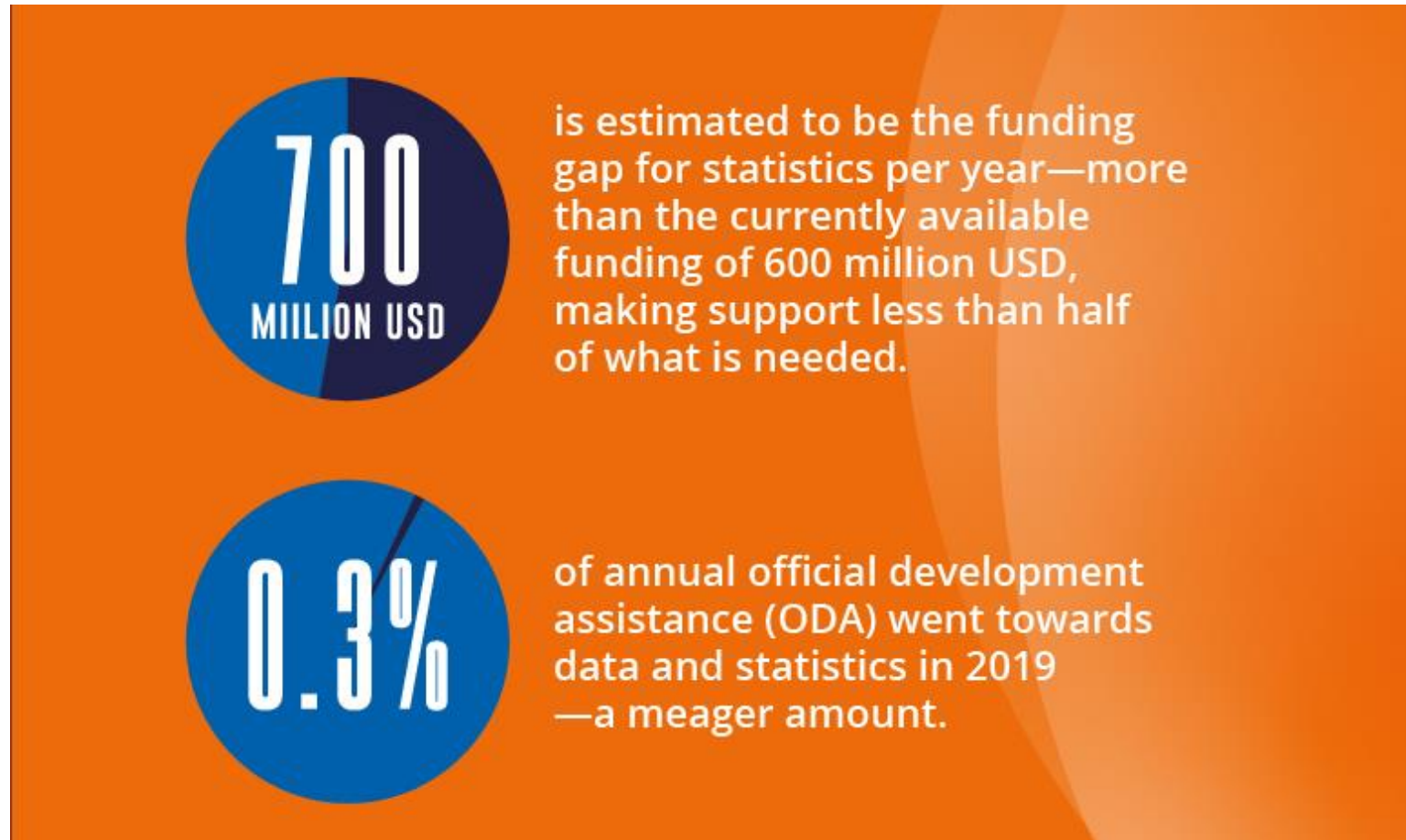# Yet, its potential is constrained, particularly in the poorest countries

Only 1/3 of IDA countries have a household survey since 2020

Household Survey Data Availability for IDA Countries

Legend: ■ No data ■ 2012 or older ■ 2013-2017 ■ 2018-2019 ■ 2020 or newer

Source: Data from World Bank Poverty and Inequality Platform. Spring 2024 Update

Current investment levels for data and statistics are less than half of what is needed

700 MIILION USD is estimated to be the funding gap for statistics per year—more than the currently available funding of 600 million USD, making support less than half of what is needed.

0.3% of annual official development assistance (ODA) went towards data and statistics in 2019 —a meager amount.

Source: Global Data Facility "By The Numbers" Infographic.

Sustainable improvements in data for policy require deeper investments in the performance of statistical systems

Statistical Performance Indicator: Overall Score
The SPI framework assesses the maturity and performance of national statistical systems

SPI Score
- Top Quintile
- 4th Quintile
- 3rd Quintile
- 2nd Quintile
- Bottom 20%
- NA
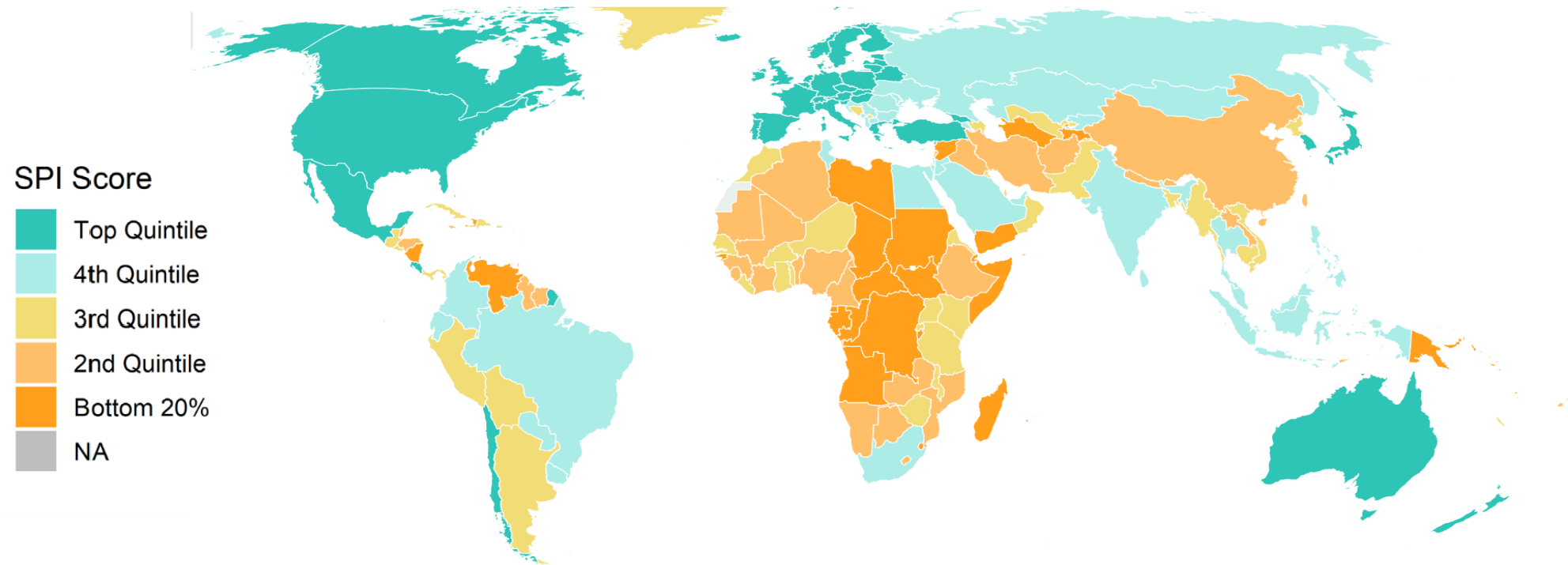
Source: World Bank Statistical Performance Indicators.

The SPI framework assesses the maturity and performance of national statistical systems

PILLARS	DIMENSIONS				
Data Use (User Types)	Legislature	Executive	Civil Society	Academia	International Bodies
Data Services (Service Types)	Quality of Data Releases	Richness & Openness of Online Access	Effectiveness of Advisory & Analytical Services Related to Statistics		Availability & Use of Data Services
Data Products (Topics)	Social (SDG 1-6)	Economic (SDG 7-12)	Environmental (SDG 13-15)		Institution (SDG 16-17)
Data Sources	Statistical Office (Censuses & Surveys)	Administrative Data	Geospatial Data		Private Sector Data/Citizen Generated Data
Data Infrastructure	Legislation & Governance	Standards & Methods	Skills	Partnership	Finance (Domestically & From Donors)

5 Pillars

22 Dimensions (Only 14 have data)

51 indicators

6

Investing in data-powered development

The future is not what it used to be

- **More data** is available now than ever before

- This is combined with rapidly evolving **technology,** digitalization, and the explosion of AI across the world

- And taking place in a time of **overlapping crises** and **heightened uncertainty**

- In this context, the **needs and expectations** of countries regarding data are changing

Risks

Opportunities

International development assistance must adapt to help NSOs meet these challenges

TABLE 2 - Strengths, Weaknesses, Opportunities, and Threats for Official Statistics Producers

NSS strengths	NSS weaknesses*
Experienced in data management, governance, and generation of information	Rigid processes and methods
Strong focus on statistical standards and definitions	Inflexible aging technology
Custodian of key official data sets such as surveys, censuses, system of national accounts	Low productivity of traditional data collection
Central position as key adviser to government on socioeconomic and environmental information	Inability to respond quickly to emerging information needs
Legal act providing statutory access to private and public data	Slow to harness alternative sources of data
	Difficulty attracting and retaining talent in highly competitive market for skills
Well-known brand name	Vulnerable to shocks, e.g., COVID-19

NSS opportunities	NSS threats
New technological opportunities	Proliferation of alternative "facts," misinformation or "fake news" spreading rapidly through digital means
Rapidly growing public and private digital data assets	Declining trust in official sources of information
Need for data stewardship and role of integrator of government data sets	Declining survey response rates
Demand for rapid data on topical issues, e.g., COVID-19, climate change, inequality, forced displacement, digital economy, changing nature of work	Competition from more agile, data savvy and better branded data providers

Note: *Weaknesses inspired by High-Level Group on Modernization of Official Statistics (HLG-MOS) – OECD/UNECE.

Source: World Bank. 2023. The Next Generation of Statistical Capacity Building.
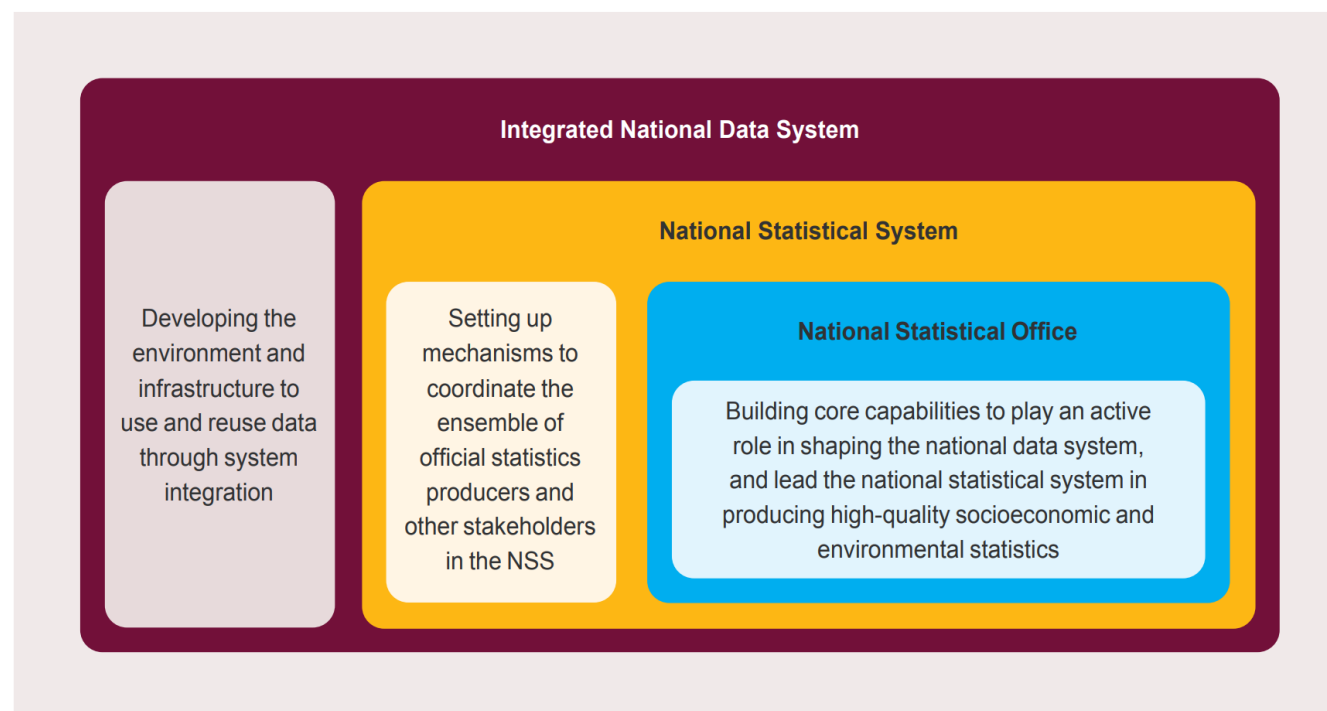
Introducing the "Data Bank"

- A stronger Data Bank lies at the heart of a more impactful **Knowledge Bank**

- Embracing the new opportunities presented by the **data revolution** to support countries in strengthening their data & statistical systems to drive development solutions

- Renewed commitment to investing in both **foundational** and **frontier** data for development

THE KNOWLEDGE COMPACT FOR ACTION:
TRANSFORMING IDEAS INTO DEVELOPMENT IMPACT

For a World Free of Poverty on a Livable Planet

April 2024

WORLD BANK GROUP

Scaling up **operational support** to modernize national statistical systems

- The World Bank is the world's **single largest supporter** of developing countries' data and national statistical systems.

- Since the introduction of the Data for Policy initiative in 2020, **$2 billion** has been invested in **44 IDA countries**. The scale and ambition of this program is unprecedented.

- In **FY24**, the Poverty and Equity Global Practice lending program is **$0.5B** with support to **8** countries.

Supporting the development of integrated national data systems (INDSs) to realize greater returns on data investments

Integrated National Data System

Developing the environment and infrastructure to use and reuse data through system integration

National Statistical System

Setting up mechanisms to coordinate the ensemble of official statistics producers and other stakeholders in the NSS

National Statistical Office

Building core capabilities to play an active role in shaping the national data system, and lead the national statistical system in producing high-quality socioeconomic and environmental statistics

Source: World Bank. 2023. The Next Generation of Statistical Capacity Building.

Spotlight on the Central African Republic

- In 2021, the **NSO** implemented the Enquête Harmonisée sur le Conditions de Vie des Ménages (EHCVM), with support from the **World Bank** and **UNHCR**

- This was the first household survey suitable for poverty measurement conducted in CAR in **more than a decade**

- The 2021 EHCVM's **sampling strategy** makes it possible to conduct crucial analysis on key subpopulations within CAR, especially on IDPs

- This provided the basis for the **World Bank's first-ever poverty assessment** in CAR (2023)

CENTRAL AFRICAN REPUBLIC POVERTY ASSESSMENT 2023

A ROAD MAP TOWARDS POVERTY REDUCTION IN THE CENTRAL AFRICAN REPUBLIC

October 2023
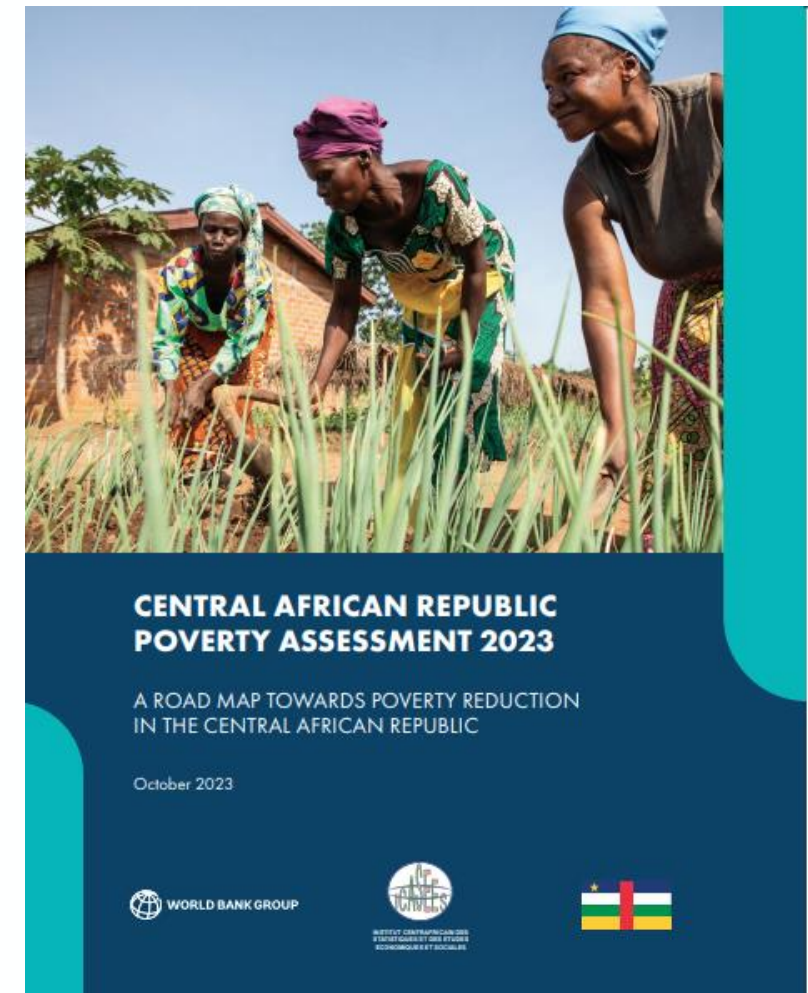
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Supporting countries through **training** and **technical assistance**

Training

World Bank Group Academies

CoP on Modernizing Statistical Systems

Technical Assistance
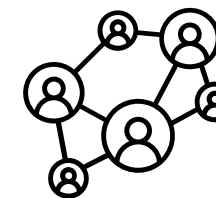
Improving NSO productivity

Figure 2: The 3 main IPNOS pillars

BUDGET-COST: Statistical production & dissemination **costing** estimation

QUALITY: Statistical production **processes**, **statistical products** & **user's satisfaction** diagnostic

ORGANIZATIONAL: **Organizational** & **institutional** diagnostic, to identify managerial bottlenecks

ACTION PLAN

Narrowing gender data gaps

Strengthening Gender Statistics

Investing in **innovative** approaches for real-time monitoring

We are investing in piloting and scaling up approaches for more timely welfare monitoring:

- To know what poverty looks like today, not years ago
- To inform policy action in response to shocks
- To enhance the adaptative capacity of existing policies

Data
Efforts for the collection of new data / harnessing of existing high frequency data

Methods
Analytical models to leverage micro, macro, and big data to update poverty and other welfare measures
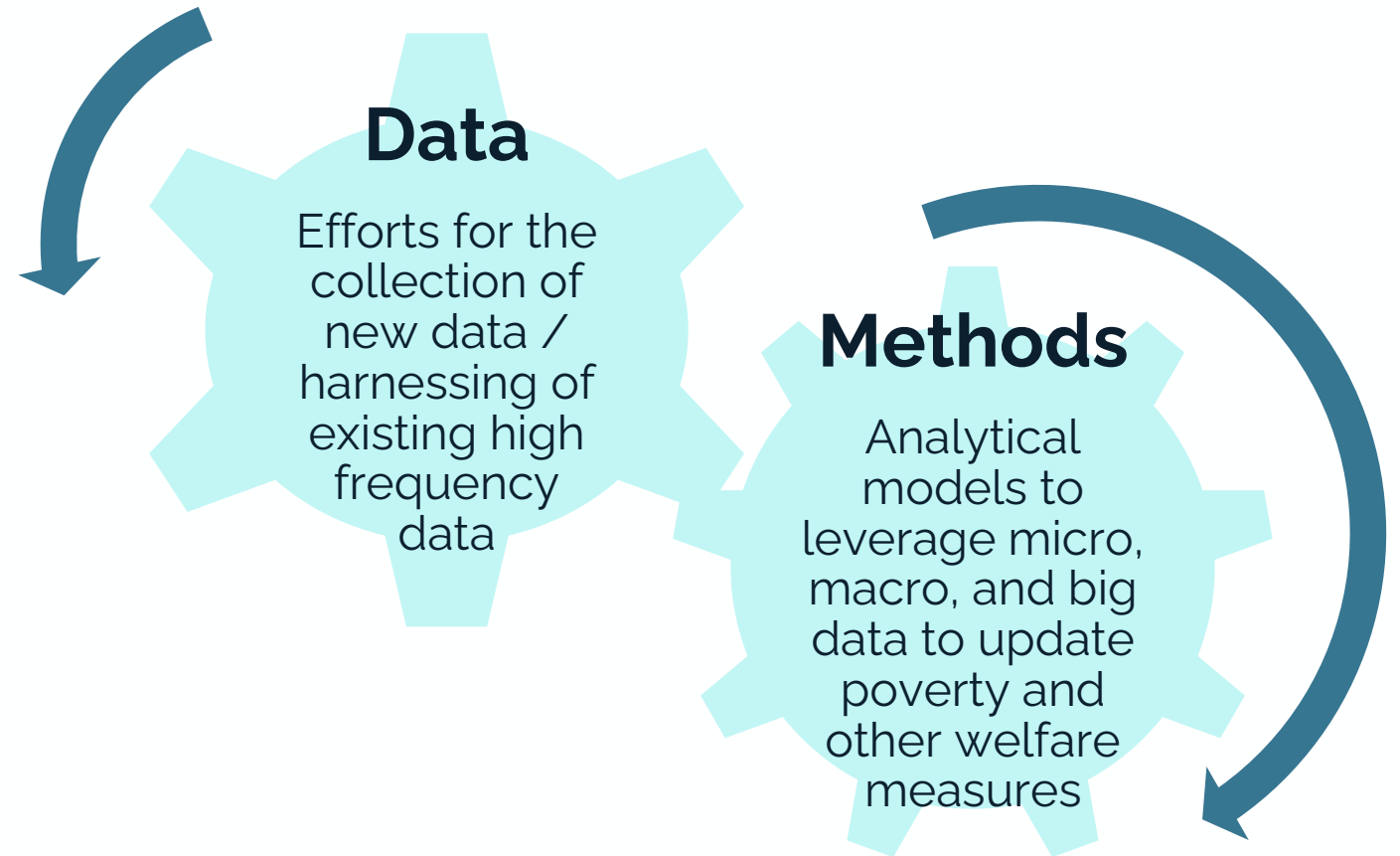
Tajikistan: 9-year long monthly panel phone survey that monitors key indicators of welfare

- May 2015, WB launched a "Listening to Tajikistan" (L2T) survey to monitor households' wellbeing over time.

- Monthly survey of over 1,200 households starting with a representative face-to-face survey.

- Attrition rates of about 1-3% per round. Reweighting based on baseline and trajectories.

If you compare the financial well-being of your household with that of 10 days ago would you say that it is...?
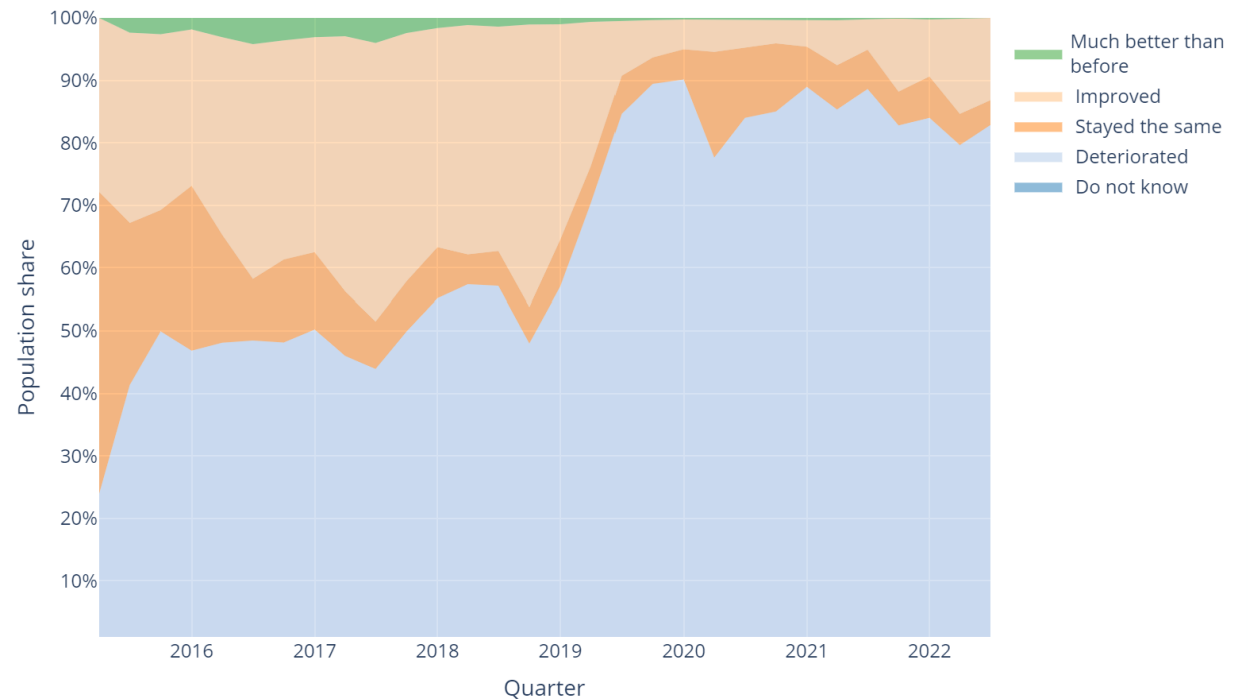
Source: Listening 2 Tajikistan Interactive Dashboard.

Afghanistan and Gaza: Nowcasting poverty by collecting auxiliary data on fast moving variables

Information on economic sentiments, perceptions on security, and consumption dummies were included in the model to improve accuracy.

Accuracy of poverty predictions
Using assets and other fast-moving variables in model

TABLE 7 - Comparison of standard SWIFT and SWIFT Plus modeling

	AFGHANISTAN (2011-2016)			GAZA (2011-2016)		
	OFFICIAL ESTIMATES	STANDARD SWIFT	SWIFT PLUS	OFFICIAL ESTIMATES	STANDARD SWIFT	SWIFT PLUS
2011	38.3%			38.8%	46.7%	41.3%
2016	54.5%	39.4%	53.5%	53.0%		

Source: Authors' estimations using Afghanistan ERCV 2011-12 and 2016-17 data

Source: World Bank 2022. The Concept and Empirical Evidence of SWIFT Methodology.

Paraguay: From annual to quarterly poverty estimate using the labor force survey

The government of Paraguay used the SWIFT survey to survey imputation model to monitor income-based poverty on a quarterly basis.

The NSO collects employment and household information in the first three quarters (auxiliary data), and comprehensive income data in the fourth quarter (baseline data).

The model is trained on data from the fourth quarter of 2022 using machine learning techniques.

Quarterly income-based poverty rates
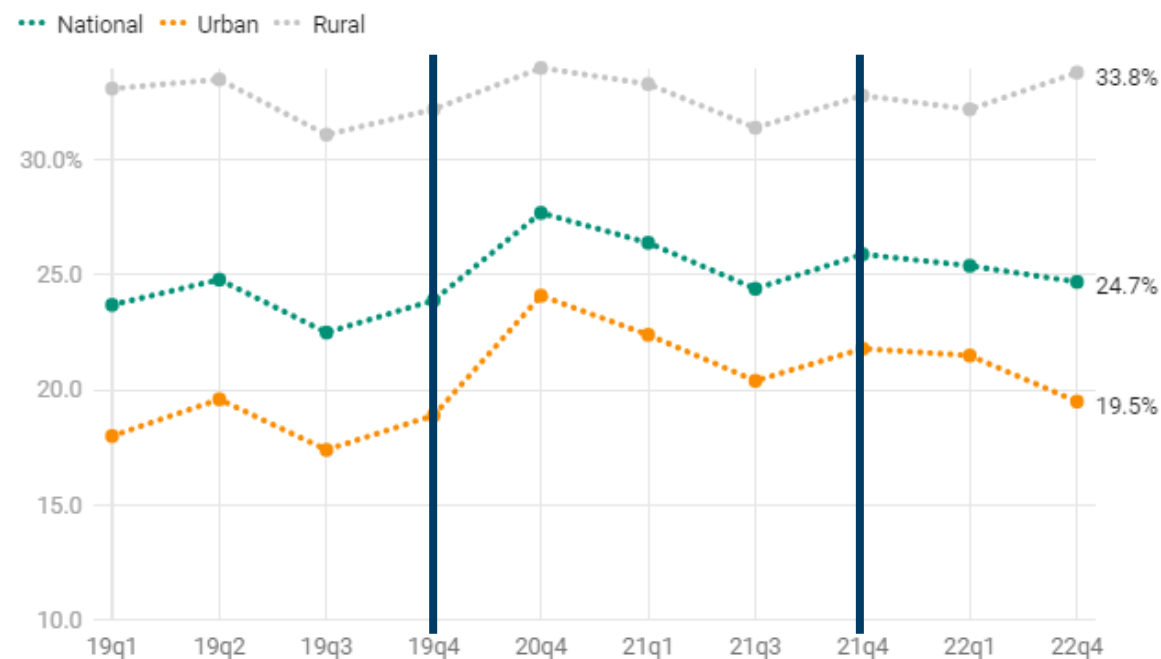
Poverty rates for the fourth quarter (Q4) correspond to the data published by the INE. The figures for the other quarters (dotted lines) are based on the model estimate.

Get the data • Created with Datawrapper

Source: World Bank 2023. How do we measure poverty in Paraguay for more agile responses?

Pakistan: Using geospatial data to estimate impacts on poverty after the 2022 floods

- Vulnerability model to identify those at risk

- Damage functions to estimate impact on incomes and poverty

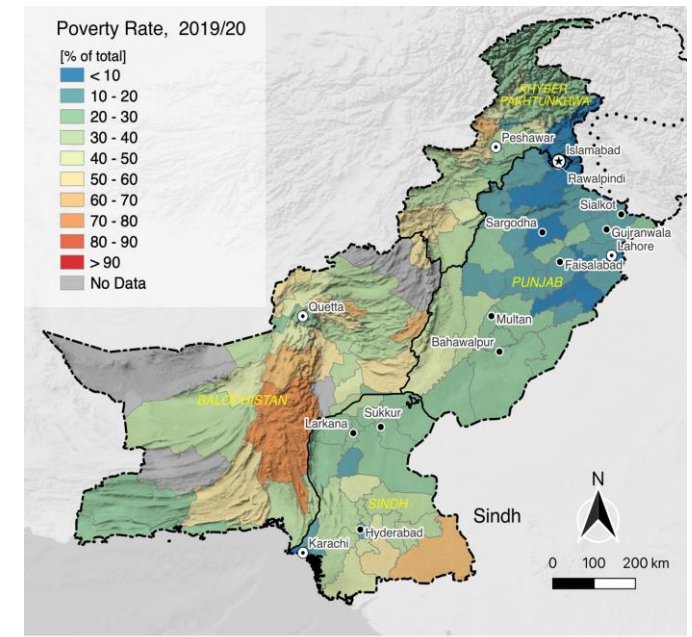- Combination of geospatial data, poverty maps, and inflation data

→ Rapid estimate within two weeks that the floods pushed around 9 million people into poverty

Overlay of flood exposure with population and consumption data from HH survey

Population exposed to flood in absolute numbers
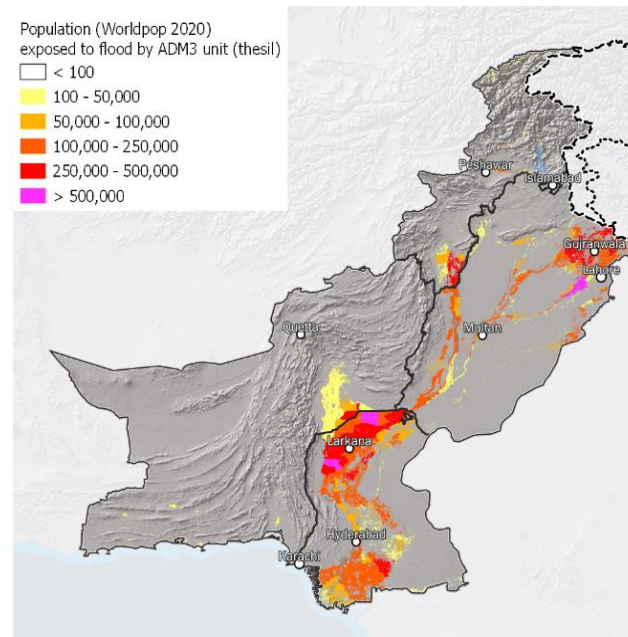
District level poverty estimates

Population (Worldpop 2020) exposed to flood by ADM3 unit (thesil)
- < 100
- 100 - 50,000
- 50,000 - 100,000
- 100,000 - 250,000
- 250,000 - 500,000
- > 500,000

Poverty Rate, 2019/20
[% of total]
- < 10
- 10 - 20
- 20 - 30
- 30 - 40
- 40 - 50
- 50 - 60
- 60 - 70
- 70 - 80
- 80 - 90
- > 90
- No Data

Source: World Bank Pakistan Poverty Team estimation based on HIES 2018–19 and PSLM 2019–20.
Note: Poverty rates reported as percentage of population for each district.

Bangladesh: Using flood forecast data to anticipate shocks and to deliver faster support

Forecast based triggers and cash transfers in Bangladesh

Source: Pople, A., Hill, R. V., Dercon, S., and Brunckhorst, B. (2021) 'Anticipatory Cash Transfers in Climate Disaster Response', Working paper 6, Centre for Disaster Protection, London.
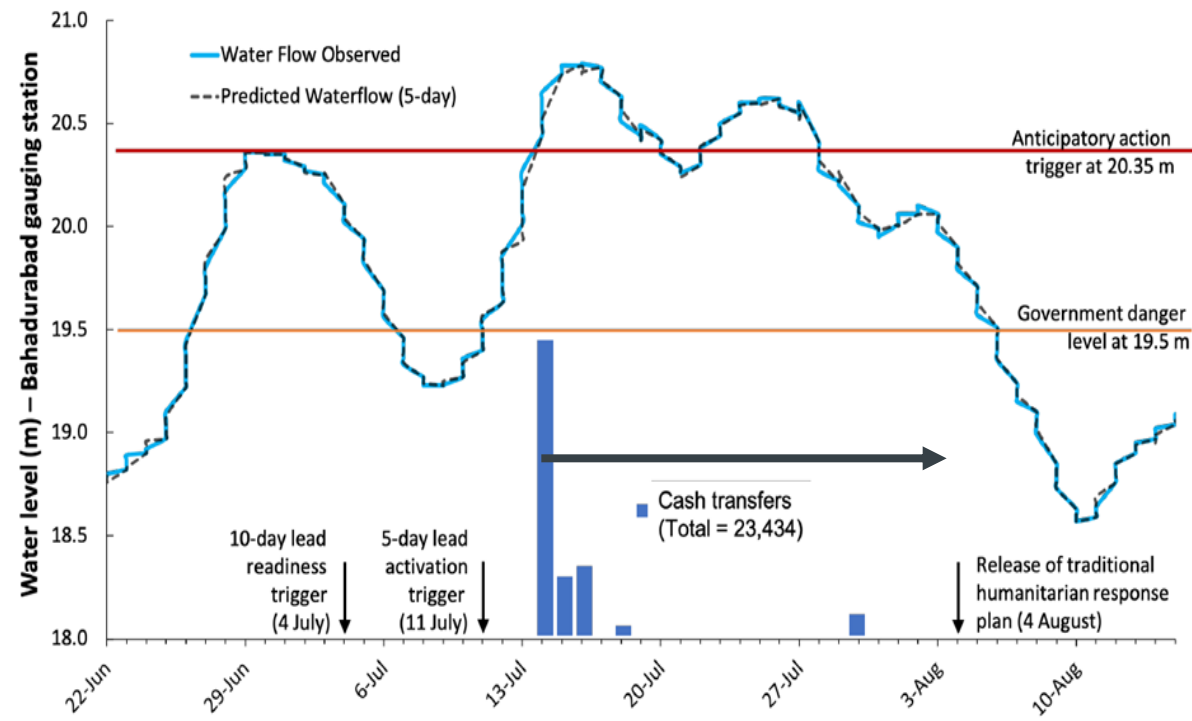
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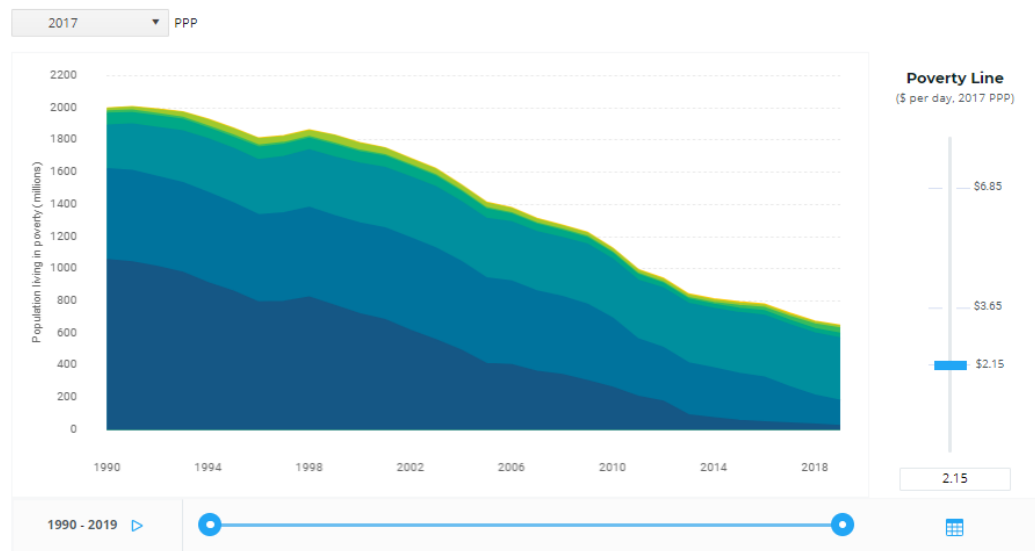
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