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Economic and Social Commission for Western Asia (ESCWA)

Report

Expert Group Meeting on methodological tools for evaluating poverty and inequality reduction policies
11 December 2020

Summary

The expert group meeting on methodological tools for evaluating poverty and inequality reduction policies was organized by the Economic and Social Commission for Western Asia (ESCWA) in cooperation with UN DESA, and was held on 11 December 2020.

Participants from international organizations, academia and UN DESA together with ESCWA discussed proper mechanisms for measuring the multiple dimensions of poverty and inequality; identifying policy gaps and formulating social policies put forth in response, and pre-evaluating them before comprehensive implementation. In this regard, the following three advanced methodological tools were presented: ESCWA's Multidimensional Poverty Index Assist Tool (MAT), ESCWA's Policy Gap Analysis Tool (PGAT), and randomized control trials (RCT).

The present report provides an overview of the meeting's discussions, conclusions and recommendations.

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Contents

Introduction

1.   The Economic and Social Commission for Western Asia (ESCWA), in collaboration with the United Nations Department of Economic and Social Affairs (UNDESA), held an expert group meeting on "the methodological tools for evaluating poverty and inequality reduction policies", virtually, on 11 December 2020.

2.   The meeting brought together a group of regional and global experts, as well as other regional and global stakeholders, with the aim to:

(a)   develop a more holistic social policy framework to address poverty and inequality;
(b)   present three advanced methodological tools to measure poverty and inequality, identify policy gaps, and assess social policy implementation; and
(c)   lead an expert-level dialogue on the soundness of the approaches.

I. Topics of discussion

A. Session I: ESCWA's Multidimensional Poverty Index Assist Tool (MAT)

3.   Ms. Sama El Hage Sleiman from ESCWA started the session by introducing the MAT, a multidimensional poverty index (MPI) assist tool. The stages of the computation were first mentioned, then an example was shown using the MAT tool going over the various stages of implementation. Some dimensions were selected along with their indicators and weights to show the simplicity of adding/removing dimensions and indicators and changing weights in the MPI framework.

4.   The stages of the computation process are as follows: defining indicators, defining a cut-off point for each indicator, computing deprivation score per indicator, computing total deprivation levels, choosing a cut-off to define the poor, computing MPI, computing indicators' and dimensions' contributions, and decomposing MPI by sociodemographic groups. When presenting the tool, Ms. Sleiman stressed the necessity of training for users to be able to use the tool appropriately.

5.   Following the MAT presentation, Mr. Touhami Abdelkhalek, Professor at the Institut National De Statistique et d'Economie Apliquée in Rabat, Morocco, commented on the tool by saying that it is useful because it is a flexible, easy to use and time-saving tool that measures multiple dimensions of poverty and helps in formulating social policies in all world regions. In addition, he asserted that the tool should be used only with solid justification because it cannot be used if we do not understand how it exactly works.

6.   Participants discussed whether country-level results are comparable given that countries are free to select the indicators as they see fit. They were also interested in learning more about how the tool actually simulates shocks, and about measures taken to prevent political pressures from influencing poverty results (e.g. including indicators that only show good results). Participants also asked about the type of surveys used in this tool and whether it is possible for any given country to add dimensions/indicators of its own. In terms of target groups, questions also related to whether there are any child-specific deprivations measures, and whether data collected can be disaggregated by age and gender.

7.   The ESCWA Poverty team responded to these inquiries as follows:

- A demonstration on how the tool simulates the shocks was performed

- Different types of surveys with completely different indicators cannot be compared to each other; to enable a cross-country comparison, common indicators in these countries' surveys need to be identified and used.

- National authorities are the ones who decide how to use the tool whereas the ESCWA Poverty team can provide training and guidance

- Surveys of various characteristics can be accommodated; any survey and data sources can be used as long as they include the variables needed.

- Adding an indicator is possible; however, it remains visible only to the user who added it, and does not get published unless validated by ESCWA.

- Since any definition of multidimensional poverty and population can be used, we can use a child-centered definition.

- Disaggregating data by gender or age can be done in a straightforward way: for example, looking at the definition of poverty used, and the children who are in poor households, and then disaggregating by age can help us analyse child poverty or focus on any other age group.

Additionally, Ms. Sleiman used the tool again to show how the tool simulates shocks.

8.   Regarding the potential for results manipulation, Mr. Leonardo Menchini, Regional Advisor "Monitoring Child Rights" at UNICEF, said that manipulations can happen with any methodology, not only with this tool, but the most important thing is to have a process with different stakeholders involved and different voices heard.

B. Session II: ESCWA's Policy Gap Analysis Tool (PGAT)

9.   In the second session, Mr. Oussama Safa from ESCWA presented a second tool on ESCWA's policy gap analysis tool. This qualitative tool is a self-assessment one with the objective of looking at existing policies to identify gaps and deficiencies. Finding and identifying gaps and deficiencies is what really matters.

10.   There are 3 key aspects to use this tool: (1) the process (it brings collaboration between governmental institutions); (2) the choice of policy (the ability to define and choose final policy); and (3) the resources available (policy references and policy documents). Additionally, this self-assessment tool can be particularly useful for trained people who are familiar with the process.

11.   MAT is a specific tool with specific indicators and weights. Based on it, we can assess public policy, but it does not give the experts' opinion. However, the PGAT is a qualitative tool that is broader and speaks to larger issues beyond poverty, and this is the main difference between the two tools.

12.   Questions raised during the discussion related to whether the survey of indicators in this tool include gender justice considerations; to what extent this tool could be linked to the Rapid Integrated Assessment developed by the UNDP assessing policy frameworks against every target of the SDGs; whether or not the tool has been piloted, and finally whether this expert perception-based tool needs some level of political stability to be used.

13.   Mr. Safa replied that there are no direct questions on gender justice, but there are questions that help identify whether or not there is any discrimination, inclusion or gender bias such as: questions on vulnerable groups, equality, equality in opportunities, how inclusive the policy is, and criteria of human rights. Mr. Safa also said that this tool has been piloted in Tunisia. On the 2030 Agenda, he said that this is related to whether the tool contributes toward achieving the SDGs. Finally, he said that we need access to data to be able to define a policy that is being implemented, but the tool can be used whether in stable or unstable environments as long as these prerequisites are satisfied.

C. Session III: Randomized Control Trials

14.   Ms. Myra Yazbeck, associate professor at University of Ottawa, department of Economics, presented a method to evaluate policy impact: randomized control trials (RCTs). The RCTs evaluate the (causal) impact of a program relative to a counterfactual scenario; the counterfactual scenario is the absence of the program. Since it is not possible to observe an individual or group with and without treatment at the same time, this method consists of applying the program on a group (treatment group) and comparing it to a suitable counterfactual (control group). Allocating participants to the treatment/control groups should be done randomly in order to obtain identical *ex ante* treatment and control groups. This allows us to say that any difference in the outcome of interest between the two groups is caused by the intervention.

15.   Ms. Yazbeck says that although RCT is a very powerful tool, it is not the only tool, and it is not always a solution. Moreover, RCTs should not be implemented simply to be published in one of the top 5 journals in Economics. Relevance to the social problems, and appropriateness of the design of the RCTs is crucial. For these reasons, RCTs should be used only when needed and appropriate in relation to questions the country/population needs resolving.

16.   One main concern for most observers is participant consent. For this reason, people experimented on should be informed that they are participating in an experiment. This is what we call informed consent. However, we should be careful when explaining randomization as it might cause a discomfort to some people (for example, many Muslims will not participate in the experiment if randomization is explained using metaphors related to gamble). If people remain reluctant to participate, we may be able to change the formulation, or even waive consent.

17.   When people accept to participate, many threats remain present and can affect the randomization process, including: envy (dissatisfaction in the control group leading to attrition, envy or non-compliance, and this is especially the case in the randomized access in which participants in the control group will never receive the treatment as opposed to the randomized timing of access in which all participants will eventually receive the treatment but at different times), spillovers (geographical/physical and peer effects), politicization, gender of beneficiary, and conditionality.

18.   During the discussion, participants had few concerns relating to the fact that RCTs leave some people behind by preventing them from having access to the program/intervention; the use of propensity score matching or other methods to assess impact, whether the results of RCTs in the region have been reflected in policy, and whether behavioural economics and RCTs present ways to convince the wealthy to share information about their wealth and income, and convince people to fill in taxes since it is estimated that less than 1% annual contribution by the top decile is enough to close the poverty gap.

19.   Ms. Yazbeck responded as follows:

- There is the notion of access to benefits. In this respect two options were presented: randomized access in which some people are left behind, and randomized timing of access in which everyone will get access to the program but at different times. Moreover, this is why we should not use RCTs except for important questions.

- Propensity score matching and other statistical or econometric methods are also useful, but each method has its advantages and its costs. Whenever a method answers our main policy question should be addressed.

- RCTs are relatively new in the MENA region, so they still need time to make their impact; however, RCTs have made their impact and have been used in policy in other world regions.

- To convince people to fill in tax forms and share their information, nudging could be used.

II. Organization of work

A. Date and venue of the meeting

20. The meeting was held on MS Teams, on 11 December 2020.

B. Attendance

21. The meeting brought together a group of regional and global experts, in addition to other regional and global stakeholders. The list of participants is in the annex to the present report.

C. Opening

22. Ms. Makiko Tagashira, Officer-in-Charge, Social Policy Analysis Section, Division for Inclusive Social Development, at UN DESA in New York, USA, opened the meeting by noting its importance as a part of joint effort to help member states reduce poverty and inequality. She also mentioned that poverty and inequality are most likely to increase due to the COVID-19 crisis, which started as a health crisis and have become an economic and social crisis. Ms. Tagashira stressed the importance of protecting people from falling into poverty, especially during the COVID-19 crisis, because it is very difficult for them to escape it, given the effects of high and widening inequality. Finally, she stated that a transformational change is needed to recover better for creating a more inclusive, fairer and resilient society and achieve the objectives of social development and the 2030 Agenda.

23. Mr. Khalid Abou Ismail, Chief of Economic Development and Poverty Section at ESCWA, also welcomed the participants and stated that we have a new set of challenges caused by the COVID-19 pandemic and that we should rethink how to respond to these challenges, especially in the Arab region which is more vulnerable to shocks because of the conflicts and because of the nature of poverty in the region. Additionally, Mr. Khalid asserted that it is important to find ways to better measure poverty and inequality and design tools to empower member states respond to the poverty challenges. He added that this meeting is important because three important tools will be presented: the first is very important for member countries to monitor multidimensional poverty, the second shows how efficiently the states can respond to the challenges, and the third shows how we can evaluate the impact of the policies, given the challenges that we have.

D. Agenda

24. Participants adopted the provisional agenda as follows:

Introductory Remarks
Session One: ESCWA's Multidimensional Poverty Index Assist Tool, MAT
Discussion led by Touhami Abdelkhalek
Session Two: ESCWA's Policy Gap Analysis Tool
Discussion led by Khalid Abu-Ismail
Session Three: Randomized Control Trials
Discussion led by Vladimir Hlasny
Concluding Remarks**.**

III. Conclusions and proposals

25.   Below are the conclusions and recommendations identified during the meeting:

(a)   Regarding the Multidimensional Poverty Index Assist Tool (MAT) tool, uploading the data sets should be done directly on the platform, and the format of the files, definitions of the variables and modalities should be better explained.

(b)   A clearer user manual is also needed in the MAT tool;

(c)   MAT users should have a certain competency level by passing a training course on the multidimensional poverty indexes (MPI);

(d)   Connecting the three tools together in a training program with UNDESA for member countries can be beneficial;

(e)   The tools can assist national governments to monitor and evaluate policies;

(f)   Capturing the feedback of stakeholders is very important especially under the regional status quo in the presence of social tensions; and

(g)   The experience and the lessons drawn in the ESCWA region must be translated into lessons for other world regions.

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