



## GOAL 1

# End poverty in all its forms everywhere

### TARGET 1.2

By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

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## Target overview

### SDG monitoring

The SDGs call for reducing poverty in all its dimensions. Target 1.2 aims to measure the level of poverty and its reduction using national definitions and metrics of poverty (monetary and non-monetary), expressly mentioning children. This is the first time that global poverty goals have been specific to children and means, at the minimum, that children (aged 0-17) have to be identified in all national poverty reporting for SDGs.

Target 1.2 includes the following indicators, described in more detail in this briefing note:

- 1.2.1: Proportion of population living below the national poverty line, by sex and age
- 1.2.2: Proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.

### Broader monitoring context

Monitoring child poverty requires both traditional 'monetary poverty' measurement, which can assess the living standards of children's families, and 'non-monetary' assessments of children's material well-being, especially their deprivation, opportunities and outcomes.

Although both SDG indicators 1.1.1 and 1.2.1 are based on monetary poverty and have common underlying assumptions, indicator 1.2.1 is measured according to a national poverty line that is considered appropriate by individual countries, i.e. it reflects the actual cost of living (minimum basket of goods and services) in each country.

Beyond monetary poverty, indicator 1.2.2 aims to capture the multidimensional nature of poverty by assessing the extent to which households are materially deprived. While monetary poverty measures whether household income/consumption surpasses the poverty line, hypothetically enabling them to satisfy their basic needs, multidimensional poverty measures whether those needs are actually satisfied. Although the basic approach is generally the same, multidimensional poverty has been measured using different deprivation thresholds and assumptions in various countries<sup>1</sup>. UNICEF is working with UNDP and World Bank to coordinate support for measurement of multidimensional poverty.

Note that these two indicators are ideally considered within a broader array of indicators related to child well-being. Household income could surpass the poverty line because children beg in the streets or are engaged in hazardous work. Household income could increase because parents work extremely long hours, leaving children abandoned, neglected, and without any adult supervision, comfort, or guidance. Household income may be above the poverty line, yet if social services are unavailable (e.g. in rural areas) or unaffordable, it does no good to children who will still be left without education or health care.

<sup>1</sup> Although labeled differently (MODA, Bristol, MPI), all of these measurements apply a variant of the Alkire-Foster formula. While the MPI is not focused on children and child indicators, it could be disaggregated by age (the same way the monetary poverty can be disaggregated). Bristol and MODA estimates explicitly measure Child Poverty.



## UNICEF role in monitoring

Within UNICEF's Strategic Plan (SP), child poverty is a result area under Goal Area 5 (Equity: Every Child Has a Fair Chance in Life). The SP does not include country-specific poverty measures as detailed in this briefing note. In order to allow for consistent monitoring of change against targets, the SP indicators are SDG indicator 1.1.1 (disaggregated for children) and the Global MPI for children. Notably, child poverty is not only part of Goal Area 5, but indeed underlies and is intertwined with the entire Strategic Plan Results Framework.

At the country level, technical capacity underlying monetary poverty measurement is usually higher than for multidimensional poverty; therefore, aiming for constructive engagement in disaggregation for children is probably a good starting point on a government-owned measure that will have high levels of political investment. UNICEF can have an impact by promoting the disaggregation of national poverty-line headcount poverty measures for children (ages 0-17, and also for disaggregated age groups of children).

UNICEF has provided technical leadership on measurement of multidimensional poverty, both at the global and country levels. Thus, both regionally and in many countries child multidimensional poverty has been estimated (including trends for the last 10-15 years). It is important to note that because multidimensional poverty measurement does not require income/consumption data, it can be estimated using household data collected in MICS and similar surveys (e.g., DHS). Consequently UNICEF can play a critical technical role to support monitoring efforts at the country level.

## General information and resources

- UNICEF data: <https://data.unicef.org/>
- UNICEF Multiple Indicator Cluster Surveys (MICS): <http://mics.unicef.org>
- SDG indicators: <https://unstats.un.org/sdgs/>
- End Child Poverty Coalition: <http://www.endchildhoodpoverty.org/publications-feed/2017/4/3/a-world-free-from-child-poverty-a-guide-to-the-tasks-to-achieve-the-vision>

*For further information, please contact the child poverty focal point at the Data & Analytics Section at UNICEF HQ via: [data@unicef.org](mailto:data@unicef.org)*



## INDICATOR 1.2.1

### Proportion of population living below the national poverty line, by sex and age

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## Description

### Definition and key terms

The national poverty rate is the percentage of the total population living in households below the national poverty line. The National Poverty Line is the cost of a collection of goods and services deemed the minimum that every household should enjoy to ensure a decent standard of living.

Numerator: people with income/consumption below the national poverty line.

Denominator: total population.

### National data sources

Monetary poverty is calculated at the household level using representative data from household surveys of consumption and/or income. Different approaches are used, however. Most developing countries estimate an absolute poverty line to capture the cost of a basic minimum standard of living, while many high-income countries, such as those in the European Union, tend to use relative poverty lines. The former measures whether a household can afford a minimum set of basic goods and services while the latter compares household consumption/income to the average or normal level in the country (thus, it is very close to measuring income distribution). Broad guidelines of the best approaches to measuring income poverty and consumption poverty have been produced by the Canberra Group and Deaton and Zaidi.

Using national poverty lines, it is easy to compute the proportion of children living in households with income or consumption levels below this line (because the number of children in the household is information that any good quality household survey would have). However, the majority of countries do not routinely disaggregate household members by age (in particular children) when reporting on monetary poverty. Although there are indeed some complexities behind monetary poverty measurement, it is critically important to note child level profiles are relatively easy once the poverty methodology is in place and the country is reporting poverty.

## Data collection innovation

There are a couple of notable advances in monetary poverty measurement:

- The development of cross-survey imputation approaches that will help consistent monetary measures for poverty to be produced more regularly and also for imputed poverty data to be produced in surveys that do not directly capture income or consumption.
- The development of 'rapid survey' approaches that can capture key data to profile more recent changes in poverty and living standards after full consumption or income surveys have been put in place.

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## Using the indicator

### Interpretation

Tracking children living in households beneath the national poverty line is not only a clearly articulated component of SDG Target 1.2 but is also a powerful tool for policy and advocacy work on poverty-related issues and on resource allocation. National poverty lines are key to informing 'poverty reduction strategies' and are often used as both a metric for measuring 'development' progress and for allocation of government spending.

An absolute poverty line can be constructed considering only the cost of food (i.e. of purchasing a culturally appropriate diet that ensures a minimum calorific intake). This is often called the indigence or food poverty line. When additional items are included (to consider, besides food, other basic necessities like lodging, clothing, and transportation) the proper monetary poverty line is obtained. In large countries, given the variety of climates and, consequently, the required minimum basket of goods and services there may be more than one poverty line (e.g. a rural and an urban one).

As relative poverty measurement is about income distribution, it is important to understand the likely impact of economic growth (or recession) in its measurement. Median income may go up during economic growth – increasing poverty even when the living standards of the poor are rising; conversely, relative poverty may fall during a recession if median income falls. To ensure good interpretation of trends, the practice is to 'anchor' the line to a specific real value in the first year of a time series. The OECD provides guidance on current best practice.

In addition, it is important to consider the sensitivity of income/consumption changes around the poverty line and what that means in terms of measuring poverty reduction. A large part of the population usually have income or consumption at levels very close to the poverty line. For example, being 1 percent over the national poverty line will mean that you are no longer 'poor', but in practical terms your living standard may be indistinguishable from those who are just below the poverty line.



Whichever national poverty line indicator is being used for SDG reporting, for UNICEF policy and advocacy work, it is important to interpret these data within a broader range of measures, in particular multidimensional poverty (SDG indicator 1.2.2). For instance, a good practice is to cross-tabulate both estimates.

## Disaggregation

Disaggregation is commonly available for rural and urban areas. Whenever possible, this indicator should be further disaggregated by age groups under 18 years of age to provide more detailed data. Standard age ranges generally include 0-4, 5-9, 10-14 and 15-17, although countries may want to align reporting to reflect key policy markers (for example, school age children). In addition, it is useful to disaggregate the elderly (e.g., separating adults at the age of retirement)

Although urban-rural residence and age are the most important breakdowns, in some countries it may also be useful to generate sex-disaggregated estimates. The general assumption is that girls and boys will have equal poverty rates as measurement is done at the household level, but it is possible to observe different boy-girl poverty rates in some countries. This may be due to gendered co-residence patterns post-divorce or among those with absent, migrant parents.

## Common pitfalls

One common pitfall is comparing absolute to relative levels of poverty. As explained above these are conceptually different. Both provide useful information.

Another pitfall concerns the terms people use when referring to monetary poverty. Monetary poverty could be measured using income or consumption (expenditures). The latter is usually easier to measure than the former (due to issues of recollection and “hiding” income). However, many people use the term ‘income poverty’ when talking about ‘monetary poverty’, even when it is actually measured using consumption. This ‘shorthand’ causes confusion and greater care should be used to avoid it (in particular when making comparisons) as, obviously, different things are being measured.

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## Monitoring and reporting

### National

National Statistical Offices

### Global

**Agencies:** World Bank

Note that although the World Bank is the custodian agency for indicator 1.2.1, UNICEF is listed as a partner agency and has been actively involved in supporting the production of disaggregated estimates for children. See below.

**Process:** National poverty estimates are typically produced and owned by country governments (e.g., National Statistic Office), and sometimes with technical assistance from the World Bank and UNDP. Upon release of the national poverty estimates by the government, the Global Poverty Working Group of the World Bank assesses the methodology used by the government, validates the estimates with raw data whenever possible, and consults the country economists before publishing. Accepted estimates, along with metadata, will be published in the WDI database as well as the Poverty and Equity Database of the World Bank.

Beyond the global data compilation done by the World Bank, UNICEF has been leading attempts to compile and report national monetary child poverty rates through its Country Reporting on Indicators for the Goals (CRING) data and makes these data available on <<https://data.unicef.org/>>.

**Timing:** The World Bank releases new poverty estimates every two years to coincide with publication of its biennial Poverty and Shared Prosperity reports in the final quarter of even years.

**Discrepancies with national estimates:** As global-level reporting is still under discussion, the extent to which there may be discrepancies with national estimates is still unclear.

## Key resources

Standard guidance on national poverty measurement:

- The Canberra Group: <https://www.scribd.com/document/75099730/Canberra-Group-Handbook-on-Household-Income-Statistics>
- Deaton and Zaidi (2002): <http://documents.worldbank.org/curated/en/206561468781153320/pdf/multi0page.pdf>

More information from partner organizations:

- OECD: [http://www.oecd.org/els/soc/CO\\_2\\_2\\_Child\\_Poverty.pdf](http://www.oecd.org/els/soc/CO_2_2_Child_Poverty.pdf)
- European Union: [http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:At\\_risk\\_of\\_poverty\\_or\\_social\\_exclusion\\_\(AROE\)](http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:At_risk_of_poverty_or_social_exclusion_(AROE))
- World Bank: <http://documents.worldbank.org/curated/en/488081468157174849/Handbook-on-poverty-and-inequality>



## INDICATOR 1.2.2

Proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

### Description

#### Definition and key terms

Proportion of children suffering material deprivation (i.e. they are deprived of rights constitutive of poverty).

#### Key terms:

- Rights constitutive of poverty: Rights the fulfillment of which depends mainly on material resources (e.g., health, nutrition, etc.). These are clearly associated with material deprivation and/or the absence of public goods and services that are needed to satisfy basic human needs.
- Dimensions of poverty: each of the constitutive rights is a dimension in the multidimensional analysis of poverty. Deprivation is measured for each dimension.
- Deprivation: state of observable and demonstrable disadvantage relative a particular (national or international) standard or threshold.
- Continuum of deprivation: Deprivation happens along a range from no deprivation, through mild, moderate and severe deprivation to extreme deprivation at the end of the scale.

#### National data sources

Large scale, multi-dimensional child poverty measurement is commonly based on standardized household survey data, specifically MICS and DHS surveys.

#### Data collection innovation

Multidimensional poverty measurement is a fairly recent area of work, one that has grown rapidly since UNICEF commissioned the London School of Economics and Bristol University to carry out the groundbreaking 2003 report on global multidimensional child poverty for children. Different assumptions to measure multidimensional poverty have been used in different countries (partly due to data limitations) under the same approach (and using essentially the same formula). There has been no coordinated interagency guidance to date, although work is underway to document emerging approaches and existing metadata that could potentially be aggregated and used for SDG reporting at the global level.

### Using the indicator

#### Interpretation

It is well understood that children experience poverty differently from adults. They live it and feel it differently. The indicator measures how many children (and percentage of children) are poor. In other words, the proportion of children materially deprived. The measurement of multidimensional Child Poverty is not about lack of income or wealth (of the parents). It is about their actual deprivation of the rights that constitute poverty. Not all rights violations constitute poverty – only those clearly associated with material deprivation. In other words, when discussing multidimensional Child Poverty, it is the deprivation of those rights that makes the child poor. Multidimensional Child Poverty is the direct observation (and measurement) of the material deprivations suffered by children. Multidimensional Child Poverty is NOT a proxy or a substitute or a marker of lack of income.

#### Disaggregation

Data on multidimensional child poverty can be disaggregated by age (most commonly 0-5, 6-17), sex, geographic area, place of residence, mothers' education, and household wealth, as well as other background characteristics. At the country level, in particular for programming and planning purposes, the disaggregation by sex, and place of residence are the most essential.

#### Common pitfalls

One common pitfall is the inclusion of dimensions which are not rights constitutive of poverty. Not everything that is bad that happens to children constitutes or is poverty. In particular, multidimensional Child Poverty is about material deprivation, not inappropriate behaviour.

All rights are equally important and caution is required when creating an index or listing the number of deprivations. In principle there should be no differentials in weighting the different dimensions as this implies trading off one right for another (e.g. health is 3.14 times more important than nutrition) and leads to the distinct possibility that children suffering severe deprivation in three or even four dimensions would not be considered poor. Statistical analysis and weighting within each dimension is therefore possible in order to find the best way to assess its deprivation using different variables.

Child Poverty is about the experience of the whole child. This means all the dimensions must be assessed simultaneously for the same child (consequently, it cannot be estimated using different sources of information). It also means that a single, total estimate for all children younger than 18 of age should be calculated.



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## Monitoring and reporting

### National

National Statistical Offices

### Global

**Agencies:** National Governments are listed as custodian agencies for reporting on SDG indicator 1.2.2 (according to national definitions). UNICEF, World Bank and UNDP are identified as supporting agencies and discussions are ongoing about the potential for aggregation of national data for the purpose of global reporting.

**Process:** UNICEF has been leading attempts to compile and report multidimensional child poverty rates through national and regional reports. However, so far, these have not been globally coordinated. It is expected that this indicator will soon be incorporated into the Country Reporting on Indicators for the Goals (CRING) process. Ideally, these estimates will be reported in the SOWC or at least be available on-line

**Timing:** As the major sources of data on multidimensional Child Poverty are MICS and DHS surveys which are carried out periodically (roughly every 3-5 years) at country levels (staggered across regions and countries), it would be possible to update global and regional estimates every year. For a large number of countries it is already possible to construct time series spanning a decade or more.

**Discrepancies with national estimates:** As global-level reporting is still under discussion, the extent to which there may be discrepancies with national estimates is still unclear.

### Key resources

- End Child Poverty Coalition guide: <http://www.endchildhoodpoverty.org/publications-feed/2017/4/3/a-world-free-from-child-poverty-a-guide-to-the-tasks-to-achieve-the-vision>