



Quarterly Update

September 30, 2015 Issue 27

\$1.90 international poverty line incorporates 2011 PPPs

On October 4, 2015, the World Bank updated the international poverty line from US \$1.25 per day to US \$1.90 per day, incorporating the 2011 PPPs produced by the ICP. According to this new line, the World Bank projects that global poverty will fall to just under 10% of the world population this year.

Read more about how 2011 PPPs shaped the new poverty line in the supporting materials below:

- [Press release](#)
- [Policy research note](#)
- Blogs: [Let's Talk Development](#) and [Open Data](#)
- Policy Research Working Paper: [A global count of the extreme poor in 2012 : data issues, methodology and initial results](#)
- [Infographics in six languages](#)
- [FAQs](#)

60th ISI World Statistics Congress

The 60th International Statistical Institute World Statistics Congress took place in Rio de Janeiro, Brazil, on July 26-31, 2015.

The World Bank organized a session on "The International Comparison Program: Results of the 2011 Round and the Way Forward." The session included various presentations that covered understanding the results of the ICP 2011, application of PPPs for poverty analysis, impact of the new 2011 PPPs on the PPP time series, recommendations of the ICP 2011 evaluation and the way forward.

The African Development Bank organized two additional sessions on "Measuring Economies using the ICP data: Regional perspectives" and "Purchasing Power Parity Concepts and Methodology: A Multifarious Outlook." China organized the fourth session entitled "Improving the ICP methodology in emerging economies," which marked the first time a country organized a session on the ICP in this forum. More information available [online](#).



Still from the World Bank's "One Generation, Two Goals, 60 Seconds" video



60th ISI World Statistics Congress, July 30, 2015, Rio de Janeiro, Brazil

Workshop on Crowdsourcing Food Prices in Africa

The workshop "Crowdsourcing Food Prices in Africa - Technical Inception" was held in Brussels, Belgium on July 7-9, 2015. The European Commission's Joint Research Centre organized the event, with the objective of sharing knowledge about crowdsourcing through ICT for price data collection activities, particularly in Africa.

Participants discussed innovative information-gathering methods to tackle food security challenges. The workshop was attended by international development agencies, the private and non-profit sectors, and academic institutions. Topics included strategies for collecting Africa's food price data, ICT networks in Africa, and more.

Latest Uses of ICP Results

Measuring poverty in a rapidly changing world

World Bank Chief Economist Kaushik Basu wrote in his blog about the use of PPPs to update the global poverty line this year. He explained "The PPPs being computed on the basis of price data from across the world by the ICP means that the computation of poverty in different nations is sensitive to the fact that prices in different nations may have risen at different rates." The new global poverty rates are integral to the Sustainable Development Goals recently launched at the UN General Assembly. Read more in his blog, ["Measuring poverty in a rapidly changing world."](#)

"How we adjust this [poverty] line up or down will have a large influence on policy, global aid flows and, ultimately, human well-being."

-Kaushik Basu

Toward Better Global Poverty Measures

In [Martin Ravallion's paper](#), "Toward Better Global Poverty Measures," the author uses PPPs to discuss the social effects on welfare, the need to monitor progress in raising the consumption floor and counting the number of poor living near the floor, and making inter-country comparisons of price levels facing poor people.

Preferences, purchasing power parity, and inequality: analytical framework, propositions, and empirical evidence

A [policy research working paper](#) by Amita Majumder, Ranjan Ray and Sattwik Santra makes empirical contributions to studies on PPPs by introducing a preference-based analytical framework departing from the conventional Balassa-Samuelson, and providing an alternative methodology for calculating PPPs benchmarked against the ICP 2011 PPPs. This exercise suggests that ICP 2011 understates PPPs and overstates GDP, and that PPPs vary across expenditure percentiles.

PPP Infographics

A new infographic video released by the World Bank explains PPPs in rudimentary terms. The video, available in five languages, also explains how PPPs come into play in the calculation of the international poverty line.

What exactly is a PPP? [Watch to learn.](#)

What is purchasing power parity?

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When you visit a different country, goods may **seem more or less expensive** to you.



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\$10 in a poor country will **typically buy you more** of the same things than \$10 in a rich country would.

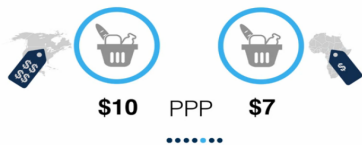


We quantify this effect by collecting data on the prices of **goods and services around the world.**



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Purchasing power parity (PPP) is the measure for comparing the **real value** of currencies using this data.



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The **\$1.90 poverty line** is expressed in PPP terms to reflect the prices in countries where poor people live.



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Regional Activities

Africa

A follow-up workshop to launch the 2015 ICP-Africa activities was organized by the African Development Bank on August 3-7, 2015 at Lusaka, Zambia. The workshop was attended by experts from the seven countries and two sub-regional organizations that did not attend the sessions in Dakar, Senegal earlier in the summer.

In autumn 2015, a national accounts workshop is scheduled to be organized to train countries on national accounts instruments to ensure that they can adhere to the roadmap agreed upon in Dakar.

Commonwealth of Independent States (CIS)

A meeting of the CIS National Statistical Offices will be held in Moscow, Russian Federation, from November 30 to December 3, 2015. The agenda will include discussion of the status of the current PPP comparison in the CIS region as well as the review of the diagnostic tables for consumer items and the validation of the associated prices.

Western Asia

The United Nations Economic and Social Commission for Western Asia held a regional meeting for the Harmonization of Price Statistics and the Production of Biennial PPPs in Istanbul, Turkey on August 11-13, 2015. The workshop hosted price and national accounts experts representing the National Statistical Offices of eleven Arab countries.

The main objective of this meeting was to discuss and agree on a unified regional product list, consisting of a regional CPI subset, a regional ICP subset, and a global ICP subset. The result was a unified list to be integrated within the regular CPI work of participating countries and used also for the purpose of computing PPPs for the Western Asia region. This achievement forms a very important milestone for the 2016 Western Asia regional PPP round and the cornerstone for a regular PPP production in the region.

Moreover, a sub-national PPP workshop took place in Abu Dhabi, United Arab Emirates on September 14-17, 2015 to monitor progress, finalize methodologies, provide training on the ICP tools, and set the future timeline for the regular production of sub-national PPPs in the United Arab Emirates. The final PPP results at the Emirate level are expected to be produced and released by the end of March 2016.



Sub-national PPP workshop, September 14-17, 2015, Abu Dhabi, UAE

ICP Operational Guide

Now in in eBook and printed formats, the [ICP Operational Guidelines and Procedures for Measuring the Real Size of the World Economy](#) has been completely edited and published to ensure the ICP approach and data requirements used in the 2011 round are fully transparent.

ICP in the Media (July – September 2015)

Earth's poor set to swell as World Bank moves poverty line, Shawn Donnan, Financial Times

Measuring poverty in a rapidly changing world, Kaushik Basu, World Bank Blogs

World Poverty Drops, With China Leading the Way, Lindsey Cook, U.S. News & World Report

Data point to poorer global middle class, Shawn Donnan, Sam Fleming, Financial Times

A Global Middle Class Is More Promise than Reality, Rakesh Kochhar, Pew Research Center

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