

# Living Income CoP

The PPI and measuring income

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# The PPI® - A Simple Poverty Measurement Tool

- A statistically rigorous yet easy-to-administer poverty measurement tool
- **Country specific**, derived from National Income and Expenditure Surveys
- **10 questions** and a scoring system
- Uses an **indirect approach** to poverty measurement
- Provides **likelihood** that respondent's household is living below poverty line
- Calibrated to **national and international poverty lines**
- Public good, available for **free download** at [www.progressoutofpoverty.org](http://www.progressoutofpoverty.org)

**PROGRESS OUT OF POVERTY**  
**PPI® for Tanzania 2011**

Important: A PPI score must be converted into a poverty likelihood using the PPI Look-up Table.

Indicators	Responses	Score
1. How many household members are 18-years-old or younger?	A. Six or more B. Five C. Four D. Three E. Two F. One G. None	0 2 5 11 14 17 28
2. Are all household members ages 6 to 18 currently in school?	A. No B. Yes C. No members ages 6 to 18	0 3 5
3. What is the main building material used for the walls of the main building?	A. Baked bricks B. Poles and mud, grass, sun-dried bricks, or other C. Stones, cement bricks, or timber	0 3 6
4. What is the main building material used for the roof of the main building?	A. Grass/leaves, mud and leaves, or other B. Iron sheets, tiles, concrete, or asbestos C. Charcoal, paraffin, gas (industrial), electricity, generator/private source, or other	0 6 13
5. What is the main fuel used for cooking?	A. Firewood, coal, solar, gas (biogas), wood/farm residuals, or animal residuals B. Charcoal, paraffin, gas (industrial), electricity, generator/private source, or other	0 6
6. Does your household have any televisions?	A. No B. Yes	0 6
7. Does your household have any cassette/tape recorders?	A. No B. Yes	0 6
8. Does your household have any bicycles?	A. No B. Yes	0 6
9. Does your household have any motorcycles?	A. No B. Yes	0 6
10. If the household has any cows, does it have any heifers, male cows, or goats?	A. No B. Yes	0 6

**Look-up Tables**

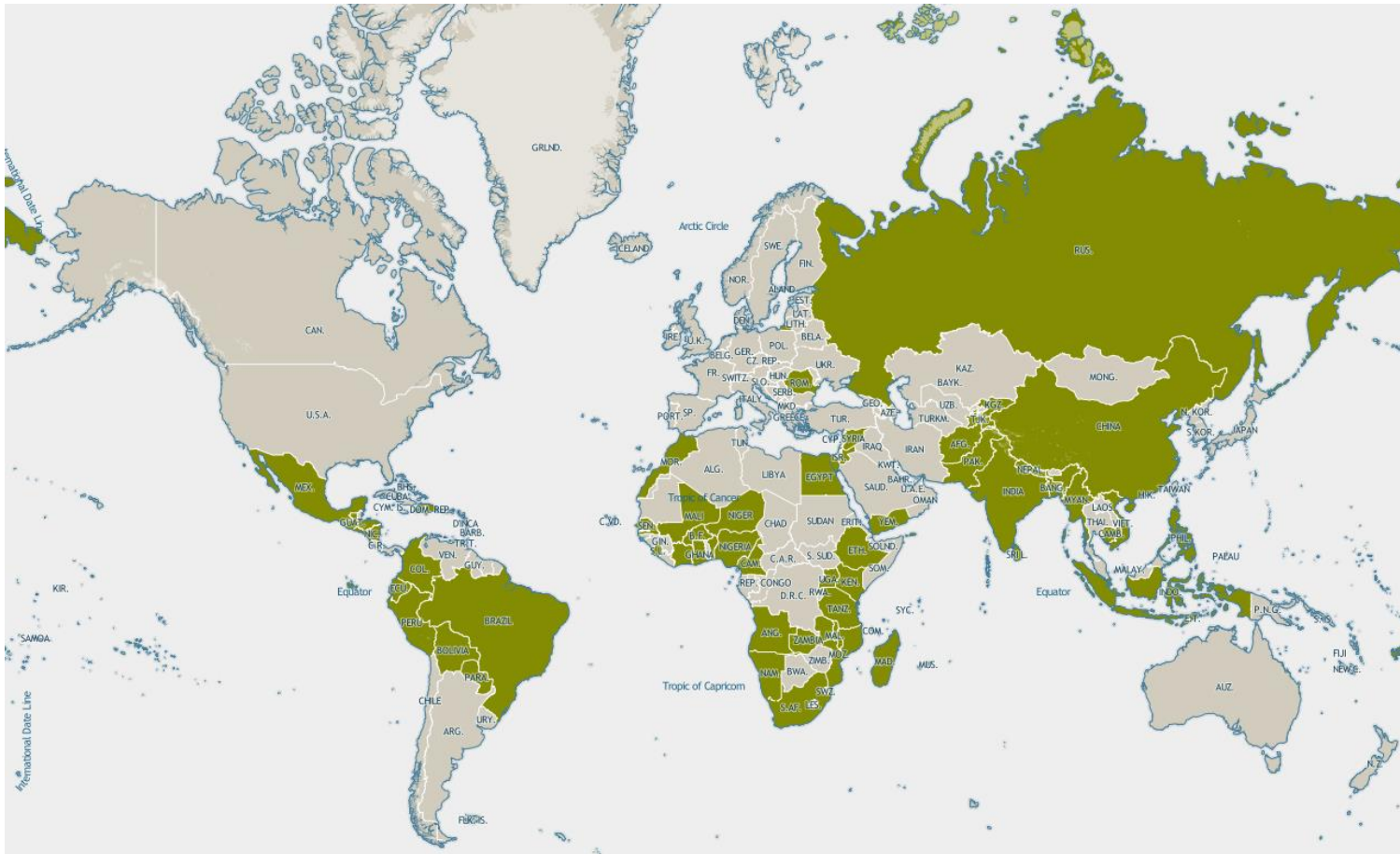
The following look-up tables are used to convert PPI scores to poverty likelihoods: International 2011 PPP Lines

PPI Score	\$1.90/day 2011 PPP	\$3.10/day 2011 PPP	\$3.80/day 2011 PPP	\$4.00/day 2011 PPP
0 – 4	100.0	100.0	100.0	100.0
5 – 9	100.0	100.0	100.0	100.0
10 – 14	89.0	100.0	100.0	100.0
15 – 19	85.0	99.9	99.9	99.9
20 – 24	78.0	96.3	97.4	98.3
25 – 29	70.6	94.5	97.4	98.0
30 – 34	57.7	91.7	96.7	97.7
35 – 39	47.2	84.4	92.5	94.1
40 – 44	31.2	71.8	85.4	88.9
45 – 49	28.5	66.1	81.8	84.1
50 – 54	18.8	54.0	69.7	72.2
55 – 59	11.9	45.5	63.1	65.3
60 – 64	5.8	33.7	50.2	53.8
65 – 69	3.7	28.9	44.7	46.8
70 – 74	3.1	21.2	34.4	37.2
75 – 79	2.9	20.1	33.0	35.7
80 – 84	1.3	6.3	11.4	13.4
85 – 89	1.2	6.3	11.4	13.4
90 – 94	0.0	6.3	7.6	7.6
95 – 100	0.0	0.0	0.0	0.0



## The PPI's Global Reach Covers 90% of the World's Poor

The PPI is available for **60** countries, covering >90% of the world's population living below \$1.90/day (2011 PPP).



[www.progressoutofpoverty.org/ppi-country](http://www.progressoutofpoverty.org/ppi-country)

# The PPI has Become a Global Standard for Development

More than 500 organizations working at the BoP use the PPI for measuring poverty



It has been incorporated into many impact investing and sector-specific measurement frameworks.



# Building the PPI Scorecard

1 National Household Expenditure And Income Survey



Obtained from NSO, World Bank, other sources

2

Draft PPI Indicators

3

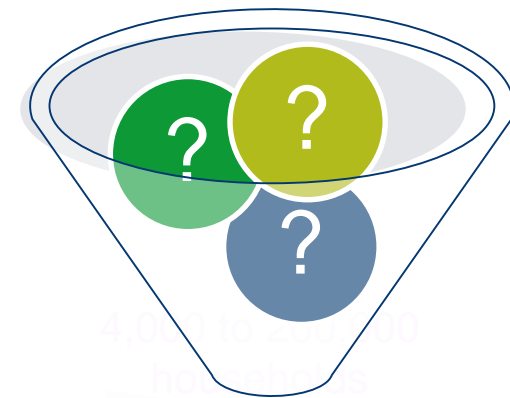
Review and Field Test Indicators

4

Finalize Scorecard and Materials

5

Publish and Launch



**PROGRESS OUT OF POVERTY**  
PPI® for Tanzania 2011

Important: A PPI score must be converted into a poverty likelihood using the PPI Look-up Table.

Indicators	Response	Score
1. How many household members are 18-years-old or younger?	A. Six or more B. Five C. Four D. Three E. Two F. One G. None	0 2 5 11 14 17 20
2. Are all household members ages 6 to 18 currently in school?	A. No B. Yes	0 3
3. What is the main building material used for the walls of the main building?	A. Baked bricks B. Poles and mud, grass, sun-dried bricks, or other C. Stones, cement bricks, or timber	0 3 5
4. What is the main building material used for the roof of the main building?	A. Grass/leaves, mud and leaves, or other B. Iron sheets, steel, concrete, or asbestos C. Cement, paraffin, gas (industrial), electricity, generator/private source, or other	0 3 5
5. What is the main fuel used for cooking?	A. Firewood, coal, solar, gas (domestic), woodfuel B. Charcoal, paraffin, gas (industrial), electricity, generator/private source, or other	0 3
6. Does your household have any televisions?	A. No B. Yes	0 3
7. Does your household have any radios, cassette/tape recorders, or hi-fi systems?	A. No B. Yes	0 3
8. Does your household have any telephones?	A. No B. Yes	0 3
9. Does your household have any latrines?	A. No B. Yes	0 3
10. If the household cultivated any crops in the last 12 months, does it currently own any bulls, cows, sheep, male calves, female calves, or goats?	A. No crops, and no cattle B. No crops, and cattle C. Crops, but no cattle D. Crops, and cattle	0 3 4 5
<b>Total Score:</b>		<b>12</b>

This PPI was created in June 2010 using Tanzania's 2010/11 Household Budget Survey for use by Mark Schreiner of Microfinance One Management, L.L.C. For more information, please visit [www.progressoutofpoverty.org](http://www.progressoutofpoverty.org)

May 25, 2017

Progress out of Poverty Index®

# The PPI Scorecard - Uganda

Indicators	Responses	Score
1. How many members does the household have?	A. Nine or more	0
	B. Eight	3
	C. Seven	4
	D. Five or Six	6
	E. Four	8
	F. Three	12
	G. Two	21
	H. One	28
2. Are all household members ages 6 to 12 currently in school?	A. No	0
	B. Yes	2
	C. No one ages 6 to 12	5
3. Can the (oldest) female head/spouse read and write with understanding in any language?	A. No	0
	B. No female head/spouse	0
	C. Yes	3
4. What type of material is mainly used for construction of the wall of the dwelling?	A. Unburnt bricks with mud, mud and poles, or other	0
	B. Unburnt bricks with cement, wood, tin/iron sheets, concrete/stones, burnt stabilized bricks, or cement blocks	4
5. What type of material is mainly used for construction of the roof of the dwelling?	A. Thatch, or tins	0
	B. Iron sheets, concrete, tiles, asbestos, or other	5

Source: Uganda PPI (2012)

# The PPI Scorecard – Uganda (cont)

6. What source of energy does the household mainly use for cooking?	A. Firewood, cow dung, or grass (reeds)	0
	B. Charcoal, paraffin stove, gas, biogas, electricity (regardless of source), or other	6
7. What type of toilet facility does the household mainly use?	A. No facility/bush/polythene bags/bucket/etc., or other	0
	B. Uncovered pit latrine (with or without slab), Ecosan (compost toilet), or covered pit latrine without slab	4
	C. Covered pit latrine with slab	6
	D. VIP latrine, or flush toilet	11
8. How many mobile phones do members of your household own?	A. None	0
	B. One	7
	C. Two	12
	D. Three or more	22
9. Does any member of your household own a radio?	A. No	0
	B. Yes	7
10. Does every member of the household have at least one pair of shoes?	A. No	0
	B. Yes	9

Source: Uganda PPI (2012)

# Computing A Household's PPI Score

Indicators	Responses	Score
1. How many members does the household have?	A. Five or more	0
	B. Four	9
	C. Three	14
	D. Two	20
	E. One	23
2. In the past calendar week, did the male head/spouse work for at least one hour?	A. No	0
	B. No male head/spouse	6
	C. Yes	10
3. What is the mother tongue of the female head/spouse?	A. Something other than Spanish	0
	B. Spanish	6
	C. No female head/spouse	10
4. How many rooms does the household occupy, not counting bathrooms, kitchens, laundry rooms, garages, storage rooms, or rooms used for business?	A. One or two	0
	B. Three	2
	C. Four	5
	D. Five or more	7
5. What is the main construction material of the floors of the residence?	A. Dirt, or other	0
	B. Bricks, or cement	5
	C. Wood planks, hardwood floors or parquet, tile (mosaic, stone, or ceramic), or rug or carpet	11
6. What type of toilet arrangement do the members of the household usually use?	A. None/bush/field	0
	B. Open-pit latrine (no solid floor), latrine with solid floor, composting toilet, flush toilet or flush latrine, or other	5
7. What is the main fuel or energy source used for cooking?	A. Firewood, dung/manure, taquia, kerosene, or other	0
	B. LPG from a cylinder	7
	C. Piped-in natural gas, electricity, or does not cook	12
8. Does the household own, possess, or have the use of a refrigerator or freezer?	A. No	0
	C. Yes	7
9. Does the household own, possess, or have the use of a television?	A. No	0
	B. Yes	9
10. Does the household own, possess, or have the use of a motorcycle (for its personal use) or an automobile (for its personal use)?	A. No	0
	B. Yes	6
Total Score:		39

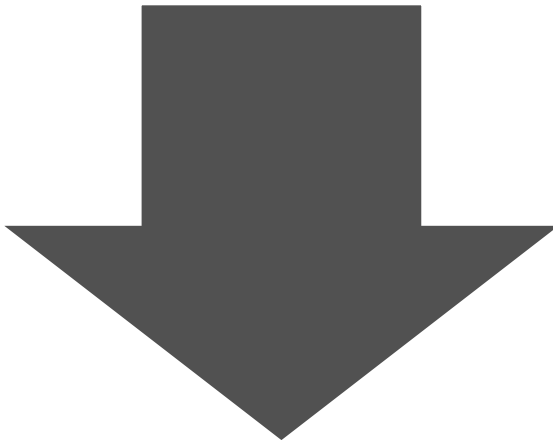
A household's PPI score is obtained by adding the points for individual response options. It is 39 in this case.

# Understanding A Household's PPI Score



Max Score = 100

The **higher** the score, the **lower** the likelihood that a household is below a poverty line



The **lower** the score, the **higher** the likelihood a household is below a poverty line

Min Score = 0

# Estimating A Household's Poverty Likelihood

PPI Score	\$1.25/day 2005 PPP	\$2.00/day 2005 PPP	\$2.50/day 2005 PPP	\$5.00/day 2005 PPP	\$8.44/day 2005 PPP
0 - 4	100.0	100.0	100.0	100.0	100.0
5 - 9	75.9	96.8	97.6	100.0	100.0
10 - 14	67.3	77.3	83.9	100.0	100.0
15 - 19	50.9	64.1	76.6	91.1	100.0
20 - 24	36.4	53.9	63.3	84.9	94.4
25 - 29	24.0	38.4	56.4	84.5	94.4
30 - 34	13.6	22.9	36.5	81.5	94.4
35 - 39	7.3	16.2	25.7	67.3	90.5
40 - 44	4.8	14.1	18.8	57.6	83.0
45 - 49	3.7	11.5	15.9	47.4	78.3
50 - 54	2.0	4.7	8.5	40.0	72.7
55 - 59	2.0	4.3	6.7	35.3	69.3
60 - 64	1.5	2.8	4.4	23.7	55.4
65 - 69	1.4	2.2	3.4	15.8	44.4
70 - 74	1.4	2.2	3.4	12.3	36.3
75 - 79	1.4	2.0	2.9	7.2	23.0
80 - 84	0.6	0.6	0.6	2.1	16.4
85 - 89	0.0	0.0	0.0	1.7	10.7
90 - 94	0.0	0.0	0.0	0.0	3.0
95 - 100	0.0	0.0	0.0	0.0	0.0

The PPI look-up table converts the PPI score to a likelihood that the respondent's household is living below various poverty lines. Here, the household that scored 39 has a 25.7% probability that its consumption is below the \$2.50/day 2005 PPP line.

# The PPI is Not Just a Scorecard

## PPI® for Tanzania 2011

Important: A PPI score must be converted into a poverty likelihood using the PPI Look-up Table.



Indicators	Responses	Scores
1. How many household members are 18 years-old or younger?	A. Six or more B. Five C. Four D. Three E. Two F. One G. None	0 2 5 11 14 17 28
2. Are all household members ages 6 to 18 currently in school?	A. No B. Yes C. No members ages 6 to 18	0 3 5
3. What is the main building material used for the walls of the main building?	A. Baked bricks B. Poles and mud, grass, sun-dried bricks, or other C. Stones, cement bricks, or timber	0 6 13
4. What is the main building material used for the roof of the main building?	A. Grass/hay/leaves, mud and leaves, or other B. Iron sheets, tin, corrugated, or asbestos C. Tiles, concrete, or asphalt	0 6 13
5. What is the main fuel used for cooking?	A. Firewood, coal, solar gas (biogas), woodchip, residue, or animal residue B. Charcoal, paraffin, gas (industrial), electricity, generator/alternative source, or other	0 9
6. Does your household have any televisions?	A. No B. Yes	0 15
7. Does your household have any radios, cassette/tape recorders, or hi-fi systems?	A. No B. Yes	0 4
8. Does your household have any lanterns?	A. No B. Yes	0 4
9. Does your household have any toilets?	A. No B. Yes	0 4
10. If the household cultivated any crops in the last 12 months, does it currently own any bulls, cows, sheep, hatters, male calves, female calves, or goat?	A. No crops, and no cattle B. No crops, and cattle C. Crops, but no cattle D. Crops, and cattle	0 4 5 12
Total Score:		12

This PPI was created in June 2011 using Tanzania's 2010/11 Household Budget Survey by Mark Bolanleke of Microfinance Risk Management, L.L.C., developer of the PPI. For more information, please visit [www.progressoutofpoverty.org](http://www.progressoutofpoverty.org).

PPI Score	\$1.25/day 2005 PPP	\$2.00/day 2005 PPP	\$2.50/day 2005 PPP	\$5.00/day 2005 PPP	\$8.44/day 2005 PPP
0 - 4	100.0	100.0	100.0	100.0	100.0
5 - 9	75.9	96.8	97.9	100.0	100.0
10 - 14	67.3	77.3	83.9	100.0	100.0
15 - 19	50.9	64.1	76.6	91.1	100.0
20 - 24	36.4	53.9	63.3	84.9	94.4
25 - 29	24.0	38.4	56.4	84.5	94.4
30 - 34	13.6	22.9	36.5	81.5	94.4
35 - 39	7.3	16.2	25.7	67.3	90.5
40 - 44	4.8	14.1	18.8	57.6	83.0
45 - 49	3.7	11.5	15.9	47.4	78.3
50 - 54	2.0	4.7	8.5	40.0	72.7
55 - 59	2.0	4.3	6.7	35.3	69.3
60 - 64	1.5	2.8	4.4	23.7	55.4
65 - 69	1.4	2.2	3.4	15.8	44.4
70 - 74	1.4	2.2	3.4	12.3	36.3
75 - 79	1.4	2.0	2.9	7.2	23.0
80 - 84	0.6	0.6	0.6	2.1	16.4
85 - 89	0.0	0.0	0.0	1.7	10.7
90 - 94	0.0	0.0	0.0	0.0	3.0
95 - 100	0.0	0.0	0.0	0.0	0.0

Ghana 2012 PPI Interpretation of Indicators



## Ghana 2012 PPI Interpretation of Indicators

This short guide provides guidance on administering the Ghana PPI and highlights the most important definitions from the enumerator manual from Ghana Statistical Service (2012) "Interviewer's Manual: Ghana Living Standards Survey 6" (the Manual) and Ghana Statistical Service (2012) "Household Questionnaire, Parts A and B: Ghana Living Standards Survey 6" (the Questionnaire). Suggestions are drawn from the experiences and challenges faced during field testing conducted in Ghana in January and February 2015.

### General advice for conducting the interview

When an issue arises that is not addressed here, its resolution should be left to the unaided judgment of the enumerator, as that apparently was the practice in Ghana's 2012/13 Living Standards Survey. That is, an organization using the PPI should not promulgate any definitions or rules (other than those in these "Guidelines") to be used by all its field agents. Anything not explicitly addressed in these "Guidelines" is to be left to the unaided judgment of the individual enumerator.

Fill out the scorecard header and the "Back-page Worksheet" first, following the directions on the "Back-page Worksheet". In particular, do not ask the first two scorecard indicators directly. Instead, use the information recorded on the "Back-page Worksheet" to determine the proper responses for the first two indicators.

## 10-question PPI scorecard

## Look-Up Table

## Interview Guidance

Figure 2 (Myanmar): Poverty lines, and poverty rates at the household-level and person-level by urban, rural, and all

Region	Line/rate	Poverty lines and poverty rates (%)					
		National				USAID	Intl. 2005 PPP
		Food	100%	150%	200%	'extreme'	\$1.25 \$2.50
Rural	Line	718	982	1,473	1,964	843	753 1,506
	Rate (households)	4.2	24.7	74.4	94.3	11.9	28.7 91.9
	Rate (people)	5.6	29.2	78.7	95.9	14.6	35.9 95.3
Urban	Line	798	1,091	1,636	2,182	912	837 1,674
	Rate (households)	1.9	12.0	49.7	76.2	6.1	14.1 72.2
	Rate (people)	2.6	15.7	57.2	81.1	7.8	20.4 79.8
All	Line	739	1,010	1,515	2,021	861	775 1,550
	Rate (households)	3.6	21.3	67.8	89.4	10.3	24.8 86.6
	Rate (people)	4.8	25.7	73.1	92.0	12.9	31.9 91.3

Source: 2009/10 Integrated Household Living Conditions Assessment.

## Back-Page Worksheet

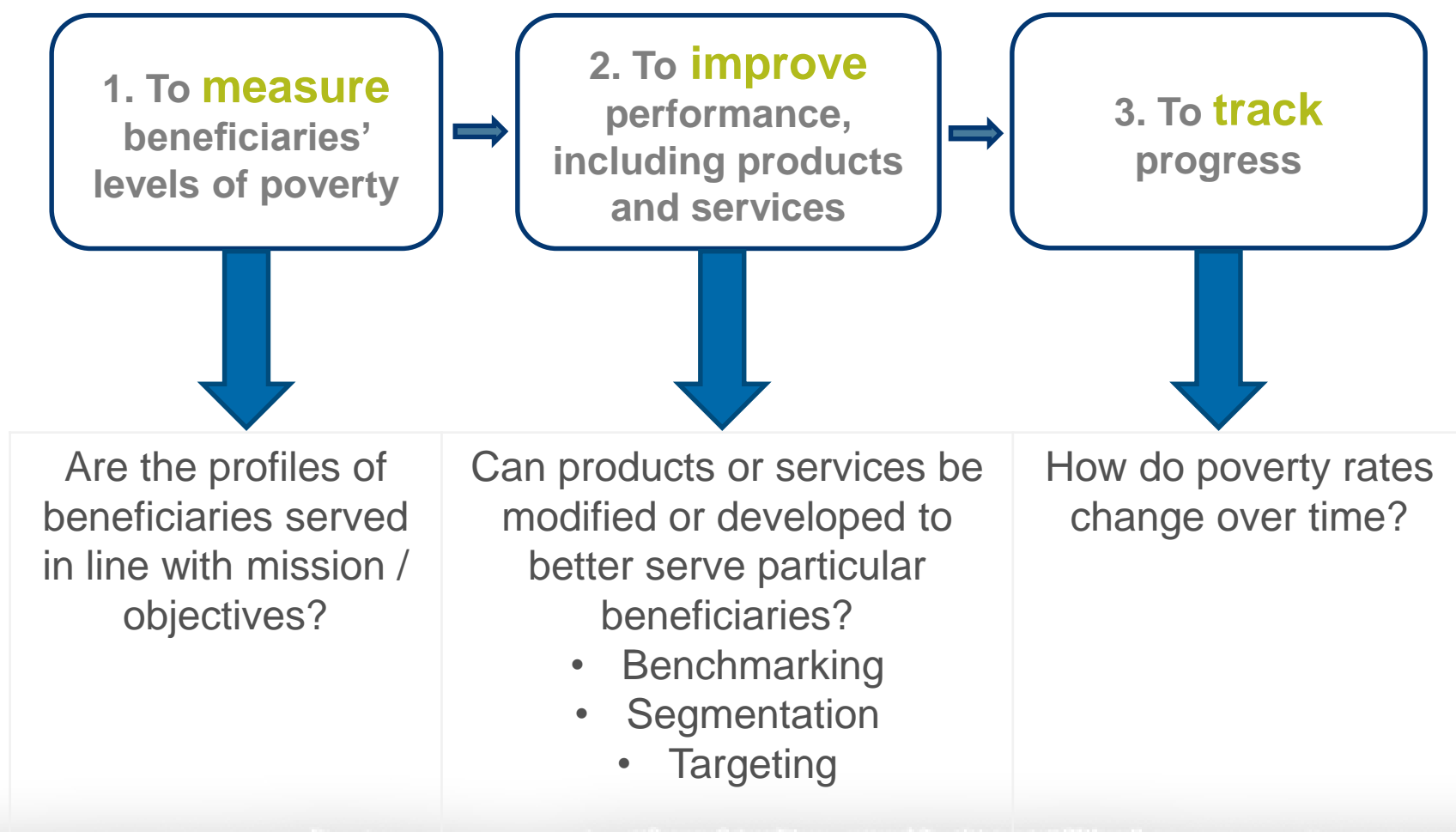
## Design Documentation

Documents published on PPI country page - <http://progressoutofpoverty.org/country>

# PPI and Income

- ▶ The PPI does **NOT** measure income levels
- ▶ The PPI was created because household income itself is so hard to capture accurately
- ▶ Consumption is generally considered to be a better measure of poverty or welfare than income
- ▶ The PPI provides an easy way to obtain a **consumption-based poverty estimate**
- ▶ The PPI estimates consumption **compared to a poverty line**
- ▶ If household consumption is low (e.g. below or close to the \$1.90 PPP poverty line), consumption and income will be very similar
- ▶ Relationship to Living Income: Could possibly add a 'living income' line to PPI look-up tables

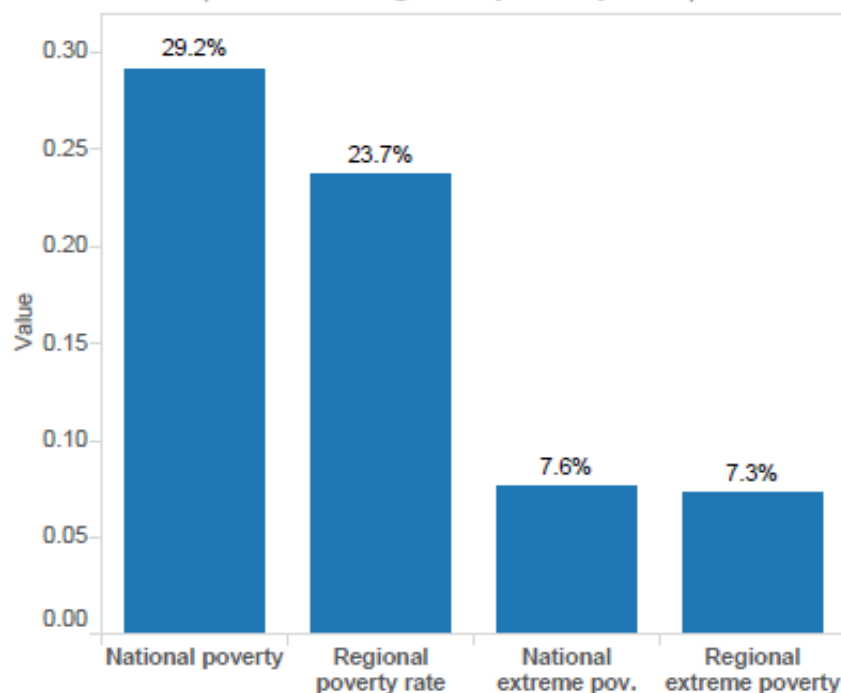
# PPI Has 3 Primary Use Cases



# Example - Coffee Project in Colombia

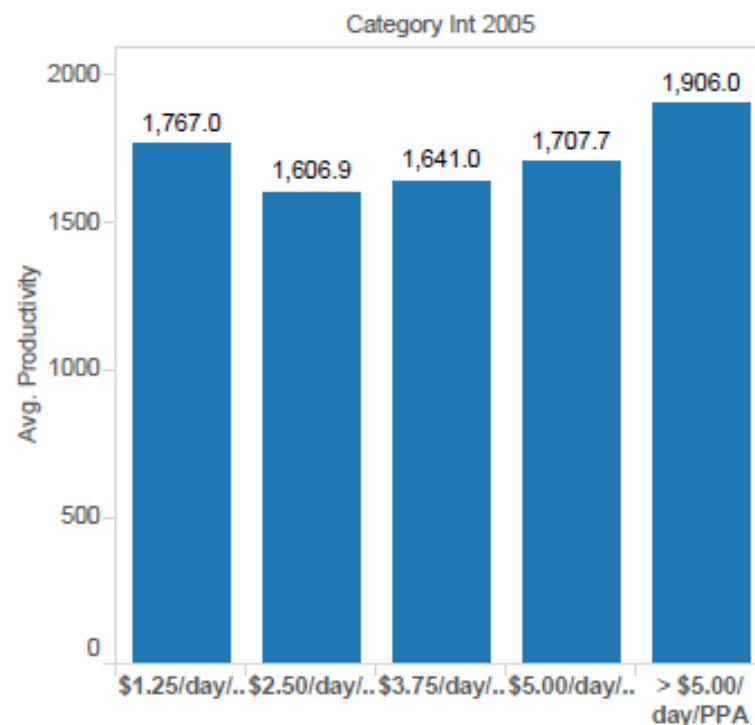
- Illustrative example with poverty data from 3500 farmers in Andes Region of Colombia

Penetration (Andes vs Regional poverty rate)



Benchmarking project poverty rate vs regional and national poverty rates

Productivity vs International 2005



Comparing farmer productivity by poverty segments

# How has PPI been tested for use in Ag Supply Chains?

- ▶ Food Lab study with Unilever in Kenya (2013)
- ▶ COSA study comparing economic indicators (2013)
- ▶ Starbucks and Grameen Foundation (ongoing)
- ▶ Others??

# Limitations and Challenges

The PPI indicators are sourced from a national expenditure survey.

- Thus, some questions may be less applicable and the PPI results less accurate in sub-national areas with specific socio-economic characteristics
- The PPI's accuracy may decrease with increase in time between when the national survey was conducted and when the PPI is applied.



**Reminder:** The PPI should be used within a robust impact assessment in order to make any conclusions about the causality of changes in poverty.

# Questions?

Thank you!

Stay informed about the PPI:

- Create an account on [progressoutofpoverty.org](http://progressoutofpoverty.org)
- Sign up for the PPI newsletter
- Follow PPI on Twitter - @povertyindex
- Contact me: [jpeachey@poverty-action.org](mailto:jpeachey@poverty-action.org)



# Learning Resources On PPI Website

Practical advice and instructions for new PPI users.

For trainers educating others on the use of the PPI

Standards of Use

Checklist of best practices to ensure PPI data remains accurate and relevant

Piloting and implementing the PPI

Data Management and Analysis

Resources to compute and interpret poverty data

PPI Trainer Toolkit

Case Studies and Reports

Studies on how various organizations have used the PPI

# PPI User Support Services

ppi@poverty-action.org  
[ppihelpdesk@poverty-action.org](mailto:ppihelpdesk@poverty-action.org)

Provided by IPA and Regional  
Support Partners

Help Desk

Support  
Services

Self-reported  
trainers who have  
passed the PPI  
Knowledge Test

Trainer  
Registry

PPI  
Certification

Administered by  
participating  
rating agencies

Data  
Collection

Free data collection tools