

# **The Challenges of Poverty Measurement in the Arab Region**

*Maged Samir Melio*  
*National Bank of Egypt*

**Paper Abstract:** Overcoming poverty and deprivation are at the core of the pursuit of sustainable development in the Arab region. Progressing towards the elimination of poverty requires a detailed understanding of the complex social, political and economic forces that contribute to its evolution. And producing reliable and comparable poverty estimates is a key to this understanding. Internationally, considerable work has been made in recent years on measuring the trends and patterns in poverty and inequality at both the national and international levels. Increased availability of data, improved country coverage, timeliness and data quality as well as progress made in econometric theory and computing ability have all spurred a heightened interest in poverty and inequality issues and has helped reach a better understanding of the underlying forces contributing to their evolution. Notwithstanding this progress, the literature has yet to provide a satisfactory depiction of the evolution of poverty and of the factors influencing its direction and extent in the Arab countries. The measurement of poverty is a challenging problem and hinges on the: 1) availability of household survey data which are used to measure welfare, poverty and inequality indicators; 2) consistency and accuracy in the measurement of the poverty line; 3) adjustment for household composition and for cost of living differences between geographic areas, countries and over time.

Besides the complexity of concepts involved in specifying the variables relevant for assessing poverty and inequality, one of the major issues is the limited availability of income and expenditure household surveys in the region and the lack of comparability of data across countries and over time. Data compiled for the assessment of poverty and distributional inequality patterns should not only be nationally representative, but also comparable over time and across countries. However, such consistency is hard to achieve in the case of household surveys, where sources of data and methods of collection vary within and across countries. Differences related to (i) the definition of variables used to measure living standards, (ii) the choice of the population units and ranking concept, (iii) the sampling methods and (iv) the treatment of concepts such as imputed rents of owner-occupied housing, in-kind consumption, durable goods, subsidized consumption and aggregate non food items lead to inconsistencies that are difficult to reconcile to some standard definition. This paper intends to review in details the different problems related to the measurement of poverty and inequality in the Arab region and to provide some recommendations based on the literature research results and field experience as to how some of these challenges can be overcome.