TECHNICAL BRIEFING NOTE 6:
CHILD POVERTY AND CHILDREN IN MONETARY POOR HOUSEHOLDS

Introduction

The measurement of child poverty is centered on the individual child and the material deprivations suffered by each child. These material deprivations prevent the realization of the rights constitutive of poverty. These material deprivations can and are measured directly for every child based on data from household surveys. However, it is also important to consider whether children live in households with income or consumption below the poverty line. Whenever information is available, both child poverty and the percentage of children in monetary poor households should be estimated. If possible, both measures should be combined.

Why?

Children suffer poverty and experience it differently from adults. Moreover, as children are not supposed to be earning a living, it is not correct to attempt to measure their income[1] and compare it to a poverty line.

While monetary poverty is important for adults, the direct measurement of material deprivations (constitutive rights of poverty[2]) is important for children. Thus, child poverty and adult poverty cannot be compared as they are based on different metrics[3].

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[1] The situation is different if consumption is measured. Clearly children should consume. Thus, comparing their consumption to a poverty line is appropriate. However, it is extremely difficult to properly measure individual consumption for each household member, i.e. the distribution of consumption within the household. It should also be possible to estimate child-specific consumption-based poverty lines (probably for different segments of the life cycle). Establishing such lines is very challenging. (World Bank, 2018)

[2] See position paper and Technical Briefing Note #2.

[3] This does not mean that it is not possible to compare the percentage of children in monetary poor households with the percentage of adults (either all of them or separating those of working age from the elderly). For instance, see Deaton and Paxson (1997) who clearly establish that depending on varying assumptions the rate of monetary poverty could be higher among the elderly or among children. It is important to emphasize, this is not a competition to "see who is poorer" or to pit one generation against another one, as poverty for everybody should be zero.

Moreover, monetary poverty is an appropriate indicator of the overall capacity[4] of the household to satisfy a minimum standard of living for all its members. Consequently, from a child rights perspective[5], establishing if children live in households with these resources is important, albeit of limited practical (and policy) relevance (Fajth et al., 2012 and Kurukulasuriya and Engilbertsdóttir, 2012).

In sum, it is important to realize the conceptual difference between these two measures. While child poverty directly assesses the actual situation of children, monetary poverty appraises if households could purchase a minimum basket of goods and services required by all household members, not just children.

There are several implications of this conceptual difference between child poverty and children in monetary poor households. A first and obvious one is that both need to be measured[6].

In addition, child poverty being conceptually different from household poverty, they cannot be added and compared. This means that (a) monetary poverty should be measured separately from a measure of child poverty, i.e. it cannot be a dimension like other material deprivations[7], and (b) disaggregating a monetary poverty estimate at the household level is insufficient to understand the situation of children[8].

How can the child poverty estimates be combined with children in monetary poor households?

Given that it is important to measure both child poverty (based on multiple material deprivations) and children in monetary poor households, the question of the possible overlap of these two conceptually different problems comes up. This overlap is simple to calculate and it can easily be represented in a pie chart, if both types of data are available in the survey being used to estimate child poverty (see Figure 1). When such data are not available, it may still be possible to present both estimates separately [9] but "next to each other" (i.e. child poverty stands at x% and the percentage of children in monetary poor households stands at y%).

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[4] In other words, it is a hypothetical or indirect measure. For instance, a rural household may enjoy income amply surpassing the monetary poverty line, yet children have no access to education and health services as they are not available in the area. These issues, in contrast, are well-captured by measuring material deprivations suffered by children (i.e. measuring directly child poverty). Other limitations of monetary poverty, such as it could be reduced by children working, parents could neglect children to obtain higher incomes, and arbitrary equivalency scales are explained in Technical Briefing Note #1.

[5] Article 27 of the convention on the Rights of the Child, following Article 25 of the Universal Declaration of Human Rights, establishes the rights to a minimum standard of living.
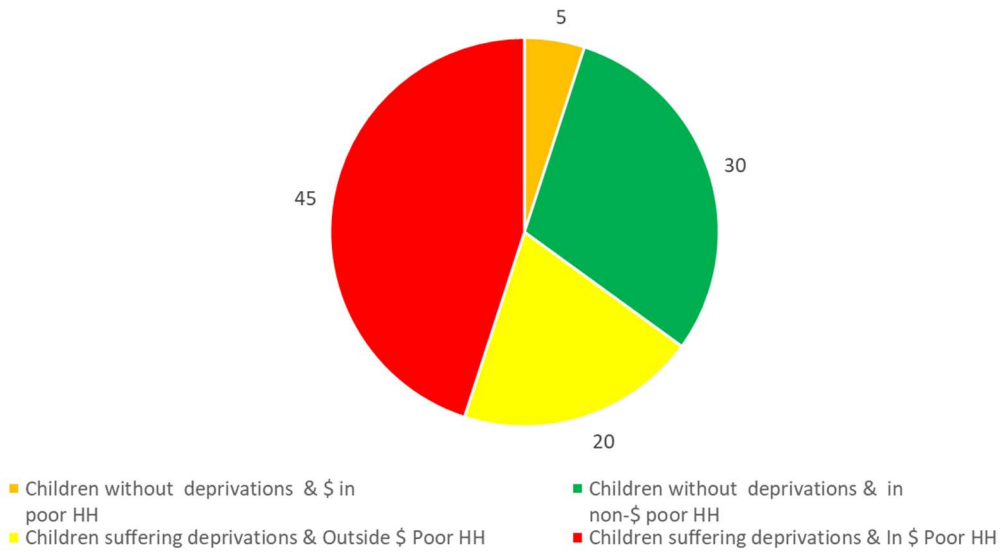
[6] This has been done for several years in various contexts. See, for instance, ECLAC-UNICEF (2010) and UNICEF EAPRO (2011).

[7] As mentioned above, one is a direct and the other one an indirect measure of poverty. Combining both in the same number would be like adding apples and oranges. Moreover, as the poverty line should already capture the capacity to purchase at least some of the elements included in the measurement of child poverty, including monetary poverty in a multidimensional measure of child poverty would imply double counting.

[8] Children in poverty become invisible in household-level estimates of poverty (Technical Brief #1)

[9] Even if they are not from the same year.

Figure 1: Pie chart combining child poverty and children in monetary poor households (%)

- Children without deprivations & $ in poor HH
- Children suffering deprivations & Outside $ Poor HH
- Children without deprivations & in non-$ poor HH
- Children suffering deprivations & In $ Poor HH

However, the pie chart is not conducive to observe how poor the children are or how they (or the poorest of them) are faring in the context of whether children live in households that make ends meet or not. The child poverty profile (Technical Briefing Note #4) can accommodate this cross tabulation, as it can be seen below. In this case, each bar of the child poverty profile has been divided in two: children in and outside of monetary poor households. The same has been done for children not suffering any deprivation. In order to maximize the information in the chart (Tufte, 2001), the sums across the bars are also indicated in order to obtain the cumulative values in the previous pie chart.

Figure 2: Child Poverty Profile showing the distribution of child poverty and children in monetary poor households (%)
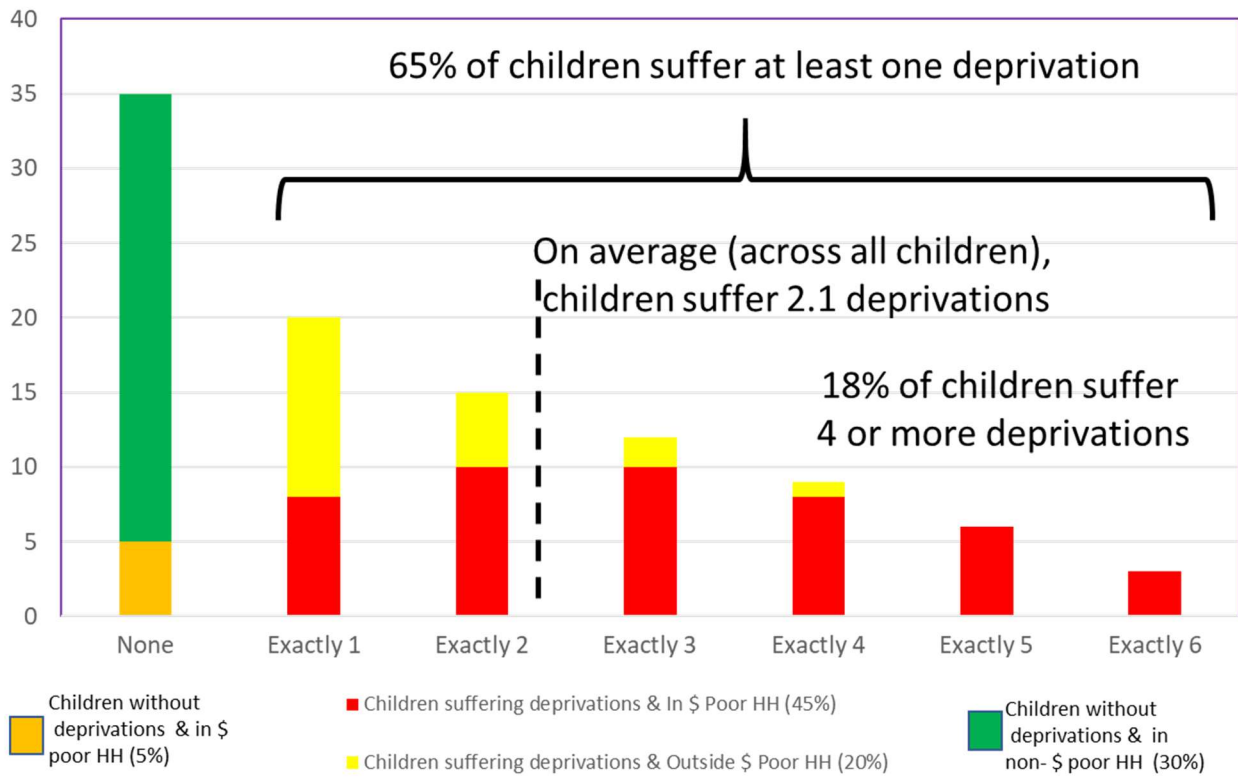
Although it makes the graph potentially too complicated, it is possible to introduce a finer gradient than children being in or outside monetary poor households. For example, among children in non-monetary por households two groups could be distinguished: those "near" or "just above" the poverty line and those far from it. Similarly, children in monetary poor households could be classified according to whether they are below a full poverty line or a food (indigence) poverty line. In the graph below, merely as an example, children in monetary poor households have been distributed in three groups: between the poverty line and 2/3 of the poverty line, between 2/3 and 1/3 of the poverty line and below 1/3 of the poverty line.

Figure 3: Child Poverty Profile showing the distribution of child poverty and children in monetary poor households according to whether they are near or far from the poverty line (%)
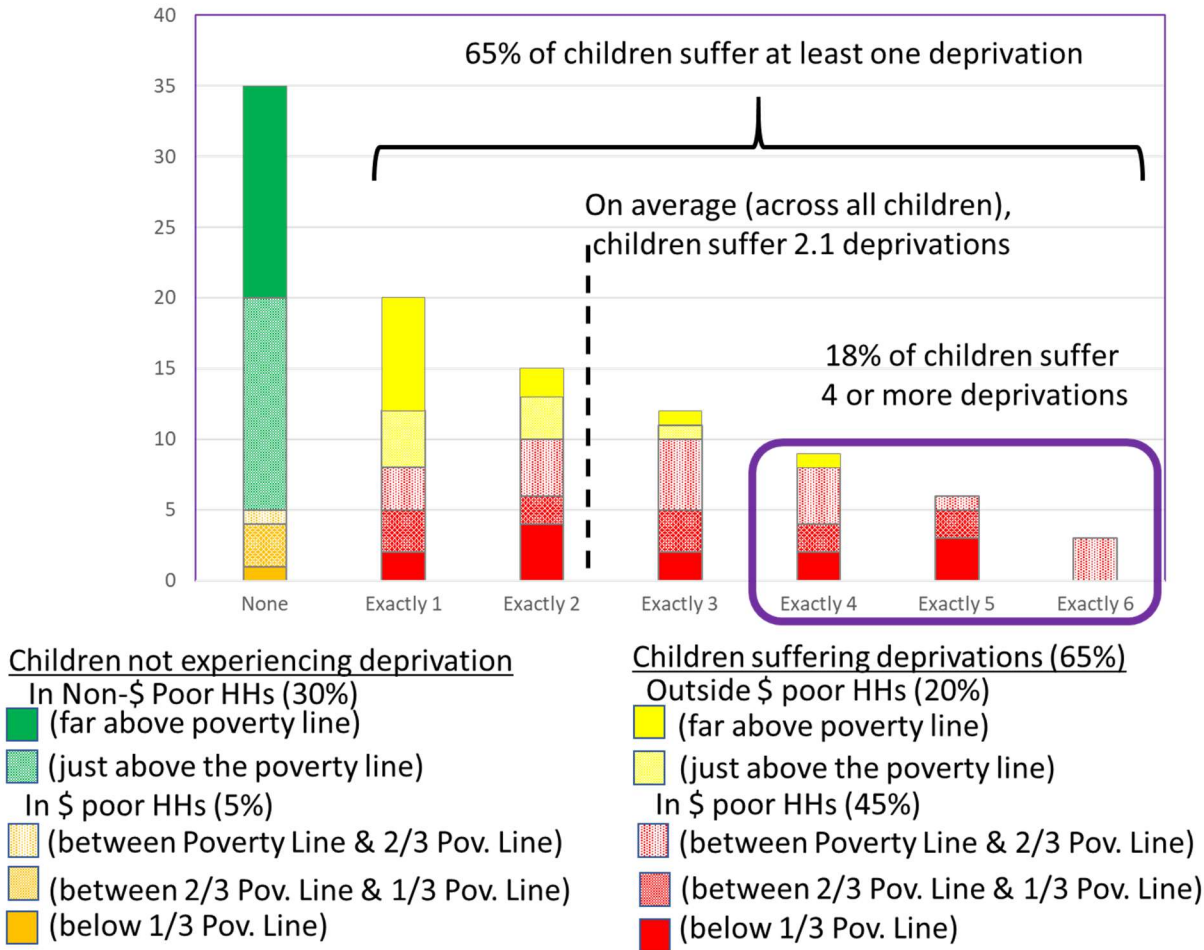
As this graph may be hard to read, it is also possible to present the information in a Table[10], as it is shown below. In these tables (one for each of the previous two graphs), the cells with the aggregates (e.g. child poverty) are highlighted as well as the ones that correspond to the bars in the graph.

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[10] Most software and programming languages that produce this type of graph could automatically add a table to the legend. However, it may add too many numbers (i.e. the percentage next to each item in the legend) making the graph even harder to understand and defeating the purpose of a summary graph.

Table 1: Child Poverty Profile in tabular version (%)

Children without deprivations & in non- $ poor HH

Children suffering deprivations & Outside $ Poor HHs

	None	Exactly 1	Exactly 2	Exactly 3	Exactly 4	Exactly 5	Exactly 6	Total	Total minus 1st column
In Non-$ Poor HHs	30	12	5	2	1	0	0	50	20
In $ poor HHs	5	8	10	10	8	6	3	50	45
Total	35	20	15	12	9	6	3	100	65
Total minus 1st row = Children with exact # of deprivation in $ poor HH	5	8	10	10	8	6	3	50	45

Child Poverty (at least one deprivation)

Children without deprivations & in $ poor HHs

Children suffering deprivations & In $ Poor HHs

Table 2: Child Poverty Profile in tabular version with households according to whether they are near or far from the poverty line (%)

Child Poverty (children suffering at least one deprivation)

	None	Exactly 1	Exactly 2	Exactly 3	Exactly 4	Exactly 5	Exactly 6	Total	Total minus 1st column
In Non-$ Poor HHs (far above poverty line)	15	8	2	1	1	0	0	27	12
In Non-$ Poor HHs (just above the poverty line)	15	4	3	1	0	0	0	23	8
In $ poor HHs (between Poverty Line & 2/3 Pov. Line)	1	3	4	5	4	1	3	21	20
In $ poor HHs (between 2/3 Pov. Line & 1/3 Pov. Line)	3	3	2	3	2	2	0	15	12
In $ poor HHs (below 1/3 Pov. Line)	1	2	4	2	2	3	0	14	13
Total	35	20	15	12	9	6	3	100	65
Total just 1st two rows= Children with exact # of deprivation Outside $ poor HHs	30	12	5	2	1	0	0	50	20
Total minus 1st 2 rows = Children with exact # of deprivation in $ poor HHs	5	8	10	10	8	6	3	50	45

Children without deprivations & in non- $ poor HH

Children without deprivations & in $ poor HHs

Children suffering deprivations & Outside $ Poor HHs

Children suffering deprivations & In $ Poor HHs

Conclusions

Child poverty and children in monetary poor households are conceptually distinct. Consequently, it is important calculate and analyze both of them together, when data allow it. If not possible, for instance due to data limitations, at least both numbers can be placed "next to each other".

The child poverty profile can be used to compare child poverty (and its levels or gradient) with children in monetary poor households. If further disaggregation is necessary, the information from the child poverty profile can be presented and expanded in tabular form.

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