

VERSION 1.1

# Transitioning to an Updated PPI

## IMPLICATIONS AND PRACTICAL NEXT STEPS

Transitioning to an updated PPI implies operational changes and requires a proper understanding of how data from an updated PPI may be used with data from a previous PPI. Below are the steps for transitioning to an updated PPI. If you have questions after reading this document, please share them with us at <http://www.povertyindex.org/ppi-forums>.

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## Understanding your updated PPI

Since the previous PPI was built, there might have been revisions to the definition of poverty within the country. From time to time, governments and organizations like the World Bank update poverty lines and expenditure definitions to more accurately capture poverty levels within a country or region. Whether these definitions have changed or not will impact the process of transitioning to an updated PPI.

Use the following icons (located on each updated country's PPI webpage) to determine the case for the updated PPI your organization plans to use. Once you know the case, you only need to review the information below that is associated with the relevant icon.



This icon signals that there has been no change to the definition of poverty for the updated PPI. Your organization may compare results from the previous PPI with those of the updated PPI without complication. While poverty likelihoods may be compared seamlessly, **scores from different versions of the PPI are NOT comparable**. All scores must be converted into likelihoods using their respective look-up tables before any type of analysis may be performed. **Scores collected using a previous PPI should never be converted into likelihoods using look-up tables associated with the updated PPI.**



This icon signals that the definition of income or expenditure, the definition of a poverty line, or both have changed and also that legacy poverty lines have been created for the updated PPI. Legacy poverty lines permit comparability of data across PPIs. Your organization must use legacy poverty lines when comparing historical data, but it should also use new-definition poverty lines to accurately report current poverty figures. **Scores collected using a previous PPI should never be converted into likelihoods using look-up tables associated with the updated PPI.**



This icon signals that the definition of income or expenditure, the definition of a poverty line, or both have changed and also that legacy poverty lines could **not** be created because the government did not release detailed explanations of these changes. In this case, to compare future results with previous ones, an organization must continue to use the old PPI and also adopt the updated PPI to track current poverty data properly using updated poverty definitions. This means that if tracking changes in poverty levels is important, two PPIs must be collected for each household. **Scores collected using a previous PPI should never be converted into likelihoods using look-up tables associated with the updated PPI.**

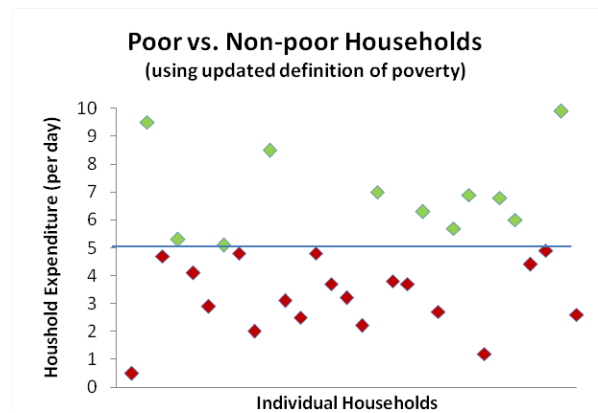
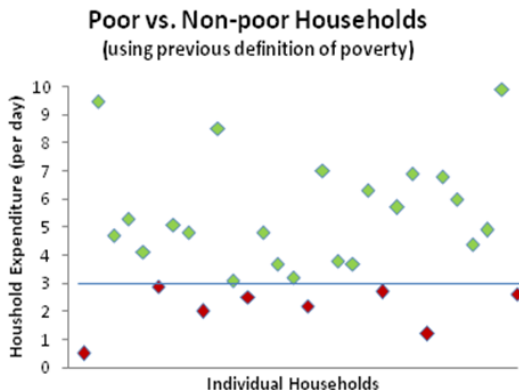
## Comparing results and demonstrating changes



Poverty likelihoods and poverty rates calculated using both PPIs can be directly and seamlessly compared. Be sure to convert scores from the old PPI to poverty likelihoods using the look-up tables associated with the old PPI, and to convert scores from the new PPI using the look-up tables associated with the new PPI. Scores themselves should never be directly compared.



When there is a change to the definition of poverty, results using the previous poverty lines with the new-definition poverty lines are no longer comparable. As an example, look at the charts below, which show the same set of 30 households and their respective daily expenditures. Using the previous definition of poverty, which set the poverty line at \$3 per day, only 27% of the households are considered poor. However, using the updated definition of poverty, which sets the poverty line at \$5 per day, over 63% of households are considered poor. (In addition to changes to poverty lines, keep in mind that the definition of poverty status can also change due to a new definition of expenditure.)



Because comparing data is critically important to understanding poverty movement, changes in client composition, etc., [Mark Schreiner](#) of Microfinance Risk Management, L.L.C. develops legacy poverty lines for updated PPIs that can be used for comparison purposes when collecting data with the updated PPI. These legacy poverty lines use the same definition of poverty as the previous PPI and are calibrated to let existing users switch to the updated PPI without losing baseline estimates from the previous scorecard.

Organizations may make hybrid estimates of change based on two PPI scorecards as long as a legacy poverty line is used. Keep in mind that the comparable legacy poverty line must be used. If data were collected from the previous PPI for the national poverty line, the proper legacy poverty line to use in the updated PPI is the legacy national poverty line. It is very important to note that for legacy poverty lines, **the two scorecards' poverty likelihoods—not their scores—are comparable.**

Thanks to legacy poverty lines, changes in likelihoods and poverty rates can be analyzed in the same graph. An organization should note that while previous poverty rates are outdated by definition, the change from these rates using legacy poverty lines is accurate. Therefore, legacy poverty lines should be used to generate graphs and tables, but the information that can be shared publicly from this analysis is the change over time in poverty levels, not the historical rates themselves.

**Limitation:** When assessing change over time, an organization is unable to state how many households, in absolute number or percentage, have moved out of poverty using the updated definition of poverty if baseline results were collected using the previous PPI. This is because measurements from the previous PPI are given in terms of the old definition of poverty. Demonstrating poverty movement for data that comes from a previous PPI is possible using a legacy poverty line from the updated PPI, which is based on outdated definitions of poverty. While this still provides valuable insight into changes in customers' well-being, any reported poverty movement figures should indicate that change is based on a previous definition of poverty. However, baseline data using the updated PPI may be used to report how many households have moved out of poverty if future results use the same PPI.



When legacy poverty lines cannot be computed, the previous scorecard should be applied to a given household if an organization wants to compare results from previous PPI results. Simultaneously, the updated PPI should be applied so that an organization is able to accurately report current and future poverty rates.

**Limitation:** When assessing change over time, an organization is unable to state how many households, in absolute number and percentage, have moved out of poverty using the updated definition of poverty if some results were collected using the previous PPI. Demonstrating poverty movement will only be possible using the outdated PPI. While this still provides valuable insight into customers' well-being, any reported poverty movement figures should indicate that change is based on an old definition of poverty.

## Best practices for continued measurement



We recommend that an updated PPI be adopted and implemented within a year of release so that poverty outreach data is as accurate as possible and consistent with figures reported by the government.

Keep in mind that data collected should always be linked to the poverty scorecard used for collection in your organization's management information system (MIS). For each survey, always record the date of data collection, the scorecard version used, answers for all ten questions, the combined score, and all poverty likelihoods your organizations wishes to track.



Continue to use the poverty lines as before. Compare poverty likelihoods from the original and updated PPI without any further adjustment. It's as simple as that!



When using the updated PPI, your organization should always track at least one of the new-definition poverty lines to provide the most accurate interpretation of its poverty outreach. Graphs and tables showing **current** poverty outreach should only use new-definition poverty lines. Furthermore, new-definition poverty lines should be used to establish a new baseline for future analysis, as these new lines use the country's new and more accurate definition of poverty.



Your organization's MIS should be able to link both PPI surveys to each household. As stated above, the previous PPI will need to be used to compare data over time, while the updated PPI must be collected to report accurate poverty figures consistent with new poverty definitions. The updated PPI can also be used to compare data over time from the time of its implementation onward. Graphs and tables reporting current poverty outreach should only use new-definition poverty lines. If data from the previous PPI are used in reporting, indicate what the definition of poverty used is.

## Integrating an updated PPI into operations



Now that you understand more about how to use data from an updated PPI, we can discuss how best to integrate an updated PPI into your organization's operations. What follows are essential steps for such an integration.

### Step 1: Identify where the PPI is used within your organization.

Before switching to the updated PPI, identify all the functions or forms in which the organization currently uses the PPI. Create a list of all the ways the organization collects, uses or refers to PPI data. This list will help your organization plan for changes when transitioning to an updated PPI. Avoid situations in which updates are not uniformly communicated to all relevant parties.

Below is a list of common examples in which PPI is used and should be updated:

- ▶ External presentations
- ▶ Training materials
- ▶ Data collection forms
- ▶ Data entry software
- ▶ Data analysis and reporting
- ▶ Operational manuals

### Step 2: Review the changes to the PPI, with particular emphasis on new questions and updated poverty lines.

Review each of the ten questions in the updated PPI. Some questions may remain exactly the same from the previous version, while others may be entirely new. Remember that changes in questions are due to changes in the new census data and the new questions are highly correlated with poverty. Review the new PPI with field staff and note all questions that are confusing or unclear.

Make any appropriate adjustments to interviewer instructions and trainings. Explanations of the indicators, including any specific definitions, should be based on the Interview Guide published for each PPI, available on the [Poverty Probability Index website](http://Poverty Probability Index website). If necessary, contact [ppihelpdesk@poverty-action.org](mailto:ppihelpdesk@poverty-action.org) for further clarification on any of the indicators.

Frequently, an updated PPI includes new (or adjusted) poverty lines. Identify any shifts from the previous version. Decide which of the available poverty lines are of use to your organization. Don't hesitate to focus on just one or two poverty lines. Where necessary (see [Comparing results and demonstrating changes](#) above), use legacy poverty lines or continue to use the previous PPI.

### Step 3: Test the updated PPI.

Conduct a practice data collection using the updated version to note mistakes and questions from surveyors.

### Step 4: Make the transition.

Set a date for the transition to occur. The week leading up to launch, all processes incorporating the PPI should be updated or prepared for update upon launch. Print new forms or push the updated survey to go live if data collection software, such as [TaroWorks™](#), is used. The data entry interface must be updated prior to entering any data collected with the updated PPI. Before collection of the updated PPI occurs, all systems should be adjusted to match the new version. The MIS should store data from both the previous PPI and the updated PPI. This will ensure that the old data is not lost and can be used to compare data from both versions.

Verify the accuracy of the PPI indicators stored in the system to make sure the updated version is in use.

## Step 5: Check to validate changes.

After implementing the updated PPI across the organization, ensure that the planned changes have filtered through to each level of PPI use. Are enumerators using the updated PPI? Does data entry staff have updated software matching the updated PPI? Is the PPI data analyst able to compare data from both PPI versions?

## Definitions

### Poverty status

- ▶ The poverty status of a household, meaning the distinction between poor and non-poor, is based on a definition of a poverty line and a definition of expenditure. If a household has a level of expenditure that falls below a poverty line, its poverty status is deemed poor.

### Legacy poverty line

- ▶ Legacy poverty lines are poverty lines that use the same definition of poverty status as previous versions. In other words, the legacy look-up table makes the two datasets directly comparable so that changes in poverty outreach over time can be measured.

### New-definition poverty line

- ▶ New-definition poverty lines are poverty lines that use the revised definition of poverty for a country. They are the most current and should be used when measuring poverty outreach.