

Peru

EquityTool: Released December 9, 2015

Source data: [DHS 2012](#)

of survey questions in original wealth index: 44

of variables in original index: 112

of survey questions in EquityTool: 7

of variables in EquityTool: 7



Questions:

	Question	Option 1	Option 2
Q1	Does your household have... a computer?	Yes	No
Q2	... a bookshelf?	Yes	No
Q3	... windows with curtains or blinds?	Yes	No
Q4	... a sofa?	Yes	No
Q5	What type of toilet does your household use?	Indoor connected to public sewer	Other
Q6	What type of material is the roof made of in your household?	Reinforced concrete	Other
Q7	What type of material are the walls made of in your household?	Brick or cement block	Other

Technical notes:

The standard simplification process was applied to achieve high agreement with the original wealth index. Kappa was greater than 0.75 for the national and urban indices. Details on the standard process can be found [in this article](#). The data used to identify important variables comes from the [factor weights](#) released by ICF.

Level of agreement:

Respondents in the original dataset were divided into 3 groups – those in the 1st and 2nd quintiles (poorest 40%), those in the 3rd quintile, and those in the 4th and 5th quintiles (richest 40%). After calculating their wealth using the simplified index, they were again divided into 3 groups. Agreement between the original data and our simplified index is presented below.

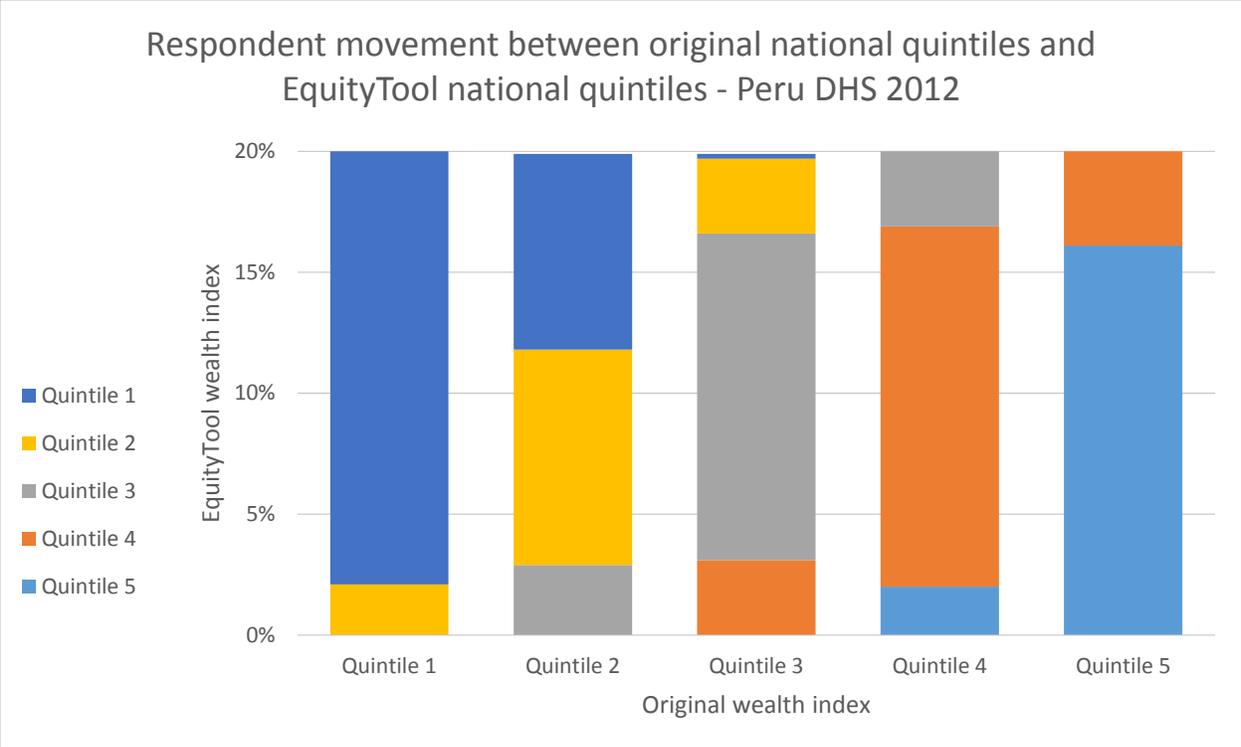
	National Population (n=27,218)	Urban only population (n=16,523)
% agreement	87.3%	84.5%
Kappa statistic	0.802	0.757

What does this mean?

When shortening and simplifying the index to make it easier for programs to use to assess equity, it no longer matches the original index with 100% accuracy. At an aggregate level, this error is minimal, and this methodology was deemed acceptable for programmatic use by an expert panel. However, for any given individual, especially those already at a boundary between two quintiles, the quintile the EquityTool assigns them to may differ to their quintile according to the original DHS wealth index.

The graph below illustrates the difference between the EquityTool generated index and the full DHS wealth index. Among all of those people (20% of the population) originally identified as being in the poorest quintile, approximately 89.5% are still identified as being in the poorest quintile when we use the simplified index. However, approximately 10.5% of people are now classified as being in Quintile 2. From a practical standpoint, all of these people are relatively poor. Yet, it is worthwhile to understand that the simplified index of 7 questions produces results that are not identical to using all 44 questions in the original survey.



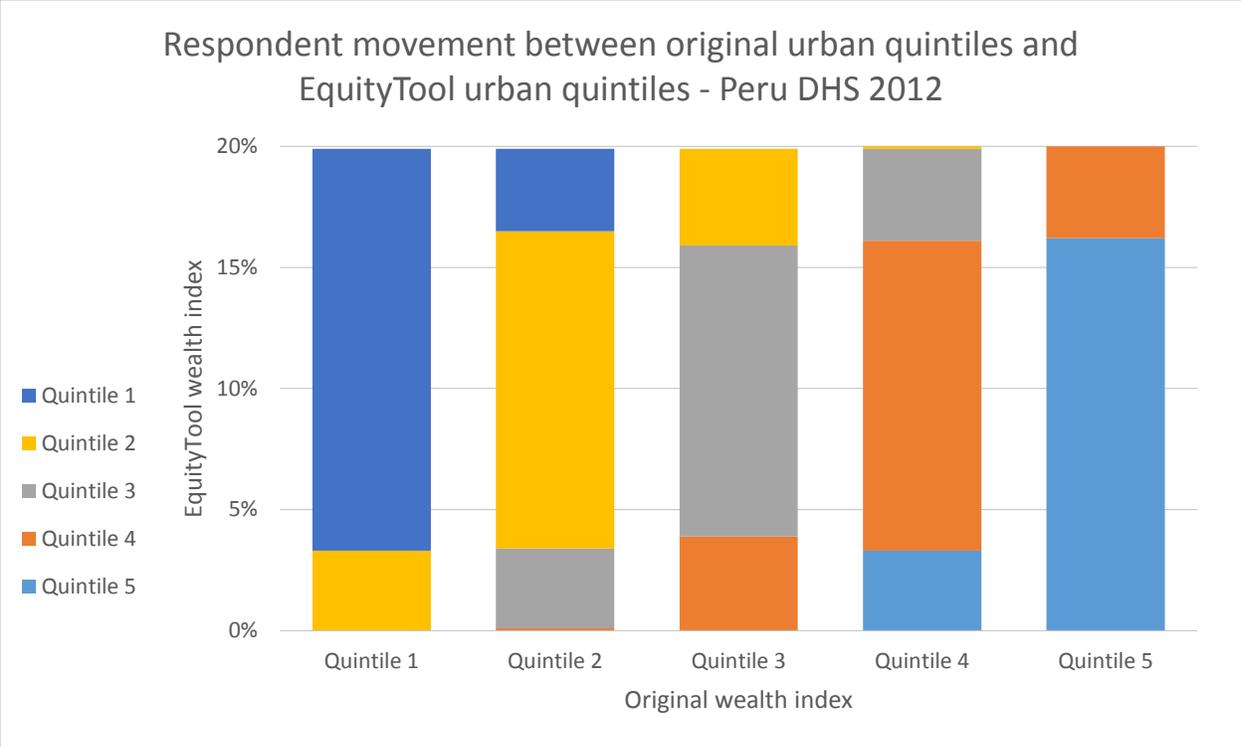


The following table provides the same information on the movement between national quintiles when using the EquityTool versus the original DHS wealth index:

		EquityTool National Quintiles					Total
		Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	
Original DHS National Quintiles	Quintile 1	17.90%	2.10%	0.00%	0.00%	0.00%	20%
	Quintile 2	8.10%	8.90%	2.90%	0.00%	0.00%	20%
	Quintile 3	0.20%	3.10%	13.50%	3.10%	0.00%	20%
	Quintile 4	0.00%	0.00%	3.10%	14.90%	2.00%	20%
	Quintile 5	0.00%	0.00%	0.00%	3.90%	16.10%	20%
	Total	26.20%	14.10%	19.70%	21.90%	18.10%	100%

The following graph provides information on the movement between urban quintiles when using the EquityTool versus the original DHS wealth index:





The following table provides the same information on the movement between urban quintiles when using the EquityTool versus the original DHS wealth index:

		EquityTool Urban Quintiles					Total
		Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	
Original DHS Urban Quintiles	Quintile 1	16.60%	3.30%	0.00%	0.00%	0.00%	20%
	Quintile 2	3.40%	13.10%	3.30%	0.10%	0.00%	20%
	Quintile 3	0.00%	4.00%	12.00%	3.90%	0.00%	20%
	Quintile 4	0.00%	0.10%	3.80%	12.80%	3.30%	20%
	Quintile 5	0.00%	0.00%	0.10%	3.80%	16.20%	20%
	Total	20.10%	20.60%	19.20%	20.70%	19.50%	100%

Data interpretation considerations:

1. This tool provides information on relative wealth – ‘ranking’ respondents within the national or urban population. The most recent available data from the WorldBank



indicates that 3.7% of people in Peru live below \$1.90/day¹. This information can be used to put relative wealth into context.

2. People who live in urban areas are more likely to be wealthy. In Peru, 28.6% of people living in urban areas are in the richest national quintile, compared to only 0.5% of those living in rural areas².
 - a. If your population of interest is predominantly urban, we recommend you look at the urban results to understand how relatively wealthy or poor they are, in comparison to other urban dwellers.
 - b. If the people you interviewed using the EquityTool live in rural areas, or a mix of urban and rural areas, we recommend using the national results to understand how relatively wealthy or poor they are, in comparison to the whole country.
3. Some regions in Peru are wealthier than others. It is important to understand the country context when interpreting your results.
4. In most cases, your population of interest is not expected to be equally distributed across the five wealth quintiles. For example, if your survey interviewed people exiting a shopping mall, you would probably expect most of them to be relatively wealthy.

Metrics for Management provides technical assistance services to those using the EquityTool, or wanting to collect data on the wealth of their program beneficiaries. Please contact equitytool@m4mgmt.org and we will assist you.

¹ From povertydata.worldbank.org, reporting Poverty headcount ratio at \$1.90/day at 2011 international prices.

² From the Peru DHS 2012 dataset household recode, available at <http://dhsprogram.com/>

