

Timor Leste

EquityTool: Update released December 3, 2018

The EquityTool has been updated based upon new source data. The original version is no longer active but is available upon request.

Previous version released December 9, 2015

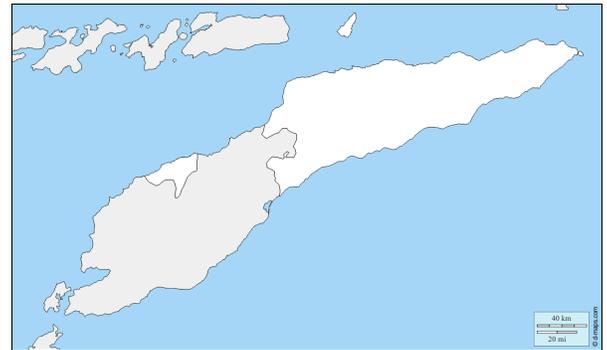
Source data: [Timor Leste DHS 2016](#)

of survey questions in full wealth index: 41

of variables in full index: 126

of survey questions in EquityTool: 12

of variables in EquityTool: 13



Questions:

	Question	Option 1	Option 2	Option 3
Q1	Does your household have: electricity?	Yes	No	
Q2	...a television?	Yes	No	
Q3	... a refrigerator?	Yes	No	
Q4	... a computer?	Yes	No	
Q5	... a fan?	Yes	No	
Q6	... an electric iron?	Yes	No	
Q7	Does any member of this household own a watch?	Yes	No	
Q8	Does any member of this household own a motorcycle or motor scooter?	Yes	No	

Q9	Does any member of this household have a bank account?	Yes	No	
Q10	What is the main material of the floor of your home?	Ceramic tiles	Earth / Sand	Other floor material
Q11	What is the main material of the exterior walls of your home?	Cane / Palm / Trunks / Bamboo	Other wall material	
Q12	What type of fuel does your household mainly use for cooking?	Charcoal / Wood / Straw / Shrubs / Grass	Other cooking fuel	

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:

	National Population (n=11,502)	Urban only population (n=3,215)
% agreement	86.5%	87.3%
Kappa statistic	0.788	0.801

Respondents in the original dataset were divided into three groups for analysis – 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 the same three groups for analysis against the original data in the full DHS. Agreement between the original data and our simplified index is presented above.

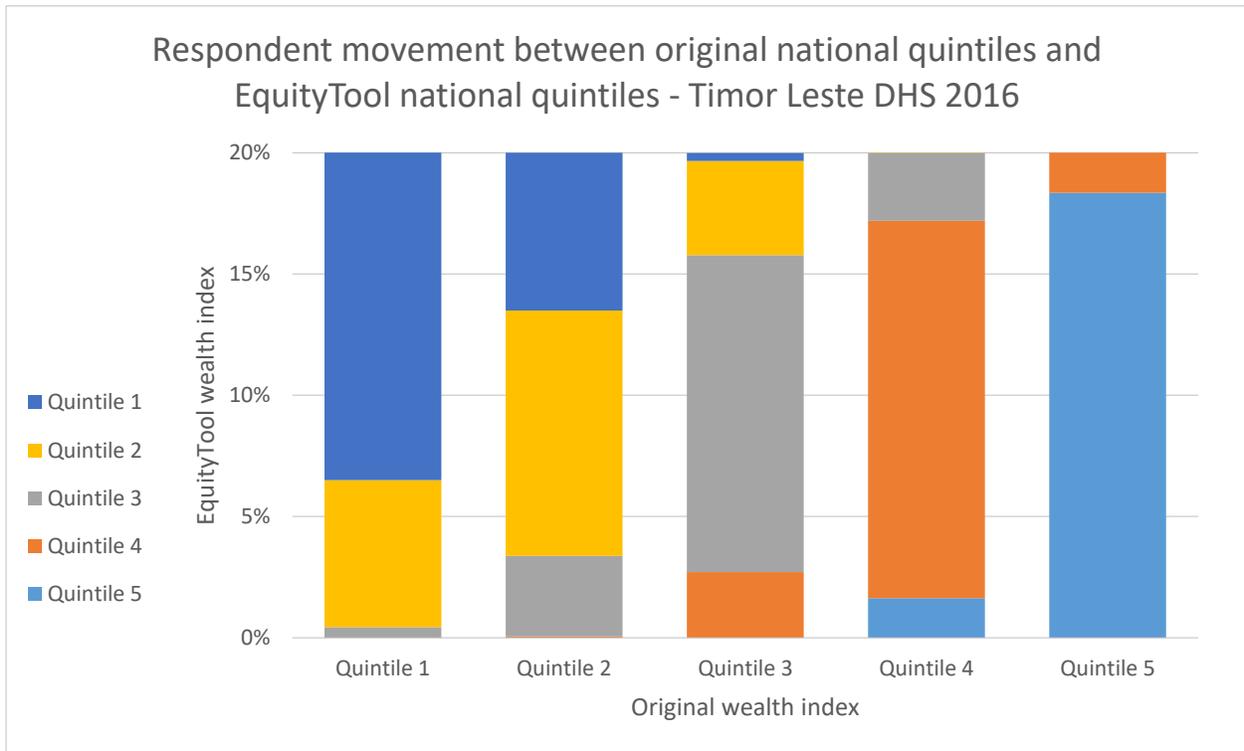
What does this mean?

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 and the full DHS wealth index. Among all of those people (20% of the population) originally identified as being in the poorest quintile, approximately 67.5% are still identified as being in the poorest quintile when we use the simplified index. However, approximately 30.4% 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 12 questions produces results that are not identical to using all 41 questions in the original survey.

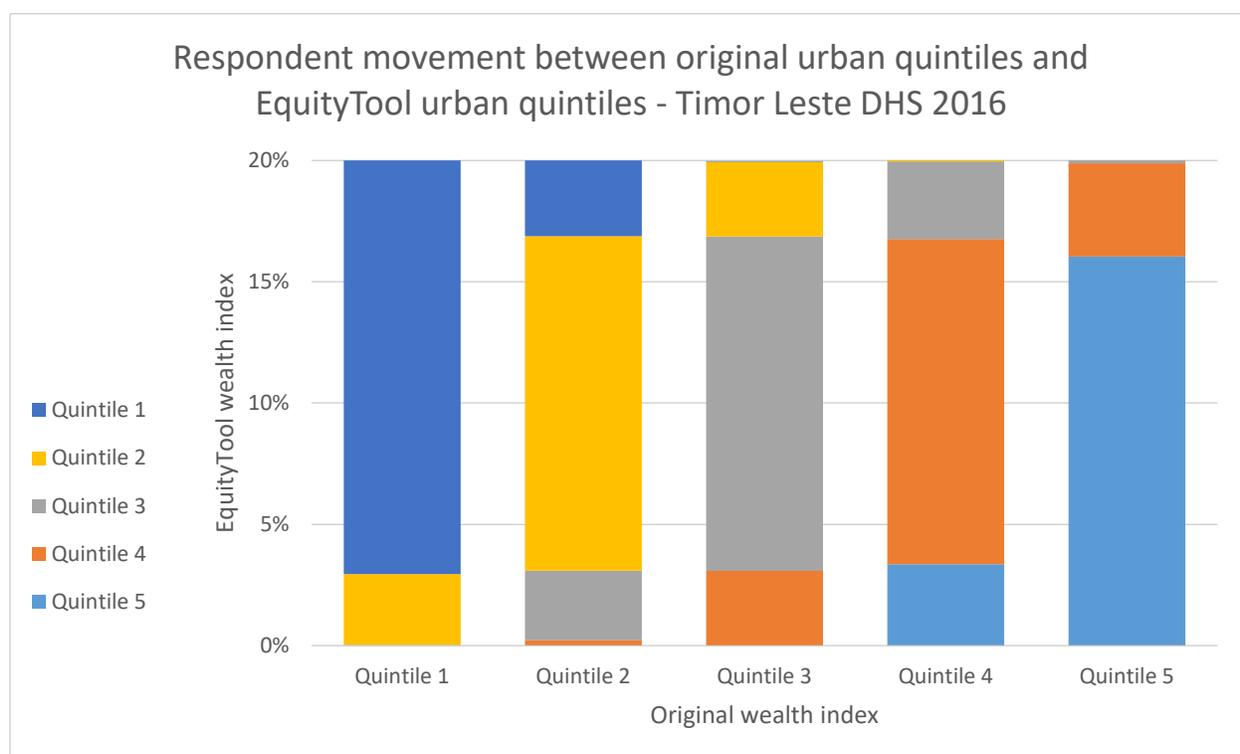


The following table provides the same information on the movement between national quintiles when using the EquityTool versus the original DHS wealth index:



		EquityTool National Quintiles					
		Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	Total
Original DHS National Quintiles	Quintile 1	13.50%	6.07%	0.43%	0.00%	0.00%	20.01%
	Quintile 2	6.50%	10.12%	3.33%	0.06%	0.00%	20.00%
	Quintile 3	0.33%	3.88%	13.07%	2.70%	0.00%	19.99%
	Quintile 4	0.00%	0.01%	2.79%	15.56%	1.64%	20.00%
	Quintile 5	0.00%	0.00%	0.00%	1.65%	18.35%	20.01%
	Total	20.33%	20.08%	19.62%	19.97%	19.99%	100.00 %

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					
		Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	Total
Original DHS Urban Quintiles	Quintile 1	17.04%	2.92%	0.03%	0.00%	0.00%	20.00%
	Quintile 2	3.12%	13.78%	2.87%	0.22%	0.00%	20.00%
	Quintile 3	0.02%	3.09%	13.78%	3.08%	0.00%	19.97%
	Quintile 4	0.00%	0.06%	3.21%	13.41%	3.35%	20.03%
	Quintile 5	0.00%	0.00%	0.13%	3.84%	16.04%	20.00%
	Total	20.19%	19.86%	20.01%	20.55%	19.39%	100.00%

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 30.3% of people in Timor Leste live below \$1.90/day[1]. 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 Timor Leste, 56% of people living in urban areas are in the richest national quintile, compared to only 6% of those living in rural areas[2].
 - 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 districts in Timor Leste 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.



Changes from the previous EquityTool

We released an EquityTool on December 9, 2015 which compared user data to a benchmark of 2009-10. A new source survey, the DHS 2016 was recently released, and allows us to benchmark results to a more recent population. This is important, because wealth generally increases over time, and comparing your respondents to an old benchmark population will lead to over-estimating the relatively wealthy in your survey. The new EquityTool was generated using the exact same methodology as the previous version, and in generating the new EquityTool, no attempt was made to account for the fact that a previous version existed. In other words, we did not explicitly try to keep the same questions or response options as the previous tool.

For those who have not previously conducted an EquityTool based study in Timor Leste, the remainder of this section is not particularly relevant. For those who have used the previous EquityTool, you may be interested to know how the two versions compare.

	Previous	Current
Source Data	2009-10	2016
# of questions in EquityTool	10	12
# of questions in full wealth index	22	41
Kappa statistic (EquityTool vs full wealth Index) for 3 groups	National – 0.774 Urban – 0.753	National – 0.788 Urban – 0.801

Practical considerations for users of the previous EquityTool

Comparing the results of surveys that used the previous EquityTool against those that use the current EquityTool is difficult. It will not always be clear whether any difference is because of actual differences in the wealth level of the respondents or because the EquityTool has changed.

The technical comparison section below, particularly the 3rd comparison, illustrates how quintile results compare when using the previous EquityTool and the current one. Generally, there is a partial shift down in quintiles when using a more recent EquityTool. In other words, the current EquityTool will usually put some respondents into a lower quintile than the previous one would.

It is generally best to use the current version of the EquityTool, since it will give a more accurate quintile estimates. If you are currently collecting data with the previous tool, it is best to continue to use the previous tool. Note that if you have created a survey in the EquityTool web



application using the previous EquityTool, that survey will continue to use the previous EquityTool.

If conducting a follow-up survey to a baseline that used the previous EquityTool, and the most important result is change from the baseline, it may be preferable to continue to use the previous EquityTool for comparability. If you need to do this, please contact us at equitytool@m4mgmt.org.

Technical comparison between the current and previous EquityTool

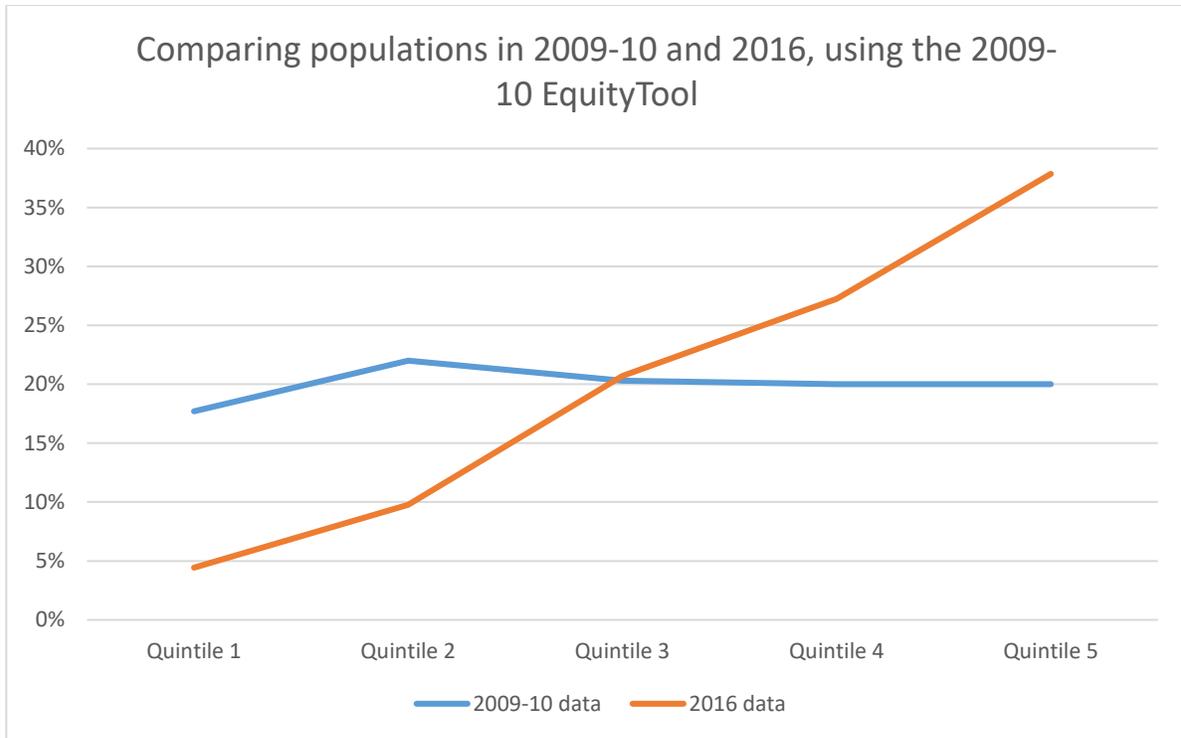
All of the questions and response options for the previous EquityTool are found in the new source data (DHS 2016). This makes comparison between the two versions of the EquityTool, and two different data sources, easier.

The comparison will be assessed in 3 different ways, described below.

1. Using the same 10 questions and response options, and scoring system as in the previous EquityTool, with two different benchmark populations.

This analysis simulates results if the only thing which changes is the benchmark against which respondents are compared. In the 7 years between the two source data studies, more people have acquired assets that are indicative of wealth. In the graph below, the previous EquityTool, derived from the 2009-10 DHS, is applied to the 2009-10 DHS data and the newer DHS 2016 data. In 2009-10, the proportion of households in each of the 5 quintiles is very close to 20%. The discrepancy seen is due to the use of a shorter questionnaire than used by the DHS survey originally. However, by 2016, the distribution is skewed towards the wealthy.





We do not use the previous questions and weights, because over time, the population has become wealthier. Thus, comparing your respondents to this skewed distribution becomes challenging.

2. Keeping the same 10 questions and response options as the previous EquityTool, but calculating scores based upon the 2016 data.

As an alternative, one might wish to use the same questions as the previous tool, but update the weighting. This seems reasonable, as the relative contribution of each asset towards overall wealth may have changed over time. Using new weights, but the same variables as the previous tool, we can see how well the resulting quintiles compare to the quintiles based on the full wealth index created by ICF.

The table below presents the agreement between the quintiles created from the full wealth index in the 2016 dataset and the quintiles created by the previous EquityTool, the previous EquityTool variables with updated weighting, and the current EquityTool. As with the agreement statistics above, these figures are for the bottom 2 quintiles, middle quintile and top 2 quintiles.



	2009-10 EquityTool	2009-10 questions, 2016 scoring	2016 EquityTool
Agreement	56.63%	65.9%	86.5
Kappa	0.32	0.575	0.788

The current EquityTool has the best agreement with the full wealth index quintiles and is the only one that exceeds our minimum kappa statistic of 0.75. The previous tool, even when the scoring is updated, falls short of this standard. The reason for this difference is because these 10 questions are no longer the best predictors of the overall wealth distribution.

3. Comparing the previous 10 questions and scores, and the new EquityTool (12 questions) The table below shows how the previous and current EquityTool compare, using the same population. This is analogous to a comparison of the two versions of the EquityTool on the population you surveyed using our previous EquityTool.

		Previous EquityTool Quintiles					
		Quintile 1	Quintile 2	Quintile 3	Quintile 4	Quintile 5	Total
Current EquityTool Quintiles	Quintile 1	3.92	6.64	8.51	1.27	0.00	20.33
	Quintile 2	0.50	3.00	10.48	6.09	0.02	20.08
	Quintile 3	0.01	0.13	1.63	15.44	2.41	19.62
	Quintile 4	0.00	0.00	0.08	4.36	15.53	19.97
	Quintile 5	0.00	0.00	0.00	0.10	19.90	19.99
	Total	4.43	9.77	20.70	27.25	37.85	100.00

The rightmost column indicates that the current EquityTool does in fact evenly divide the population into 5 groups. The bottom row shows that using the older EquityTool does not divide the population into equal quintiles – it puts more people into the higher quintiles. The cells within the table indicate how respondents are categorized, if measured using the two different tools. Of those who are categorized as quintile 1 (poorest) using the current tool, just 19.3% of them would have been considered in quintile 1 in the previous tool (see the first row). Similarly, for those currently categorized as in quintile 3, 78.7% would have previously been categorized as being in quintile 4. If you had used the previous EquityTool, you can expect that with the current version, your respondents will look slightly more poor. This is not incorrect, but rather reflects the reality that we are measuring them against a more accurate benchmark.



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@m4gmt.org and we will assist you.

