

Changes in Household Welfare: Round 4 Preliminary Findings

Preliminary Findings from the 2013 Young Lives Survey (Round 4): Peru

This fact sheet presents preliminary findings from the fourth round of the Young Lives survey in Peru in 2013. It reports on some of the changes that have taken place in household poverty levels over the eleven years since we first interviewed the study children in 2002. The data show a meaningful improvement in living standards of the children's families. While gaps in welfare-related outcomes persist, these have reduced over time, in some cases substantially. Progress can probably be explained by economic growth, improvements in the coverage of basic services, social programmes and geographical mobility. At the same time, we identify areas in which disadvantaged groups still lag behind. The challenges ahead for policymakers involve working not only to close the persisting inequalities in coverage and access to services, but also to improve efforts to reduce gaps in the quality of the services received by the poorest households.



Main street of a rural village in the central Amazon rainforest of Peru; ©Alan Sanchez/Young Lives

Between 2002 and 2012, real GDP in Peru grew at an average annual rate of 6%, a period of record high-growth in Peru's history, and over a similar period, monetary poverty fell from 59% to 24% of the population. This provides a favourable context for improving living standards and conditions for historically disadvantaged groups, which is one of the priorities of the Peruvian Government. This fact sheet provides a preliminary overview of data from Round 4 of the Young Lives household and child survey, carried out in late 2013. First, we describe the living standards of the families in Round 4 as well as the changes observed since Round 1 in 2002, on average and for different groups of children. To measure household outcomes, we use the Young Lives Wealth Index (a composite indicator of consumer durables, services access and housing conditions) and real household expenditure per capita as indicators of socio-economic status. We also report access to basic services and infrastructure. Results are reported by the baseline area of residence (urban or rural) in Round 1, by the position of the household in the consumption distribution (top or bottom quintiles), by maternal first language (Spanish or indigenous language), and by maternal education level.

In this fact sheet we focus on the Younger Cohort of children (born in 2000-01) and on the sample of families interviewed in all four survey rounds (n=1,864). Our analysis takes into consideration the sample design, so that results better resemble the distribution of the population across Peru, and includes families with at least one child in representative districts (excluding the wealthiest 5%).

Key findings

- We see quite considerable improvements in household welfare among the Young Lives sample households over time, with average real household expenditure per capita increasing by 40% between 2006 and 2013.
- Gaps between disadvantaged children and better-off children have reduced over time, although differences persist. Children from indigenous groups, whose mother have low levels of education, children from rural areas, and from the poorest families are consistently faring worse than their better-off peers.
- The largest gap is between the poorest and better-off families: the average wealth of the poorest families would have had to increase by 76% to equal that of better-off families.
- There were important improvements in access to basic services. In 2013, 94% of the households had access to electricity, 93% had access to improved sanitation, and 79% had access to piped water.
- Infrastructure has also improved and 62% of households can now access the internet (mainly due to rapid expansion in urban areas) and 71% can be reached by a paved road, although coverage is still far from universal. Improvements in living standards have benefited a large proportion of families, although there is still room for improvement in the coverage and quality of services, particularly in rural areas and for indigenous communities.

Changes in household welfare

In terms of household socio-economic status, we see quite considerable improvements over time (see Table 1). The average wealth index increased by 38% between Round 1 and Round 4 of the survey, and average real household expenditure per capita increased by 40% between Round 2 and Round 4.

However, when we look in more detail at the results for different groups of children, we see that children from indigenous groups, whose mother have low levels of education, originally from rural areas, and from the poorest families are consistently faring worse than their better-off peers. All differences are statistically significant. By Round 4, taking the wealth index as a reference, the largest gap is between the poorest and better-off families: the average wealth index of the poorest fifth of families would have had to increase by 76% to equal that of better-off families. Conversely, the smallest gap is the one defined by maternal first language (40%).

Gaps, defined by family background characteristics, persist and are, in some cases, substantial although they do vary over time. Gaps increased between Round 1 and Round 2 and decreased thereafter. Taking the wealth index as a reference, the largest gap reduction was observed between households with low levels of maternal education or those with high maternal education (the gap narrowed from 114% in Round 1 to 69% in Round 4). A similar trend is observed for the other groups, and similar conclusions are obtained using real household expenditure per capita.

Infrastructure and access to services

Access to basic services and infrastructure is another important dimension of household welfare. Here improvements are also observed in a large range of outcomes and for all the sub-groups previously mentioned. We note that some of these changes are driven by geographical mobility (since some families had moved from rural areas or poorer urban areas).

There were important improvements in access to electricity, sanitation (measured by access to flush toilet or pit latrine) and to a less extent in access to piped water (Figure 1). By Round 4, 94% of the sample households had access to electricity, 93% had access to improved sanitation, and 79% had access to piped water. Access to other services and infrastructure relevant to markets for goods and services, such as internet and paved roads, has also increased over time (62% of households can now access the internet and 71% can be reached by a paved road), although coverage is still far from universal. Overall, results confirm that improvements in living standards have benefited a large proportion of families, although there is still room for improvement, particularly for communities in rural areas and indigenous communities.

Figure 1. Access to services (Younger Cohort households) (%)

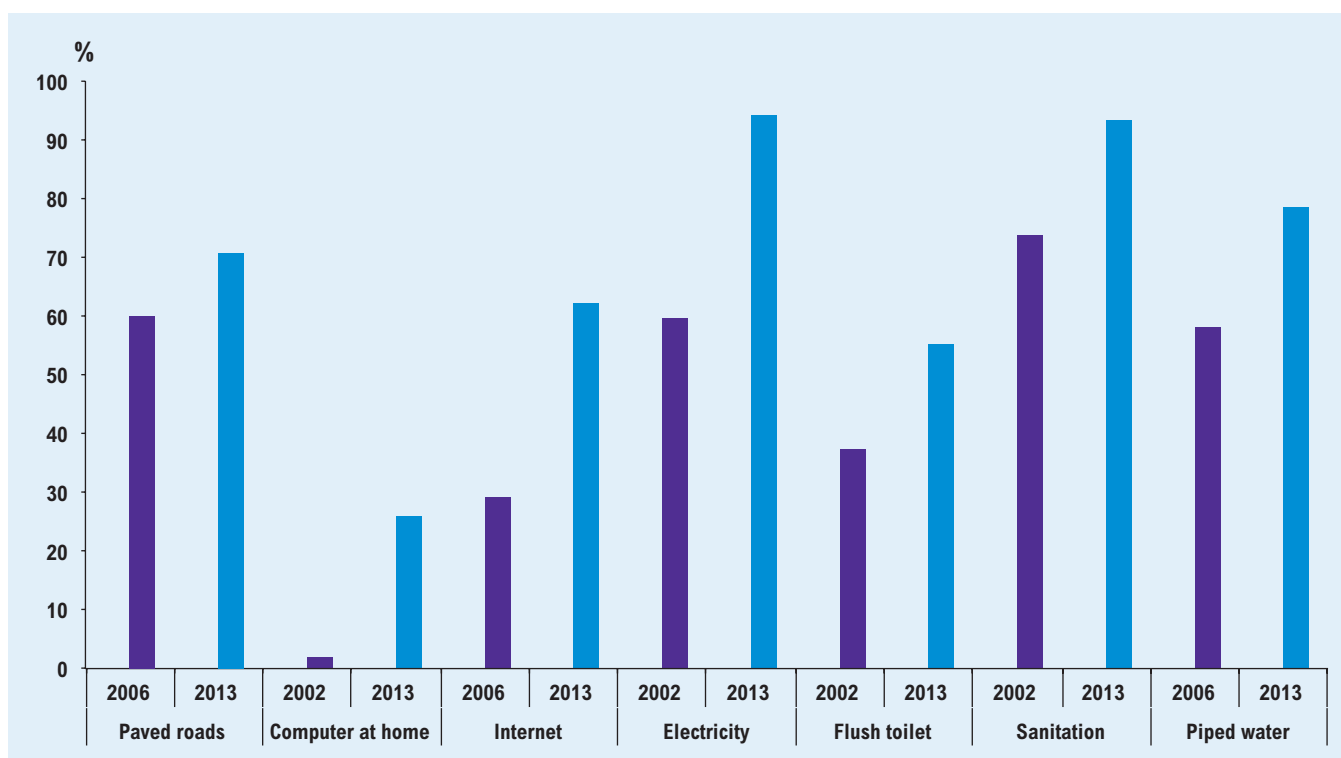
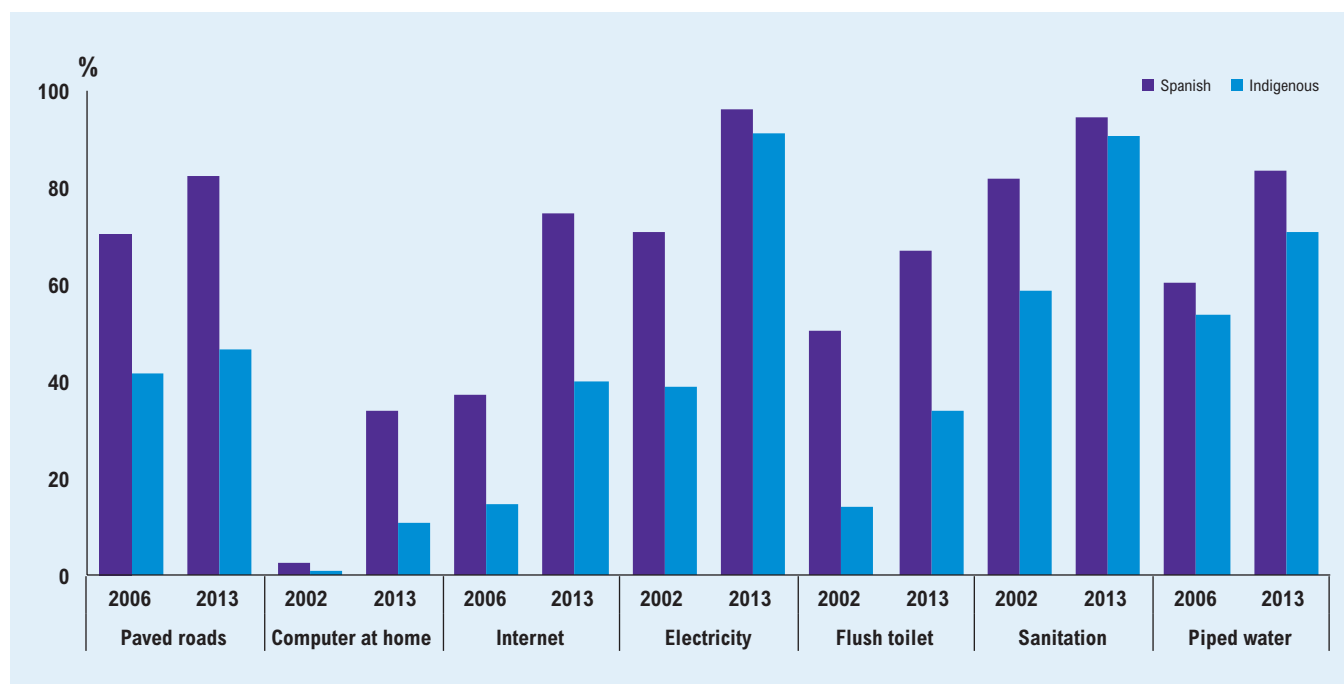


Figure 2. Access to sanitation for children from different language groups



Two aspects are noteworthy. First, not all gaps are closing – and indigenous families continue to be disadvantaged (Figure 2). Although gaps in access to electricity reduced (from 32 percentage points in 2002 to 5 percentage points by 2013) and gaps in access to sanitation also fell (from 23 percentage points in 2002 to 4 percentage points by 2013), the gap in access to piped water increased (from 7 to 13 percentage points). In a world where access to information is increasingly important, we also find that the gap in internet access increased (from 23 to 35 percentage points over the same period, mainly due to rapid expansion of connectivity in urban areas).

Second, it is important to look not only at the coverage but also at the quality of infrastructure. For instance, if we narrow the definition of access to sanitation to access to a flush toilet, access is lower (55% compared to 93% for a pit latrine or flush toilet) and the gap much higher (33 percentage points compared to 4 percentage points). Similarly, if we use information from our interviews with community leaders, we find that approximately 1 out of 3 communities do not have piped water available 24 hours a day.

Conclusion

Over the last decade, the living standards of the Young Lives families have improved considerably. Although gaps between disadvantaged groups and better-off families have reduced, the remaining gaps are substantial and some gaps are still widening. Moreover, the relatively high levels of access to services could be misleading given that there are differences in the quality of the services which families can access. Next-generation policies need to focus on how to increase the scope of basic services offered (especially internet and other services which help families and communities to access markets and better livelihoods) and how to improve the quality of available services such as water and sanitation which are of critical importance for children’s nutrition, health and physical well-being.

Table 1. Changes in household wealth (Younger Cohort households)

	Wealth index					Real household expenditure per capita (Nuevos soles)		
	Round 1 (2002)	Round 2 (2006)	Round 3 (2009)	Round 4 (2013)	Change between R1 and R4 (%)	Round 2 (2006)	Round 4 (2013)	Difference R2 to R4 (%)
Area of residence in Round 1								
Urban	0.49	0.55	0.61	0.64	30.08***	207.40	249.37	30.53***
Rural	0.25	0.27	0.36	0.41	63.47***	129.26	247.48	64.71***
Gap (%)	94.44**	106.84**	70.02**	54.72**	-42.06	60.46***	27.16***	-55.08
Household wealth (real household expenditure per capita from Round 2)								
Top quintile	0.55	0.66	0.70	0.72	29.48***	412.79	368.02	-10.85**
Bottom quintile	0.27	0.26	0.36	0.41	50.17***	64.88	174.69	169.25***
Gap (%)	103.56***	148.76***	94.66***	75.51***	-27.09**	536.23***	110.67***	-79.36***
Mother's first language								
Spanish	0.46	0.52	0.58	0.61	34.63***	202.87	264.17	30.21***
Indigenous	0.30	0.31	0.39	0.44	47.2***	133.04	221.39	66.41***
Gap (%)	53.06***	64.45***	48.23***	39.99***	-24.64**	52.49***	19.33***	-63.18**
Maternal education								
Higher education	0.59	0.67	0.71	0.72	21.44***	302.28	345.93	14.44***
Complete Primary or Secondary	0.42	0.48	0.55	0.58	38.15***	178.22	251.97	41.38***
Incomplete Primary or less	0.28	0.29	0.37	0.43	53.47***	120.98	205.57	69.92***
Gap (%)	113.68***	134.15***	91.71***	69.08***	-39.23*	149.86***	68.28***	-54.44
Average of full sample								
	0.40	0.44	0.52	0.55	37.95***	178.10	248.42	39.48***

Note: Data for children interviewed in all 4 survey rounds. Differences are significant at ***1%, **5% and *10%.

Gaps are percentage change. Differences between rounds are also percentage change. Gaps calculated using Indigenous, Rural, Incomplete primary or less, and Poorest quintile as baseline.

REFERENCES AND FURTHER READING

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