Economic and Social Council

STATISTICAL COMMISSION
Twenty-fourth session
23 February-4 March 1987
Item 10 of the provisional agenda*

TECHNICAL CO-OPERATION

Prototype surveys of the Living Standards Measurement Study (LSMS)

Report of the World Bank

SUMMARY

The present report reviews the primary objectives of the Living Standards Measurement Study (LSMS) and the study activities that were developed to meet those objectives in light of the analysis carried out on problems of data availability and existing survey practices in developing countries (paras. 1-9). Information is provided on two tests of LSMS methodology, including questionnaire and survey design recommendations (paras. 10-12). Finally, the report discusses some of the lessons learned from the work already done (paras. 13-19).

---

* E/CN.3/1987/1.

LIVING STANDARDS MEASUREMENT STUDY

1.   The Living Standards Measurement Study (LSMS) is an effort on the part of the
World Bank to design a system of data collection at the household and community
levels that would serve the needs of policy makers and policy researchers. LSMS
was launched by the Bank in 1980 and is now collaborating in the fielding of two
national surveys in the Côte d'Ivoire and Peru. The present report, prepared
pursuant to Economic and Social Council decision 1985/122, briefly outlines the LSMS
objectives, reviews progress made to date and discusses limits to the LSMS design.

2.   The LSMS system has at its core two objectives: first, to act as a national
level early warning system with regard to changes in living standards; and second,
to provide data necessary to analyse the root causes of differences in living
standards and to design policies for improving them. Both these characteristics
have played key roles in determining the nature of the LSMS system.

3.   LSMS began its efforts to improve household and community data and undertook
an extensive and thorough review of two areas: (a) what data ought to be collected
to measure and analyse differences in the levels of living; and (b) why such data
were in short supply in many developing countries. 1/ Several general findings
emerged from the exercise.

4.   First, surveys in developing countries were often designed to produce
descriptive information in one or two areas (crop production, educational levels
and fertility) but little else. Descriptive statistics are essential in
identifying problem areas, but they provide only limited scope to explore
alternative policies for achieving desired goals. Moreover, by the time data
actually surfaced issues had changed and new questions were being asked. That led
to considerable frustration among both producers and consumers of such data, and to
an obvious waste of scarce financial and human resources.

5.   The challenge raised by those concerns was to design a survey system that
would produce quick and timely descriptive information and provide a good basis for
in-depth analysis of alternative policy options. Such a system should be able to
accommodate the rapidly changing environment in which policy decision-making takes
place and should be able to serve multiple users to improve the ratio of benefits
to costs for survey operations. Those considerations led the LSMS team to advocate
the collection of a broad spectrum of household data covering income generation,
production and consumption, as well as demographic and human resource
characteristics for each household member. The household level data are to be
supplemented by data on the communities in which interviewed households live to
improve the survey's policy research potential.

6.   A second finding was that although considerable resources were being devoted
to the collection of household data in developing countries, little information of
use to policy makers was being produced. One major problem appeared to lie in the
survey production side of the process: many household surveys in developing
countries were too ambitious, undermanaged, poorly documented and of indeterminate
quality, with results released only after delays often measured in years.

7.   A main objective set for itself by the LSMS team was to design a household
survey implementation and management programme for national statistical offices

that at once produced high quality and timely data. The complexity of data required to monitor living standards, and especially to analyse differences in them, is considerable. LSMS has therefore generally recommended that its survey and analysis programme be used to provide national rather than subnational statistics. Put another way, while the LSMS system is capable of producing subnational statistics, such statistics are not its principal objective.

8. Since regional statistics are often essential to government policy-making, the LSMS system works best as one element of a larger programme of household surveys. As such, a Living Standards Survey can be a valuable input into the development of surveys to produce subnational statistics by allowing the large sample surveys to operate with shorter, more efficient questionnaires.

9. To provide the Bank and host country policy makers with up-to-date information, LSMS divides the dissemination phase of its survey operation into two parts. The first produces basic indicators of social and economic characteristics as quickly as possible. The second undertakes in-depth analysis of current and future policy issues.

10. LSMS is now in the midst of two full-scale tests of its questionnaire and survey design recommendations. The first of these, the Côte d'Ivoire Living Standards Survey, is a collaborative effort between the Bank and the Direction de la Statistique, Ministère de l'Economie et des Finances of the Government of the Côte d'Ivoire.

11. Five teams, each consisting of two interviewers, a supervisor, a data entry specialist and a driver, interview 160 households per month (1,600 each year) on a continuous basis for 10 months out of the year. Teams are permanently located in regional centres, and field work is scheduled so as to produce a representative cross section of the population of the Côte d'Ivoire each half year (800 households) of operation. A preliminary statistical abstract based on the first half year of interviews was released in November 1985.

12. A second test of the LSMS model is now under way in Peru in collaboration with the Instituto Nacional de Estadística (INE). This, too, is a national survey but it is not at this time planned as a continuous operation. Forty-eight hundred households are to be interviewed between July 1985 and June 1986 by 15 teams also regionally based. Data from the first 2,400 households are now available in machine readable form and a first round of descriptive tabulations is being prepared.

13. Although much remains to be done, a number of lessons are already evident from the ongoing field operations. First and foremost, the survey and data management system designed by LSMS staff works exceptionally well. Clean data in machine readable form are available within a matter of weeks after a particular household is interviewed.

14. Not only does the LSMS system produce data quickly but it also produces data of high quality. One strength of a multitopic survey is that data quality can be thoroughly tested by comparing internal consistency of responses in different modules of the questionnaire. Data from both the Côte d'Ivoire and Peru hold up very well to these tests. And, at least for the Côte d'Ivoire LSS, statistics

/...

based on samples (for example, total per capita consumption) generally compare favourably to external sources such as national accounts data.

15.   The LSMS model has a number of components that will be of varying interest to the statistical community at large. The survey and data management components have been very successful and should have wide applicability in other types of household surveys. This success is due in no small part to the use of micro-computers in virtually every stage of survey design and operation - from questionnaire design and revision to sample selection and interview allocation to data cleaning in the field.

16.   It is worth noting that the micro-computers used in LSMS operations have held up remarkably well under quite difficult field conditions. Even in the event of a breakdown, their low initial cost makes them inexpensive to replace thus reducing the risk of bottle-necks due to computer downtime (in fact, once field operations began there were no failures among the roughly 15 micro-processors in Peru and the Côte d'Ivoire over a one-year period).

17.   The LSMS questionnaire remains an area of considerable controversy. It is long (four to six hours, spread, however, over at least two and often more visits, and many household members) and complex, and often said to be unadministrable when first circulated in draft form. Field operations in Peru and the Côte d'Ivoire prove otherwise. With appropriate (and intensive) training interviewers are capable of administering such a questionnaire and, as indicated above, data from the questionnaire more than passed conventional tests for quality. It is some indication of the value of good training that refusal rates in the Côte d'Ivoire are less than 5 per cent and in Peru less than 4.5 per cent (including both first and second round visits).

18.   The length and complexity of the LSMS questionnaire is due largely to the requirement that data produced must go beyond description to support in-depth policy analysis. The LSMS questionnaire recognizes that households are integral units in which activities in one area (labour supply) may influence outcomes in another (education or fertility). Thus, analysis of potential effects of policy changes requires information on a wide range of household activities, not just in the area of policy intervention.

19.   The LSMS system of survey design and analysis can fill an important void in a national household survey programme. It should not, however, be thought of as a complete programme. Its strengths are comprehensiveness, quality and speed of data delivery; its weakness is a degree of complexity which makes it more suitable for national than subregional analysis.

<u>Notes</u>

1/   This review is documented in the LSMS Working Paper series. Copies are available upon request from the Living Standards Unit, Development Research Department, World Bank.