



METRICS FOR MANAGEMENT

CASE STUDY: Asset to Income Estimator (A2IE)

Location: Global | **Funding:** Alchemy Foundation

THE CHALLENGE

Assessing and comparing wealth across populations poses many challenges. Measurement of relative wealth is a method commonly used to compare wealth of individuals within a country or across a specific population, assigning individuals into quintiles based on assets owned. However, the method is insufficient when comparing across populations or countries. Adding absolute wealth — which provides a real dollar value for an individual's or household's income — provides other comparisons, but the data collection is expensive and time-consuming.

THE SOLUTION

Based on methodology developed by Kenneth Harttgen and Sebastian Vollmer in 2013, Metrics for Management (M4M) created the Asset to Income Estimator (A2IE), which connects relative measures and quintiles to an absolute measure of dollars per capita. This makes it possible to estimate income, in real dollar values,

with only asset-based wealth index data or even with a simple wealth quintile. The A2IE uses purchasing power parity and the World Bank's poverty line data to translate wealth quintiles into household and individual income estimates. 50% of the resulting estimates fall within 2 percentage points of the World Bank poverty headcount ratio and over 90% within 5 percentage points.



The A2IE makes it easier and less expensive to determine appropriate subsidies and aid packages, supports quicker population targeting, and allows comparison of the targeted populations in programs implemented in different countries. The A2IE can also be used to estimate changes in a target population over time, supporting monitoring of project impacts between formal evaluations.

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