What is poverty?
Concepts and measures
FROM THE EDITOR

Poverty in Focus is a regular publication of the UNDP International Poverty Centre (IPC). Its purpose is to present the results of research on poverty and inequality in the developing world.

The International Poverty Centre (IPC) is a joint project between the United Nations Development Programme and Brazil to promote South-South Cooperation on applied poverty research. It specializes in analysing poverty and inequality and offering research-based policy recommendations on how to reduce them. IPC is directly linked to the Poverty Group of the Bureau for Development Policy, UNDP and the Brazilian Government's Institute for Applied Economic Research (Ipea).

IPC Director (acting)
Terry McKinley

Editor
Dag Ehrenpreis

International Advisory Board
Olavo Althina, CEPal, Santiago de Chile
Giovanni A. Corsetti, Universita di Firenze
Nora Lustig, UNDP/BDP Poverty Group
Gita Sen, Indian Institute of Management, Bangalore
Anna Tibaijuka, UN Habita, Nairobi
Peter Townsend, London School of Economics
Philippe van Parijs, Universite de Louvain

Desktop Publishers
Roberto Astorino and Lucas Moll

Front page Photo by Fabio Versa, IPC, of an African cobweb to illustrate both the fragility and the tenacity of the life situations of people living in or close to conditions of poverty. The web metaphor is also applicable to the interlinkages between the various dimensions of poverty and wellbeing, as in the figure on page 3.

Editor's note: The sources of graphs and tables are the reference publications at the end of each article concerned. Thanks for permission to use this material to Robert Chambers, Institute of Development Studies, Sussex, UK; UNDP Human Development Report Office, New York; Journal of Human Development, Routledge; Third World Quarterly, Routledge. And thanks not least to all the authors contributing their time and intellectual products without any monetary remuneration.

United Nations Development Programme
International Poverty Centre
SBS - Ed. BNDES, 10º andar
70076-900 Brasilia DF, Brazil
povertycentre@undp-povertycentre.org
www.undp-povertycentre.org

The content of this publication does not necessarily reflect the official views of UNDP.

THE EDITOR

The international development community has had poverty in focus for more than a decade. At summit meetings and other occasions, world leaders have stated and reconfirmed their agreement that poverty must be reduced and eventually eradicated.

The political commitment is a necessary, but not sufficient, condition for this to happen. Analysts, policy-makers and practitioners need appropriate concepts and dedicated measures to enable progress from rhetoric and general policy statements to action and results on the ground.

In this issue of IPC's journal Poverty in Focus we present ten articles intended to throw light on the question of how best to define and measure poverty.

Robert Chambers outlines five clusters of meanings and reminds us of the importance of the analysis and views of poor people themselves and their many meanings. When they get to express their views, we get a case for changing language, concepts and measures in development. The key issue is whose reality counts - theirs or ours?

Peter Townsend provides an historical perspective of the poverty concept and the setting of poverty lines. Three poverty concepts have evolved, based on ideas of subsistence, basic needs and relative deprivation. Since material needs are socially determined, we need a new international poverty line based on what is required in different countries to surmount material and social deprivation.

Sakiko Fukuda-Parr describes the multidimensional poverty measures developed by UNDP's Human Development Reports since 1990, especially the Human Poverty Index (HPI). It shows a large spread of human poverty among countries with similar levels of income poverty and thus, HPI is only weakly correlated with income poverty. Recent HPI trends are also presented and discussed.

Caterina Ruggeri Laderchi, Ruhi Saith and Frances Stewart analyse empirical evidence to see if and why the definition of poverty matters. They also report on field testing in two developing countries of four different approaches. These are shown to have different implications for policy and also for targeting, since they identify different causes and effects of poverty, and different people as being poor.

Gustav Ranis, Frances Stewart and Emma Samman review the various listings of human wellbeing and poverty elements, thus identifying a comprehensive set of dimensions in order to empirically explore whether UNDP's Human Development Index is adequate or needs to be supplemented. They show that assessing human development fully requires a broader set of indicators.

Peter Edward outlines a moral concept of absolute poverty and defines an Ethical Poverty Line derived from globally standardised and ethically justifiable wellbeing indicators. Applying it to actual income data shows that world poverty by a moral definition is much larger than by current measures, and so is the required global income redistribution.

Lord Meghnad Desai finds the definitions of absolute poverty static, calorific, asocial and atheoretical. He proposes a new poverty line to be based on the need to maintain individual labour capacities intact, thus connecting to health, nutrition and monetary measures.

Ravi Kanbur considers the conundrums of measuring poverty when populations change and analyses three population size scenarios - increased, decreased and unchanged, but with churning around the poverty line. He delivers some remarkable points to consider.

Nanak Kakwani proposes a multidimensional poverty concept that is causally linked to command over economic resources. He argues for an income poverty line that reflects the cost of achieving basic human needs.

Sabine Alkire in response to Kakwani argues that it is not the cause of poverty that matters, but what is actionable by public policy. There are many ways to measure capability deprivation. The debate ends, for now, with a rejoinder by Kakwani.

We wish you an informative and valuable reading of this issue of Poverty in Focus.

Dag Ehrenpreis
What is Poverty?
Who asks? Who answers?

The flood of development rhetoric on poverty, the primacy accorded by lenders and donors to the Millennium Development Goals, of which the reduction of extreme poverty is the first and usually considered the most important, and the frequency with which reducing, alleviating or eliminating poverty is seen as a prime goal and measure of development — these factors make it matter more than ever to know what poverty is. What it is taken to mean depends on who asks the question, how it is understood, and who responds. From this perspective, it has at least five clusters of meanings.

The first is income-poverty or its common proxy (because less unreliable to measure) consumption-poverty. This needs no elaboration. When many, especially economists, use the word poverty they are referring to these measures. Poverty is what can be and has been measured, and measurement and comparisons provide endless scope for debate.

The second cluster of meanings is material lack or want. Besides income, this includes lack of or little wealth and lack or low quality of other assets such as shelter, clothing, furniture, personal means of transport, radios or television, and so on. This also tends to include no or poor access to services.

A third cluster of meanings derives from Amartya Sen, and is expressed as capability deprivation, referring to what we can or cannot do, can or cannot be. This includes but goes beyond material lack or want to include human capabilities, for example skills and physical abilities, and also self-respect in society.

A fourth cluster takes a yet more broadly multi-dimensional view of deprivation, with material lack or want as only one of several mutually reinforcing dimensions.

These four clusters of the meanings of poverty have all been constructed by "us", by development professionals. They are expressions of "our" education, training, mindsets, experiences and reflections. They reflect our power, as non-poor people, to make definitions according to our perceptions. And the primacy we accord to poverty alleviation, reduction or elimination implies that these meanings that we give are fundamental to what development should be about.

One expression of this has twelve dimensions, each one potentially having an impact on all of the others, and vice versa, thus emphasising the interdependence of the dimensions of poverty as we see them (see figure below).

Another expression of this has five dimensions to illustrate development as

What poverty is taken to mean depends on who asks the question, how it is understood, and who responds.

Our common meanings have all been constructed by us, non-poor people.

They reflect our power to make definitions according to our perceptions.

Whose reality counts? Ours, as we construct it with our mindsets and for our purposes? Or theirs as we enable them to analyse and express it?
good change. Development thus can be seen as shifting from illbeing to wellbeing with equity, with interventions to enhance wellbeing possible at any of the five points (see figure on the right).

But these dimensions are all abstractions, to varying degrees reductionist, based on our analysis and views. They tend to overlook and ignore the analysis and views of the objects of the definition and description – “the poor” that is people who are in a bad condition variously described as poor, marginalised, vulnerable, excluded or deprived. There is then a fifth cluster, which is the multiplicity of their meanings.

These dimensions have been elicited in many contexts, most extensively perhaps in the World Bank’s participatory research programme Voices of the Poor, in which over 20,000 poor women and men from 23 countries were convened in small groups and facilitated to analyse and express their realities. Questions had to be confronted concerning words, translations, languages and concepts. The word poverty translated into other languages carries different connotations. This was one factor in deciding to seek better insights and comparability by inviting the local analysts to use their own words and concepts for illbeing or bad quality of life, and wellbeing or good quality of life. Even allowing for the pitfalls of analysing and imposing outsiders’ categories on their diverse responses, values and realities, it was striking how common and strong the same dimensions were across cultures and contexts.

There were many poverties or deprivations. Dimensions of the bad life included not only income-poverty and material lack, but many others, some of them represented in the web of poverty’s disadvantages in the figure, for example poverty of time, living and working in bad places – “the places of the poor” and bad social, especially gender, relations. Others were the body as the main asset of many poor people, indivisible, uninsured, and vulnerable to flipping from asset to liability; many aspects of insecurity, worry and anxiety; and pervasively powerlessness.

The many ideas of wellbeing and the good life to which people aspired had striking commonalities – material wellbeing, having enough; bodily wellbeing, being and appearing well; many aspects of social wellbeing including being able to settle children, and being able to help others; security; and freedom of choice and action. Both these commonalities and local differences make a case for changing language, concepts and measures in development.

The case is for the language of illbeing and wellbeing to be widely used in addition to poverty and wealth, which are only one part of them. It is for repeated participatory processes to enable local people, especially the poorest, most marginalised and most vulnerable, to analyse and monitor the quality of their lives, and for this to be fed back regularly to policy-makers. It is for policy-makers to spend time living in poor communities and appreciating their conditions and realities firsthand.

If we are seriously pro-poor professionals, the answer to “What is poverty?” is “That is the wrong question.” It is our question, not theirs. The question of those who are poor, marginalised and vulnerable is more likely to be, in varied forms and many languages with different nuances:

“What can you do to reduce our bad experiences of life and living, and to enable us to achieve more of the good things in life to which we aspire?” Policies and actions that follow would then be designed to reduce illbeing and enhance wellbeing in their own terms. The MDGs may help, but are far from enough for this, and may at times even misdirect effort.

Direct actions towards their achievement may often not present the best priorities and paths. For they narrow and standardise vision, leave out much that matters, and do not allow for the multifarious ways in which people can be enabled to enjoy a better life. Policies and actions need to be informed much less by top-down targets and much more by the diverse bottom-up realities of the powerless.

The questions are then: whose reality counts? Ours? Or theirs? Or more precisely: ours, as we construct it with our mindsets and for our purposes? Or theirs as we enable them to analyse and express it?