

# CROP newsletter

Comparative Research Programme On Poverty

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## frontiers of poverty research

### IMPROVING POVERTY MEASUREMENT METHODS

In 1987 I submitted a large report on poverty in Mexico. Later Eduardo Suárez-McAulliffé wrote a comment on the report. It included a severe critique on the report's structure, singling out the lack of integration between the income based poverty measurement and the parallel description of levels and evolution of deprivation in the satisfaction of such basic needs as: education, housing, health care, water and sanitation. This critique changed my view of the topic, as did the research by Beccaria and Minujin (1987) and Kaztman (1989). They had been experimenting with the contrasts between populations identified as poor by two poverty methods: income or poverty line (PL) and Unsatisfied Basic Needs (UBN). UBN is a procedure which, in its Latin American variants, regards a household as poor if it is deprived in one or more basic items. PL and UBN can be used simultaneously to draw the following contingency table which is illustrated here, using the 1985-86 data from a Peruvian UNDP poverty project (1990).

	UBN poor	UBN non- poor	Sum
PL poor	40,7	13,5	54,2
PL non- poor	16,5	29,3	45,8
Sum	57,2	42,8	100,0

Neither Beccaria-Minujin nor Kaztman realised they had envisaged a new poverty

measurement method. However through Suárez-McAulliffé's critique, I discovered a new method which I called the Integrated Poverty Measurement Method (IPMM). According to the IPMM, the poor population is the union of both sets of the poor. In the table the poor are those in three out of the four cells (marked in italics): the poor by both methods and the poor by one of them. In the Peruvian case 70.7% (40.7%+13.5%+16.5%) of the population is considered poor. UNDP's project promoted the application of this method in several Latin American countries.

The rationale behind conceiving PL and UBN as complementary and not as alternative methods, derives from the insight that well-being at the household and individual levels can be traced to the following six welfare sources: 1) current income; 2) basic family assets, i.e. household assets and consumer durables (housing and domestic basic durables and utilities); 3) non-basic assets and the capability to borrow; 4) entitlements to free or highly subsidised governmental goods and services; 5) knowledge; 6) free time. Evolution of social welfare depends on the level and on the distribution of these six welfare sources.

The main limitation of partial methods such as PL and UBN is that they portray well-being as if it depended on only some of these sources. PL takes only into account source 1, and implicitly, source 3 when the household variable is consumption instead of income (as consumption can be financed by selling non-basic assets). Latin American applications of UBN implicitly incorporate sources 2, 4 and 5.

Thus two conclusions can be drawn. Firstly,

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both PL and UBN are partial methods. This renders their results biased as they only consider some welfare sources. Secondly, the sources of welfare considered by the two are different, therefore, the methods can be seen as complementary and not alternative.

The IPMM as originally developed and applied had serious drawbacks and had to be modified. The drawbacks were related to the original versions of PL and UBN which were incorporated into IPMM. These drawbacks can be summarized as: 1) It is, as the UBN variant which it incorporates, a head-count-only-method. 2) The head-count index increases as the items included increase. 3) There is a built-in tendency towards a downward trend in the incidence of poverty which is partly explained by the use of constant thresholds for the identification of deprivation in each UBN dimension. 4) The limitation of the PL dimension to food poverty. 5) The non-consideration of time as a welfare source.

An IPMM improved variant (IPMM-IV) overcomes these limitations. The way it handles information by transforming all UBN non-metric variables into metric scales, allows for the calculation of all available poverty aggregated measures (e.g. the standardised gap, the Sen Index, the Foster, Greer and Thorbecke index). The number of items included in its UBN component can be increased without necessarily increasing the incidence of poverty as a consequence of its

capability to compensate deprivation, in one dimension, with welfare (above the norms) in other dimensions. It incorporates in the definition of UBN thresholds a relative view of deprivation which allows thresholds to move up as certain standards are changed in society. It incorporates a PL variant which is based on budget standards for all human needs and not only for food. Finally, it incorporates free time into its measurement procedure.

The IPMM-IV has been applied empirically for 7 years. In Boltvinik and Hernández Laos (1999), both the conceptual and methodological dimensions as well as the empirical results are developed further. The analysis is useful for international comparisons and can be applied to different cultural realities.

The challenge from Suárez-McAuliffe's criticism transformed itself into a new poverty measurement method. In applying it, the schizophrenic feeling of parallel and disintegrated realities vanishes. Instead, a holistic view emerges which increases the comprehension of poverty. The method allows one to draw up deprivation profiles, including income and time deprivation for each household or for groups of them. One can thus identify, for instance, those which are time poor but not income poor. Some of these groups might have appeared in the first category and been excluded in the second one. In the book are drawn deprivation profiles for six social strata and various regional and urban-rural breakdowns. The heterogeneity

of poverty emerges in all its richness and demands a diversified policy approach. For a detailed survey of poverty measurement methods where the reader can relate IPMM-IV to other poverty measurement methods and find a detailed analysis of most of them, see Boltvinik (1999 and forthcoming).

## References

Beccaria, Luis and Alberto Minujin (1988), "Métodos alternativos para medir la evolución del tamaño de la pobreza", Instituto Nacional de Estadística y Censos de Argentina, Buenos Aires.

Boltvinik, Julio (1999), "Métodos de medición de la pobreza. Conceptos y tipología", *Socialis. Revista Latinoamericana de Política Social*, number 1, October, pp. 35-74.

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Boltvinik, Julio and Enrique Hernández Laos (1999), *Pobreza y Distribución del Ingreso en México, siglo XXI* editores, México City

Katzman, Rubén (1989) "La heterogeneidad de la pobreza. El caso de Montevideo" *Revista de la CEPAL*, number 37, april, Santiago de Chile, pp. 141-152.

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## Social Capital Formation in Poverty Reduction: Which Role for the Civil Society Organizations and the State

Programme for the symposium organised jointly by CROP, UNESCO/MOST and ISSC  
June 28, 14.30-17.30, at the UN "World Summit for Social Development and Beyond:  
Achieving Social Development for All in a Globalized World" in Geneva, Switzerland.

*The symposium is open to the public.*

**Francine Fournier** – Introduction

*Francine Fournier is Assistant Director-General of UNESCO.*

**Else Øyen** – Social Capital Formation as a Poverty Reducing Strategy?

*Else Øyen is past President of the International Social Science Council and Chair of CROP.*

**Miquel Darcy de Olivera** – Title to come  
*Miquel Darcy de Olivera is member of the Council of Comunidade Solidaria and Coordinator of the National Program for the Promotion of Volunteer Work in Brazil.*

**Faith Innerarity** – Comments to Øyen's and Olivera's presentation

*Faith Innerarity is Director of Social Security in the Ministry of Labour and Social Security, Jamaica and currently serves as vice-Chairman of the UNs Commission for Social Development.*

**Michael Woolcock** – Social Capital in Theory and Practice: Building Pro-Poor Synergies Between States, Markets and Civil Society

*Michael Woolcock is a social scientist with the Development Research Group at the World Bank. He is also lecturer in public policy at Harvard University.*

**Sanjeev Prakash** – Social Capital and the Rural Poor: What can Policies and Civic Actors do?

*Sanjeev Prakash is Director of the Environment, Technology and Institutional (ETI) Consultants in New Delhi, India.*

**Faith Innerarity** - Comments to Woolcock's and Prakash' presentation

**Else Øyen** – Summing up the Discussion

**Francine Fournier** – Closing of the Symposium

## editorial

During the last couple of decades much has been invested in educational programmes for the poor. Illiteracy rates have been attacked through elementary education for both children and adults, transfer to secondary education has been encouraged through different kinds of programmes and incentives, and vocational skills have been developed through on-the-job-training and through more formalised programmes. Although much can be said about both the quality, content and extent of the different programmes, in particular their shortcomings in the adaptation to the realities and needs of the poor, education is an important instrument in the development of pro-poor strategies.

Less noticed, or almost entirely unnoticed, is the need for education of the non-poor if successful pro-poor strategies are to be developed. The non-poor have limited knowledge of the real world of the poor. Decisions concerning poverty are frequently based on incomplete and misleading data. Often the data are of such a low quality that the non-poor would never have accepted them in their own world, neither in business, nor in politics.

Physically the world of the poor and the world of the non-poor are kept apart, through differential land use and ghettoization. Socially, the two worlds are kept apart through differential participation in the labour market, the economy, and the social and cultural institutions. Mentally the two worlds are kept apart through stereotyping and false images built by tradition and media. The strong emphasis on individual failures as causes of poverty contributes to keep the distance between the two worlds.

The separation of the two worlds makes for few meeting places and limited development of realistic knowledge and correction of false images.

In London, during the bombing in the Second World War, middle and upper class women went into the poor neighbourhoods to help evacuate the children. That in turn led to the Beveridge Report and the formation of the British welfare state. The women were shocked by a reality they never knew existed, and a new social consciousness was formed among influential non-poor people almost overnight.

Increasing internationalisation may have some of the same effect. Doctors travelling to epidemic areas, volunteers working in third world countries, and UN staff stationed in conflict zones all bring back new information on the world of the poor. Poverty research is expanding and improving in quality. Media take part in bringing the lives of the poor into the lives

## CALL FOR PAPERS

### CROP AND IISL CONVENE A WORKSHOP ON LAW AND POVERTY IV: MOVING TOWARDS INTERNATIONAL POVERTY LAW?

OÑATI, SPAIN, MAY 2 - 4, 2001

CROP organises the fourth workshop in its series on "Law and Poverty" in co-operation with the International Institute for the Sociology of Law (IISL). You are cordially invited to submit a paper (in English) for the workshop.

The aim of this workshop is to discuss economic, social and cultural rights advocacy in the context of:

- The WTO, UNCTAD, OECD, IMF, and the World Bank
- Regional free trade agreements such as NAFTA, Mercosur, Caricom, Andean Community, European Union, Asia/Pacific Economic Cooperation Forum, ASEAN, etc.
- The activities of transnational corporations pursuant to international law and codes of conduct developed by the OECD and organizations such as Human Rights Watch and Amnesty International, among others.

Within this broad framework for international poverty law, time will also be devoted to reflect on the question of linkage. The lack of knowledge of the relationships between international avenues and conduits is common with many activists whose work is narrowly focused on their own area.

So far the "Law and Poverty" workshops have been dominated by European participation. It is important that intellectual links are created across the Mediterranean and researchers from Islamic and African countries who are working on law and poverty issues are therefore particularly welcome to attend the workshop.

The workshop will be limited to 25 participants. All participants will be expected to take part in the proceedings (in English), presenting and discussing papers. Participants bear the responsibility for their own funding. However, a limited number of travel grants are available. The grants will be awarded from the CROP Secretariat, according to geography (CROP's policy is to prioritise researchers from "the third world") and the relevance, quality and originality of the abstract/paper. Please indicate if you need a travel grant, enclose a budget, and state the amount you are able to cover from other sources. As a rule, accommodation will be covered for all participants during the workshop.

If you wish to present a paper, please send an abstract (in English) to the CROP Secretariat:

**THE DEADLINE IS NOVEMBER 1st, 2000**

The abstract should include: name, title, a brief CV, full postal and e-mail address, phone and fax numbers; the title of the proposed paper and a summary of the main theme or argument. Please also indicate which of the categories, listed above, your paper falls into. The summary should indicate theory, methods and findings of your proposed paper, and should not exceed ONE PAGE (A4). Include also a list of your recent publications on a separate sheet.

Participants will be notified by December 1st whether their proposals for papers have been accepted, and will then be given details of the format in which the papers should be prepared (the deadline for submission of the paper will be **March 1st, 2001**).

**All enquiries about the workshop should be addressed to:** CROP Executive Officer **Inge Erling Tesdal**, CROP Secretariat, Fosswinkelsgate 7, N-5007 Bergen, Norway, Tel: +47 55 58 97 44, Fax: +47 55 58 97 45, e-mail: [crop@uib.no](mailto:crop@uib.no)

of the non-poor, although much too often in short and dramatic glimpses which evade the everyday realities.

The challenge is to develop a more systematic educational strategy to bring all these experiences into the public opinion and across to those decision-makers who decide the future of the poor. The idea of partnership between poor and non-poor that is now being promoted

so vigorously is morally correct but does not happen on its own. It presupposes (among several other things) an acceptance of correct and realistic knowledge about poverty and its causes and an abandonment of widespread stereotypes.

So far the educational strategy has been one-sided in the sense that the obligation is with the poor to learn more about the world of the

(continued from page 3)

non-poor in order to become better integrated and profit from the benefits located in the world of the non-poor. If successful pro-poor strategies are to be implemented it calls for a new social consciousness to be developed. Therefore, a future educational strategy has to be two-sided. Educational programmes must also be constructed in such a way that they reach the non-poor children, their parents, the bureaucrats, the politicians and the media and educate them about the world of the poor and causes of poverty.

As producers of knowledge poverty researchers have an important role to play within such a scenario.

*Else Øyen, Chair of CROP*

## SYMPOSIUM ON POVERTY REDUCTION

The Institutes of Political Science and Co-operation in Developing Countries at the Philipps-University Marburg are organizing an international symposium on «Poverty reduction by participation? Self-help capacities and organisational possibilities of the urban poor in Third World countries.» The symposium will take place in Marburg, 6-9 July, 2000.

If you are interested in the symposium, contact Johannes Lauber, Institute for Political Science, Philipps-University Marburg, 35032 Marburg, Germany, ph: +49-6421-282-2158, fax: +49-6421-282-8991, E-mail: lauberj@mail.uni-marburg.de

## HANDBOOK OF ANTI-POVERTY POLICY

The Everett Dirksen – Adlai Stevenson Institute on International Policy Studies welcomes articles for possible publication in the Handbook of Anti-Poverty Policy. The articles should deal with the following topics: (1) the nature and causes of poverty, (2) economic growth as an anti-poverty policy, (3) anti-poverty policies directed toward specific institutions, or (4) other topics that are relevant to preventing or reducing poverty in the USA or other countries.

For more information contact Prof. Stuart S. Nagel, PSO-DSI-MKM Center, 711 Ashton Lane South, Champaign, IL 61820, USA, Fax: +1-217-352-3037, E-mail: s-nagel@uiuc.edu.

## LIST OF CROP EVENTS 2000 - 2001

**June 2000:**

28: "Social Capital Formation in Poverty Reduction: Which Role for the Civil Society Organizations and the State". Symposium organised jointly with UNESCO/MOST and ISSC during the UN "World Summit for Social Development and Beyond: Achieving Social Development for All in a Globalized World" in Geneva, Switzerland. Open Meeting.

**August 2000:**

28-29: "Partners in Research: Setting and Agenda for Norwegian Poverty Research in Collaboration with Researchers from the South" First National Conference on Norwegian Poverty Research in the Third World. Held in Oslo, Norway, in association with the Norwegian Research Council and the University of Bergen.

**October 2000:**

12-14: "State and Society: Partnership in Poverty Reduction?", workshop organised jointly with ISSER, University of Ghana, Accra, Ghana.

**November 2000:**

9-11: "The Demography of Poverty in Latin America", a joint CROP/CLACSO workshop, Buenos Aires, Argentina.

**May 2001:**

2-4: "Law and Poverty IV", workshop organised with the International Institute for the Sociology of Law (IISL) in Oñati, Spain.

## UNDP POVERTY REPORT 2000

Much remains to be learned about how to make anti-poverty plans effective and to help accelerate the collective campaign against poverty in the next five years. "Overcoming Human Poverty", UNDP Poverty Report 2000 focuses on the issues. Visit "http://www.undp.org/povertyreport" on Internet to read the report.

For ordering information contact United Nations Publications, Sales and Marketing Section, Room DC2-853, Dept. I004, New York, N.Y. 10017, USA, Tel.: +1-212-963-8302, Fax: +1-212-963-3489.

## CROP IN BRIEF

CROP is a world-wide network of researchers and experts on poverty. The aim of CROP is to establish an arena for interdisciplinary and comparative research on poverty in developed and developing countries. CROP organises regional workshops, symposia and international conferences, promotes joint research projects and publications, links poverty researchers and disseminates information about poverty research, on a non-profit basis. CROP has developed a database on poverty researchers, and documentation of ongoing research. CROP is chaired by professor Else Øyen, University of Bergen, Norway.

If you wish to have your name listed in CROPnet, you are welcome to write to the CROP Secretariat and request a copy of the CROP Database Survey form. For further information please contact the CROP Secretariat

## WEBPAGE FOR CROP

Those who have an Internet connection and a WWW browser programme installed on the computer, find the CROP web page at <http://www.crop.org>. The pages hold general information about CROP, news about past and ongoing activities, as well as the latest CROP newsletter.

Please note: We can no longer answer the increased demand for copies of single papers presented at CROP conferences and workshops. However, if you have the patience, most of the papers become available through the publications that follow the conferences and will be duly announced. We still supply the authors addresses, phone & fax numbers.

**At the CROP Secretariat you will meet:**

**Else Øyen**, Chair

**Kirsti Thesen Sælen**, Co-ordinator

**Hans Egil Offerdal**, Special Adviser, pt. Mexico

**Einar Braathen**, Programme Officer

**Inge Erling Tesdal**, Executive Officer

## THE QUOTE

*"Charity is no substitute for justice withheld"*

**St. Augustine**  
(354-430)