3. What poverty is

“Poverty is when there is no wheat at home, when there is little food, when Mom and Dad have no jobs, when there are no utensils, good clothes, and sometimes – when there is no home. And even if there is, it has dirty walls, no carpets and blankets. Poverty is when a person is often hungry.”

Shahnoza, 10, Shahristan. ¹

Poverty reduction has been unanimously endorsed by the international community as the overarching goal of development. Less agreement appears to exist on what this poverty actually is and how it should be measured. Last but not least, agreeing on what to do with it is the most tricky issue to agree upon.

Different understandings of poverty, different approaches and ways of thinking about poverty lead to different ways to tackle it. Poverty can be defined in very precise technical terms that facilitate its measurement. Poverty can also be characterized in a more multidimensional – yet less precise – manner that helps see poverty in relation to its causes, its context, its consequences and the ways it is related to phenomena that can be influenced. This study presents briefly some of the technical aspects of defining poverty but devotes more space to the broader conceptualizations and approaches that aim at linking the issue of poverty to the policy instruments that can be used to prevent and to reduce poverty. The broadening of the approach leads eventually to the question whether poverty alone as such is the right development policy focus, after all.

3.1. Basic definitions

3.1.1. Absolute and relative poverty

The policy action to prevent poverty and to reduce it depends on the understanding of poverty as a phenomenon. There are a number of perspectives and approaches in the global “development market”. This item describes selected lines of thought about the essence of poverty.

Classically, two major traditions for defining poverty have been distinguished: absolute and relative.² Rowntree’s definition of absolute poverty as a minimum subsistence was one of the first formal definitions and it was the dominant interpretation from the beginning of the 20th century until the 1970s:

“...Poverty line represents the minimum sum on which physical efficiency could be maintained. It is a standard of bare subsistence rather than living. ... Nothing must be


² This short description of the origins of the distinction between absolute vs. relative poverty is based on an analysis by Pasi Moisio of THL.
bought but that which is absolutely necessary for the maintenance of physical health, and what is bought must be of the plainest and most economic description.”

However, many poverty researchers have pointed out that this absolute (physiological) poverty line is, in fact, relative, since what is needed for a physiological ability to operate within a society is determined by the requirements of that society. This criticism culminated in the 1970s with a fundamental change in the understanding of poverty in the academic and public spheres. Poverty began to be conceptualized as relative - in other words, as inadequate resources to maintain an acceptable way of living in the society in question. The most well-known definition of relative poverty was by Townsend (1979, 31):

“Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the type of diet, participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged, or approved, in the societies to which they belong.”

Townsend’s definition has maintained its central position, in particular, if we understand ‘lack of resources’ as a lack of material and non-material resources. The European Union has also defined poverty in relative terms and it is not difficult to see similarities with Townsend’s definition. The European Council of Ministers’ decision of 1984 defined the poor as:

“Individuals or families whose resources are so small as to exclude them from the minimal acceptable way of life of the Member State in which they live.”

The relative definition of poverty has also received criticism, based both on empirical data and theory. Perhaps the most robust criticism is based on the fact that empirical studies have not found an indisputable threshold in the distribution(s) of resources, below which, maintaining an expected way of living would be not possible. On the contrary, the connections between resources and poor living conditions have been found to be anything but a simple (causal) one. Ringen (1985) especially criticized the assumption that welfare is a function of material resources alone. However, this criticism is targeted towards the problem of establishing an association between resources and poor living conditions. The spearhead of this criticism is pointed not so much towards the relative definition of poverty but to the way poverty is measured.

Amartya Sen (1983), on the other hand, emphasized that poverty is not just relative, but also absolute. He defined poverty as a failure to achieve certain minimum capabilities and, according to him, the lack of capabilities is absolute. However, capabilities are not fixed over time or over societies. ‘Absolute’ in Sen’s definition means that there is a threshold in capabilities after which functioning within the society is no longer possible. He criticized Townsend’s relative definition in that it did not make an explicit distinction between the different spaces (or dimensions) in which the definition of poverty should be based (Sen 1985).

3.1.2. The UN World Social Summit definition of poverty

In the intergovernmental political arena, the more academic dialogue has been adapted and concretized to the needs of intergovernmental policy-making. At the World Summit on Social

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3 Atkinson et al. 2002, 78
Development in Copenhagen 1995, the international community adopted and endorsed a multidimensional definition of poverty

19. “**Overall Poverty** has various manifestations, including

- lack of income and productive resources sufficient to ensure sustainable livelihoods;
- hunger and malnutrition;
- ill health;
- limited or lack of access to education and other basic services;
- increased morbidity and mortality from illness;
- homelessness and inadequate housing;
- unsafe environments;
- and social discrimination and exclusion;
- characterized by lack of participation in decision making and in civil, social and cultural rights.”

It was noted that, while mass **poverty** is common in developing countries, poverty exists in all countries and that “…Women bear a disproportionate burden of poverty, and children growing up in poverty are often permanently disadvantaged… Older people, people with disabilities, indigenous peoples, refugees and internally displaced persons are also particularly vulnerable to poverty…. …”

Furthermore, this gathering of 118 Heads of State and Government defined also the level of “absolute” poverty that is unacceptable and that should be eradicated: 4

“**Absolute poverty** is a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to social services.”

The Summit recommended a two-pronged strategy to attack poverty:

“**National strategies to reduce overall poverty** substantially, including measures to remove the structural barriers that prevent people from escaping poverty, with specific time-bound commitments to eradicate absolute poverty by a target date to be specified by each country in its national context.”

The basic policy guideline for reducing overall poverty and for the eradication of absolute poverty referred to a more comprehensive approach than poverty reduction projects alone.

Para 23

“The eradication of poverty cannot be accomplished through anti-poverty programmes alone but will require democratic participation and changes in economic structures in order to ensure access for all to resources, opportunities and public services, to undertake

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policies geared to more equitable distribution of wealth and income, to provide social protection for those who cannot support themselves, and to assist people confronted by unforeseen catastrophe, whether individual or collective, natural, social or technological.”

During the years after the Summit efforts were made to coordinate actions for realizing the recommendations of the UN Summits of the 1990s.\(^5\) In May 1998, the UN Administrative Committee on Coordination (ACC) that consists of Executive Heads of UN Agencies\(^6\) stated that the UN Agencies “commit themselves collectively to undertake a renewed effort to concert policy approaches and give new impetus to collaborative actions by the United Nations organizations and agencies in this crucial area.” They also elaborated further on the concept of poverty:

1. “**ACC emphasizes that fundamentally, poverty is a denial of choices and opportunities, it is a violation of human dignity.** It means lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family, not having a school or a clinic to go to, not having the land on which to grow one's food or a job to earn one's living, nor having access to credit. It means insecurity, powerlessness and exclusion of individuals, households and communities. It means susceptibility to violence and it often implies living on marginal and fragile environments, not having access to clean water and sanitation.”

It is important to see that the concretization process following the Summit resolutions rapidly turned discussions towards the types of conceptualizations that are in the mainstream today, over 15 years later: emphasizing lack of capabilities to function in society, the presence of persistent insecurity and the lack of opportunities and human dignity.

Also the European Union, in its **European Consensus on Development**\(^7\) baseliner policy document of 2005 characterizes poverty in the following way:

> “Poverty includes all the areas in which people of either gender are deprived and perceived as incapacitated in different societies and local contexts. The core dimensions of poverty include economic, human, political, socio-cultural and protective capabilities. Poverty relates to human capabilities such as consumption and food security, health, education, rights, the ability to be heard, human security especially for the poor, dignity and decent work.”

> “Therefore combating poverty will only be successful if equal importance is given to investing in people (first and foremost in health and education and HIV/AIDS, the

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\(^5\) Actually, The World Summit on Children (1990) was the first ever global summit on social issues. It outlined a path of development that would lead to the materialization of the Convention on the Rights of the Child (UNCRC).


protection of natural resources (like forests, water, marine resources and soil) to secure rural livelihoods, and investing in wealth creation (with emphasis on issues such as entrepreneurship, job creation, access to credits, property rights and infrastructure). The empowerment of women is the key to all development and gender equality should be a core part of all policy strategies.”

The EU connects poverty reduction explicitly to both human rights and the sustainable development agenda.

3.2. Main approaches to poverty

Poverty has many manifestations and definitions depending on the perspective. Usually it refers to lack of resources or qualities needed for decent survival. The definition of the “decent” is the key issue. Whatever the definition, poverty can be defined either in absolute terms below a fixed threshold of income or basic needs satisfaction (absolute poverty) or as relative poverty referring to a specified proportion of median incomes of the population. The criteria can be one dimensional (usually income) or multidimensional (deprivation in terms of lack of access to goods and services).

The term “absolute” poverty is, however, too strong. Peter Townsend proposes the use of “extreme” or “severe” instead.

However, isn’t “absolute” also (at least often) “relative” when applied to humans?

Adam Smith, in the year 1776, wrote:
“By necessessaries I understand, not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for credible people, even of the lowest order, to be without. A linen shirt, for example, is, strictly speaking, not a necessary of life... But in the present times, through the greater part of Europe, a creditable day-labourer would be ashamed to appear in public without a linen shirt....Customs, in the same manner, has rendered leather shoes a necessary of life in England. The poorest creditable persons of either sex would be ashamed to appear in public without them...Under necessaries, therefore, I comprehend, not only those things which nature, but those things which the established rules of decency have rendered necessary to the lowest rank of people.


A footnote to Mr. Smith 200 years later: During his time, the new necessity was a linen shirt. Now a mobile phone starts being a “necessity” for “street credibility” everywhere in the world, and has become one of the absolute necessities for children and youth without which a child cannot grow up and develop as an equal member of the peer group.
The other basic question in poverty concepts is the issue of what to measure. The first and still most common element has been simply income. However, even income is not that simple and clear: shall it take into account taxes, subsidies, transfers, assets etc.? An alternative approach would be to measure actual consumption of a broader set of necessary goods and services and determine where is the threshold for survival or basic needs in each of the variables (multidimensional criterion for absolute poverty); further, how far from the median one has to be to be counted as poor in respect to each of the dimensions (multidimensional relative poverty). Unweighted or weighted indexes can then be used to arrive at one or a few index numbers instead of listing a great number of observed values for each variable or dimension.

In the next item a selection of current applications by international organizations of the various poverty approaches are described. None of the presented practical applications is a “pure” representative of a specific approach. Rather, all current applications have taken note of recent developments in the poverty discourse and tailored their approaches to the interests and needs of their mandates, constituencies, and data availability.

3.2.1. Monetary approach: Poverty is income or consumption below a standard

The subsistence and basic needs definitions are “absolute” as they define a minimum threshold under which people are defined to be poor. There have been attempts to find an absolute criterion for the minimum. Actually the background for subsistence definitions is in Victorian England where nutritionists tried to define the poverty line as the minimum income needed by the family to acquire enough food once the rent had been paid. The empirical poverty studies by Rowntree in the UK and USA are famous examples of efforts to facilitate evidence-based policies on poverty. While the list of “necessities” vary and change, such subsistence poverty line definitions are still used e.g. in the USA. Income poverty is still the most common way of measuring and following up poverty.

3.2.1.1. Example 1 : World Bank’s Global Poverty Line

The most common subsistence measure of poverty is this “a dollar a day” threshold for absolute poverty. It was created by the World Bank economists in 1990 by calculating the median of the lowest ten national poverty lines available in a sample of 33 developing countries.8 The current global absolute income poverty line is defined by the World Bank as incomes below USD 1.25 a day PPP.9 Moderate income poverty refers to life below USD 2.00 a day PPP.

While this convenient single number indicator has been corrected for inflation and adjusted for purchasing power it is a rather inadequate indicator for policy making. The main weakness of subsistence concepts are that they tend to be very mono-dimensional and overemphasize the physical survival needs of human beings.


9 corrected for price levels
3.2.1.2. Example 2: EU relative income poverty

The relative measures of poverty were also introduced by Rowntree in the 1950s and theoretically elaborated by Runciman and Townsend in the 1970s. This approach aims at describing how poor people are relatively worse off in terms of income or other essentials. Also relative poverty lines are simply agreements or the result of political consensus, such as in the EU: the poor are those whose incomes fall 60% below the median. Relative poverty measures provide policy makers a “moving target” rather than a fixed number that would not be sensitive to the changes or differences in average incomes or other essentials. In practice, relative poverty would be very difficult to “eradicate”.

The relative income poverty line as used by the OECD and the European Union refers to income levels below 50% (OECD) or below 60% (EU) of median incomes of the population.

3.2. 2. Basic needs approach: poverty is deprivation of the means for satisfying basic needs

The basic needs approach to poverty emerged in the 1970s. It refers to minimum consumption (food, shelter, clothing) and a varying set of “basic services” available such as water and sanitation, health care, education, public transport, cultural facilities. The basic needs approach was originally strongly advocated by the ILO. It was then adopted by the development community and in many developing country national plans. It was a useful concept as it connected poverty reduction with community development.

Poverty and deprivations are interlinked concepts but it is useful to make a distinction between the two. Following the thinking of David Gordon this relationship can be clarified as follows.

Deprivation is a situation of the individual and describes the lack of access to basic rights and fundamental freedoms that the international community has agreed every human being is entitled to. While poverty refers to lack of resources, deprivation refers to an actual condition, that deprives people of the satisfaction of basic material, social and psychological human needs.

“Deprivations are loosely regarded as unsatisfactory and undesirable circumstances, whether material, emotional, physical or behavioral, as recognized by a fair degree of societal consensus”.... “Poverty refers to lack of income or other resources that make (conditions of deprivation of basic needs) inescapable or highly likely” 10 (Gordon 2003, 6)

This is a useful and highly policy relevant distinction in regard to children. For children, severe deprivation of these basic rights and fundamental freedoms imply obstacles for development and a risk for permanent, life-long disadvantage. Serious deprivations too often lead to early death.

3.2.2.1. Example 1: The Bristol study on basic needs deprivations in developing countries

UNICEF has been facilitating a process for producing more valid child poverty indicators that would be better aligned with the thrust of the UNCRC. Such concepts and indicators should focus on outcomes for children, outcomes that would ensure materialization of their rights, freedoms and the full development of children’s potential. During the 1990s much progress was achieved in methods for collecting data on social and human development on a global scale. In 2000 UNICEF funded the first ever research on the extent and depth of child poverty in the developing world. The project was conducted by the University of Bristol and the London School of Economics. It initiated a line of research and indicator development that was intended to be closer to the international agreements and the framework of child rights as agreed upon in the Convention on the Rights of the Child in 1989.

The starting point was the World Social Summit intergovernmental agreement that drew a line between overall poverty and absolute poverty. Deprivations – i.e actual life situations of disadvantages rather than resources (potentials) are at the focus. Deprivations are relative but there are limits of acceptability of such deprivations. “Absolute poverty is a condition characterized by severe deprivation of basic human needs,...”

The original list of “basic human needs” as defined by the Bristol team included:
- food
- safe drinking water
- sanitation facilities
- health
- shelter
- education
- information
- access to services

Deprivation is a relative concept that can be understood as a continuum as presented by the Bristol framework:

“no deprivation” - “mild deprivation” -“moderate deprivation”- “severe deprivation” - “extreme deprivation”.

The severity of deprivation is a continuum and it should be noted that the cutoff points between the degrees of severity are based on judgment/ agreement and are not sharp and definite. This is indicated in the following chart.

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11 Brown and Madge 1982 as quoted by Gordon 2003, p6
The Bristol study defined “severe deprivation” as “those circumstances that are highly likely to have serious adverse consequences for the health, well-being and development outcomes of children” both in the long and short term. Gordon’s team also created “idealized operational definitions of deprivation for the eight criteria in the World Social Summit definition of absolute poverty”

Operational definitions of severe deprivations by the Bristol study.

<table>
<thead>
<tr>
<th>Deprivation Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Severe food deprivation:</td>
<td>Children whose heights and weights for their age were more than $-3$ standard deviations below the median of the international reference population, that is, severe anthropometric failure.</td>
</tr>
<tr>
<td>2) Severe water deprivation:</td>
<td>Children who only had access to surface water (for example, rivers) for drinking or who lived in households where the nearest source of water was more than 15 minutes away (indicators of severe deprivation of water quality or quantity).</td>
</tr>
<tr>
<td>3) Severe deprivation of sanitation facilities:</td>
<td>Children who had no access to a toilet of any kind in the vicinity of their dwelling, that is, no private or communal toilets or latrines.</td>
</tr>
<tr>
<td>4) Severe health deprivation:</td>
<td>Children who had not been immunised against any diseases or young children who had a recent illness involving diarrhoea and had not received any medical advice or treatment.</td>
</tr>
<tr>
<td>5) Severe shelter deprivation:</td>
<td>Children in dwellings with more than five people per room (severe overcrowding) or with no flooring material (for example, a mud floor).</td>
</tr>
<tr>
<td>6) Severe educational deprivation:</td>
<td>Children aged between 7 and 18 who had never been to school and were not currently attending school (no professional education of any kind).</td>
</tr>
<tr>
<td>7) Severe information deprivation:</td>
<td>Children aged between 3 and 18 with no access to radio, television, telephone or newspapers at home</td>
</tr>
</tbody>
</table>

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13 Gordon et al, 2001. Child rights and child poverty in developing countries , Table 2.1 in Gordon et al. 2003 p. 8
8) Severe deprivation of access to basic services: Children living 20km or more from any type of school or 50km or more from any medical facility with doctors. Unfortunately, this kind of information was only available for a few countries, so it has not been possible to construct accurate regional estimates of severe deprivation of access to basic services.

The original table presents definitions for mild, moderate severe and extreme deprivations. In Gordon’s terminology the child is living in absolute poverty if s/he is suffering more than two severe deprivations. In most cases deprivations result from lack of adequate income but also discrimination can be the background cause e.g. for poor education.

While these definitions have been developed to be meaningful in a developing country context, conditions of mild and moderate deprivations can be indentified in rich country contexts as well. For instance, living in a dwelling in poor repair or more than one person in the room is defined as mild deprivation. As of nutrition “diet with poor nutritional value” (mild deprivation) and “going hungry on occasion” (moderate deprivation) are not completely uncommon situations for children in rich countries.

The list and definitions have been developed and modified to various contexts but the basic idea has been maintained. The conceptualization of child poverty as deprivation has helped to develop measures and indicators of child poverty that can generate data and information with direct policy implications.

3.2.2.2. Example 2: UNICEF Global Study on multiple deprivations of children

From the Bristol Study framework, UNICEF has developed its present approach, which is applied in the ongoing “Global Study on Child Poverty and Disparities (2009-11)”. The Global Study was launched in 2007. It was motivated by the fact that progress in MDGs has not reached children and women. While the MDGs are mostly focused on the situation of children and women precisely, they tend to be left behind:

- “Although most of the MDGs are about the situation of children and women, millions of women and children are left behind even in countries that have improved on average
- Most countries have been unable to set an economic agenda that eliminates poverty at the rate foreseen by the MDGs
- Inequality has persisted or even increased in many countries in part because poverty reduction strategies and development plans have struggled to be pro-poor and to help disadvantaged populations
- The rights and needs of children are often placed below other priorities, leading to lost opportunities in terms of both economic and human development.”

The Global Study focuses on the multiple dimensions of child poverty. It covers eight dimensions of well-being or poverty and defines characteristics of severe, moderate and mild deprivations regarding each of these 8 dimensions in line with the Bristol framework. The dimensions have been divided into “individual” and “household” characteristics. The aim is to produce a multidimensional understanding, measurement and response to child poverty.

![Figure 1: Global Study on Child Poverty and Disparities: Eight Dimensions of Child Poverty](image)

Fig. 3.2.2. a - Source: UNICEF: The Framework of the UNICEF Global Study on Child Poverty and Disparities.

The actual conducting of the global study is decentralized to country government agencies and international partners. The statistical data has been compiled from the Demographic and Health Survey (DHS), the Multiple Indicator Cluster Survey (MICS), and the Living Standards Survey (GLSS), the Household Income and Expenditure Surveys, Censuses and other relevant national information sources. A list of countries for which a report is available or being prepared is on the website.
Multiple Indicator Cluster Survey (MICS) was an international household survey development programme established to help countries to produce comparable data on the situation of children and women, and to monitor progress towards the goals of the World Summit on Children and later other international goals, such as the MDGs. The first was carried out in 1995 (MISC 160 countries) MISC 2 in 2000 (65 countries) and MISC 3 (50 countries) 2005-06 and MISC4 2009-11. The CHILDINFO website provides access to the MISC data <http://www.childinfo.org/index.html> It also contains the data used in the flagship publication The State of World’s Children and Progress for Children <http://www.childinfo.org/publications_smsbytheme.html>

The multidimensional child poverty indicator seems largely to follow the 1.25 USD income line indicator. However, in those cases where it does not, it reveals differences that are highly policy-relevant. UNICEF gives a few examples:

- In Niger 66% of the population is income poor but 88% of children experience severe multidimensional poverty (two or more severe deprivations).
- In the Philippines, in contrast, while 23% of the population is income poor, only 15% of children experience moderate multidimensional poverty and only 2% experience severe multidimensional child poverty\(^\text{15}\) (p.3)
- Also in Finland’s partner country Nepal (2006) a higher proportion of children are multidimensionally severely poor (60%) than what would be expected from the income indicators (55%). On the other hand, a decrease in the severe deprivation of children has been faster than that of income poverty.\(^\text{16}\)
- In Zambia income poverty is more common (64%) than severe multidimensional child poverty (51%). However, ethnic differences in children’s deprivation are large. Children of small ethnic minorities tend to experience almost double the amount of deprivations. Also in Nepal ethnic differences in severe child poverty are large (for the high status Brahim 33%, while for the low status Tharu 72% experience 2+ severe deprivations).

Income measures of poverty are important in order to get a general picture and also as early warning indicators. Multidimensional measures give more detailed insight for policy design. In any case, national averages tend to conceal the vulnerability of specific groups of children that should be addressed by strong policy interventions so as not exclude such groups from development.


\(^{16}\) ibid
The analysis also shows that at the same GDP per capita, the deprivation of children’s basic needs can be very different. The proportion of children experiencing two or more severe deprivations is close to 60% in India, less than 20% in Vietnam and close to zero in Uzbekistan. All these countries have a GDP per capita of circa 2500 USD. Policies matter.

Example: Income levels matter but do not explain differences

India’s GDP per capita is more than double of that of Bangladesh. Looking at a number of social indicators relevant for children the picture flips upside down:

The proportion of underweight children in Bangladesh at 41.3% is a little lower than in India (43.5). and its fertility rate at 2.3 is lower than India’s. The under-5 mortality rate is 66 per thousand in India compared to 52 in Bangladesh. And in regard to infant mortality, Bangladesh has a similar advantage, with rates 50 in India and 41 in Bangladesh. Whereas 94 percent of Bangladeshi children are immunized with DPT vaccine, only 66 percent of Indian children are vaccinated.

Mean years of schooling amount to 4.8 years in Bangladesh compared with India’s 4.4 years. While India is ahead of Bangladesh in male literacy rate in the youthful age-group of 15-24, the female rate in Bangladesh is higher than in India. Interestingly, the female literacy rate among young Bangladeshis is actually higher than the male rate, whereas young females still do much worse than young males in India. There is much evidence to suggest that Bangladesh’s current progress has much to do with the role that liberated Bangladeshi women are beginning to play in the country.”

Amartya Sen: Growth and other concerns. The Hindu 14.2.2011

3.2.3. Capabilities approach: poverty is a lack of capabilities

An alternative to the income and consumption approaches was developed in the 1980s, emerging from the demand for broader approaches to the issues of development and poverty and also from the widening dissatisfaction with the economistic paradigm promoted and applied by the World Bank and the OECD. It was observed by UNICEF and UNDP that the neo-liberal policies that focused on economic growth, income generation and commercialization of essential services had a serious undesired fallout: children especially were suffering from the cuts to public expenditures and services.

Noble laureate Amartya Sen introduced the “capabilities approach”. His theory treated human beings as active agents of their own lives. This active concept of a human being was not his invention alone but he applied it to the field of development in an innovative way in collaboration with the UNDP. The essence of development is not economic growth and the accumulation of wealth but should be assessed on the basis of outcomes in the lives of people. The crucial question is whether an individual is capable “to lead the kind of life she or he has a reason to
Capabilities are the means to achieve a good life, to escape from deprivations and to realize one’s potential. Development – for an active agent – is not solely about food and shelter but it means the expansion of choices. His book “Development as Freedom” elaborates this perspective. Development is freedom from want and freedom from fear.

While theoretically attractive, the capabilities approach is difficult to operationalize. There are a number of dimensions to capabilities and e.g. Martha Nussbaum has made efforts to list the “basic capabilities”.

Some confusion tends to stem from the word capabilities. It tends to refer to individual characteristics, abilities. For instance the list provided by Nussbaum enumerated mainly qualities of the individual or at least those that leave less space for external enabling factors. Amartya Sen refers obviously – but not very clearly – to both the “internal” individual capacities (human capital) and external resources (facilities, services etc.) needed to enable the individual to manage his/her life to achieve well-being.

3.2.3.1. Example 1: the OECD multidimensional capabilities framework

The OECD prepared and published the Poverty Reduction Guidelines (2001) to help donors to address poverty in a multidimensional manner. The framework presents five groups of capabilities that enable people to escape poverty and achieve their goals:

- **Economic capabilities** i.e. the ability to earn income, to consume and to have assets which are key to food security, material well-being and social status
- **Human capabilities** that are based on health, education, nutrition, clean water and shelter that all are necessary elements of well-being as well as instruments to achieve livelihoods.
- **Political capabilities** include human rights, a voice and influence in public policies and political priorities.
- **Socio-cultural capabilities** include the ability to participate as a valued member in society.
- **Protective capabilities** enable people to manage economic or other shocks that threaten to push them into poverty.

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Correspondingly, if people are deprived or incapacitated of these capabilities they are “poor”. Poverty, in this framework is a dynamic phenomenon that can be prevented or reduced by improving people’s capabilities.

**Fig. 3.2.3.1.a: Multidimensionality of poverty (OECD DAC)**

**OECD-DAC: Multidimensionality of poverty**


While the concept is theoretically sound and comes close to Sen’s idea of capabilities, the applications of the OECD model tends to bend towards the “hard data” indicators.

The OECD Poverty Impact Assessment (PIA) manual included an innovative approach for concretizing thinking and analysis of factors affecting people’s poverty. It introduces the idea of transmission channels. Various economic, social and environmental events and processes affect people’s lives and poverty through particular intermediate processes, “transmission channels”:

**Transmission channels**

“Prices” (Production, consumption, wages)

“Employment” (Formal, informal)

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In the PIA, these channels can also be described in very qualitative and institutional ways. Transmission channels make understandable the mechanism or process of how e.g. the global economic crises affect households. Similarly, thinking through transmission channels it is possible to trace the process of how e.g. poverty reduction programs or debt reduction programs affect families and children.

3.2.3.2. Example 2: Efforts by the UNDP to measure basic capabilities

The UNDP has taken a more practical approach to the application of the capabilities concept to create the Human Development Index (1990-) and Human Poverty Index (1996-). The UNDP has constructed indexes by selecting a small number of indicators that measure some essential capabilities. While not covering all aspects of capabilities these proxies have the advantage that data is available for most countries.

**Human Development Index (HDI)** is currently composed of:

- Life expectation at birth
- Education: mean years of schooling for those over 25 years of age and expected years of schooling for school-age children
- Income: logarithm of Gross National Income. Log is used to reflect the diminishing marginal value of income when income level rises

**Human Poverty Index (HPI)** includes:

- Capacity to survive: vulnerability to early death measured by risk of dying before age 40
- Knowledge capacities: measured by illiteracy rate
- Access to income and public provisioning: measured by the percent of malnourished children under five and access to safe water

The HDI and HPI can only capture and describe the macro level picture. It was intended to enrich the picture of development beyond the one dimensional GDP per capita. The Human Development Index and Human Poverty Index do not correlate strongly with income-based indicators. Income level and the GDP are not directly related to human development and human poverty – at least when measured with the above indicators across countries and GDP per capita. Neither do HDI always move in the same direction as GDP per capita at the country level in time.24

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In 2010 the UNDP introduced the new Multidimensional Poverty Index (MPI) for measuring and describing household-level poverty. The purpose is to improve the monitoring of poverty and obviously to replace the fairly simple HPI. The dimensions are Education, Health and Standard of Living and the 10 indicators are intending to capture the MDGs.\(^\text{25}\) Below there are the assessment criteria for being deprived i.e. poor:

1. **Education** (each indicator is weighted equally at 1/6)
   - **Years of Schooling**: deprived if no household member has completed five years of schooling
   - **School Attendance**: deprived if any school attending school in years 1 to 8

2. **Health** (each indicator is weighted equally at 1/6)
   - **Child Mortality**: deprived if any child has died in the family
   - **Nutrition**: deprived if any adult or child for whom there is nutritional information is malnourished

3. **Standard of Living** (each indicator is weighted equally at 1/18)
   - **Electricity**: deprived if the household has no electricity
   - **Drinking Water**: deprived if the journey to clean drinking water or clean water is more than 30 minutes walk from home
   - **Sanitation**: deprived if they do not have adequate sanitation or their toilet is shared
   - **Flooring**: deprived if the household has a dirt, sand or dung floor
   - **Cooking Fuel**: deprived if the household cooks with wood, charcoal or dung
   - **Assets**: deprived if the household does not own more than one of: radio, TV, telephone, bike, motorbike, or refrigerator and do not own a car or tractor

A person is multidimensionally poor if s/he experience deprivation in at least 30% of the weighted indicators. One deprivation alone does not represent poverty. Of the 105 countries where estimates were calculated, 32% of households were assessed to be multidimensionally poor.

The MPI is a work in progress. The results will be included in future Human Development Reports. MPI derives data from Demographic and Health Surveys (DHS), Multiple Indicator Cluster Surveys (MICS), and the World Health Survey (2003). The UNDP notes that data availability is surprisingly poor. “Data on important dimensions is also missing – in particular for quality of education, work, empowerment, consumption or violence. More and better data are needed – for the same people.”\(^\text{26}\)

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\(^{25}\) Each of the three dimension at one third, and each indicator within each dimension is equally weighted. The MPI methodology follows Alkire and Foster (2007). Read more at UNDP Composite indices — HDI and beyond [online] Available at <http://hdr.undp.org/en/statistics/indices/> [Accessed 13 January 2013]

There are about 1.5 billion poor people in the world when measured by the MPI. The MPI results show that the majority of multidimensionally poor people live in middle income countries (1.189 billion). In low income countries there are 459 million poor people.

3.2.3.3. Example 3: OECD doing better for children and families

The OECD claims to emphasize dimensions and indicators that can be influenced by policy measures. Its multidimensional poverty study focuses on the following dimensions. OECD

- Material well-being
- Housing and environment
- Educational well-being
- Health and safety
- Risk behavior
- Quality of school life

The OECD criticizes approaches that include subjective variables as they cannot be influenced by policy measures. As children’s subjective experiences are not independent of “objective” circumstances or conditions that are created by policy choices, this is too simplistic a position.

The OECD is critical of the inclusion of subjective elements and the more participatory methods of some child well-being studies. It does not present any overall ranking of OECD countries, because “there is no obvious rationale for aggregating across dimensions”. Also there are data limitations. (p28). The OECD list has a clear anchor in the UNCRC- a widely agreed upon framework.

The multidimensional capability approach is applied in various other composed indexes on child poverty, as well. For instance, Save the Children uses individual characteristics, health, nutrition and education to represent individual capabilities. On this basis Save the Children has developed a Child Development Index (CDI).  

3.2.3.4. The MDGs: mixture of basic needs and capabilities

Since the Copenhangen Summit (1995), the OECD –DAC had been working on a set of “hard” but multidimensional development indicators of poverty to complement economic ones. The Summit had recommended that the UN and the IFIs should work more coherently together. At the turn of the millennium, the UN, OECD, World Bank and IMF published a joint paper “A Better World for All”. This “declaratory” paper and the Millennium Summit introduced the Millennium Goals as the new multidimensional joint global standard framework for approaching poverty and deprivation.

The Millennium Summit (2000) thereafter endorsed slightly revised goals as the new standard that world development should aim at. The 189 nations promised to free humankind from poverty and multiple deprivations.

“11. We will spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected. We are committed to making the right to development a reality for everyone and to freeing the entire human race from want.

12. We resolve therefore to create an environment – at the national and global levels alike – which is conducive to development and to the elimination of poverty.”

The Declaration describes various dimensions of poverty in ways that were summarized in the eight MDGs.

The MDGs are a “to do” -list

1. Eradicate extreme poverty and hunger;
2. Achieve universal primary education;
3. Promote gender equality and empower women;
4. Reduce child mortality;
5. Improve maternal health;
6. Combat HIV/AIDS, malaria, and other diseases;
7. Ensure environmental sustainability; and
8. Develop a global partnership for development.

However, the institutional and political dimensions that were presented in the Social Summit were dropped from the Goals. More “how to” advice was included in the Millennium Declaration but the simplified list of Goals and Targets became the focus of the development dialogue. Finland has been emphasizing the MDGs are interdependent and should be addressed in a more holistic and comprehensive manner. Also the MDGs have been addressed in a way that has not taken well into account the distributional aspects of the goals. Focusing on average achievements has concealed the great discrepancies and inequalities between countries, between population groups, men and women, boys and girls and, in many cases, between the situation of adults and that of children.

3.2.4. Well-being approach: poverty is ill-being

In line with the Maslow hierarchy of human needs, human well-being has been seen to have physical, social and mental/psychological dimensions. There are, however, differences in interpretations regarding the relationships between these factors and the emphasis or importance given to each.

The Finnish sociologist Erik Allard summarized well-being as a combination of material, social and spiritual–emotional dimensions. He coined a catchy terminology to refer to each of these

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three dimensions: “Having”, “Loving” and “Being”. The approach was based on the conceptualization of well-being as a product of using available resources to achieve one’s own goals.

The individual person was seen as an active agent in the production of his/her well-being. This approach—understanding human action as a goal-oriented process by an active agent that strives to manage his/her life—in turn, leads to a different set of “helping” approaches than does the cause–effect framework of explaining the causes of human behavior solely by external causes. It also emphasizes the equal importance of physiological, social and mental factors in the whole of human well-being. While the satisfaction of physiological needs is a necessity for staying alive, it is not the sole purposes of life of even the poorest of the poor.

Fig. 3.2.4.a: Staying alive is not enough for living

29 See also Wiman 1989 ibid.
“All people are equal in human nature. The physiological, social and mental dimensions of a living human being are inseparable. None of these exists alone. All people have the same fundamental needs. Survival needs must be met to stay alive. Survival needs are, however, narrow and limited and should not be considered identical to the “basic human needs”. The fundamental essence of human life is, after all, to strive towards a meaningful life. Meaning in life is created by social interaction towards the realization of one’s human potential. The self-actualization needs are limitless and they receive their expression in people’s aspirations towards “a life of their own”, independence, self-determination and creativity through full and equal membership of the family, the community and society. “Well-being” is, therefore, a product of all these aspects of life. Therefore, adding to one cannot compensate for the lack of another.”

Well-being is not a sum but rather a product of the physiological, social and mental dimensions. High material welfare cannot replace deprivation, social relations or self-actualization opportunities. The dimensions of having, loving and being cannot fully replace or compensate each other. Two of the conclusions are that money does not bring happiness and incomes are a poor approximation for well-being.

Well-being is an individual experience and can be said to be “subjective”. However, for a person, his/her subjective well-being is the one that matters most regardless of how outsiders may consider how well s/he is faring or what is his/her objective well-being or welfare. Children have often quite different interpretation of their own well-being than what might be expected from objective conditions.

In the case of children the importance of the satisfaction of physiological needs is obvious. This should not, however, mislead us to think that merely STAYING ALIVE would be enough for children.

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The Dadaap refugee camp in North Kenya is crowded by refugees from Somalia. The Camp has three dwelling clusters. At one of them, the Save the Children established a modest hut for children. There were toys and things. When parents brought their children to this “Children’s House” they first asked: is there food?“ As there was no food distribution they took their children back with them. But the children came back on their own – to play with the toys, Legos, pedal the small cars etc. and to play with other children.

“If children would be allowed to decide, there would be something more at refugee camps than only food and shelter. “ says Kirsi Peltola working there on behalf of Save the Children. (YLE TV 2, 16.8.2011, 21:15 )

Robert Chambers of the Institute for Development Studies (IDS) has made several studies that are based on listening to poor people themselves. This gives a more nuanced understanding of what poverty is from poor people’s own perspective. He refers to the World Bank study “Voices of the Poor” and notes that very similar dimensions emerge from interviews in various parts of the world and across cultures. People have the same kinds of aspirations:

“material well-being, having enough; bodily well-being, 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.
Well-being includes the freedom of choice and action, security, physical well-being, enough for a good life, good social relations. Ill-being is powerlessness, insecurity, physical weakness, material lack, bad social relations. Poverty is bad life. Poverty is ill-being.

3.2.4.1. Example 1: Voices of the Poor – Can anyone hear us?

The World Bank launched a unique qualitative bottom-up study to make the voices of the poor themselves heard. Some 60 000 poor women and men in 60 countries were gathered in focus groups or interviews to offer their views as part of an analysis of what poverty is. The second stage of the study focused on how people move out of poverty.

The poor themselves experience poverty as multidimensional. There was much coherence between countries and cultures and conditions. Six dimensions emerged from the qualitative data:

Fig. 3.2.4.1. Dimensions of well-being as seen by people themselves

<table>
<thead>
<tr>
<th>Material well-being</th>
</tr>
</thead>
<tbody>
<tr>
<td>o Food</td>
</tr>
<tr>
<td>o Assets</td>
</tr>
<tr>
<td>o Work</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bodily well-being and appearing well</th>
</tr>
</thead>
<tbody>
<tr>
<td>o Health</td>
</tr>
<tr>
<td>o Appearance</td>
</tr>
<tr>
<td>o Physical environment</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social well-being</th>
</tr>
</thead>
<tbody>
<tr>
<td>o Being able to care for and bring up their children, and to see their children get married and settled</td>
</tr>
<tr>
<td>o Self-respect and dignity</td>
</tr>
<tr>
<td>o Peace, harmony, good relations in the family/ community</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>o Civil peace</td>
</tr>
<tr>
<td>o A physically safe and secure environment</td>
</tr>
<tr>
<td>o Personal physical security</td>
</tr>
<tr>
<td>o Lawfulness and access to justice</td>
</tr>
<tr>
<td>o Security in old age</td>
</tr>
<tr>
<td>o Confidence in the future</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Freedom of choice and action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psychological well-being</td>
</tr>
<tr>
<td>o Peace of mind</td>
</tr>
<tr>
<td>o Happiness</td>
</tr>
<tr>
<td>o Harmony (including spiritual life and religious observance)</td>
</tr>
</tbody>
</table>


Poverty concepts are culturally bound and people’s perception of poverty is not always reflected in the data that is available in statistical format. An adult’s statistical and scientific logic might not reach the perceptions and understanding of children of various ages.

Also the UNICEF Global Study includes some qualitative studies:

> “Mostly it is children from poor families that skip classes at school. Their families cannot afford to buy textbooks for the children; they do not have schoolbags and have to carry their notebooks, pens, etc in plastic bags. It is so cold in classrooms that you cannot hold a pen in your hand.” Focus Group, Kurgan-Tube city, 6-11 years old UNICEF 2003: Qualitative survey of child poverty in Tatzikistan

### 3.2.4.2. Example 2: The three-dimensional concept of child well-being

The three-dimensional concept of child well-being used by e.g. UNICEF tries to catch “what children have”, “what they are able to do with what they have and can command”, and “what the child thinks about what they have and can do”. The concept has been operationalized e.g. in INNOCENTIs score cards, that cover—for the time being—only the OECD countries.

The CRC and the MDGs do cover well the material aspects of life. As regards the social and mental or subjective aspects of well-being, it is less clear.

<table>
<thead>
<tr>
<th>Dimensions of child well-being and UNCRC provisions</th>
<th>Material well-being</th>
<th>Relational well-being</th>
<th>Subjective well-being</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Child survival (6, 24,27)</td>
<td>Child participation (12,13,31)</td>
<td>Child psychological and emotional development (13,14,28,29)</td>
</tr>
<tr>
<td></td>
<td>- nutrition</td>
<td>Child protection (19,32,33,34,35,36,37)</td>
<td>Child participation (12,13,31) and child protection (19,32,33,34,35,36,37)</td>
</tr>
<tr>
<td></td>
<td>- Health,</td>
<td>- violence</td>
<td>- exploitation</td>
</tr>
<tr>
<td></td>
<td>- Water and sanitation</td>
<td>- abuse</td>
<td>- neglect</td>
</tr>
<tr>
<td></td>
<td>Child development (6,28,29)</td>
<td>Child development (6,28,29)</td>
<td>Child psychological and emotional development (13,14,28,29)</td>
</tr>
<tr>
<td></td>
<td>- education</td>
<td>Child protection (19,32,33,34,35,36,37)</td>
<td>Child participation (12,13,31) and child protection (19,32,33,34,35,36,37)</td>
</tr>
<tr>
<td></td>
<td>- psychological development</td>
<td>- violence</td>
<td>- exploitation</td>
</tr>
</tbody>
</table>

Source: Jones and Sumner 2011, p 15

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Jones and Sumner emphasize the importance of focusing on the positive side: what children can do rather than what are the deficiencies in their prerequisites to act. Focus on “what children can do/be/feel rather than on their deficiencies”. The authors remind that this positive approach helps avoid stigmatizing poor children.

3.2.4.3. Example 3: Child well-being in rich countries (UNICEF)

The deprivation measures developed for assessing child poverty in low-income countries are not sufficiently sensitive to differences in countries where most children are not severely or moderately deprived of basic (material) needs. **UNICEF INNOCENTI Centre has developed a multidimensional approach to child poverty/ child well-being in rich countries.** It is an index composed of 6 indicator clusters:

- Material well-being
- Health and safety
- Educational well-being
- Family and peer relationships
- Behaviors and risks
- Subjective well-being

It has been used for ranking OECD countries in accordance to the well-being of children. Each dimension as such is, however, more policy relevant than a rather arbitrary composite index that gives an unweighted average rank for each country.

3.2.4.4. Other indicator sets of child well-being

**EU child well-being index**

The European Union has not given a great deal of attention to the well-being of children. Bradshaw et al. (2006) designed an index on the basis of the CRC and formed eight clusters for describing child well-being in the EU. The dimensions are

- Material situation
- Housing
- Health
- Subjective well-being
- Education
- Children’s relationships
- Civic participation
- Risk and safety

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36 Note that this shift of focus is applicable also to other vulnerable groups e.g. people with disabilities: during recent two decades the concept and approach to disability has also evolved toward this direction: focus on abilities rather than disabilities, label us able. Also the current conceptual standard conceptualizes people with disabilities as active agents of their own lives rather than as objects of charity and welfare.

There were originally 23 domains and 51 indicators but measures depended on data availability. A similar index was developed for CEE/CIS countries 38

**Young lives by DFID**

This is a longitudinal study in Ethiopia, Peru, India and Viet Nam initiated by the DFID and the Save the Children Fund, UK. It was launched in 2001 and will follow the children for 15 years. The dimensions of poverty reflect basic needs and the CRC and the focus is on outcomes for children according to six dimensions:

- Nutrition status
- Physical morbidity
- Mental morbidity
- Life skills
- Developmental stage for age
- Perception of well-being and life changes

The last of these dimensions utilizes participatory methods and children’s own views on poverty. The framework covers the causes, mediating factors, child outcomes, policy responses, policy outcomes and the feedback to causes.

**Child Development Index (CDI)**

The multidimensional capability approach is also applied in various other composed indexes on child poverty. For instance, the Save the Children uses individual characteristics, health, nutrition and education to represent individual capabilities. On this basis, the Save the Children has developed a **Child Development Index (CDI)**. 39

**Individual capacities and external opportunities**

Many of the indexes refer to the ideas of Amartya Sen. However, these indexes do not capture well Sen’s idea capabilities and his understanding of "the five essential freedoms" that are necessary for a dignified life. In Sen’s theory human beings are active agents of their lives. Therefore development can be seen as taking place when “freedoms” of choice improve. Capabilities enable people to enjoy such freedoms to achieve a good life free of poverty and deprivations. The fundamental freedoms are: Political freedom, economic facilities, social

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opportunities, transparency guarantees, and protective security. These freedoms enable people to ‘lead the kind of lives they have a reason to value’. 40

Sen refers with “capabilities” to both internal/individual capacities and external prerequisites for human action. It is possible to clarify such prerequisites so as to make a clear distinction between capabilities by the individual (abilities, skills, knowledge, motivation) and external opportunities and/or obstacles. 41

Poverty approaches and indexes that measure individual or household level phenomena have their limitations as tools for policy design. They do not capture the structural dimensions of poverty as a social phenomenon.

3.2.5. Inequality approach: Poverty is exclusion

"All human beings are born free and equal in dignity and rights." states Article 1 of the Universal Declaration of Human Rights.

Equality is a difficult concept. It may refer to equality of opportunity or to equality of outcomes. In the Nordic tradition it refers to equity, "rightfulness", which is a balance between equality of opportunity and a fair distribution of outcomes taking into account minimum standards for everybody, adjusted with a fair reward for extra effort. The two-component pension system is an example: a flat basic pension for everybody that is topped up with an earnings-related component.

During the past decades there has been an evolution of the concept of equality. An example from the UK was provided by Dimitrina Petrova of The Equal Rights Trust, London at the Workshop on Human Rights and Development in Helsinki 4-6.10.2011.

1. In the legislation of the 1960s, equality referred to formal equality: equal treatment in the Aristotelian meaning - "treat the likes alike".
2. In the seventies: equality of opportunity: remove barriers from equal participation
3. In the 1990s : Comprehensive substantive equality (Amsterdam Treaty Art 13)
4. Emerging approach can be called Transformative equality: positive action is needed to make up for the original disadvantages that have been acquired in history, due to disability etc.

Inequality and poverty are closely interlinked. All differences are not inequalities. There are justifiable differences e.g. due to differences in choices and in performance. Differences become inequalities when they are based on the person’s or a group's quality or status (direct and indirect discrimination on basis of e.g. gender, race, ethnic origin etc.) or when they result from unequal access to opportunities, resources and services. Falling under the poverty line can follow from both justifiable and non-justifiable causes of differences.

Similarly, all lower-than-average assets or endowments should not be termed poverty so as not to render the whole term meaningless. The characterization of poverty as deprivation of human rights requires also further elaboration of the criteria of serious poverty. A threshold value needs to be specified below which deprivation becomes poverty and beyond which poverty becomes a violation of human rights.

Social exclusion is a process that marginalizes people. It exists in all societies, both among the rich and in the poor. It can result from deliberate active discrimination e.g. of some ethnic groups, minorities and people with disabilities. It can also be a gradual process where deprivation in one dimension of life spreads to other dimensions (e.g. unemployment). Exclusion evolves as a result of the “passive” working of larger economic and social processes. Exclusion is not characterized by economic dimensions alone. There are strong links to social processes, psychological deprivations and feeling a lack of dignity and political powerlessness.

3.2.5.1. Example 1: UN Commission on the Legal Empowerment of the Poor: Poverty as exclusion from full citizenship

For instance, on the global scale and in developing countries, estimates of the extent of poverty depend on the indicator used. The UN Committee on the Legal Empowerment of the Poor used a novel indicator that was based on “access to full membership” of society.

In many of the low income countries two thirds of the population derive their livelihoods from the informal sector. Informal is normal. These people are deprived of regular citizenship rights. They do not have

- Access to justice
- Property rights
- Labor rights
- Social security rights
- Business rights

This approach leads to a second opinion on the global headcount of poverty: When counting as poor all those people who have no access to essential rights and no access to the protection of laws, there are 4 billion people living in poverty globally. One subset of this group would be children without a birth certificate.


3.2.5.2. Example 2: World Bank -improving opportunities, reducing vulnerabilities and empowering people

The World Bank has also shifted towards a multidimensional approach. In the World Development Report (WDR) 2000\textsuperscript{44} it introduced a new conceptualization of poverty. It was linked with the Bank’s work on issues of risks and vulnerability that evolved within the framework of the newly implemented social protection strategy - Social Risk Management (SRM). The new strategic approach was a crucial departure from the economistic approach, a moving that recognized the need for more social contents in development work. The WDR 2000 conceptualization took some distance from a basic needs /basic services approach and introduced a new set of concepts: improving opportunities, creating employment, reducing vulnerabilities by making available social security and empowering people.

The Bank did not try to design any composite indexes for measuring poverty. At the turn of the millennium, the Bank also started work towards improving the social dimensions of PRSPs. For instance, it commissioned Finnish experts to produce tools for the inclusion of disability issues in PRSPs. In cooperation with Finland and UNICEF, it also started working on dismantling the institutional approach of the care of vulnerable children and people with disabilities. Finland started supporting the Bank financially in the fields of disability and later also in social protection, social development and social policies. This work is still ongoing and social protection issues have been strengthened on the Bank’s agenda. Child poverty as a term does not yet appear in this context. Rather the Bank works separately on various dimensions of child development such as nutrition, health care, education and aspects of social protection.

In its World Development Report 2006\textsuperscript{45} the World Bank focused on equity. Inequality of opportunity creates poverty and keeps people in poverty, which is inherited by the next generations.

The Report also concludes that economic, social and political inequalities tend to reinforce each other “and reproduce themselves over time and across generations. We call such phenomena “inequality traps.” Disadvantaged children from families at the bottom of the wealth distribution do not have the same opportunities as children from wealthier families to receive quality education. So these disadvantaged children can expect to earn less as adults. Because the poor have less voice in the political process, they—like their parents—will be less able to influence spending decisions to improve public schools for their children. And the cycle of underachievement continues.”

The report refers to empirical studies that show how poverty in early childhood leads to permanent disadvantages. It recommends “more equitable access by the poor to health care, education, jobs, capital, and secure land rights, among others. It also calls for greater equality of access to political freedoms and political power, breaking down stereotyping and discrimination, and improving access by the poor to justice systems and infrastructure.”


In this report the Finnish historical experience on how to achieve growth with equity was also studied. Later, co-operation with Finland has continued in the fields of social protection, social development and poverty reduction.

3.2.5.3. Example 3: UN-DESA - Rethinking Poverty

The United Nations Department for Economic and Social Affairs in its report on the World Social Situation 2005, also focused on inequality. The UN-DESA World Development Report of 2010 “Rethinking Poverty” criticizes the conventional dollar-a-day or the more generally economistic ways of measuring poverty. The poverty-line approach leads to individualizing poverty and to focusing on those that are below the line, while at the same time forgetting those who are all the time at high risk of falling into poverty because they are vulnerable. The UN urges giving more attention to combating inequality and social exclusion and to designing ways to provide universal social services and social protection.

3.2.5.3. Example 4: "Children Left Behind" - study by UNICEF

'The Children Left Behind" report presents a first overview of inequalities in child well-being for 24 OECD countries. The report focuses on the relative gap between children in the bottom of the distribution with those occupying the median. Three dimensions of well-being are examined: material, education, and health. In each case, the question asked is 'how far behind are children being allowed to fall?' and why are some countries doing so much better at protecting their most vulnerable children."

The results show that “Denmark, Finland, the Netherlands, and Switzerland are leading the way in promoting equality in children’s well-being. Greece, Italy and the United States, on the other hand, are allowing children to fall furthest behind.” In educational equality, Finland is the best performer in the highest placing, while it is 6th in material well-being, and only 16th in health alone.

3.2.6. Human rights approach: Poverty is a violation of basic rights and fundamental freedoms

The International Bill of Human Rights that consists of the Universal Declaration of Human Rights (1948), the International Covenant on Economic, Social and Cultural Rights, and the International

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Covenant on Civil and Political Rights include several standards and principles that directly refer to various dimensions of poverty. The International Covenant on Economic, Social and Cultural Rights also explicitly guarantees the right for a decent standard of living and social security. On the other hand, guaranteeing the materialization of Civil and Political Rights is a prerequisite for the prevention of poverty.

A reference to human rights has been included in some definitions of (serious) poverty:

“Poverty may be defined as a human condition characterized by sustained chronic deprivation of the resources, capabilities, choices, security and power necessary for the enjoyment of an adequate standard of living and other civil, cultural, economic, political and social rights.”

Also UNICEF refers to poverty explicitly as a denial of children’s human rights

“Children living in poverty experience deprivation of the material, spiritual, and emotional resources needed to survive, develop and thrive, leaving them unable to enjoy their rights, achieve their full potential or participate as full and equal members of society.”

In May 2002, the 10th Anniversary of the CRC, the UN General Assembly Special Session on Children endorsed a declaration and concrete action plan “A world fit for children”. This explicitly connected the reduction of child poverty with the realization of children’s rights. However, all children’s rights issues are not issues of poverty. For instance, many child protection issues emerge in both situations of poverty and situations that cannot be termed poverty. As discussed earlier, poverty can be defined in absolute or relative terms and different components or qualitative criteria can be used.

The Human Rights Based Approach is a strategy that provides a comprehensive framework for addressing development. It is based on the set of values that define absolute universally agreed standards of human dignity and it provides benchmarks that should be progressively achieved to the fullest that resources permit.

However, the factual materialization of HR rights and principles depend on actual access to the resources, services and conditions that are necessary for people to make their rights a reality. These can be described as the 5 A’s

- Availability
- Affordability
- Accessibility

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• Acceptability
• Adequacy

This slightly simplified list of filters to the realization of human rights provisions in the actual life of people provides insight to the issues that policies should tackle in order to enable people to realize their rights. It is important to identify and clear the direct and indirect obstacles to equal participation. In the case of girls and in the case of persons with disabilities, there are a number of obstacles that exercise indirect discrimination. A girl with disabilities has a double disadvantage.

Fig. 3.2.6.a: Prerequisites for human rights to materialize in practice

For instance, the right to education of a child with disabilities will materialize if, and only if:

→ The school is **available** at a reasonable distance, and

→ The school is **affordable**, free or the costs can be borne by the parents, and

→ The school is **accessible**, physically and attitudinally, and/or the girl has access to the necessary equipment and

→ The school and its practices are **acceptable** to girls and children with disabilities in general, and

→ The school is **adequate** in quality so as to meet properly the needs and rights of children with disabilities.

*(Add: accountability: that authorities bear their duty, they are made accountable for creating conditions that children with disabilities have a real access to quality education.*

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The human rights approach is anchored in agreed standards, the benchmarks to be achieved, and the principles that define the “quality of the process”: equality, non-discrimination, participation, inclusion and accountability of duty bearers. It provides an alternative to the arbitrariness of a charity approach, as it sets the agreed criteria according to the relationship of the rights holder and the duty bearer.

HRBA combines many features of other approaches: it helps

- in setting absolute minimum standards for outcomes
- in setting longer-term goals for improvement from the minimum
- in designing good quality processes (non-discrimination, equal participation, rule of law ....)
- in designing interventions to reach those standards
- in designing positive action to empower those who "have been left behind"

Example: Applied to malnutrition of children the HRBA would lead to the following conclusions:

- All children have an absolute right not to suffer malnutrition. There are no acceptable malnutrition levels.
- The rights holders, children, must be empowered to claim their rights.
- No trade-offs are acceptable e.g.
  - Say NO to 'needs trade-off' arguments: e.g. “rather, high poverty must be accepted to facilitate economic growth”
  - Say No to the 'equality trade-off' arguments: e.g. “inequalities needs to be accepted as the price for faster economic growth”
  - Say NO to 'liberty trade-off' arguments: e.g. “civil and political rights need to be temporarily suspended for the sake of economic growth”
- Reduction and eventual eradication of exclusion, discrimination, disparities, and injustice must be at the centre of poverty reduction policies as they are key obstacles to the materialization of rights
- The public authorities are ultimately in charge and responsible for seeing that families are enabled to provide their children with access to adequate food
- A number of dignified social protection instruments for securing the livelihoods of families in cases of chronic poverty or devastating shocks have been designed to enable families to improve their resilience (micro credit, crop insurance, cash transfers etc.)

In contrast to any other set of resolutions or recommendations, the strength of the HRBA is that it is based on intergovernmental agreements that set obligations for Governments for which they are accountable. Weakness do remains, such that enforced mechanisms are not always effective enough and the non-abiding Governments do not face serious enough consequences. Furthermore, a HRBA alone is not enough of an instrument for the reduction of child poverty. It

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is a normative framework and to be effective, it must be combined with instrumental economic, social, political and empowerment measures.

3.3. Dynamics of poverty: vulnerability and intergenerational poverty

Another weakness in the overly simplistic approaches to poverty reduction has been the poor understanding of the poverty of households and individuals. Rather recently the World Bank invested in studying the dynamic nature of poverty. Poor people themselves tell how they are industrious, they try harder but social institutions work as barriers that make it impossible to escape poverty. While some make it, others fall back when e.g. illness or a bad harvest hits the family. This is why the aggregate figures are slow to drop.

The Chronic Poverty Report gives an illuminating example of the multidimensional dynamics of the poverty of a Bangladesh family. It shows clearly how the income of a family can fluctuate drastically due to various shocks or even quite normal life cycle events. When there are no “safety nets” or risk management systems, a single shock can push the family into a situation where it will rely on irreversible harmful coping strategies: selling productive assets (cattle, tools, land), borrowing money at exorbitant interest rates, taking children out of school etc. The latter means that the children may fall into a disadvantaged position for their entire lifetime.

Fig. 3.3.a: The dynamic nature of poverty

Source: Chronic Poverty Research Centre (CPRC)

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In understanding the dynamics of poverty, interest has turned to social protection as a measure to prevent people from falling into poverty - and to prevent poverty from being transferred to the next generation.

**Intergenerational poverty**

Wealth and poverty have a high tendency to transcend generations. In most country contexts, to be born in a poor family predestines a child to a lifetime of poverty. In only a few countries do opportunities for social mobility effectively enable people to overcome this tendency. In the USA and Great Britain, France and Italy this mobility is low while in the Nordic countries, parents’ status has the least influence on the socioeconomic status of children.\(^{56}\)

However, also in Finland research has shown how the poverty of parents is transmitted to children. Kaija Paananen and Mika Gissler of the National Institute for Health and Welfare (THL) did a cohort study of 60,000 children born in 1987. Of those children whose parents had been on last resort social allowances over 5 years 70 % have themselves been were on last resort social allowance. In turn, of those children whose parents never received the allowance only 10 % ended poor (as measured by being allowance recipient). A similar but less steep pattern can be seen in criminality, mental health and educational attainment of children of the poor parents. HS 8.1. 2012, p A9. About the study, see: [http://ije.oxfordjournals.org/content/early/2011/03/04/ije.dyr035.full](http://ije.oxfordjournals.org/content/early/2011/03/04/ije.dyr035.full)

Education policies and redistributive policies and income transfers are essential explanations for the differences in the OECD countries. In less developed countries, upward intergenerational mobility is even less likely than in the USA. The diversity among and within these countries make for difficult comparisons. Historically underprivileged minorities, systemic discrimination, and regional segregation all stand as barriers, with few counterforces, such as the legislation on equality and non-discrimination that tends to exist in richer countries.\(^{57}\) Also in developing countries, education seems to be a central determinant as well. Economic growth, in turn, has little if any influence on mobility.\(^{58}\)

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In the context of developing countries there are multiple and very strong forces that enforce the intergenerational transmission of poverty. One of the reasons is that social protection systems are underdeveloped or nonexistent.

3.4. Is children's poverty different?

Poverty and well-being are important concepts both theoretically and in practice. Despite the belief in the everyday clarity and political meaning of these concepts they are difficult to operationalize. An even greater challenge is to obtain valid and reliable data on all the dimensions that are considered important. Concerning the well-being, poverty or deprivation of children, an even greater challenge is data availability and validity.

Children live typically in a household environment and the household-level prerequisites for well-being cannot always be easily assumed as affecting all children of the household equally. Usually girls are left behind, as are children with disabilities. Girls with disabilities are multiply disadvantaged. However, indicator sets that make a distinction between conditions that affect the whole household and those that affect or benefit children directly will take into account the situation of the household as being the closest living environment indirectly affecting the child, the resources of which are both prerequisites and elements of the child’s well-being.

UNICEF Global Study framework provides an illuminating though brief analysis of this dilemma. There are three fundamental frameworks for understanding child poverty:

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A) Child Poverty = overall poverty  
B) Child poverty = household poverty  
C) Child poverty is the flipside of child wellbeing

Model A leads to quite rough indicators on the multiple dimensions of child poverty.  
Model B leads to concepts and observations that describe many relevant dimensions of the deprivation of children's lives.  
Model C understands the multidimensional “having–loving–being” nature of children’s lives, deprivations, and experiences, which while coming closest to the realities is nevertheless the most difficult to measure, especially in low income country settings.

Fig. 3.4.a: The child is poor if the mother is poor.

A mother with a disability seeking livelihood from charity of by-passers.

When mother is poor, the child also lives in poverty.

Children are usually a part of a household and dependent on the life conditions and choices of that household.

In the high income country context, there are better possibilities to study and follow up the well-being or deprivation of children, covering the material, social and psychological and even spiritual dimensions. This does not mean that we should not make efforts to deepen the monitoring of multidimensional 3D child deprivation in lower income countries. Quite the contrary. This implies
the need to invest in in-depth studies and extensive participatory studies of the same kind as the World Bank’s study Voices of the Poor".\textsuperscript{60}

3.5. Weaknesses of income poverty measures in describing child poverty

Income is an indirect approximation (“proxy”) indicator for the actual standard of living or satisfaction of needs. It is a particularly remote proxy for actual well-being. In the case of children, the distance between an income-based poverty indicator and actual well-being can be particularly wide. There are numerous reasons. Some are listed below:

- Children themselves are seldom direct income earners. They enjoy incomes that are received by the household.
- Usually, in poverty studies, incomes are measured at household level; household composition according to age structure, gender, relationships, health, disability, as well as by cultural and religious variables vary greatly. The assumption that household income is distributed or is trickling down to each child–both boys and girls–evenly or equitably is seldom valid.
- Defining an income poverty line for children in the household would be totally arbitrary as needs vary e.g. according to age.
- Children’s well-being is multidimensional. It can be described as a product of three dimensions of well being: having and loving and being. Material, social and psychological dimensions of well-being are as important. One cannot substitute for the other. More money does not replace poor human relationships in the household.
- The satisfaction of the “basic needs” of children is more dependent on the quality rather than the quantity of material, social and emotional provisions.
- Children experience income poverty in a different way to adults.
- The prerequisites for child well-being are highly dependent on the actual availability and access to public goods, i.e. basic societal services such as water and sanitation, housing, schooling, health care etc. in the community. In a poorly equipped remote community, income as such does thus not guarantee access to the basics.

Incomes alone do not guarantee access to adequate nutrition and essential services to boys and girls in households. Similarly policies that aim only at increasing household incomes do not guarantee escape from poverty. Wider social investment is needed to pave the way out of poverty.

\textit{Initial analysis suggests that countries that have a range of policies in place to support families with children generally have lower severe child deprivation rates, as is evident in Kyrgyzstan, where 22 per cent of the population is living below $1.25 and 6 per cent of children experience two or more severe deprivations. This is in part due}

\textsuperscript{60}World Bank Voices of the Poor [online] Available at <http://go.worldbank.org/H1N8746X10> [Accessed 10 January 2012]
to the Government’s commitment to social service delivery and some of the benefits of the former system are still evident, such as high education outcome levels.”

There are various policies and programs in place that address child well-being, for example the “Unified Monthly Benefit” for children from poor families, primary and secondary education is free, the proportion of public expenditure for health services for the poor has increased, social benefits are provided to disabled children and so forth.”

The issue of income vs. other poverty indicators is highly policy relevant in the policy dialogue concerning children. As incomes, and increase in incomes, do not directly have a straightforward impact on children, development policies that focus on income or GDP growth are not very sensitive to children’s needs. Even in rich countries, child well-being varies greatly between countries and this does not correlate with GDP levels. This does not imply simply that the low or below absolute or relative poverty level incomes of households would not be harmful to the well-being of children living in those poor households. What matters for children is how their rights to survival and development, protection, access to essential services and participation are actually being realized. Money helps but is not a guarantee.

3.6. Institutions matter: The African Child Friendliness Index (CFI)

Most indicators of child poverty or well-being are focused on the household or on the level of the individual. The African Child Policy Forum (ACPF) has designed a framework and a composite index for measuring how devotedly Governments are committed to the rights of the child. Its novelty is in the effort to also describe the policy environment rather than concentrating only on the individual level of well-being/deprivation of children. The ACPF was inspired by the CRC and concern for the lengthy reports by Governments to the UN Committee on the Rights of the Child. These reports list all the ratifications and commitments the Government has made but provide a challenging “cacophony of facts” that may mask the actual realities of children. The ACPF aimed at a framework that would map the commitments the Government has made and actions taken to realize the rights of the child as specified by the CRC core pillars: Protection, Provision and Participation. The purpose was also to provide statistical data and quantitative evidence for assessing actions, outcomes and progress, by designing a mechanism of scoring and ranking the achievements and pointing out the specific areas where a country is doing well and correspondingly where more effort is needed. On the basis of the three pillars of the CRC and the African Charter on the Rights and Welfare of the Child (ACRWC), three dimensions of child friendliness were identified:

A. The legal and policy frameworks to protect children from abuse and exploitation

Indicators:
• Ratification of international and regional legal instruments related to children
• Provisions in national laws to protect children from abuse and exploitation

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• Institutional structures: existence of a juvenile justice system and National Plan of Action and coordinating bodies for implantation of children’s rights
• A policy of free primary education

B. Budgetary commitments to provide for children’s basic needs

Input Indicators:
• Government expenditure on health as share of total Government expenditure
• Total expenditure on education as % of GDP
• Percentage of budget for financing of routine Expanded Programme of Immunization (EPI) vaccines
• Military expenditure as % of GDP (negative)
• Percentage of change in Governments’ expenditure on health 2000-2005
• Access and outcome indicators:
  • Access to basic services (health and education)
  • Access to other services (water and sanitation etc.)
• Outcomes for children (nutritional status, child mortality rates etc.)

C. Efforts to ensure children’s participation

Due to lack of information this dimension was dropped from the actual index

Child Friendliness Index (CFI) was then constructed for all Africa’s 52 countries. The overall picture is presented below

Fig. 3.6.a: Child Friendliness Index (CFI) in African countries

62 Description of the structure of the indicator set:
http://www.sciencedirect.com/science?_ob=MiamiCaptionURL&_method=retrieve&_udi=B6V7N-4Y7N4-1&_image=fig2&_ba=2&_fmt=full&_orig=nai&_issn=01452134&_pii=S0145213409002609&view=full&_acct=C000049246&_version=1&_userid=953170&md5=507171e0c89e7c0a6f04ae5842e3f5ff
The overall results provided by this composite index show that the most child-friendly governments are (were in 2008) Mauritius, Namibia, Tunisia, Libya, Morocco and Kenya. The explanation for the best 20 performers were the following:

- they put in place appropriate legal provisions to protect children against abuse and exploitation.
- they allocated a relatively higher share of their budgets to provide for the basic needs of children.
- they used resources effectively and were able to achieve favorable wellbeing outcomes as reflected on by children themselves.

The least child-friendly Governments were Guinea-Bissau, Eritrea, Central African Republic, Gambia, Sao Tome and Principe, and Liberia. The reasons were as follows:

- not ratifying relevant child rights treaties,
- lack of legal provisions to protect children against harmful traditional practices,
- very low and discriminatory minimum age for marriage,
- the absence of child-sensitive juvenile justice systems,
- poor provision of basic needs to children.

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The authors remind that the CFI faces the same challenges as any composite index. There are challenges in terms of the concept, methodology and data availability and reliability. Moreover, distributional issues are not reflected by the CFI. However, the CFI is attractive in that its concepts are linked to international legal instruments and it is simple, transparent and objective. It provides a basis for ranking and following up the overall performance of Governments in fulfilling their commitments to childrearing. Its elements contain disaggregated information that help identify where the successes are and where more effort is needed, for instance when compared to other Governments in the region. **The CFI also defeats the common explanation “because we are poor”: performance of the Government as measured by the CFI does not correlate much with GDP per capita. There are countries that do well for their children in higher and lower income brackets.**
Child friendliness does not depend on the country’s economic status or performance. More important is how the resources are used.

For instance, Kenya is doing well despite its relative low level of GDP per capita. Equatorial Guinea leads the Continent in terms of GDP per capita but is only ranked 37\textsuperscript{th} based on the CFI. Similarly there are poor performers in both higher and lower income countries.

When all is said and done, three things matter:

- a vision based on and around children as the foundation of sustainable social, economic and political progress, and therefore one that puts them at the centre of public policy;
- laws that protect children from all forms of violence, abuse, exploitation and exclusion; and
- budgets that provide for the basic needs and full development of children.

Poor countries face serious challenges. However, their peers have shown that child friendliness is not a matter of money alone. It is done by appropriate legal reform and child-friendly budgeting that means legal provisions will concretely and effectively benefit children. \textbf{Child friendliness is an issue of political will and priorities.}

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3.7. Concluding comment on approaches, measurement and indicators.

Different kinds of indicators are useful for different purposes. Single aggregated average indicators give an overall, rather comparable picture over time and across countries/population groups, but should be interpreted with caution and with the importance of distributive aspects in mind. **Single number composite indexes are good for policy advocacy but not very useful for policy design.**

Income-based measures alone have their use and credit in describing wealth and resources that can be transformed to a standard of living and eventually into well-being. These are necessary for identifying the poor, and for assessing the depth of poverty, poverty gaps etc. **The relevance and validity of household income measures, whether relative or absolute, should be interpreted with caution when the purpose is to reflect the situation or experience of boys and girls.**

Multidimensional poverty indicators are often most useful for actual policy design, provided that the data is available also in a disaggregated form. They should contain specific data on sector inputs, processes and outcomes, preferably by gender, age and other relevant population-group-related variables and are usable in detailed planning and programming. Sector-specific indicators are closer to issues that can concretely be addressed by policies. **Actual policy design, monitoring, follow up and evaluation require clear and disaggregated data on those sector variables that can be influenced by policy instruments.**

**Qualitative data have proven very useful in enhancing the understanding of poverty and well-being and the dynamic processes involved.** However, **collecting comparable data on rather less tangible and complex elements is more costly and seldom possible on a larger scale.** However, qualitative data are even more important in the case of children so as to catch the relevant dimensions of well-being and the deprivation of girls and boys, as well as to understand how children experience different situations.

Indicators that would be usable for meaningful comparisons between richer and poorer counties are difficult to design as the weights and range of variation of various elements tend to be different depending on the context.

The OECD presents criteria for the selection of indicators:๑๖๕ The child is taken as the unit of analysis, rather than the family.

Indicators should

- be as up-to-date as possible
- be taken from standardized and comparable data sets
- cover all children from birth to 17 years inclusive, in line with the UN definition of a child
- need to have a policy focus (with a relatively short causal link between policy action and child well-being outcome)

๑๖๕ OECD, 2009 *Doing better for children* [online] Available at <http://www.oecd.org/document/12/0,3746,en_2649_34819_43545036_1_1_1_1,00.html> [Accessed 12 January 2012] p 29
An example of the last point: while peer relationships are important for well-being, they can barely be influenced directly by policy decisions and are therefore less policy relevant than issues that relate to family living conditions.

Also, it is pointed out that **childhood is not a single event: there are various quite different phases in childhood.** Thus age-specific data would be desirable – though often they are not available. In addition to averages (to describe efficiency), indicators should provide some measure of distribution for mapping equity. Furthermore, indicators should reflect “well-being today, as well as development for the future”. Indicators should also be economical and valid, cover the outcomes within the dimension with few sub-dimensions while covering the concept adequately.66

Furthermore, we should add, that **data should be available by gender, as the situation of girls and boys is different in many ways.** Other disaggregation can also be very policy relevant, for instance, migrant status.

The income poverty approach and also to a large extent the deprivation approach tend to focus on material resources and material well-being. Often the key obstacle is a lack of data on rational or subjective dimensions. Multidimensional measures of child poverty and well-being are challenging. While there is some theoretical justification for the selection of broad dimensions, the actual indicators are mainly selected from a quite practical perspective: what data are available. **The indicators may give a quite valid description of the aspects actually measured but any aggregation of these indicators blurs the picture.** Aggregate indicators may serve as “early warning alerts” to carry out a closer inspection of the contents i.e. using single indicators and tracing where the eventual differences come from. Avoid reductionist approaches – there is a trade-off between measurability and closeness to reality. Single number indicators can be good for awareness raising but not for policy design. To capture the complexity of poverty, use also qualitative data and participatory methods.

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66 Ibid p. 31