



DIIS REPORT

CONCEPTUALISATIONS OF POVERTY

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Abstract

Poverty reduction initiatives should be comprehensive, relational and global in their outlook even though poverty itself is always concrete and experienced in the local context. This is the major idea underlying this paper. The paper seeks to provide a brief overview of contemporary work on conceptualisations of poverty. It outlines characteristics of multi-dimensional and relational approaches to poverty and it examines the increased concern with the relation of inequality to poverty. The paper also touches upon current social, political and economic changes that have significant implications for poverty and the efforts to combat it. Finally, it indicates how different conceptualisations create different dilemmas for poverty reduction activities.

Introduction

Poverty is often conceptualised in one of three fundamentally different ways:

- (i) as a material condition where people are poor when they have an income or consumption level that is too limited to cover basic living conditions,
- (ii) as a multi-dimensional condition where the poverty of people is context-specific, dynamic and social and political, as well as economic, and
- (iii) as a relationally shaped condition where people are poor because social relations (relations concerning gender, labour, land, etc.) prevent them from improving their condition.

In recent years, two points have been salient in discussions of poverty. Firstly, some have started to focus on well-being rather than poverty; partly because neither people nor countries like to be described as poor; partly because the concept of well-being indicates that there are many different levels of living conditions whereas the concept of poverty tends to separate people into groups of poor and non-poor. Consequently, the concept of poverty overemphasises changes between the two groups and underemphasises changes within the groups. Moreover, well-being is a term that directs attention to the multi-dimensional nature of 'the good life' and to the relations and capacities that people value. Secondly, inequality has come to the fore due to analyses describing how unequal living conditions are linked to poverty; how economic growth is much less effective and at times fails to contribute to poverty reduction in unequal societies, and how global unequal structures can account for the global distribution of poverty.

A further characteristic of many, but not all, conceptualisations of poverty and of attempts to reduce poverty is a relatively strong focus on local and national phenomena. The significance of global issues is, however, increasing also in relation to poverty (see below). This raises the question of whether existing conceptualisations of poverty are adequate. Do they direct attention to processes at different levels creating poverty? Do they identify the most crucial dimensions of poverty in the contemporary world? And do they indicate what poverty reduction efforts should concentrate on?

This brief paper deals with these questions. Section 1 discusses the implications of contemporary global trends for poverty. Section 2 describes multi-dimensional conceptualisations of poverty. Section 3 introduces relational aspects of poverty.

Section 4 looks at the implications of inequality for poverty. Section 5 describes some significant dilemmas characterising conceptualisations of poverty, and section 6 discusses poverty in relation to the issue of policy coherence.

I. Global trends and the creation of poverty

At present, the ways in which poverty is created as well as the conditions for international development cooperation are undergoing a change. Global crises in the spheres of production, finance, climate change, food, energy supply, health etc. are having or are likely to have a significant impact on living conditions in developing countries, and several hundred millions of people have already slid below the poverty line due to some of the crises. Linked to these more or less immediate crises, certain long-term global trends are also likely to influence poverty and to change the conditions for development cooperation. These trends include global economic integration (in both growth and recession periods), population growth and demographic changes including migration and urbanisation, climate change, increasing pressure on natural resources, potential conflict over access to energy, resources and values, global pandemics and changing disease patterns, a shift of power from Europe/the West to emerging powers, the digital divide and increasing inequality between those who can benefit from globalisation and those who cannot. All these trends will shape the future of developing as well as developed countries, and it is clear that development can no longer be conceived as an issue pertaining only to the Third World with no implications for the First World.

The different crises and long-term trends interact and produce five particular characteristics of many poor people's living conditions:

- The *prices of basic commodities*, including notably food and energy, fluctuate and increase. The prospects for energy supply in the form of fossil fuels point towards increasing scarcity and prices, and while the food crisis of 2007-8 was partly due to temporary natural disasters in some parts of the world, it was also a consequence of structural changes that are likely to drive up prices of food (Sen 2008). These changes include both growing demands for biofuels and changes in the ways food commodities are traded globally and the way global demands for food crops evolve as a result of changing diets associated with the growing prosperity of large parts of the world's population.
- There is an *increasing scarcity of factors of production*, notably arable land and water. Climate changes leading to more extreme weather and rising sea levels are likely to lead to diminishing availability of land and groundwater in many regions, and population growth combined with the above-mentioned changes in global demands for food crops and biofuels will put further pressure on the resources available.

Technological change and higher productivity may partly offset these problems but the poor, unfortunately, tend to be the last to benefit from such improvements.

- The *risk of diseases* will grow in specific areas and regions. Poor countries have difficulties in handling rapidly growing urbanisation, and the continuing processes of globalisation are likely to facilitate swifter dissemination of diseases. Climate changes may also affect people's health directly through heatwaves, floods and droughts, and indirectly by creating better conditions for particular diseases such as malaria and dengue.
- The *risk of insecurity* for poor people in the context of violent conflict may also be a pervasive feature characterising the future. Strengthened competition for scarce natural resources in the light of increasing pressure on land and water resources as well as the depletion of fossil fuel reserves may produce local, national as well as international conflicts which are likely to further impoverish the poor. Urbanisation, unemployment and a changing composition of populations with more young people and less stable family structures may also increase crime rates in poor countries.
- The *sense of injustice and inequality* is likely to grow. Increasing communication and interaction between rich and poor countries, climate changes produced in industrialised countries and hitting developing countries, and increasingly powerful and self-aware emerging economies all lead to a tendency towards a stronger focus on justice and equal opportunities. While poor people, given their vulnerabilities, are generally reluctant to revolt against injustice, their quality of life may be significantly affected by this tendency: knowing that your child would have survived if resources had been just slightly more equally distributed is not a feeling that can easily be erased.

Evidently not all poor people will suffer equally from these issues which will have more or less importance depending on the particular contexts in which the poor make their livings. However, cutting across the issues, two significant implications appear worth noting. Firstly, poverty reduction and, in particular, the causes of poverty cannot be dealt with only at local and national levels: development cooperation with the objective of reducing poverty will also have to address the international level. This implies that development cooperation needs to interact with other policy areas such as environmental, energy, security and financial policies aimed at global issues. The necessity of policy coherence for development is obvious.

Secondly, a concern with economic growth is important, but insufficient. This has partly to do with the multi-dimensional and non-economic impacts of global crises

and trends (see below on the multi-dimensionality of poverty), and partly to do with the need for economic transformation. Facilitating growth by improving institutions and other conditions for the market to function is unlikely to dampen price fluctuations, increase productivity in smallholder agriculture or build new industries that can absorb un- or under-employed labour forces. A stronger concern with economic transformation appears to be necessary if capital is to be channelled towards green growth, food security, sustainable agriculture, and large-scale employment creation. Notably, poor, non-emerging economies must be provided a space within the world market enabling them to grow. The market cannot do this on its own.

2. Multidimensional aspects of poverty

Following the strong focus on Basic Human Needs in the 1970s much work has gone into exploring different dimensions of poverty and how poor people themselves experience their conditions. Writings on these issues include the pioneering work of Robert Chambers (1983; 1997); reports by international organisations such as UNDP which, in 1990, issued the first Human Development Report and launched the human development index (UNDP 1990) and IFAD, focussing upon rural poverty (Jazairy *et al.* 1992); the books of the Voices of the Poor trilogy (Narayan *et al.* 2000a; 2000b; 2000c) prepared for the World Development Report 2000/2001 entitled *Attacking Poverty*; and most recently the report by the Commission on the Measurement of Economic Performance and Social Progress (Stiglitz *et al.* 2009).

The multidimensionality of poverty can be addressed in different ways:

- *Economic, political, social and environmental aspects.* Focusing on these aspects has the advantage of putting poverty into context. The approach is structural and seeks to direct attention to objective characteristics of poverty. It provides a snapshot of the conditions creating and characterising poverty.
- *Spatial and temporal aspects.* Here, the focus is more on the dynamic nature of poverty. Poverty varies across time and space, and the importance of this is not always duly recognised. In terms of money, food, work and health; the conditions of poor, rural households often improve considerably once a crop has been harvested. However, some people are chronically poor and suffer continuously from hunger, unsafe drinking water, illiteracy, social discrimination, etc. (Addison *et al.* 2008). Spatially, the distance to infrastructure such as schools, health clinics, market places, etc. significantly influences the possibility for poor people to escape poverty. The advantage of looking at these spatial and temporal aspects is to acknowledge the variability of poverty which means that the provision of development opportunities is much more interesting to the poor at particular moments and places.
- *Vulnerability, isolation, powerlessness.* These notions direct attention to the ways in which poverty is perceived by the poor (Chambers 1983; 1997). Vulnerability indicates the lack of resources to offset deteriorating conditions. Isolation points to the physical and social inability to access opportunities and resources available to others. Powerlessness reflects the lack of capacity to claim rights and to protest against exploitation. All three notions help explain how poor people act and why

risk minimisation is a dominant strategy for many. A significant contribution of this approach is that it clarifies that living on the brink of hunger and social exclusion creates qualitatively different preferences for the poor compared to the non-poor.

In a recent report by the Sarkozy initiated Commission on the Measurement of Economic Performance and Social Progress led by Joseph E. Stiglitz, Amartya Sen and Jean-Paul Fitoussi, well-being is defined as multidimensional with the following eight key dimensions (Stiglitz et al. 2009: 14-15):

- i. Material living standards (income, consumption and wealth)
- ii. Health
- iii. Education
- iv. Personal activities including work
- v. Political voice and governance
- vi. Social connections and relationships
- vii. Environment (present and future conditions)
- viii. Insecurity, of an economic as well as a physical nature.

The list indicates that many different dimensions contribute to well-being and need to be taken into consideration in attempts to increase well-being. Other dimensions (e.g. cultural belonging) could probably be added, and the relative importance of the different dimensions will undoubtedly depend on the particular context in which people find themselves. The report also notes that objective and subjective dimensions of well-being are both important: “what really matters are the capabilities of people, that is, the extent of their opportunity set and of their freedom to choose among this set, the life they value.” (ibid: 15) The quality of life depends on objective conditions, but it is expressed through individuals’ perceptions of these conditions. What to the hermit is a blessing is a curse to the cosmopolitan.

DAC’s guidelines on poverty reduction also emphasise the multidimensional nature of poverty:

“Poverty denotes people’s exclusion from socially adequate living standards and it encompasses a range of deprivations. The dimensions of poverty cover distinct aspects of human capabilities: economic (income, livelihoods, decent work), human (health, education), political (empowerment, rights, voice), socio-cultural (status, dignity) and protective (insecurity, risk, vulnerability).

Mainstreaming gender is essential for reducing poverty in all its dimensions. And sustaining the natural resource base is essential for poverty reduction to endure.” (OECD 2001: 18)

The dimensions proposed by DAC are not significantly different from other conceptualisations, and they clearly draw on ideas and concepts that have emerged in the last 20 to 30 years. It is, however, worth noting that DAC’s view on poverty does not stop short of dimensions (such as dignity and vulnerability) that are difficult to translate into concrete development actions.

A very important implication of the literature on the multidimensionality of poverty and well-being has to do with the limited scope of one-dimensional development efforts to reduce poverty. One thing is that an improvement of, say, the opportunities for education may not be perceived as vital by the poor. Another, more important, issue is that improvements along one dimension of poverty are unlikely to fundamentally address the vulnerability, isolation and powerlessness which are the composite result of the different dimensions of poverty. Poor people may not be able to reap the benefits of improving conditions in one field of life if other conditions deteriorate at the same time. Increasing income and consumption, for instance, are important, but do not make a dent on poverty if education and health services are poor or if social instability prevails.

Another important implication of this body of literature has to do with the need for obviously sustainable improvements. Given their preference for risk minimisation, poor people may be reluctant to make use of opportunities that may not be sustainable. Taking advantage of new opportunities implies abandoning activities that have so far proven useful to combat hunger. If the benefits of new opportunities are uncertain or may disappear in the future, it is unlikely that poor people will give up old practices. Because the experience with development projects is, typically, that they come and go and leave few sustainable changes behind them, poor people often seek to reap the benefits without changing their coping strategies (de Sardan 1998).

A third implication for development cooperation aimed at poverty reduction is the need to take the specificities of the concrete context into account. While the poor across countries and regions are surprisingly unanimous in their descriptions of the essentials of poverty (inability to cover basic needs, dependency on others, etc.); the way these essentials manifest themselves is heavily dependent on the context. Actions to reduce poverty should evidently take this into consideration.

3. Relational aspects of poverty

Poverty is often conceptualised as material or multidimensional deprivation. While such conceptualisations do point to solutions (increased income, better health, more education, security, etc.), they do not provide an understanding of the causes of poverty or the processes through which poverty is produced. This leads to at least three potential shortcomings: Firstly, poverty reduction efforts risk treating symptoms while leaving the causes of poverty unaddressed. Secondly, the risk is that no or only insufficient attention is paid to the role – positive as well as negative – of non-poor actors in producing, deepening or, at times, alleviating poverty. Thirdly, it entails the risk that the poor are viewed as victims of unfortunate circumstances rather than as conscious actors struggling to improve their conditions. Obviously, care should be taken not to overemphasise the significance of the agency of the poor because they are often unable to fundamentally change their plight, but neither should their capacities, strategies and resources be overlooked and disregarded as unimportant.

If it is assumed that no one desires to be poor, that no one would miss an opportunity to get out of poverty, and that the world – with important regional differences – contains sufficient goods to keep the entire human race out of poverty were the goods distributed more evenly, it is absurd to argue or indicate that the poor owe their poverty to stupidity, bad will or lack of resources. Instead, it becomes crucial to understand the ways in which actors, social relations, and structural conditions inhibit the poor from getting out of poverty (Engberg-Pedersen 1998).

One way of addressing the relational aspects of poverty may be to distinguish between the following causes of poverty:

- *Direct exploitation.* When people find themselves in social relations – either directly or indirectly mediated and legitimised through institutions – forcing them to produce goods and services that benefit others and not themselves, the cause of their poverty is direct exploitation. Such relations exist primarily, but not exclusively in labour, credit and land markets. The point is that the poor are forced to turn over labour power, money and other resources to the non-poor, and it is this relationship that basically inhibits the poor from escaping poverty.
- *Indirect exploitation.* Competition for scarce resources often forms the basis for indirect exploitation. When particular actors, due to a better endowment

of social, political or economic capital, are able to capture goods and resources disproportionately, the access of other actors to these resources is limited and this prevents the latter from improving their conditions. The competition for land has often pushed poor rural households onto marginal land with little potential for agricultural production. Likewise, people with social or political connections often obtain disproportionate shares of the benefits stemming from government programmes and social services thereby limiting the benefits available to other people and impoverishing them.

- *Unintended consequences of social action.* This category of causes includes a very broad range of social actions that produce poverty as an unintended side effect. Precisely because they are side effects of actions with other purposes, their impoverishing consequences are rarely included in the decision-making processes leading to the actions. EU subsidies to European farmers constitute an example with significant impoverishing effects on African farmers that are, however, quite obvious to most actors. The production of and adherence to particular social norms with obligations (e.g. costly weddings) that particular groups and people cannot or will not meet could also have impoverishing effects, for example in terms of reduced dignity.
- *Unfortunate circumstances.* These are less or not at all related to social action. Living in areas affected by malaria, having one's property destroyed by floods or losing one's physical abilities due to a traffic accident are examples where the causes of poverty are not directly related to social action. However, one may argue that they are linked to social and political inaction in the sense that many unfortunate circumstances could have been prevented with the current wealth of the world, had the necessary social and political will existed.

That the distribution of resources is the outcome of these various social actions can be relatively clearly established. However, the interpretation of this distribution in terms of fairness may be more disputed. Although most people dislike unfairness in the abstract (experimental research has demonstrated the existence of a universal preference for fairness), reference to unfair social actions creates problems as fairness is a difficult term due to its indefinite and political nature. What is fair in one case or to one person will not be so in another case or to another person. Nevertheless, many movements for social action appeal to an overarching notion of injustice and, more broadly, in an increasingly globalised world it is necessary to discuss when social actions and relations are just and fair and when they are not. This leads to some points on inequality.

4. Poverty and inequality

Drawing on the insights and advances gained during the 1980s and 1990s towards conceptualising and measuring poverty as a multi-dimensional and relational predicament, attention in the new millennium has been directed towards advancing the understanding of two aspects of poverty; namely the dynamics of poverty and the structural causes of poverty, notably under the heading of inequality.

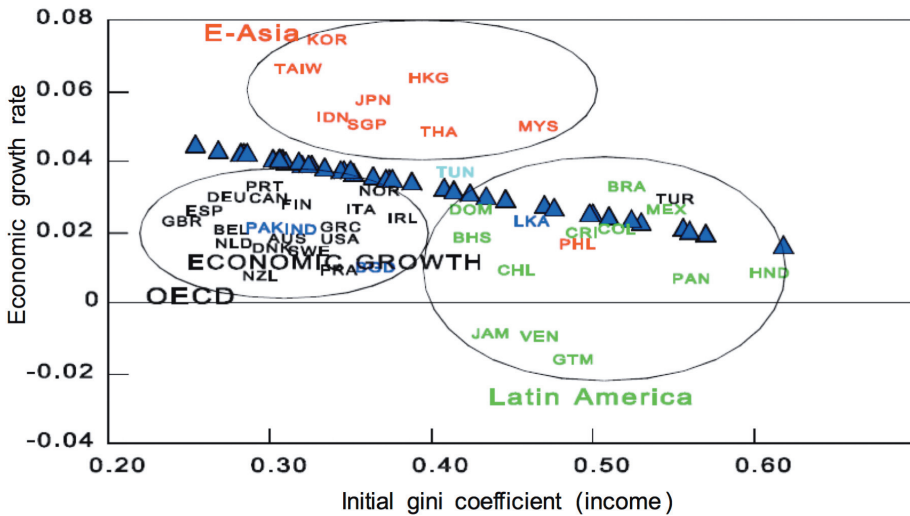
Dynamics of poverty

While some people move in and out of poverty as a result of economic or climatic variations or personal fortunes and misfortunes, others live a life of chronic poverty. Understanding such differences and their underlying dynamics is pivotal to effectively work to reduce poverty. The conference on chronic poverty organised by the Chronic Poverty Research Centre at the University of Manchester in 2003 and the subsequent yearly publications on Chronic Poverty (issued since 2004) have forcefully put this on the development agenda as the primary focus for poverty research in the new millennium, both as a research and as a policy issue.

Structural causes of poverty

The 2006 World Development Report entitled *Equity and Development* (World Bank 2005) constitutes a landmark for the second focus for poverty research in the new millennium, namely that of understanding the ways in which poverty is shaped in the interplay between, on the one hand, random or universal phenomena such as economic and climatic variations and personal efforts, fortune and misfortune and, on the other hand structured asymmetric relations often running along a combination of ethnic, gender, religious and family lines. Inspired by Amartya Sen, the 2006 *World Development Report* defines equity as 'individuals having equal opportunities to pursue a life of their choosing and be spared from extreme deprivation in outcomes'. Thus it is primarily concerned with inequality of opportunity and only secondarily with inequality of outcome insofar as it causes absolute deprivation or contributes to shaping opportunities. There is, however, as also recognised by the World Development Report, ample evidence that demonstrates the role of inequality of outcomes, e.g. of income or of assets (education, land, etc.), in shaping unequal opportunities.

Figure I. Correlation between economic growth and initial income inequality (gini coefficient)



Source: Birdsall and Londoño (1997b).

Firstly, empirical evidence based on cross-country statistical analysis undertaken by Birdsall and Londoño (1997a, 1997b) among other researchers suggests that inequality slows down economic growth. As illustrated in Figure 1, they find a strong negative correlation between initial income inequality (gini-coefficient) and economic growth.¹ However, through regression analysis,² Birdsall and Londoño find that initial asset inequality, i.e. initial inequality in education level and in land distribution is a stronger predictor of economic growth than initial income inequality. This counters the argument of income inequality being an undesired but unavoidable outcome of growth.

Secondly, inequality limits the contribution of economic growth to poverty reduction. Empirical evidence suggests the existence of a correlation between economic growth and poverty reduction. Thus, as economic growth is slowed down by inequality, more inequality means less economic growth which in turn, and all else being equal, means less poverty reduction. However, in contexts with high levels of

¹ The analysis is based on household survey data from 52 countries, covering the period 1960-1992. Due to lack of available data, no sub-Saharan African countries are included in the analysis.

² The regression analysis is undertaken to identify the factors explaining the correlation found between initial income inequality and economic growth.

inequality, the poor participate even less in the economic growth that does take place. Thus, the poor are twice hit. This is supported by Birdsall and Londoño who, when repeating their regression analysis focusing exclusively on the economic growth of the poorest quintile, find that the negative effect of initial overall inequalities in the distribution of land and of human capital is almost twice as great for the poorest as for the population as a whole.

Third, although less studied, Boyce (1994; 2007) among others suggests inequality to be a cause of environmental degradation:

- When the winners of environmental degradation are powerful relative to the losers who bear the net costs, the costs of environmental degradation tend to be ignored. This implies that the rate of environmental degradation is higher than in a reverse situation (i.e. when losers are powerful or in the absence of inequality).
- Moreover, the greater the degree of political and economic inequality, the higher the rate of environmental time preference of the rich (meaning that they prefer to reap benefits, i.e. exploit natural resources now, rather than investing in their sustainable use for future benefit), simply because they do not know for how long they will be able to exploit the natural resources.

This applies both within countries e.g. in relation to mining of soil and water quality and of natural forests, and internationally as the recent recognition of the environmental impacts that decades of green house gas emissions from industrialised countries have had in developing countries illustrates.

Lastly, work on global inequality (Milanovic 2005) indicates that the wealth of a person in the contemporary world can to a very large extent be predicted on the basis of two circumstances only: the person's country of citizenship and the income class of his or her parents. This may not seem very astonishing given the many conditions inhibiting social mobility in general. However, it is worth noting that initial inequalities (at birth) largely *determine* the prospects in terms of well-being of a person. Furthermore, it is interesting that on a number of social indicators low-income countries are catching up with developed countries while this is not evident on economic indicators. Although disputed, some data indicate that economic inequality between rich and poor countries has been growing in the recent last 20 years.

The persistence of economic inequality, i.e. unequal distribution of assets such as land, education, health, etc., despite its negative societal consequences in terms of,

for example, economic growth, poverty reduction and environmental sustainability, can only be explained by the ability of advantaged groups to uphold unequal distribution of assets and of political voice, either through force or through institutional arrangements that work to their advantage (World Bank, 2005; Bebbington et al 2007). “High levels of economic and political inequality”, the World Bank argues, “tend to lead to economic institutions and social arrangements that systematically favour the interests of those with more influence. Such inequitable institutions can generate economic costs. When personal and property rights are enforced only selectively, when budgetary allocations benefit mainly the politically influential, and when the distribution of public services favours the wealthy, both middle and poorer groups end up with unexploited talent.... These adverse effects of unequal opportunities and political power on development are all the more damaging because economic, political and social inequalities tend to reproduce themselves over time and across generations.” (World Bank 2005: 2)

Hence, seeking to address poverty reduction from a relational perspective implies a strong focus upon the institutions and the institutional practices that mediate relations between social actors – between poor and rich, men and women, landowners and labourers, citizens and their representatives, etc. Such institutions and institutional practices include those relating to the exercise of labour rights, to the taxation of property and labour, to the access to justice and legal institutions to obtain or secure formal property rights or water use permits, to denouncing environmental degradation or intra-family violence, etc. Besides continuing the efforts to support the agency of the poor and other disadvantaged groups which for long has been a focus for development cooperation, support to stimulate pro-poor institutional arrangements and the progressive agency of the administrative, political and economic elites is also becoming an essential element in development cooperation aimed at reducing poverty.

5. Conceptualisation and action dilemmas

The way poverty is conceptualised significantly influences actions to reduce poverty, and particular conceptualisations have specific advantages and disadvantages. Returning to the three basic approaches to poverty mentioned in the introduction, the following dilemmas are a few of those which characterise poverty reduction:

- *The income/consumption approach – a conceptually simple, but reductionist approach.* A focus on the material conditions of poverty has several distinct advantages. First, income and consumption are clearly essential to well-being. They enable people to improve their lives along many different dimensions and to cover their basic needs. Secondly, statistics on income and consumption are generally available, facilitating the identification of relatively poor regions, but not of poor people. There are, however, also several drawbacks. First, by reducing poverty to a single dimension the approach, often unintentionally, stimulates one dimensional responses or interventions to reduce poverty focusing upon and measuring impact according to increases of income and/or consumption, following the logic of, “*only what gets measured, gets done.*” Secondly, the approach does not enable an understanding of poor people’s multidimensional living conditions nor of their coping strategies. Accordingly, it cannot identify actions that complement and strengthen what the poor are already doing. Thirdly, it does not recognise and address the causes of poverty nor the particular contextual constraints that the poor face. Thus, the solutions that the approach suggests may be ill adapted to the particularities of specific groups of poor.
- *The multidimensional approach – a comprehensive, but insufficient approach.* A significant advantage of this approach is to provide a thorough understanding of poor people’s living conditions. It gives a good idea of what the poor value and why they act in the way they do. Secondly, it enables a more sophisticated and context-dependent identification of what to do to reduce poverty. It provides the basis for ‘working with the poor’ and for taking non-economic initiatives that may improve considerably the conditions of the poor. Thirdly, it is capable of analysing the depth of poverty and of distinguishing between levels of well-being. Lastly, methodological approaches also exist for measuring poverty as a multidimensional predicament on a geographically wide scale (e.g. as employed for measuring the impact of Danish support to Uganda for agricultural sector development) (Ravnborg et al. 2004; MFA 2006) and these methods are actually

far less costly to employ than income or consumption based measures. However, the multidimensional approach is not widely applied, and it is still viewed with scepticism by some. Moreover, just as for the income and/or consumption based concepts of poverty; it is not heavily concerned with the causes of poverty. Structural conditions, particularly those outside the immediate community of the poor, may therefore be missed in this approach.

- *The relational approach – a long-term, but politically sensitive approach.* The obvious advantage of this approach is that it looks for the causes of poverty. Thus, it is better able to identify actions that sustainably eliminate, and not just alleviate, poverty. Secondly, the approach is concerned with vertical relations across levels and horizontal relations across issues and sectors. Poverty is not viewed in isolation, but as the product of many different processes and social actions. Thirdly, in many cases it does not require complicated analyses to identify the causes of poverty. The obvious disadvantage of the approach is that its suggestions for poverty reduction may be politically impossible to implement. They may interact with other policy fields or they may confront vested interests. Thus, the identification of useful actions to take can be rather difficult. Secondly, there may easily be a time lag between actions and impacts. Changing the institutions, practices and processes which create poverty is no overnight affair.
- *A broad versus a focussed perspective on poverty reduction.* Given the general move towards multidimensional conceptualisations of poverty and given the global crises and trends creating poverty in many different ways, the call for a broad perspective on poverty increases. It seems pertinent to acknowledge the many different ways that poverty manifests itself. It may make poverty reduction efforts more relevant in particular contexts and in response to the particular impacts of various global crises. However, it may also lead to unfocused actions with dubious effects. In general, history shows that development cooperation has had little success with creating broad-based social change. This is not just due to limited resources or the importance of non-development objectives in international development cooperation. It is also related to the difficulties of ‘social engineering’ and of planning wholesale change of social structures, notably when some of these structures in a globalised world cut across national borders. This may call for a more focussed perspective on poverty reduction – a perspective, which is less ambitious and seeks to provide poor people with specific instruments to improve their conditions. Such a perspective regards social change as a gradual, dynamic process where opportunities for poverty reduction emerge and vanish, and where the empowerment of the poor is the best way of taking advantage of emerging opportunities.

Different approaches and perspectives may, of course, be combined in order to make up for some of the disadvantages of a particular approach/perspective, but this may also add other drawbacks to the picture.

6. Poverty and policy coherence

It is increasingly clear that many different policies implemented by rich countries have a bearing on poverty. To view poverty reduction as the exclusive domain of traditional development cooperation would be to miss the obvious point that countries and people have become much more interlinked, and that policies in one field have implications for processes in other fields. The latter is a central point: if a policy with particular objectives has implications for other policy fields, these implications should be internalised in the decision-making process leading to the policy. However, this is no easy task, partly because most policy fields are institutionalised around particular legitimate objectives and partly because the relative weighing of objectives of different policy fields may lead to the downplaying of otherwise legitimate objectives.

One way of dealing with this issue is the long-standing concern with ‘policy coherence for development’ (PCD) in the EU. In the *European Consensus on Development* adopted by the presidents of the European Commission, of the European Parliament and of the EU Council in 2005 as an overall strategy for EU’s development cooperation, PCD is highlighted in a separate chapter. It is a commitment to ensure that:

“the EU shall take account of the objectives of development cooperation in all policies that it implements which are likely to affect developing countries, and that these policies support development objectives.” (European Commission 2006: 12)

Whether this is the way to go or not is evidently a political issue. From the perspective of poverty reduction and development cooperation, however, it is increasingly necessary to influence other policy fields if the number of poor people is to be reduced. Trade policies have for long been targeted by advocates of development objectives, but the climate policies, security policies and economic policies of rich countries are becoming as important as development policies for poverty reduction. Thus, some sort of recognition of development objectives in these other policy fields is essential if rich countries want to make a dent in misery and deprivation in the contemporary world.

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