

**Brief for
11th Pacific Statistics Steering Committee Meeting,
Fiji, 23-26th November, 2015**

**THE ADVANTAGES OF THE CONSENSUAL APPROACH TO POVERTY
MEASUREMENT**

Mr Viliami Konifelenisi Fifita¹, Dr Shailen Nandy and Professor David Gordon
Townsend Centre for International Poverty Research, University of Bristol, UK
www.bristol.ac.uk/poverty

Conventional monetary measures of poverty often fail to adequately reflect the reality and lived experience of people in poverty. While food-based, calorie norm poverty lines have been abandoned in many (high income) countries, their persistence in others (mainly low and middle income) and dominance in the PICTs is due perhaps more to habit than inherent merit. We propose the adoption by PICTS of a method of assessing poverty similar to those used successfully in Europe, Australia, Japan, New Zealand and South Africa.

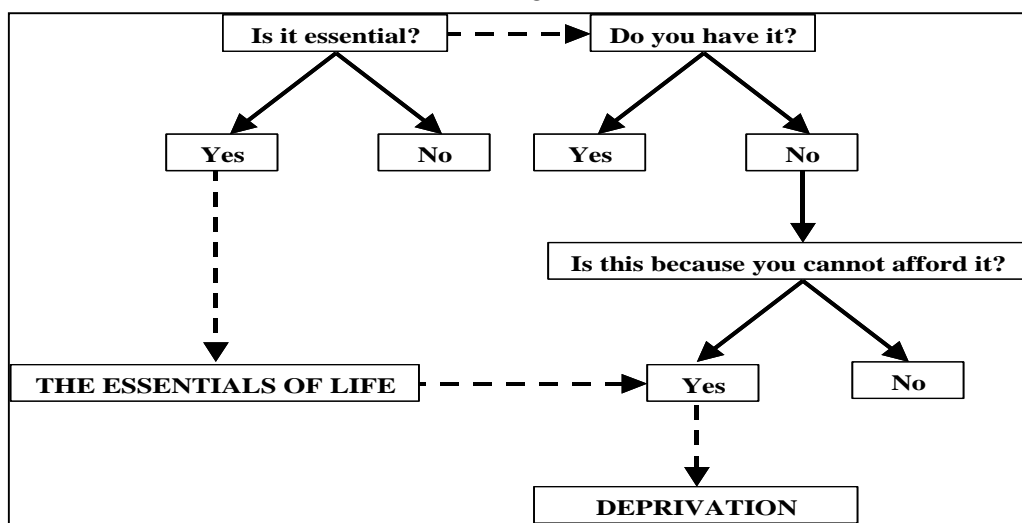
The Consensual Approach (CA):

- Has repeatedly been shown to produce statistically valid and reliable indicators of poverty and deprivation;
- Is based on a well-established sociological theory and reflects internationally accepted definitions of poverty;
- Is relatively straightforward to compute, from modules added to existing household surveys (like HIES or DHS);
- Produces indicators which reflect the multidimensional nature of poverty – a key expectation of post-MDG poverty indicators;
- Allows for the analysis of intra-household disparities, e.g. between genders or generations within a household;
- Can be used to separately assess the poverty of adults and children with age appropriate measures;
- Provides the general public with a say in what constitutes acceptable living standards in their own countries, thus introducing a democratic element to the definition of poverty.

The implementation of the consensual poverty measurement method is simple and straight forward. First public opinion is measured by asking survey respondents to distinguish if a range of possessions and activities are either ‘necessities or essentials of life which all people should be able to afford and not have to do without’ or if they are ‘not necessary, even if they may be desirable’. Then survey respondents are asked if they have each possession or do each activity and if they answer ‘no’ they are then asked if this is because they ‘do not want it’ or because they ‘cannot afford it’. Only possessions and activities which the majority of the public believes are ‘necessities of life’ and which respondents do not have and cannot afford are considered to be deprivations.

¹ Viliami Konifelenisi Fifita ptvkf@bristol.ac.uk. A more detailed discussion paper on the Consensual Approach by the University of Bristol team is available on request; for copies please email either S.Nandy@bristol.ac.uk or ptvkf@bristol.ac.uk.

Figure 1: Ascertaining the “enforced lack” of socially perceived essentials/necessities of life



Source: [1]

Three frequently used measures or approaches to assessing poverty include:

- (i) the World Bank’s “dollar-a-day” (PPP\$1.90), adjusted for purchasing power parity (PPP);
- (ii) the DHS wealth index; and
- (iii) the Multidimensional Poverty Index (MPI) produced by the Oxford Human Poverty Institute (OHPI).

Despite their widespread use to reflect or assess poverty in low and middle income countries, each has considerable limitations. For example, the PPP\$1.90-a-day has been criticised for failing to reflect the cost of living reliably over time, or to reflect it within countries appropriately [2, 3]. Conversion factors used to adjust purchasing power between countries reduce and underestimate the cost of capital goods, which obscures the cost of providing children and adults with the services needed to escape from poverty.

The DHS wealth index is frequently used to reflect disparities between groups within countries, but is not comparable either between countries, or over time for the same country. This has serious limitations and work is ongoing to develop a comparable wealth index using DHS data. However, based as it is essentially on household level data, the index cannot reflect intra-household inequalities. It also combines a lack of household assets with a lack of publicly provided goods, such as electricity/access to water/sanitation, in an atheoretical manner which can result in misclassification errors, with ‘rich’ households living in ‘poor’ rural areas identified as relatively impoverished [4].

The MPI is now regularly used by the United Nations Development Programme (UNDP) to reflect the extent of and trends in multidimensional poverty in most low and middle income countries. An improvement on its predecessor, the Human Poverty Index, it is nevertheless a household-level measure, unable to reflect intra-household differences. The use of equal weights for different dimensions of the MPI has been challenged as both statistically and theoretically problematic, not least because treating the death of a child, having a home with a dirt floor, or not having a radio, TV, telephone or car as computationally equivalent is questionable.

There are no perfect measures of poverty. There will always be debate about what poverty is and how it should best be measured. We suggest that indicators should reflect the experience of

the poor in the societies in which they live. Townsend's theory of relative deprivation forms the basis of many internationally-accepted definitions of poverty, including that of the European Union where "the poor" are those "*persons, families and groups of persons whose resources (material, cultural and social) are so limited as to exclude them from the minimum acceptable way of life in the Member State in which they live*"[5]. Deciding what constitutes the minimum acceptable way of life is not without controversy and the literature is replete with arguments as to why and how this can or cannot be done. However, social science researchers have developed rigorous methods to apply Townsend's theory and to operationalise his definition of poverty. The Consensual Approach is one of the most widely used of these methods.

PICTs should not solely rely on narrow definitions and absolute, minimalist measures of poverty. It is now acknowledged that poverty assessments require better indicators. All major human rights conventions and declarations state the right of people to an adequate standard of living, to protection from poverty and destitution. The Consensual Approach provides a socially realistic measurement of poverty which allows the population to define the minimum living standards that everybody should be able to enjoy. It provides a tool for policy makers to develop and monitor interventions to address poverty as it is understood by the majority of the population, and thus help to produce a mandate for anti-poverty policies. It is an approach which offers a unique opportunity for the PICTs to go beyond the "what is" to "what should be".

References

1. Saunders, P. and M. Wong, *Measurement and Change in Deprivation and Exclusion in Australia*, in *Second Townsend Memorial Conference*. 2011: Bristol.
2. Reddy, S. and T. Pogge, *How not to count the poor*, in *Debates in the Measurement of Global Poverty*, S. Anand, P. Segal, and J.E. Stiglitz, Editors. 2008, Oxford University Press: Oxford. p. 42-85.
3. Gordon, D., *The International Measurement of Poverty and Anti-poverty Policies*, in *World Poverty: New Policies to Defeat an Old Enemy*, P. Townsend and D. Gordon, Editors. 2002, The Policy Press: Bristol.
4. Gordon, D. and S. Nandy, *Measuring child poverty and deprivation*, in *Global Child Poverty and Well-Being: Measurement, Concepts, Policy and Action*, A. Minujin and S. Nandy, Editors. 2012, The Policy Press: Bristol. p. 57-101.
5. EEC, *On specific Community action to combat poverty (Council Decision of 19 December, 1984) 85/8/E.E.C.*, Official Journal of the European Communities, 1985. **2/24**.