

## A NEW APPROACH TO POVERTY MEASUREMENT IN LATIN AMERICA

(12 May, 2010) The Chilean Government will examine proposals to move to a new multidimensional approach to poverty measurement this week. The new approach, developed by researchers at the Oxford Poverty and Human Development Initiative, University of Oxford, goes beyond the traditional narrow focus on income to use a suite of additional indicators, such as health, housing, education and access to food, to determine who is poor. The proposals will be discussed by international and national experts during the seminar International Seminar “Multidimensional poverty measurement in Latin America at the UN Economic Commission for Latin America and the Caribbean’s (ECLAC) headquarters in Santiago on 13-14 May (see the ECLAC press release below). The seminar is organized by the Ministry of Planning and Cooperation of Chile, ECLAC, the Chilean Foundation for Overcoming Poverty and the Oxford Poverty and Human Development Initiative (OPHI). The initiative signifies growing interest in multidimensional poverty in Latin America. The Mexican Government became the first to adopt OPHI’s measurement method in their national poverty measure at the end of 2009 and other countries in the region are exploring the possibility of using this or related methods.

### Background

Traditionally, measures of poverty and well-being have relied on monetary indicators such as income or Gross Domestic Product (GDP). But such metrics can miss a lot. For example, income poverty has fallen in India. In contrast, the prevalence of child malnutrition has remained at nearly 50%. A multidimensional approach considers households to be poor if they are deprived in several different ‘dimensions’ simultaneously (e.g. education, health, nutrition, housing and income) that contribute towards a person or nation’s welfare. To combat poverty effectively, we need to understand its components. Economists Sabina Alkire and James Foster at OPHI have developed a new method for measuring multidimensional poverty, the Alkire Foster method. The Alkire Foster method not only identifies who is poor and how poor they are, it tells us what the major components of poverty are among different groups of people. For example, in Mexico the national rate of extreme multidimensional poverty (defined as at least three deprivations plus insufficient income) is 10.5 percent with an average of 3.9 deprivations, whereas among the indigenous people of Mexico the rate for extreme multidimensional poverty is 39.2 percent with an average of 4.2 deprivations.

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#### PRESS RELEASE

#### EXPERTS TO DISCUSS MULTIDIMENSIONAL POVERTY MEASUREMENT

The meeting will focus on proposals to measure poverty incorporating non-material aspects, such as the deprivation of capabilities and lack of access to basic rights. (11 May 2010) International and national experts will examine proposals for measuring poverty in the region from a multidimensional perspective during a seminar at the Economic Commission for Latin America and the Caribbean (ECLAC) in Santiago on 13-14 May. The International Seminar “Multidimensional poverty measurement in Latin America” will analyze approaches and methodologies for measuring poverty that go beyond considering merely income levels and study their empirical application in several countries.

The seminar is organized by ECLAC, the Ministry of Planning and Cooperation of Chile (Mideplan), the Foundation for Overcoming Poverty (FSP) and the Oxford Poverty and Human Development Initiative (OPHI).

Measuring and characterizing poverty appropriately is crucial to designing effective public policies to address it. In Latin America, the “poor” have been traditionally defined as those whose income is not enough to satisfy their basic needs.

In recent years there has been increasing interest in measuring poverty from a multidimensional perspective that takes into account not only the lack of resources, but also deprivations in other areas of human life, including non-material ones, like the deprivation of capabilities, loss of freedom and lack of access to fundamental rights.

The seminar will be inaugurated on Thursday, 13 May at 9 a.m. by ECLAC Executive Secretary Alicia Bárcena, Mideplan Minister Felipe Kast, OPHI Director Sabina Alkire and FSP President Rodrigo Jordán.

Speakers include James Foster, of George Washington University, Conchita D’Ambrosio, of the University of Milán, and ECLAC experts on social development and statistics.

The media is welcome to attend the seminar

Raúl Prebisch Conference Room, ECLAC headquarters, Av. Dag Hammarskjöld 3477, Vitacura, Santiago – Chile.

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Notes to Editors

About OPHI (Oxford Poverty & Human Development Initiative)

OPHI is a research centre within the Department of International Development at the University of Oxford. OPHI is led by Sabina Alkire and works to develop and apply new ways to measure and analyse poverty, human development and welfare, drawing on the work of Nobel Laureate economist Amartya Sen. Sabina Alkire and James Foster have developed a multidimensional methodology for measuring poverty, the Alkire Foster measure. James Foster is a Research Associate at OPHI and a Professor of Economics and International Affairs at George Washington University. For more information visit: <http://ophi.qeh.ox.ac.uk/>.