

Concepts of Poverty and their Practices in Cambodia

Poverty has many dimensions. Understanding these dimensions constitutes a critical step before one formulates and implements policies and strategies to reduce poverty.

The topic of "poverty" has attracted a lot of studies and debates over many years in various parts of the world. Yet, these studies concentrated particularly on the traditional view of monetary aspects of poverty; that is poverty referred to as a lack of income.

It is only recently that understanding poverty has evolved considerably, with a consensus that poverty has many dimensions; it is not only associated with a lack of income, though it remains a vital indicator. Income is far too narrow a concept to judge poverty. In addition, methods of measuring and tracking poverty have evolved correspondently with these concepts. Despite such recent international debates, some concepts and their applications have failed to be correctly and effectively introduced in Cambodia.

Thus, this article, based on desk reviews, attempts to fill the gap towards a better understanding of these concepts and their applications. The general concept of poverty will be defined and the measurement and monitoring of poverty will be described. This will be followed by a thorough examination of how these concepts have been introduced and applied in Cambodia in the last few years.

Defining Poverty

There is no single definition of poverty due to its multi-facets. However, for measuring purposes, poverty is commonly referred to as a household, or an individual, which does not have enough resources or abilities to meet basic needs. One

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example of this is, according to the World Bank's World Development Report (1990, p. 26) "poverty is defined as the inability to attain a minimal standard of living". Similarly, Martin Ravallion's Poverty Comparison: A Guide to Concepts and Methods (1992, p. 4) argues that "poverty can be said to exist in a given society when one of more persons do not attain a level of material well-being deemed to constitute a reasonable minimum by the standards of that society".

Besides, a broader definition of poverty is given by the 1998 Economics Nobel Prize winner Professor Amartya Sen who spent considerable time analyzing and understanding the concept of poverty. He defined poverty as either lacking of command over commodities to have a reasonable standard of living or lacking the ability to function in a society. Considering this concept, Sen highlighted that poverty should be strongly associated with concepts of "capabilities" and/or "functioning".

Several questions come to mind about the meaning of the terminologies: what do we mean by "enough resources or abilities", "basic needs",

"a minimal standard of living", "a reasonable minimum by the standards of a society", "lack of command", and "lack of functioning"? These questions have posed a lot of challenges in attempts to measure poverty which will be discussed below.

Along with these existing narrow and broad definitions, today many agree that poverty is a very complex concept. Poverty is not static. Individuals or households may move in or out of poverty depending upon the extent and nature of their poverty. The chronic poor, for instance, have few capabilities and opportunities to escape poverty while the transient poor can move out of poverty if he or she regains capabilities and opportunities.

The vulnerable poor, another example, can easily move into poverty. In addition to this dynamic nature, poverty has many dimensional aspects. These multi-dimensional aspects interact and reinforce each other at one point in time and overtime. For example, a poor individual frequently has low education, earns little, has barely enough food, lives in bad-conditioned shelters, wears dirty clothes, owns no possession of consumer durables, is

Box 1: Why Definitions Matter

The definition of poverty matters because it affects our strategies for reducing poverty. If poverty is viewed as a matter only of raising incomes, then strategies focus solely on economic growth. But as soon as the processes that conspire to keep the poor in poverty are considered the definition of poverty becomes broader. As well as poor income, poor health, education and access to basic services, such as clean water and sanitation, are seen as important elements in a multidimensional view of poverty.

Including such basic needs calls for a larger role for public policy. Recognizing the multidimensional aspects of poverty leads to strategies that focus on empowerment, governance and sound management of the natural resource base. A broad definition of poverty also helps us to understand the way in which different aspects of poverty are not separate but interact with one another. Focusing on just one dimension may lead us to ignore crucial aspects of poor people's lives.

Source: DFID, Poverty: Bridging the gap, guidance note (2001), p. 20

often ill, is excluded from the community and appears uniquely vulnerable. In addition, a poor household- due to several deprivation of well-being- is not able to send children to school which in turn will limit future potential earnings and opportunities, and ultimately will face insecurity, remain voiceless and vulnerable.

In Cambodia, The World Bank recently released the Cambodia Poverty Assessment 2006 based largely on data from the household survey, Cambodia Socio Economic Survey 2004. Yet, the meaning of "poverty" was not explicitly defined in the report. The report still focuses largely on the income/consumption aspect of poverty; that is the poor are those whose consumption expenditure on food and non-food items falls below a pre-determined poverty line. We, thus, can infer from the report that poverty was defined as the inability to meet the minimum standard of living- a standard which is measured by the Cambodian national poverty line.

Dimensions of Poverty

Although poverty has many dimensions, these dimensionalities can be categorized broadly into two main groups for the purpose of convenience: (i) monetary dimension and (ii) non-monetary dimension.

The view of monetary aspects of poverty is simple. It is associated with income and consumption only. The poor are households/individuals who do not adequately have income to consume or sufficiently consume necessary goods and services. This dimension - though unable to represent the extent and nature of poverty- serves as a basic and simple concept for quantifying poverty. One of the main strengths of this aspect is that it enables us to know- under a pre-determined threshold - how many poor there are and who are defined as poor.

The non-monetary aspect of poverty, on the contrary, is not straightforward. It covers all aspects

of human welfare, from clothing to exercising basic human rights. It includes having insufficient food and nutrition, lack of clothing and housing, no access to healthcare and education, lack of wealth, lack of opportunities, having no sense of representation, power and freedom, and is vulnerable. Poverty means hunger. Poverty means lack of shelter. Poverty means lack of clothes. Poverty means being ill and not being able to consult a doctor. Poverty means illiterate and not being able to go to school. Poverty means to possess no durable assets. Poverty means suffering from exclusion from social and economic opportunities (i.e. neglected from social welfare programs and economic growth benefits). Poverty means powerlessness, a lack of representation and freedom. Poverty means the vulnerability to external forces. Poverty means suffering from chronic pain and exhaustion.

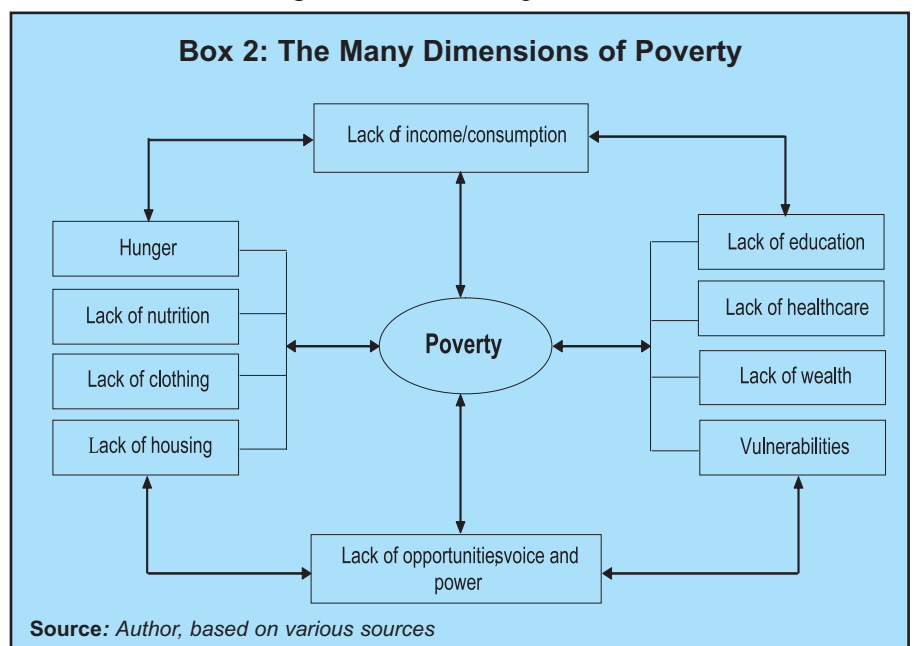
Some of these aspects such as education, health and assets can be quantified. Yet, the rest is extremely difficult, if not impossible, to quantifying in terms of employing methodologies and their applications. For example, how to quantify a poor individual/household is lacking in opportunities, representation, power, and freedom. And how to quantify a poor individual/household as being vulnerable?

What proxies can be used to represent these aspects? Despite these difficulties, understanding various non-income facets of poverty is extremely important since it can capture bigger, varied and real pictures of poverty in order to complement the income/consumption facet of poverty.

The definitions and multi-dimensions of poverty suggest that the meaning of poverty is complex. Hence, estimating poverty is obviously not an easy task. It will firstly depend on how one defines the concept of poverty. This can then be followed by what methodologies and tools need to be employed to cover this concept.

In Cambodia, although it was recognized that poverty has many dimensions, the Cambodia Poverty Assessment in 1999- the first ever poverty assessment which was based on a household survey in 1997- focused on the income/consumption dimension of poverty and some non-income dimensions such as indicators of housing, health, education and wealth. The Cambodia Poverty Assessment in 2006, however, shows different features as it captured vulnerabilities and voices of the poor which are critical non-income/consumption dimensions of poverty.

The analysis used distribution of per capita household consumption to estimate the level of vul-



nerability. The study identified floods, droughts, changes in international trade, fast-spreading neighborhood fires, illness, disease, theft and violence, and life cycle events as sources of vulnerability. Setting a new precedent, the poor who were surveyed by various studies were equally quoted and presented in the final published report.

Measuring Poverty

The measurement of poverty tells us how many poor there are, who they are, where they are, and why they are poor. This measurement will assist us in designing policies, strategies and actions to eradicate poverty. Due to many aspects of poverty, measuring poverty requires varying corresponding methods. There are two broad approaches to measure poverty: (i) income/consumption-based approach and (ii) non-income/consumption approach.

The income/consumption-based method is also commonly known as a quantitative money metric income/consumption-based approach or a quantitative approach or an objective approach. The income/consumption-based method is used to capture income/consumption dimensions of poverty. To estimate poverty using this method, it is required to set a "poverty line" (pre-determined and well-defined standards of consumption) which is the minimum expenditure required by an individual to fulfill his or her basic food and other needs. By employing this poverty line, one will be able to estimate the number of poor (those who live under this poverty line) and the places where these poor reside.

Yet, this monetary method will not be able to capture the many non-income aspects of poverty such as the state of health, education, wealth, representation, vulnerability and opportunity seizing because it mainly affects income and consumption of households or individuals. An adequate income over the poverty line alone cannot ensure that one will

be able to access education and healthcare, be able to benefit from social programs and economic growth, be able to exercise freedom and power, or be able to escape vulnerabilities. Hence, the non-income method to examine poverty plays a very important role.

The non-income/consumption method is also called subjective participatory poverty assessment approach or qualitative approach or subjective approach. It enables us to quantify some non-income aspects of poverty such as nutrition, education, health and wealth. The method will look into malnutrition for the nutrition dimension, mortality rate, HIV/AIDS and other diseases for health dimensions, the literacy and enrollment rate for education dimensions, and possession of consumer durables for wealth dimensions. However, it cannot assist us to monetarily measure such non-income aspects of poverty such as opportunities, representation, power and freedom, and vulnerability. Thus, to carry out this measurement method, two common approaches have been introduced. One approach is to ask poor people themselves to express their own views on poverty; it is commonly known as Participatory Poverty Assessment (PPA). Another is to use the anthropological approach to observe the household closely or at the individual level.

Both methods - income/consumption and non-income consumption - were employed in the Cambodia

Poverty Assessment 2006. The monetary method, as commonly used in other countries to measure poverty, was used to count the number of poor and to identify who are the poor. According to the Cambodia Poverty Assessment (2006), the national poverty lines in 2004 were set at 2,351 Riel (US\$0.59) in Phnom Penh, 1,952 Riel (US\$0.49) in other urban areas, and 1,753 Riel (US\$0.44) in rural areas. Moreover, the non-monetary method was used to capture non-income aspects such as education, health, wealth, voice and power, and vulnerability. These non-income aspects were cited from various sources, such as the Cambodia Socio-Economic Survey conducted by the National Institute of Statistics, and Moving Out of Poverty Study and Participatory Poverty Assessments both carried out by the Cambodia Development Resource Institute.

Monitoring Poverty

It is crucial to monitor poverty overtime to see the outcomes of policy, program or project interventions. To track poverty it is required first to select indicators, then setting targets and finally to establish "poverty monitoring systems".

Selecting indicators should comply with the following judgments because they are used to measure the progress of poverty reduction. Indicators must be able to capture all aspects of poverty and be direct measures of

Box 3: Why we need to measure and monitor poverty

1. How many are poor?
2. Has poverty increased or decreased over time?
3. Who are poor?
4. Where are poor?
5. How poor are they?
6. Why are they poor?
7. How do they make a living? And what are their sources of income?
8. What are ways to attack poverty?
9. How much impact on poverty after implementing some specific policy prescriptions?

Sources: DFID Poverty: Bridging the gap, Guidance notes (2001) and WB World Development Indicator (2002)

progress in the reduction of poverty. These indicators should be easy to understand, collect, process, analyze all at a low cost.

Setting targets - the value that the indicator is expected to reach by a particular date - will serve as a benchmark against performance of poverty reduction. Setting targets will help in decision making. It will help to mobilize efforts, resources toward achieving these targets. However, it is imperative that the targets set must be realistic, technically and financially achievable.

Establishing a "poverty monitoring system" will enable relevant stakeholders to keep track towards setting targets and call for improved policy interventions when required. However, it is not an easy task. It needs a strong institutional arrangement which involves a number of activities and players from producing data to processing, to analyzing, and to using data and results.

Cambodia has selected very good indicators, goals and targets to monitor the progress of poverty reduction. At the national level, the Cambodian Millennium Development Goals (CMDGs) which set nine goals with 25 targets and 90 indicators to be achieved by 2015. It is serving as a very good benchmark for tracking the progress against project, program and policy intervention by the government, development partners, and civil societies.

However, sound mechanisms for monitoring these indicators is yet to be put properly in place. One good example to reflect the weakness of this mechanism was the debate on the poverty rate which many, in the absence of household survey since 1999, estimated to have increased to more than 40 percent in 2004. In fact, the rate declined to 35 percent in 2004, an estimation by the World Bank's Cambodia Poverty Assessment (2006).

Moreover, according to the most recent assessment of capacity and current practices of statistical sys-

tems in Cambodia (2004) by a team from the European Commission (EC), Department for International Development (DFID), the World Bank (WB) and the United Nations Development Programme (UNDP), Cambodia is short of a sound "poverty monitoring system". The National Institute of Statistics has currently not been able to conduct regular nation-wide surveys on households due to financial limitation; the reports of poverty profile or poverty assessment have been conducted with the assistance of development donors such as the World Bank, UNDP, and SIDA.

Conclusion

The concepts and methods used to measure and monitor poverty are not simple. Poverty is not only about having not enough income and consumption for an acceptable standard of living. Firstly, it is also about the lack of capabilities and opportunities to participate as a member of society. Secondly, it is about lacking voice and power. And, finally it is the vulnerability to outside forces. Measuring poverty, accordingly, has to employ both monetary and non-monetary methods to ensure that all aspects of poverty are examined. The non-quantifiable approaches have to be carried out to cross check with and complementary quantifiable indicators such

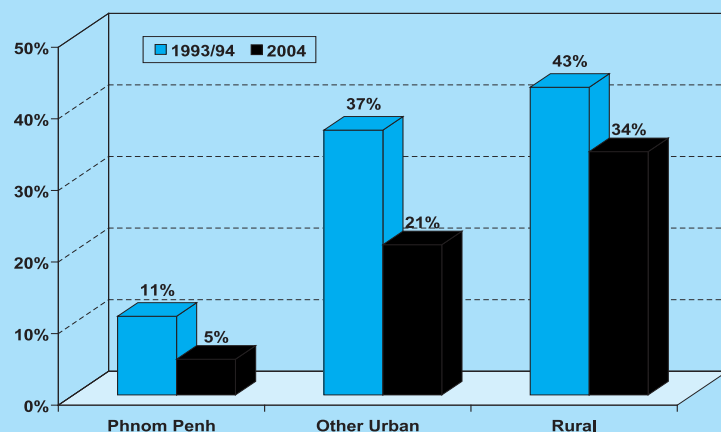
as income, consumption, and some human development indicators.

Setting a threshold for the poverty line is vital to determine how many poor there are and who are poor. But equally important is to use qualitative approaches to understand fully why they are poor and how poverty affects them. Monitoring poverty is critically important for tracking the state of the poor and their progress and for assessing the impacts of policy, and project interventions. Establishing good "poverty monitoring systems" will ensure that all relevant stakeholders can keep track on poverty reduction targets and can improve policy interventions if necessary.

In Cambodia the term "poverty" has been widely used, yet the understanding that poverty has many dimensions was just recently adopted in the Cambodia Poverty Assessment 2006. The country set indicators, goals, and target specifically through the Cambodian Millennium Development Goals. However, the mechanism to track the progress toward achieving these goals are not functioning well. Now, what needs to be done is to strengthen the "poverty monitoring system" which enables relevant stakeholders to trace the progress of poverty reduction.

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Figure 1: Percentage of population living below the poverty line 1993/94 and 2004 (same geographical comparable sample)



Source: World Bank (2006)