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## The Characterization and Monitoring of Poverty

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## Summary

This research elaborates an approach to the characterization and monitoring of poverty that focuses on *welfare attributes*. Underlying this approach is the ultimate objective to provide researchers and policymakers with a simpler and faster tool to assess welfare in situations where poverty is widespread and where perhaps a proxy of income in the form of per capita expenditure data is missing. By welfare attributes are meant the resources that people use to secure and advance their livelihoods. The approach has been elaborated both at the theoretical and methodological level and tested empirically and builds upon poor people's definitions of their own poverty and well-being.

First, theoretically by conceptualizing poverty as a lack of welfare attributes. Furthermore, by arguing that poverty, vulnerability and destitution are inter-related through the notion of welfare attributes accumulation being crucial to the emergence from subsistence. Poor people are vulnerable to adversity and shocks by lacking certain welfare attributes, including access to financial capital markets. They are prone to fall into destitution when they are lacking the very basic attributes. The approach fits within a standard economic approach to consumption theory whereby we allow for corner solutions. Corner solutions arise because of two reasons. One is the indivisibility of (durable) goods and two is when prices of some commodities are too high relative to the consumer's budget. Consequently, in a context where poverty is widespread, we can expect that poor people prefer to consume more, rather than less of most attributes. Therefore, it makes sense to look at *numbers* of different attributes owned/consumed, and given numbers, at *type* in order to make (relative) statements about people's welfare.

Second, the approach is elaborated methodologically by developing a statistical procedure, and followed by an econometric model to formally assess underlying patterns of sequencing in sub-sets of welfare attributes. These exercises have been undertaken from the central hypothesis that people tend to accumulate welfare attributes in a particular dominant order. Different patterns are found for female and male members of households. Both the statistical procedure and the model are empirically tested on the basis of the collected field-survey data. For this matter, a field-survey instrument was designed to collect data on different sub-sets of welfare attributes among some 938 smallholder farmers in three rural districts of Uganda. Although, the study is situated in Uganda, it is hoped that the methodology can be used in more developing countries facing similar conditions. The thesis shows that a more direct approach to characterizing and monitoring poverty, building upon a local perspective, can lead to complementary insights into the different dimensions of poverty and the different ways in which people accumulate welfare.