This paper aims at assessing poverty in Albania through the use of an asset index whose effectiveness is compared with consumption in explaining differences in results of health and educational outcomes.

Firstly, following the relevant literature, an asset index is constructed by the use of factor analysis and principal component techniques; then, two probit models are estimated assessing enrolment rate for secondary education and chronic disability in Albania using the asset index as an independent variable to compare its effectiveness with expenditures.

World Bank LSMS Survey of 2002 is used in the analysis.

Results show that asset index is a much more robust indicator than expenditure in representing household wealth; it provides information about the way individual use to cope with shocks or difficulty. More than consumption, asset ownership measures vulnerability to poverty and this feature can contribute to draw targeted policy instruments able to eradicate deprivation for specific sub-groups.

*Keywords: asset ownership, wealth, multidimensional poverty*