



# SECOND EGM ON ENHANCING NATIONAL CAPACITIES IN POVERTY STATISTICS

## PART I: UNDERSTANDING THE NATURE OF POVERTY

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Ankara, Turkey

# Basic Concepts and Definitions

- **Standard of living measures the level of valuable resources equivalent to wealth, comfort and material goods.**
- **With regard to welfare economics, Amartya Sen formulated the capability approach in the 1980s.**
- **Three approaches to poverty: absolute poverty, relative poverty and social exclusion.**
- **Inequality is the situation in which assets, wealth, or income are distributed unequally among individuals.**

# Poverty and Inequality Measures

**Traditional  
measures  
of poverty  
and  
inequality:**

- **Headcount Index**
- **Poverty Gap Index**
- **Squared Poverty Gap (Poverty Severity) Index**
- **Gini Coefficient**
- **Growth incidence curve**
- **Sen Index**
- **The Sen-Shorrocks-Thon Index**
- **The Watts Index**
- **Chronic Poverty**

# Poverty and Inequality Measures

## Alternative tools for poverty evaluation:

- **Human Development Index**
- **Multidimensional Poverty Index**
- **Inequality of Economic Opportunity**
- **Polarization**
- **Chronic Poverty**

# Socio-Economic Impacts of Poverty and Inequality

**Education**

**Health**

**Labour  
Market**

**Agriculture,  
Livestock  
and Food  
Security**

**Participation  
and  
Inclusion**

# Socio-Economic Impacts of Poverty and Inequality

## Education

- Direct and indirect effects through mediated, moderated and transactional processes

## Health

- Micro or individual orientation
- Macro or population orientation

## Labour Market

- Unemployment and employment in informal sector are two important factors while linking poverty and labour market

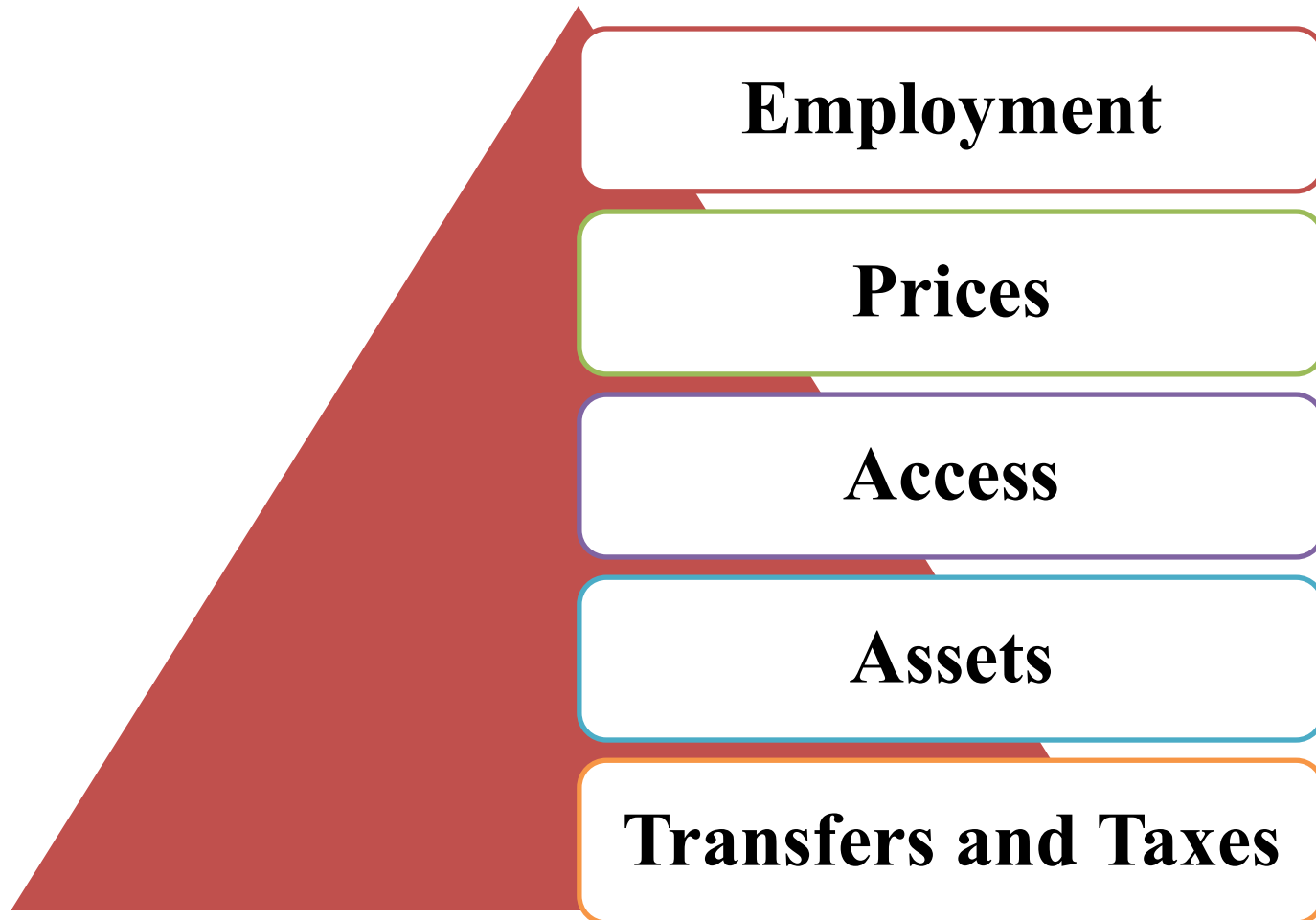
## Agriculture, Livestock and Food Security

- Lower food prices for consumers
- Higher incomes for producers
- Growth multiplier effects

## Participation and Inclusion

- Reducing the risk of moral hazard and adverse selection problems

# Factors Channelling the Impacts of Poverty and Inequality



# Factors Channelling the Impacts of Poverty and Inequality

## Employment

- An increase in the productivity of employees leads to an increase in the incomes of the poor and a reduction in poverty

## Prices

- Price inflation reduces the purchasing power of nominal income
- Price inflation undermines the real value of savings

## Access

- Lack of access to basic infrastructure and services
- Formation of slums and squatter settlements

## Assets

- Physical assets (equipment, homes, land)
- Human assets (labor capacity, skills, good health)
- Social assets (contact networks, political influence)

## Transfers and Taxes

- Tax systems in developing countries are especially influenced by indirect taxes



**THANK YOU!**

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