

**COURSE
GUIDE**

DES 220

POVERTY, INEQUALITY AND DEVELOPMENT

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INTRODUCTION

Welcome to DES 220: Poverty, Inequality and Development

Poverty Inequality and Development (DES 200) is a two-credit (2 units), 200-Level, one-semester undergraduate course for students of Development Studies. The course which consists of twelve units introduces you to the different conceptualisation, characteristics, relationship and contemporary approaches to poverty, inequality and development. It also familiarises you with a broad knowledge on how to measure poverty and inequality and their indicators in a development context. The course is spread across fifteen lecture weeks inclusion final examination weeks. This course guide tells you about the course materials and how you work your way through them. The guide also suggests some general guidelines for the amount of time required of you on each unit in order to achieve the course aims and objectives successfully, including answers to your Tutor-Marked Assignments (TMAs).

COURSE CONTENT

This interdisciplinary module considers one of the key concerns of development studies - the problems of poverty and inequality and their relation to development. The course is divided into three modules. The first module is concerned with the way poverty has been conceptualized and defined. The second module looks at the incidence, magnitude and measurements of poverty and inequality, and the interventions for reducing inequalities in Nigeria. The final module deals with poverty eradication strategies and strategies for alleviating poverty in Nigeria. The module explored the strategies for reducing poverty in Nigeria and the United Nations (UN) international development goals as the framework for dealing with the challenge of poverty and inequality.

COURSE AIMS

The course aims to introduce students to the main debate and ways of thinking about poverty, inequality and development in the 21st-century thus:

- To familiarise students with the different conceptualisation and dimension of poverty and inequality, and how they relate the problems of development.
- To help students find ways of analysing and understanding poverty, inequality and their link to the development process in the contemporary period.
- To make the students develop an understanding of the different ways in which poverty is measured, including their strengths and weaknesses.
- To familiarise students with the policy implications of different approaches to defining poverty and inequality.

COURSE OBJECTIVES

To achieve the aims of this course, a set of objectives are included at the beginning of each unit of the module. The objectives for each study unit serves as a gauge that

student can use to assess if he/she is able to grab the knowledge as set-out in the unit. You must read them before you start working through the unit. You may also want to refer to them during your study of the unit to check on your progress. You should always look back at the objectives after completing a unit. This approach will also assist students accomplish the tasks entailed for the course. It will also help ensure that you have done what was required of you for the unit. By the end of the course period, students will be able to:

- Explain the concept of poverty and inequality in the development context and key texts in the field of development studies.
- Describe and explain the relationships between, poverty, inequality and development in developing country contexts and and articulate an informed view on the relationship.
- Evaluate a comprehensive knowledge of the different metrics and the way in which poverty and inequality are measured, and to critically evaluate their strengths and weaknesses.
- Analyse theories, key concepts and interpretation used in debates around poverty and inequality in the development context.
- Evaluate the potential and limitations of social vs. economic analysis poverty. Students will be exposed to social dimension development and its relation poverty and inequality.
- Analyse competing models and strategies that have been use to tackling problems of poverty and inequality in developing countries, including their origins, their continuities and their differences.

Explain the strategies for alleviating poverty and reducing inequality promoted by major development institutions as well as in Nigeria today.

WORKING THROUGH THE COURSE

To successfully complete this course, you are required to read the study units, referenced books and other materials on the course. Each unit contains self-assessment exercises called Tutor-Marked Assessments (TMAs). At some points in the course, you will be required to submit assignments for assessment purposes. At the end of the course there is a final examination. This course should take about 12 weeks to complete and some components of the course are outlined under the course material subsection

COURSE MATERIAL

The major component of the course, what you have to do and how you should allocate your time to each unit in order to complete the course successfully on time are listed follows:

1. Course guide
2. Study unit
3. Textbook
4. Assignment file
5. Presentation schedule

STUDY UNIT

There are 11 units in this course which should be studied carefully and diligently.

Module One: Definitions and Concepts of Poverty & Inequality in Development

- Unit 1: Definition of Poverty, Inequality and Development
- Unit 2: Linkage between Poverty, Inequality and Development.
- Unit 3: Theories of Poverty
- Unit 4: Multidimensional Nature of Poverty

Module Two: Incidence, Magnitude and Measurements of poverty and inequality

- Unit 1: Social Dimension of Poverty and Inequality
- Unit 2: Measurement of Poverty and Inequality
- Unit 3: Extent and Magnitude of Poverty and Inequality in Nigeria
- Unit 4: Approaches for Reducing Inequality: the Nigeria Context

Module Three: Poverty Alleviation Strategies, Policies and Programmes

- Unit 1: Background to Poverty Alleviation programme in Nigeria
- Unit 2: Poverty Alleviation Policy on Structural Adjustment Programme (SAP)
- Unit 3: Appraisal of Poverty Alleviation Programme

Each study unit will take at least two hours, and it include the introduction, objective, main content, self-assessment exercise, conclusion, summary and reference. Other areas border on the Tutor-Marked Assessment (TMA) questions. Some of the self-assessment exercise will necessitate discussion, brainstorming and argument with some of your colleges. You are advised to do so in order to understand and get acquainted with historical economic event as well as notable periods.

There are also textbooks under the reference and other (on-line and off-line) resources for further reading. They are meant to give you additional information if only you can lay your hands on any of them. You are required to study the materials; practice the self-assessment exercise and tutor-marked assignment (TMA) questions for greater and in-depth understanding of the course. By doing so, the stated learning objectives of the course would have been achieved.

TEXTBOOK AND REFERENCES

For further reading and more detailed information about the course, the following materials are recommended:

Ahluwalia, M. (1976) 'Inequality, poverty and development', *Journal of Development Economics*, 3 (4): 309–42.

Bade, A. A. (2018). *Poverty in the Africa*, 1st Edition, Millan Press Limited.

Bane, G & Ellwood, L., (1982). *Introduction to Development Economics*, 1st Edition, Macrity Press Limited.

Corak, N., (2006). *Absolute Poverty and Economic Growth*, *Journal of Economics*, Mill World Publisher

Chenery, H., Ahluwalia, M., Bell, C., Duloy, J.H. and Jolly, R. (1974) *Redistribution with Growth*. Oxford: Oxford University Press.

Duncan, G., & Seid, K., (1993). *Development Economics*, 1st Edition, Vener Publisher

Denn, L. (2017). *Introduction to Development Economics*, 2nd Edition, Mill World Press.

DFID, (2000), *Eliminating World Poverty*, Government White Paper on International Development, Department for International development London

Easterly, W. (2005). *Reliving the '50s: the Big Push, Poverty Traps, and Take-offs in Economic Development*.

Graham, K. (2017). *Ending Poverty in Africa, a broad approach*, 2nd Edition Wight Press.

Greenwich, F. (2016). *Poverty and Inequality in Latin America*, 3rd Edition, Indian Publisher.

Gordon, A., & Adams, D., & Rein, E., (2000). *Introduction to Development of Economics II*, 2nd Edition, Hill World Press.

Hall, S. G., & Asterion, D. (2011) *Applied Econometrics*, 2nd Edition, Palgrave Macmillian, New York city, USA.

Hall, A., and Midgley, J. (2005). *Social Policy for Development*. London Sage.

Harriss, J. (2006) *Why Understanding of Social Relations Matters More for Policy on Chronic Poverty than Measurement*. UK: Chronic Poverty Research Centre.

Kean, G., (2017). *Development and Africa Countries*, 1st Edition, Drien Publisher.

Kothari, U. and Minogue, M. (2002) 'Critical perspectives on development: an introduction' in U. Kothari and M. Minogue (Eds), *Development Theory and Practice: Critical Perspectives*. New York: Palgrave, pp. 1–15.

Mack, H., and Lansley, G., (1985). *Development Economics*, 2nd Edition, Palgrave Publication.

- Mack, S., & Lansley, L., & Hallerod, B., (1995). Inequality, Justice and Fairness, Journal of Economics.
- Myrdal, G. (1968) Asian Drama: An Inquiry into the Poverty of Nations. Harmondsworth: Penguin.
- Narayan, D. (1999) Voices of the Poor. Poverty and Social Capital in Tanzania (Washington, DC: World Bank).
- Paugam, D. (1995). Introduction to Poverty Issue, 1st Edition, Pentagon Press Limited.
- Seer, D. (1972) What Are We Trying to Measure? Institute of Development Studies IDS
- Sen, A. (1999). Development as Freedom. London Oxford University Press.
- Sida, D., (2017). Dimension of Poverty, the Sida's Conceptual framework. Sida Publication.
- Sean, J., (2017). Developing Economics in the Mist of plenty, 1st Edition, All-well Publication.
- Thomas, A. (2000). Conception of Poverty and Development. In T. Allen and A. Thomas (eds.), Poverty and Development into the 21st Century. Oxford: Oxford University Press, pp. 3-23.
- Todaro, M. P. and Smith, S. C. (2012). Economic development. Boston: Pearson Education
- Townsend, T., (1979). Introduction to Development Economics, 1st Edition, Macgraw Publication
- UNDP, (2010). United Nations Development Programme Human Development Report: The Real Wealth of Nations: Pathways to Human Development OUP Oxford
- UNDP, (2003). Human Development Report 2003: Millennium Development Goals: A compact among nations to end human poverty New York: UNDP
- United Nation (1995). Poverty and Inequality in the world, united nation Publication.
- Verble, D., (2015). Poverty and inequality, introduction to Development Economics, 1st Edition, Mac Publication limited.
- Van-den, W., & Bosch, T., (2001). Development and Corruption, 2nd Edition, Palvry Publisher.
- World Bank, (2012). Development Economics through the Decades: A Critical Look at 30 Years Washington DC. World Bank.
- World Bank. (2000). World Development Report: Attacking Poverty 2000/2001. USA OxfordUniversity Press.
- Whelan, U., & Yeu, J., & Dein, N., (2003). Poverty Issues in Developing Countries, 1st Edition, Jepen Press.

ASSIGNMENT FILE

Assignment files and marking scheme will be made available to you. This file presents you with details of the work you must submit to your tutor for marking. The marks you obtain from these assignments shall form part of your final mark for this course. Additional information on assignments will be found in the assignment file and later in this Course Guide in the section on assessment.

There are four assignments in this course. The four course assignments will cover:

Assignment 1 - All TMAs' question in Units 1 – 2 (Module 1)

Assignment 2 - All TMAs' question in Units 5 – 9 (Module 2 & 3)

Assignment 3 - All TMAs' question in Units 10 (Module 3)

Assignment 4 - All TMAs' question in Unit 11 (Module 3).

PRESENTATION SCHEDULE

The presentation schedule included in your course materials gives you the important dates for this year for the completion of tutor-marking assignments and attending tutorials. Remember, you are required to submit all your assignments by due date. You should guide against falling behind in your work.

ASSESSMENT

There are two types of the assessment of the course. First are the tutor-marked assignments; second, there is a written examination.

In attempting the assignments, you are expected to apply information, knowledge and techniques gathered during the course. The assignments must be submitted to your tutor for formal Assessment in accordance with the deadlines stated in the Presentation Schedule and the Assignments File. The work you submit to your tutor for assessment will count for 30 % of your total course mark.

At the end of the course, you will need to sit for a final written examination of three hours' duration. This examination will also count for 70% of your total course mark.

TUTOR-MARKED ASSIGNMENTS (TMAs)

There are four tutor-marked assignments in this course. You will submit all the assignments. You are encouraged to work all the questions thoroughly. The TMAs constitute 30% of the total score.

Assignment questions for the units in this course are contained in the Assignment File. You will be able to complete your assignments from the information and materials contained in your set books, reading and study units. However, it is desirable that you demonstrate that you have read and researched more widely than the required minimum. You should use other references to have a broad viewpoint of the subject and also to give you a deeper understanding of the subject.

When you have completed each assignment, send it, together with a TMA form, to your tutor. Make sure that each assignment reaches your tutor on or before the deadline given in the Presentation File. If for any reason, you cannot complete your work on time, contact your tutor before the assignment is due to discuss the possibility of an extension. Extensions will not be granted after the due date unless there are exceptional circumstances.

FINAL EXAMINATION AND GRADING

The final examination will be of three hours' duration and have a value of 70% of the total course grade. The examination will consist of questions which reflect the types of self-assessment practice exercises and tutor-marked problems you have previously encountered. All areas of the course will be assessed

Revise the entire course material using the time between finishing the last unit in the module and that of sitting for the final examination to. You might find it useful to review your self-assessment exercises, tutor-marked assignments and comments on them before the examination. The final examination covers information from all parts of the course.

COURSE MARKING SCHEME

The Table presented below indicates the total marks (100%) allocation.

Assignment	Marks
Assignments (Best three assignments out of four that is marked)	30%
Final Examination	70%
Total	100%

Course Overview

The Table presented below indicates the units, number of weeks and assignments to be taken by you to successfully complete the course, Poverty Inequality and Development (DES 200).

Units	Title of Work	Week's Activities	Assessment (end of unit)
	Course Guide		
Module One: Definitions and Concepts of Poverty & Inequality in Development			

1	Definition of Poverty and Inequality Development	Week 1 & 2	Assignment 1
2	Linkage between Poverty, Inequality and Development.	Week 3	Assignment 1
3	Theories of Poverty and the Indicators Poverty.	Week 4	Assignment 1
4	Multidimensional Nature of Poverty	Week 5	Assignment 1
Module Two: Incidence, Magnitude and Measurements of poverty and inequality			
5	Social Dimension of Poverty and Inequality	Week 6	Assignment 2
6	Measurement of Poverty and Inequality	Week 7	Assignment 2
7	Extent and Magnitude of Poverty and Inequality in Nigeria	Week 8	Assignment 2
8	Approaches for Reducing Inequality: the Nigeria Context	Week 9	Assignment 2
Module Three: Poverty Alleviation Strategies, Policies and Programmes			
9	Background to Poverty Alleviation Programme in Nigeria	Week 10	Assignment 2
10	Poverty Alleviation Policy on Structural Adjustment Programme (SAP)	Week 11	Assignment 3
11	Appraisal of Poverty Alleviation Programme in Nigeria	Week 12	Assignment 4
	Examination	Week 14 & 15	
	Total	15 Weeks	

HOW TO GET THE MOST FROM THIS COURSE

In distance learning the study units replace the university lecturer. This is one of the great advantages of distance learning; you can read and work through specially designed study materials at your own pace and at a time and place that suit you best.

Think of it as reading the lecture instead of listening to a lecturer. In the same way that a lecturer might set you some reading to do, the study units tell you when to read your books or other material, and when to embark on discussion with your colleagues. Just as a lecturer might give you an in-class exercise, your study units provides exercises for you to do at appropriate points.

Each of the study units follows a common format. The first item is an introduction to the subject matter of the unit and how a particular unit is integrated with the other units and the course as a whole. Next is a set of learning objectives. These objectives let you know what you should be able to do by the time you have completed the unit.

You should use these objectives to guide your study. When you have finished the unit you must go back and check whether you have achieved the objectives. If you make a habit of doing this, you will significantly improve your chances of passing the course and getting the best grade.

The main body of the unit guides you through the required reading from other sources. This will usually be either from your set books or from a readings section. Some units require you to undertake practical overview of historical events. You will be directed when you need to embark on discussion and guided through the tasks you must do.

The purpose of the practical overview of some certain historical economic issues are in twofold. First, it will enhance your understanding of the material in the unit. Second, it will give you practical experience and skills to evaluate economic arguments, and understand the roles of history in guiding current economic policies and debates outside your studies. In any event, most of the critical thinking skills you will develop during studying are applicable in normal working practice, so it is important that you encounter them during your studies.

Self-assessments are interspersed throughout the units, and answers are given at the ends of the units. Working through these tests will help you to achieve the objectives of the unit and prepare you for the assignments and the examination. You should do each self-assessment exercises as you come to it in the study unit. Also, ensure to master some major historical dates and events during the course of studying the material.

The following is a practical strategy for working through the course. If you run into any trouble, consult your tutor. Remember that your tutor's job is to help you. When you need help, don't hesitate to call and ask your tutor to provide it.

1. Read this Course Guide thoroughly.
2. Organize a study schedule. Refer to the 'Course overview' for more details. Note the time you are expected to spend on each unit and how the assignments relate to the units. Important information, e.g. details of your tutorials, and the date of the first day of the semester is available from study centre. You need to gather together all this information in one place, such as your dairy or a wall calendar. Whatever method you choose to use, you should decide on and write in your own dates for working breach unit.
3. Once you have created your own study schedule, do everything you can to stick to it. The major reason that students fail is that they get behind with their course work. If you get into difficulties with your schedule, please let your tutor know before it is too late for help.
4. Turn to Unit 1 and read the introduction and the objectives for the unit.

5. Assemble the study materials. Information about what you need for a unit is given in the 'Overview' at the beginning of each unit. You will also need both the study unit you are working on and one of your set books on your desk at the same time.
6. Work through the unit. The content of the unit itself has been arranged to provide a sequence for you to follow. As you work through the unit you will be instructed to read sections from your set books or other articles. Use the unit to guide your reading.
7. Up-to-date course information will be continuously delivered to you at the study centre.
8. Work before the relevant due date (about 4 weeks before due dates), get the Assignment File for the next required assignment. Keep in mind that you will learn a lot by doing the assignments carefully. They have been designed to help you meet the objectives of the course and, therefore, will help you pass the exam. Submit all assignments no later than the due date.
9. Review the objectives for each study unit to confirm that you have achieved them. If you feel unsure about any of the objectives, review the study material or consult your tutor.
10. When you are confident that you have achieved a unit's objectives, you can then start on the next unit. Proceed unit by unit through the course and try to pace your study so that you keep yourself on schedule.
11. When you have submitted an assignment to your tutor for marking do not wait for it return before starting on the next units. Keep to your schedule. When the assignment is returned, pay particular attention to your tutor's comments, both on the tutor-marked assignment form and also written on the assignment. Consult your tutor as soon as possible if you have any questions or problems.
12. After completing the last unit, review the course and prepare yourself for the final examination. Check that you have achieved the unit objectives (listed at the beginning of each unit) and the course objectives (listed in this Course Guide).

TUTORS AND TUTORIALS

There are some hours of tutorials (2-hours sessions) provided in support of this course. You will be notified of the dates, times and location of these tutorials. Together with the name and phone number of your tutor, as soon as you are allocated a tutorial group.

Your tutor will mark and comment on your assignments, keep a close watch on your progress and on any difficulties you might encounter, and provide assistance to you during the course. You must mail your tutor-marked assignments to your tutor well before the due date (at least two working days are required). They will be marked by your tutor and returned to you as soon as possible.

Do not hesitate to contact your tutor by telephone, e-mail, or discussion board if you need help. The following might be circumstances in which you would find help necessary. Contact your tutor if.

- You do not understand any part of the study units or the assigned readings
- You have difficulty with the self-assessment exercises
- You have a question or problem with an assignment, with your tutor's comments on an assignment or with the grading of an assignment.

You should try your best to attend the tutorials. This is the only chance to have face to face contact with your tutor and to ask questions which are answered instantly. You can raise any problem encountered in the course of your study. To gain the maximum benefit from course tutorials, prepare a question list before attending them. You will learn a lot from participating in discussions actively.

SUMMARY

The course, Poverty, inequality and Development (DSS 220), expose you to the field of development studies of poverty, inequality and development such as Meaning and definition of Poverty; inequality and Development; Linkage between Poverty, Inequality and Development; Multidimensional Nature of Poverty; theories of Poverty and the Indicators Poverty. This course also gives you insight into Social Dimension of Poverty and Inequality; Measurement of Poverty and Inequality, extent and Magnitude of Poverty and Inequality in Nigeria, reducing Inequality: the Nigeria Context. The course shed more light on approaches to Poverty Reduction: Poverty Alleviation Policies and Programmes; international Development.

Furthermore, the course shall enlighten you about the Millennium Development Goals (MDGs) and the Sustainable Development Goals (SDGs) and Poverty Alleviation Policies and Programmes in Nigeria.

On successful completion of the course, you would have developed critical thinking skills with the material necessary for efficient and effective discussion on Poverty, inequality and development, Social dimension of poverty and inequality and Poverty alleviation policies and programmes. However, to gain a lot from the course please try to apply anything you learn in the course to term papers writing in other economic development courses. We wish you success with the course and hope that you will find it fascinating and handy.

MODULE 1: DEFINITIONS AND CONCEPTS OF POVERTY AND INEQUALITY IN DEVELOPMENT

- Unit 1: Definition of Poverty, Inequality and Development
- Unit 2: Linkage between Poverty, Inequality and Development
- Unit 3: Theories of Poverty
- Unit 4: Multidimensional Nature of Poverty

UNIT 1: DEFINING POVERTY AND INEQUALITY IN DEVELOPMENT

CONTENTS

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- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Conceptions of Poverty
 - 3.1.1 Income Measures of Poverty
 - 3.1.2 Relative Poverty and Social Exclusion
 - 3.2 Poverty and Development
 - 3.3 Inequality and Development
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

The condition of poverty is complex, its definitions range from reference to poverty line expressed in US dollars, to inequality in terms of relative poverty and, more recently, to multidimensional concepts. Over the past few years, poverty and inequality has become popular topics among academics, governments and development practitioners. This despite the fact that differences exist in terms of how poverty is defined and, consequently, how it is conceptualized, measured and may be tackled.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- differentiate approaches to defining poverty and its conceptualisation in the development context
- analyse relationship between poverty, inequality and development in the development context
- explain relevance of studying the relationship between poverty, inequality and development.

3.0. MAIN CONTENT

3.1. Conceptions of Poverty

The **World Bank** defines poverty in absolute terms. The **bank** defines extreme poverty as living on less than US\$1.90 per day (PPP), and moderate poverty as less than \$3.10 a day. It has been estimated that in 2008, 1.4 billion people had consumption levels below US\$1.25 a day and 2.7 billion lived on less than \$2 a day.

However, the most common definition of poverty is based on income measures or consumption levels. It is usually defined as an extremely low level of income. However different approaches to defining poverty reveal different aspects of the problem, for example the economists distinguish between **Absolute Poverty** and **Moderate Poverty** (Chen and Ravallion, 2007). Sociologists such as Talcott Parsons and Kenneth Clark in the 1960s developed the concept of **Relative Poverty** and **Social Exclusion**. These definitions and interpretations of poverty have also given rise to conceptualizations that do not use the term 'poverty' and instead make use of other concepts that are, nevertheless, closely associated with poverty, such as, standard of living, livelihood, inequality and deprivation.

There has been marked progress on reducing poverty over the past decades. The world attained the first Millennium Development Goal target—to cut the 1990 poverty rate in half by 2015—five years ahead of schedule, in 2010. Despite the progress made in reducing poverty, the number of people living in extreme poverty globally remains unacceptably high. And given global growth forecasts, poverty reduction may not be fast enough to reach the target of ending extreme poverty by 2030.

- According to the [most recent estimates](#), in 2015, 10 percent of the world's population lived on less than US\$1.90 a day, compared to 11 percent in 2013. That's down from nearly 36 percent in 1990.
- Nearly 1.1 billion fewer people are living in extreme poverty than in 1990. In 2015, 736 million people lived on less than \$1.90 a day, down from 1.85 billion in 1990.

While poverty rates have declined in all regions, progress has been uneven:

- Two regions, East Asia and Pacific (47 million extreme poor) and Europe and Central Asia (7 million) have reduced extreme poverty to below 3 percent, achieving the 2030 target.
- More than half of the extreme poor live in Sub-Saharan Africa. In fact, the number of poor in the region increased by 9 million, with 413 million people living on less

than US\$1.90 a day in 2015, more than all the other regions combined. If the trend continues, by 2030, nearly 9 out of 10 extreme poor will be in Sub-Saharan Africa.

- The majority of the global poor live in rural areas, are poorly educated, employed in the agricultural sector, and under 18 years of age.

The work to end extreme poverty is far from over, and many challenges remain. In much of the world, growth rates are too slow, and investment is too subdued to increase median incomes. For many nations, poverty reduction has slowed or even reversed. The latest projections show that if we continue down a business-as-usual path, the world will not be able to eradicate extreme poverty by 2030. That's because it is becoming even more difficult to reach those remaining in extreme poverty, who often live in fragile countries and remote areas.

Access to good schools, health care, electricity, safe water, and other critical services remains elusive for many people, often determined by socioeconomic status, gender, ethnicity, and geography. The multidimensional view—wherein other aspects such as education, access to basic utilities, health care, and security are included—reveals a world in which poverty is a much broader, more entrenched problem. The share of poor according to a multidimensional definition that includes consumption, education, and access to basic utilities is approximately 50 percent higher than when relying solely on monetary poverty.

Moreover, for those who have been able to move out of poverty, progress is often temporary: Economic shocks, food insecurity and climate change threaten to rob them of their hard-won gains and force them back into poverty. It will be critical to find ways to tackle these issues as we make progress toward 2030.

NOTE: *The way poverty is defined is rooted in different interpretation of the concept and also closely linked to strategies for poverty eradication.*

3.1.1 Income Measures of Poverty

Definitions of poverty based on income reflect the idea that human beings require a minimum level of consumption of food, water, shelter and clothing to survive:

- **Absolute Poverty:** refers to being below the minimum level of income required for physical survival. Typically, it is considered to be US \$1 per day adjusted to the purchasing power of one US dollar in a local market (World Bank, 1993). The one dollar a day poverty line is widely used by international agencies such as the World Bank and the United Nations.

- **Moderate Poverty:** refers to being on an income of \$2 per day, typically considered to be a level at which basic needs are being met but survival threatened (Chen and Ravallion, 2007-6).

Note: By defining these minimum needs, and linking them to prices, it is possible to construct a moderate as well as an absolute minimum poverty line which can then be used to determine how many people have incomes that fall below these lines, in turn, which are, linked to policy proposals for poverty eradication.

3.1.2. Relative Poverty and Social Exclusion

An alternative characterisation of poverty which does not concentrate on income measures is the concept of **relative poverty**.

Relative Poverty: refers to a kind of poverty that does not threaten daily survival. Rather it is one in which an individual may not have the income necessary to fully participate in public life in his or her society (Thomas, 2000).

- The poverty referred to in developed countries, for example, is generally an issue of relative rather than absolute or even moderate poverty even for the very poorest (Haslam, et al, 2012).

The concept of relative poverty reveals that poverty is not just about income levels. It also has social, political, psychological, moral and ethical dimension to it. This is true in both developing and developed countries.

The idea of **social exclusion** in particular suggests poor people exhibit a variety of problems beyond low income and which often reinforce each other. Such as employment, gender, ethnicity, disability, ill- health, the lack of opportunity for participation as well as low income.

- **Social Exclusion:** “refers to process through which individuals or groups are poorly or partially excluded from full participation in the society in which they live (European Foundation, 1995, p 4).

The characterisation of poverty in terms of social exclusion points up the multidimensional nature of poverty covered in the unit 4 of this course. It also suggests that society have their own ways of excluding people.

Note: In this course Relative and Absolute Poverty will be discussed in details in module two.



Figure 1 showing social exclusion of poverty.

Source: <https://tlp.iasbaba.com/2019/07/day-23-q-1-examine-the-concept-of-poverty-as-a-consequence-of-social-exclusion/>

SELF-ASSESSMENT EXERCISE

1. Differentiate between relative and absolute poverty.
2. Explain the term 'Social exclusion'.

3.2 Poverty and Development:

The concept of development like poverty is difficult to concisely define. However, it has been frequently equated with growth of the economy - the **Gross Domestic Product (GDP)** growth rate over prolonged period of time. In this conceptualization, the level of development of different countries is typically ranked by the average income per inhabitant -termed **GDP per capita** or **Gross National Income (GNI)**- such that development is consider as an ideal or aspiration for betterment and improvement.

- **Gross Domestic Product (GDP)** growth rate: The percent change in national income or the growth of national wealth (between any 2 years)
- **GDP per capita or Gross National Income:** although, GDP is an extremely useful way of comparing levels of development, the figures, adjusted by Purchasing Power Parity (PPP) also gives account of the average income per person. In other words, it is a measure of the average income in the country.
 - The GDP figures, for example, allow us to compare the annual incomes of, for example an average American who earns \$39,676 to the average Nigerian who earns \$1,154. This kind of comparison reveals the United

States as the World's 2nd richest country (after Norway), while Nigeria is one of the world's poorest countries, ranked -154th out of 177 Countries.

- When the GDP growth rate increases usually through increases in productivity or industrialization, it was generally assumed that the wealth (i.e. the GDP per capita) would trickle down to the people in such a way that poorer segment of the society will benefit. In this respect, poverty, views through the prism of development (measured as increasing in GDP per capita), will necessarily reduce.
- In reality, this is not the full picture. As subsequent lesson will show, it is possible for countries to experience rapid GDP growth or rapid growth in GDP per capita and does not necessarily reduce poverty.

The realisation that GDP growth or rapid growth in GDP per capita and does not necessarily reduce poverty led to the focus of development studies on problems of poverty and its relation to the development process.

Note: poverty applies to individuals and households, whereas development also refers to large-scale processes of change at societal level.

SELF-ASSESSMENT EXERCISE

Differentiate between Poverty and Development.

3.3. Inequality and Development:

In order to know how many people in a given country are benefitting from the overall growth of the economy, we need to understand another concept: **Income Inequality** also known as the **distribution of income** is considered as the direct link between GDP per capita and the number of people living in poverty - making it also an important resource/constraint of development (Haslam, et al 2012).

- **Income Inequality:** is a measure of how the wealth of a country is distributed among its population. For instance, what share of that wealth is owned by the rich, and how much the poorest earn in comparison to the wealthiest? (Haslam, et al 2012).

The concept of income inequality forces us to confront the vital injustices in our society: situations where privileged minority lead luxurious lifestyles while the vast majority of people are struggling in abject poverty. Such an outcome also means that the benefits of economic growth failed to trickled down effectively to lower income group. It also

means that growths often come from the richer segment of the economy, decreasing the likelihood to trickle-down to the poor or reduce poverty (Haslam, et al 2012).

- Indeed, there is some evidence that countries with low growth rates and GDP per capita (e.g. Cuba and Indian State of Kerala) succeed relatively well in reducing the vulnerability of the poorer segment in the society leading to poverty reduction. On the other hand, countries such as Brazil and Nigeria that grew faster did not always improve the situation of the poorest. This means that:
 - High GDP growth rate is not a necessary condition for poverty reduction.
 - For poverty to be eliminated more quickly GDP growth must integrate strategies of reducing inequality and improving the distribution of income (Ahluwalia, 1976).
- It is also possible, for example, that in allocating labour to its most efficient use in the economy and encouraging employment and human capital investment, well-functioning labour market can contribute to economic growth and development. However, a lack of fiscal discipline can lead to poor income distribution –increasing inequality (Thomas, 2000).
- Studies related to distributional issues also show that inequality becomes part of a national culture -it undermines the opportunities for the material advancement of the poor and distorts the personality of those with higher incomes.

This realisation that income inequality can be an important constraint of development by making the task of raising people out of poverty even more difficult generates the great interest in development studies on income inequality and its relation to development (Hal and Midgley 2005).

Although income inequality make development more difficult it is not impossible to overcome, as will be seen in subsequent modules.

Note: Inequality will still be discussed extensively in module two.



Figure 2: Showing inequality in Nigeria

<https://www.proshareng.com/news/Nigeria-Economy/How-to-Solve-Income-Inequality-in-Nigeri/40334>

SELF-ASSESSMENT EXERCISE

Discuss in details the term 'income inequality'

4.0 CONCLUSION

High GDP growth rate does not translate to poverty reduction. Income inequality remains an important constraint of development. For poverty to be eliminated more quickly GDP growth must integrate strategies of reducing inequality and improving the distribution of income.

5.0 SUMMARY

- In this unit we looked at the concept of poverty and inequality and their relation to development. The first section is concerned with the why and how does poverty and inequality combine and integrate with development. The second section is concerned with the way poverty has been conceptualized and defined.
- Different approaches to defining poverty reveal different aspects of the problem. In particular, the need to look specifically at levels of poverty and inequality, and the need to consider development as an ideal for improvement and betterment.

- At the same time relations between poverty inequality and development is nuanced. It is possible to reduce the incidence of poverty while leaving inequality untouched.
- The unit contends that the different definitions and the relationship between poverty, inequality and development, in particular, how they combine and integrate- is necessary for our understanding poverty, inequality and development.

6.0 TUTOR-MARKED ASSIGNMENT

1. What is the extent of inequality in Nigeria and how is this related to the extent of relative poverty?
2. Briefly Differentiate between Poverty and Inequality.
3. Differentiate between Poverty and Development.

7.0 REFERENCES/FURTHER READING

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UNIT 2: LINKAGES BETWEEN POVERTY, INEQUALITY AND DEVELOPMENT

CONTENTS

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
 - 3.1 The Problems of Poverty and Inequality and their relation to Development
 - 3.2 Persistence of Inequality Between & Within Different Parts of the World
 - 3.3 The Poor and Poor Countries as Recipient of Information Technology (IT)
 - 3.3.1 Inequalities of access to Overt Resource
 - 3.3.2 Inequalities for assessment of social resources and application
 - 3.3.3 Resource inequalities for Action.
 - 3.4 Poverty Inequality and Development in Low-resource settings
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

There is a general agreement (at least in theory) that reducing poverty is the fundamental objective of economic development. However, the 'balance sheet of human development' shows that while there has been progress in some development indicators for some people, for others, poverty has increased and the inequality in the distribution of the benefits of economic growth is widening. Likewise, disparities in health outcomes have also increased, generating a growing concern in development and policy discourses. To properly comprehend these issues, the problems of poverty and inequality and how they combine and integrate with the development processes need to be understood.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- examine the problems of poverty and inequality and their link with development process
- analyse the relationship capitalist growth, the incidence of poverty and inequality and development
- analyse the economic, political, social and technological dimension of poverty and inequality in a development context.

3.0 MAIN CONTENT

3.1 The Problems of Poverty and Inequality, and their relation to Development

Over the past decade, there has been increasing inequality in wealth between different parts of the world, with coexistence in some places of economic development and poverty and the unevenness of the development process over time. Other forms of important issues also demonstrate far-reaching implications for a more concerted and successful development.

- Some of these issues include the spread of localised war and insurgency, environmental degradation, international debt, and borrowing, religious fundamentalism and other forms of competing collective identity.
- All of which demonstrates the potential to create chaos and dislocations to the political, social and economic order and undermined the opportunity to advance the ideals of development and aspiration for betterment.



Figure 3: Showing Poverty and Inequality community

Source:<https://www.worldbank.org/en/news/feature/2018/04/03/access-to-education-skilled-jobs-creation-can-accelerate-poverty-reduction-and-inequality-in-south-africa>

SELF-ASSESSMENT EXERCISE

Discuss the problem of poverty and inequality.

3.2. Persistence of Inequality between & within different parts of the World

Persistent inequality between and within different parts of the World remain as one of the major contributory factors to the unevenness in development outcomes across countries, localities, gender and population groups (OECD, 2013). One current issue useful for exploring this debate is the concept of knowledge and **technology** in development, in particular, the link between knowledge and poverty.

- **Technology:** implied here is a purposeful, practical activities that involve the application of knowledge by organisation of human beings and their interaction with machine

The importance of **knowledge** remains the dominant concern in development:

Because knowledge matters, understanding how people and societies acquires and uses knowledge -and why did sometimes fail to do so -is essential to improving people's lives, especially the lives of the poorest (World Bank, 1999: iii).

Poor countries -and poor people- differ from rich ones not only because they have less capital because they have less knowledge (World Bank, 1999:1).

Overall, there is a "realisation that economies are built not merely through the accumulation of physical capital and human skill, but on the foundation of information, learning and adaptation" (World Bank, 1999: iii).

However, knowledge is costly to create, since the knowledge implied here is very much related to social and economic power, such as biotechnology which is often patents and properties of large pharmaceutical companies and intellectual property Multinational Corporations.

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SELF-ASSESSMENT EXERCISE

Discuss the persistence of inequality between and within different parts of the world.

3.3. The Poor as Information Technology (IT) Recipient

Knowledge generates information. Also, in turn, receiving and applying information are central aspects of acquisition and generation of knowledge. ICT's offers developing countries unprecedented opportunities to enhance health, education and agricultural system and opens a range of opportunities for the poor. Given the transformatory potential of ICT, hundreds of billions of naira are spent each year by government and donor agencies to harness its potential in reducing poverty and inequality. However there the general assumption that realistically, the poor will unlikely own or control the IT or use it in significant numbers, for number of reasons:

3.3.1 Inequalities of access to overt resource: these includes money, skills, technical infrastructure.

3.3.1 Inequalities for assessment of social resources and application: poor entrepreneurs need more than overt resources to explore the potential of ICT. They also need social resources such as trust, power, knowledge, motivation, confidence and security, as well as, relevant data.

3.3.1 Resource inequalities for action: inequality in endowment of both overt and social resources for action therefore keeps poor entrepreneurs poor regardless of their associability ICT. Poor entrepreneurs do not have capacity to generate information about themselves and to access and use the ICT, and they would have to rely on intermediaries, for instance, to transmit marketing information and services to potential customers (Wilson and Heeks, 2000).

SELF-ASSESSMENT EXERCISE

Discuss the relationship between the Poor as Information Technology (IT) Recipient.

3.4. Poverty and Inequality in Low-resource Settings

Development indicators reveal that poverty is clearly connected with vulnerability to disease, while under-nutrition and access to water and sanitation are often major contributing factors (Wilson and Parker 2010).

- However, decisions concerning public policy, such as, health, education, water and environment, are ultimately a political matter where choices have to be made concerning limited resources -especially, in low-income countries where most of the world's population lives.
- Ultimately, the allocation of resource by government is not a technical matter. It involves political decisions about priorities, as resources directed

to health or ICT mean that it cannot be directed elsewhere (Wilson and Parker 2010).

- It also needs to be understood that decisions of government are in large part, the outcome of political pressure by many including civil society.

Therefore, public participation in democratic processes and their ability to apply pressure is crucial to ensure that not only is money spent on wider policy provisioning linked to reducing poverty and inequality, but that it is also spent to improve accountability and development outcomes.

SELF-ASSESSMENT EXERCISE

Discuss in details poverty and inequality in low-resource settings.

4.0 CONCLUSION

Whilst is a general agreement that reducing poverty is the fundamental objective of economic development, the dynamics of 'development' of capitalist growth tend to increase inequality and incidence of poverty, particularly in low-income countries. Growing inequalities hinder the achievement of development objectives. Knowledge and technology holds considerable potential to inequality reduce and poverty and transform the lives of the poor, it is equally faced with significant challenges. Although this is fast changing as poor countries all produce their own IT systems. Also with the rise of social media poor communities and poor entrepreneur are also generating their own IT information and knowledge. Finally, for a more successful development outcome public participation in decision making and democratic processes is crucial, particularly in in low-income countries.

5.0 SUMMARY

- In this unit we looked problems of poverty and inequality and their link with development process. The first section is concerned the relationship between capitalist growth, poverty and inequality.
- The second section discusses the persistent of inequalities and unevenness in the development outcomes, in relation to the economic, political, social and technological dimension.
- Ultimately, the allocation of resource and decisions of government linked to better development outcomes and poverty alleviation, are political matters. Therefore, public participation in democratic processes and political pressure is crucial reducing poverty and inequality.

6.0 TUTOR-MARKED ASSIGNMENT

1. What is the relationship between development and inequality, and is there a sense that poverty has remained a major social problem in developing countries?
2. Discuss the relationship between Poverty and Inequality in Low-resource Settings.

7.0 REFERENCES/FURTHER READING

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UNIT 3: THEORIES OF POVERTY

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Background to the Theories of Poverty
 - 3.2 Theories of Poverty
 - 3.2.1. Classical and Neoclassical
 - 3.2.2. Keynesian/Neoliberal
 - 3.2.3. Marxian/Radical
 - 3.2.4. Social Exclusion and Social Capital
 - 3.3 A Broader Understanding of Poverty
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

This unit will discuss the theories of poverty. However, Different schools of economic thought have a range of views on poverty, from the 19th-century classical and neoclassical definition, through the Keynesian/neo-liberal shift, which brought poverty to the forefront of the policy agenda, to the most recent theories. The unit will base its argument on one of four reviews looking at poverty from different perspectives such as; Sociological perspectives on poverty, philosophical review of poverty and Psychological perspectives on poverty.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- explain the ‘orthodox’ classical, neoclassical, and Keynesian/neo-liberal definitions of poverty
- evaluate the sharp shift in thinking that the advent of Marxian/radical theories represented
- identify the new theories that place a higher weight on such factors as social exclusion and social capital.

3.0 MAIN CONTENT

3.1. Background of theories of Poverty

With about 24.4 per cent of the UK population in poverty in 2013 according to JRF's latest figures (Monitoring poverty and social exclusion 2014), this social and economic phenomenon represents a major challenge for UK policy.

Definitions of poverty adopted by pre-20th century economists already distinguished the concepts of relative and absolute poverty. Rowntree, in 1901, was innovative in stressing a 'cycle of poverty'. Among recent economists, Sen is noteworthy in looking beyond narrow monetary- based measures of poverty, while Townsend highlighted the variety of resources needed to escape poverty.

Meanwhile, the World Bank uses not only monetary measures of poverty but also context- specific measures applicable to different countries' conditions. The European Commission (and the UK) links material resources and outcomes to social exclusion (e.g. poverty and social exclusion may preclude the affordable use of energy). The United Nations extends the concept of poverty to include lack of political participation and discrimination. Davis & Sanchez-Martinez, 2015).

SELF-ASSESSMENT EXERCISE

Briefly discuss the background of theories of poverty.

3.2. Theories of poverty

3.2.1. Classical and neoclassical

Classical traditions view individuals as largely responsible for their own destiny, choosing in effect to become poor (e.g. by forming lone-parent families). The concept of 'sub-cultures of poverty' implies that deficiencies may continue over time, owing for example to lack of appropriate role models, and that state aid should be limited to changing individual capabilities and attitudes (i.e. the laissez-faire tradition).

Neoclassical theories are more wide ranging and recognise reasons for poverty beyond individuals' control. These include lack of social as well as private assets; market failures that exclude the poor from credit markets and cause certain adverse choices to be rational; barriers to education; immigrant status; poor health and advanced age; and barriers to employment for lone-parent families.

Looking at the classical and neoclassical approaches together, their main advantages reside in the use of (quantifiable) monetary units to measure poverty and the readiness with which policy prescriptions can be put into practice. They also highlight the influence

of incentives on individual behaviour as well as the relationship between productivity and income.

Criticism of these approaches highlights their overemphasis on the individual (without, for instance, taking into account links with the community) and the focus on purely material means to eradicate poverty. (Winkel, 2015).

SELF-ASSESSMENT EXERCISE

Differentiate between the classical and neoclassical theories of poverty

3.2.2 Keynesian/neoliberal

Even though the neoliberal school led by the new-Keynesians also adopts a money-centred, individual stance towards poverty, the importance assigned to the functions of the government allows for a greater focus on public goods and inequality. For instance, a more equal income distribution can facilitate the participation of disadvantaged groups of society in the type of activities that are deemed essential under broader notions of poverty. On the other hand, new-Keynesians are in line with neoclassical economists in their belief that overall growth in income is ultimately the most effective element in poverty removal.

Publicly provided capital (including education) has an important role to play, with physical and human capital believed to be the foundation for economic prosperity. Unlike the classical approach, unemployment, viewed as a major cause of poverty, is largely seen as involuntary and in need of government intervention to combat it. Excessive inflation, high sovereign debt and asset bubbles are other macroeconomic factors, besides weak aggregate demand, believed to cause poverty. (Sandrer, 2015).

SELF-ASSESSMENT EXERCISE

Discuss the view of Keynesian/neoliberal theories of poverty

3.2.3. Marxian/radical

By suggesting radical changes in the socio-economic system, Marxian economists and other radical theorists highlight the possibility that economic growth alone may be insufficient to lift poor people out of (relative) poverty, because those who belong to certain classes may not reap any of the benefits of overall income growth. Similarly, by emphasising the concept of class, it provides a shift in perspective, focusing on group (rather than individual) characteristics, with individuals' status considered dependent on the socio-economic environment in which they live.

Nevertheless, adequacy of income remains a key factor. Within a capitalist system, alleviation of poverty may require minimum wage laws, action to eliminate dual labour markets, and antidiscrimination laws (seen as one of the most effective anti-poverty strategies). The exploitation of the poor by the rich groups in society may also occur via the quality of the environment; for example, the poor tend to suffer most from air pollution (normally generated by the wealthier groups) given their residential location. A further contribution of Marxian/radical economists is the sense that poverty is a moral as well as a technical issue. This is often lacking in more mainstream economic frameworks, except when they (e.g. Sen) integrate political theories of justice in their analytical framework. (Winkel, 2015).

SELF-ASSESSMENT EXERCISE

Discuss the view of Marxian/radical theories of poverty.

3.2.4. Social exclusion and social capital

Another strand of the literature stresses the interrelation between social exclusion, social capital and the occurrence of poverty and recognizes the importance of the structural characteristics of society and the situation of certain groups. Social exclusion and social capital theories are, among all the reviewed approaches, arguably the ones that focus most on understanding the intrinsic processes that allow deprivation to arise and persist. Nevertheless, the wide definition of poverty considered under these theories comes at the cost of being less precisely defined and more challenging to quantify and address by policy. (Sandrer, 2015).

SELF-ASSESSMENT EXERCISE

Discuss the view of Social exclusion and social capital of poverty.

3.3. A broader understanding of poverty

Townsend claimed that excessive attention has been paid to the wage system/labour market outcomes and that other resource systems, such as the political and welfare institutional framework, should be taken into account. In line with this review, he calls for an eclectic stance in the analysis of poverty.

Progress is underway in that economics has shifted from focusing on materialistic assessments of poverty to considering other factors. Sub-disciplines such as behavioural economics, for example, attempt to disentangle the effects of bounded rationality on poor people's choices.

Institutional definitions of poverty highlight areas that have been neglected in economic approaches:

- inadequate physical security, lack of political voice (World Bank);
- exclusion from social and cultural activities (European Commission);
- lack of participation in decision making and in civil, social and cultural life.

These point to a broader range of motivations for human behaviour than just maximizing one's own consumption less utility of labour. People also seek autonomy, freedom, status, political influence, fairness, justice, dignity and community, for example, which are often excluded from the economic calculus. These elements can be part of the circumstances that qualify people as poor in broader delineations of poverty. In this context, political, sociological and qualitative analyses can strongly complement insights from quantitative economic analyses.

SELF-ASSESSMENT EXERCISE

Discuss the broader understanding of poverty.

4.0 CONCLUSION

In this unit, we have discussed extensively on the theories of poverty and we can see that each approach to poverty has an important contribution to make to our understanding of poverty, but no theory is sufficient in itself. Furthermore, economics by its nature leaves out important aspects of the nature and causes of poverty.

5.0 SUMMARY

In terms of informing policy, this unit should first help to identify the theoretical foundations of particular policy viewpoints (e.g. 'the poor have only themselves to blame' or 'there are market failures involved'). Second, it provides ideas for intervention, based on the following policy points; the key role of capital formation (including human capital through education) in the alleviation of poverty, which will require substantial government expenditure and which must be appropriately designed for each locality (following the Keynesian tradition):

- the role of discrimination in poverty, via society's class stratification and the need for legal action and deep market regulation to offset it (as emphasized by Marxian economists);
- the importance of community development in alleviating poverty rather than a sole focus on the individual (which other disciplines emphasize);
- the importance of market failures in causing and perpetuating poverty (such as lack of access to affordable credit) and the need to focus on the incentives that

may generate poverty (such as failure to invest in appropriate skill formation) which are the key insights from mainstream neoclassical economics.

Third, it suggests which state the European/African economy needs to achieve to alleviate poverty: a state of high employment that rests on sustainable and inclusive economic growth, without market distortions. Fourth, the unit identifies the key and contrasting emphases of each tradition. Most of the literature focuses on the individual in poverty in two main aspects: their participation versus exclusion from social life and their accountability versus responsibility for being poor. The theories clash on whether social exclusion and community should be the focus of analysis (as emphasized by the social exclusion and social capital theories, and to some degree Marxian economists) as opposed to the individual (stressed by mainstream economic theories). There is also the question of whether individuals should be considered actively responsible for their well-being (as in the Classical and Neo-classical schools) or as passive victims of flaws in the socio-economic system (as in the Keynesian and Marxian traditions). Finally, there are differing views on the role of government, redistribution and the implementation of public policies such as providing public goods and establishing minimum wages and anti-discriminatory laws.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the different types of theories of poverty.
2. What is Social Exclusion?
3. Do you think the theories of poverty can improve poverty in Africa?

7.0 REFERENCES/FURTHER READING

Davis, E. P., and Sanchez-Martinez, M. (2015). *Economic theories of Poverty*, A Publication of Joseph Rowntree Foundation.

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UNIT 4: MULTIDIMENSIONAL NATURE OF POVERTY

CONTENTS

- 1.0. Introduction
- 2.0. Objectives
- 3.0. Main Content
 - 3.1. The Poverty Line
 - 3.1.1. Limitation of GNP per capita as a measure of Poverty
 - 3.2. Poverty Debates: Understanding and Redefining Poverty
 - 3.3. Poverty as Incorporating Multiple Dimension of Deprivation.
 - 3.3.1 Poverty, Income and Deprivation
 - 3.3.2 Poverty, Inequalities and Exploitation
 - 3.3.3 Poverty and Social Exclusion
 - 3.4 Globalization of Poverty, “the end of the third world” and ‘New approaches to defining Poverty
- 4.0. Conclusion
- 5.0. Summary
- 6.0. Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

The condition of poverty, as shown in unit one, is complex and shall not be thought as a simple problem with simple solution. Although, conceptions of poverty that define poverty as income measures are widely used today. But they have been complemented studies that define poverty in relative terms of lifestyles, attitudes and behaviors. This notion of relative poverty defines poverty as multidimensional, and gained widespread acceptance. This conceptualization also tends to make use of concepts other than the term ‘poverty’ and terms that are, nevertheless, closely associated with poverty. Such as ‘social exclusion’, ‘underclass’, ‘standard of living’, ‘livelihood’, ‘inequality’, ‘relative deprivation’, (h&m). However, the issue here is not merely one of semantics as will be shown. To properly understand these issues, different views of poverty which derives from the notions of relative poverty need to be comprehended.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- explain the limit of poverty lines
- evaluate the occurrences associated with relative notion of poverty
- analysed why poverty is considered a multidimensional phenomenon

- evaluate new approaches to defining poverty.

3.0 MAIN CONTENT

3.1. The Poverty Line

As noted in unit one, the most common definition of poverty is based on income measures or consumption. As a result, the criterion for deciding if an individual or household is poor is usually in economic terms. Typically, this estimation is carried out by measuring a person's income and establishing the **Poverty Line**.

- **Poverty Line:** If someone's income or consumption level falls below the minimum level to meet basic needs, these minimum level is termed as the Poverty Line.
- The **one dollar a day poverty line**, is widely used by international agencies such as the World Bank and the United Nations. It is also use to estimate the incidence of global poverty and to set targets for poverty alleviation (World Bank, 2000).

The World Bank's target of reducing by half the proportion of people in extreme poverty is based on measuring and establishing a poverty line. Absolute poverty lines which measures those in extreme poverty whose income are less than one dollars are useful, particularly in the third world/developing countries where survival needs remain relevant to an understanding of poverty.

3.1.1. Limitation of Poverty Lines

However, the use of poverty lines based on absolute survival minima has been widely criticized.

- One difficulty is that absolute poverty lines are very meager and, therefore, unrealistic, particularly in developed economies.
- Being an average which uses a measure of national income, poverty line says nothing about the distribution of wealth between the rich and the poor.
- Being a measure of average material living standards of a people based on market valuation, there are several ways in which poverty line fails to provide the full picture/indication of poverty.

- The concept of relative poverty reveals that poverty is not just about income levels. Race, gender, familial status age, place of residence, are some but not all of the characteristics that enhance the risk of living in poverty.
- A final point is that well-being is not entirely a matter of purchasing power. Consequently, poverty measured as a shortfall in income does not take into account measures of well-being.

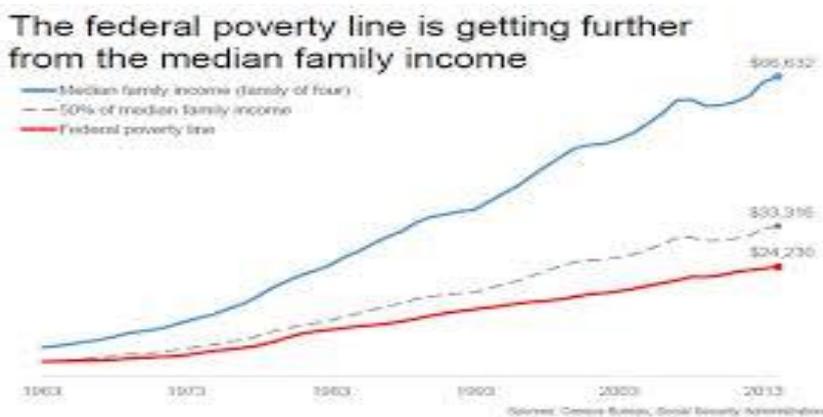


Figure 4: showing the Poverty Line

Source: <https://talkpoverty.org/2016/09/13/poverty-rate-just-dropped-way-measure-poverty-wrong/>

3.1.2. Limitation of GNP per capita as an indicator of Poverty

- Although GNP per capita is a good indicator of poverty as income deprivation, it does not tell the whole story:
- What is regarded as poverty may differ relative to the norms of each particular society.
- Consequently, alleviating poverty or reducing inequality must also be multidimensional and more nuanced than simply economic and even more than just reducing poverty.

- As it will be discussed further in the next sections, -the idea of poverty and who is poor is different in different contexts, and it is likely to depend on social as well as economic factors.

Note: *Poverty lines remain a popular tool with governments due to their simplicity. The ease with which Poverty lines can be manipulated for political purposes to show greater or lesser degrees of suffering by merely adjusting the poverty threshold makes it attractive.*

SELF-ASSESSMENT EXERCISE

Define the term poverty line.

3.2. Poverty Debates: Understanding and Defining Poverty

There are a number of dimensions to the debate on how to characterize and measure poverty in relative term. Three thinkers, in particular, have been fundamental in conceptualizing the idea that poverty was much more than an increase in income per capita: - Dudley Seers and Denis Goulet, development theorist and practitioners, and the Nobel Prize winner for Economics- Amartya Sen. The idea of poverty -as a lack of choice- put forward by Dudley Seers (1979) and Denis Goulet (1973) were further developed in the work of **Amartya Sen (1999)**.

Sen (1999), argues the poverty should not be seen as deprivation of income levels. Sen sees **poverty** primarily as kinds of “unfreedoms” or deprivation of freedoms that limits the ability of individual to improve their lives. Such unfreedom includes, a lack of access to health and welfare services, gender or ethnic discrimination, and limits on basic political civic and economic rights. As Sen puts it:

The real value of wealth and income is that they are admirable general-purpose means for having more freedom to live the kind of life we have reason to value (Sen, 1999, p14).

For Sen, expansion of people’s **capabilities** can improve their ability to lay claim to or access various resources and services (highlighted above), as key element reducing poverty and deprivation.

The key to Sen’s argument is that level of income does not relate directly to poverty and that poverty is better seen as deprivation of basic capabilities of freedoms. Sen illustrate for example African-American men suffer from restriction on their capabilities despite having incomes much higher than people low-income countries

Sen's (together with Seers and Goulet) work which put forward a view of poverty as a matter of lack of choice or capability, - rather than simply income-, also see the expansion of the range of individual choice as crucial to poverty alleviation.

SELF-ASSESSMENT EXERCISE

Discuss the poverty debate.

3.3. Poverty as Incorporating Multiple Dimension of Deprivation.

The works of Seers, Goulet and Sen have been instrumental in opening the doors for multidimensional measure of poverty, several factor combine with poverty to exclude, marginalize and trap large masses of the population in situations of poverty, deprivation and vulnerability. This is also an indication that the poor suffers from a variety of deprivation reinforce each other.

3.3.1 Poverty and Social Exclusion

In addition to poverty and inequality, social disadvantage can be perpetuated through mechanisms of **social exclusion (see Unit 1)**, particularly in the third world countries where problems of mass poverty and structural marginalization are the norm (Hall and Midgley, 2004). These factors may be associated with social class, caste, ethnicity, religion, culture, age or gender, for example many women, indigenous populations, the old and those at the bottom of the social ladder such as scheduled castes and street children.

The idea of social exclusion begins to suggest poor people exhibit multiplicity of problem that go well beyond low-income and which tend to operate in a vicious circle.

The idea of social exclusion has only become popular in recent years. This linked to concerns on the large number of unemployed people who were increasingly marginalized from mainstream society. In this conceptualization poverty is attributed to wider exclusionary processes such as inadequate education, de-industrialization and social isolation. As oppose to viewing it as the result of the personal failings of poor people.

3.3.1 Poverty Income and Deprivation

As shown above, usually, poverty line is determined by taking averages of income reflect defining minimum needs, and linking them to prices. The use of poverty lines based approach has criticized (Townsend, 1974).

One of Townsend's major criticisms is the arguments that that it made no sense to use absolute poverty line in affluent societies. Rather, poverty in societies such as Britain

should be defined in terms of relative criteria based on social expectations and the standards of living that most people enjoy.

The term 'relative **deprivation**' has been used to promote this idea. As will be appreciated, by using relative and relative criteria to define, poverty Townsend showed that poverty remained a major social problem in Britain.

This finding contradicted earlier assumption based on notion that as incomes rise, and the incidence of absolute poverty has falls, suggesting that the problem of poverty has been solved.

Townsend's critique has been widely accepted and relative criteria are now widely employed to define poverty in the developed economies (Hall and Midgley, 2005).

3.3.2 Poverty, Inequalities and Exploitation

Studies of income inequality have long informed the understanding of poverty. Originally, inequality was narrowly defined in terms of income distribution.

- In one study countries with high rates of inequality often have high rates of poverty. These findings were used to justify high income inequality in countries experiencing rapid economic growth and that income inequality would resolve itself and did not require government intervention.
- But, research undertaken many years ago, on the other hand, showed that very poor countries with a large subsistence agricultural economic sector are not highly unequal (Kuznets, 1955).
- Kuznets' work challenged the idea that greater equality would inevitably result from economic progress, particularly in the light of gender oppression, the treatment of ethnic minorities and indigenous peoples and other forms of oppression by military and political elites.
- In a different study economic development was found to be accompanied by high inequality that resulted in an absolute decline in the incomes of the poorest groups The study concluded that the poor would have been better off if there had been no economic growth at all (Adelman and Morris (1973).
- There has growing debates arguing that government intervention is needed to redress these inequities as well as wider income disparities. They contend that

inequality, poverty and development are inextricably linked (Hall and Midgley, 2004).

More recent attempts to define poverty with reference to social inequalities take into account of non-economic aspects. In particular, issues related to of discrimination, exploitation and oppression, differential access to resources and an inability to exercise power effectively and to resist those who oppress (Hall and Midgely. 2005).

While the income measure of poverty can be easily measured, it is difficult to measure multidimensional concept such as freedom. Nevertheless, measures have been introduced that better captures multidimensional aspects of poverty and development. From 1990, the UNDP introduced the Human Development Report, its multi-dimensional 'human development index' (HDI) and indices for economic and social progress. The HDI combines conventional GDP levels with other indices of life expectancy and educational achievement.

SELF-ASSESSMENT EXERCISE

Discuss the poverty as incorporating multiple dimension of deprivation.

3.4. Globalization of Poverty “the end of the third world” and New approaches to defining poverty

The multidimensional nature of the concept of poverty would appear to suggest that the poverty is not limited to poor countries – however defined – such as those with high absolute poverty rates and low incomes per capita. This would be consistent with the definition of poverty in social exclusion. Secondly concerns of Development Studies with poverty, inequality and development extend beyond Third World countries. For example, concepts of social exclusion have applicability in the industrialized nations in relation to minorities.

China for instance is a developing country and one of the world's largest economies, notwithstanding it has high poverty levels. In other words, there is poverty and wealth in every country (World Bank, 2010).

SELF-ASSESSMENT EXERCISE

Discuss the globalization of poverty.

4.0 CONCLUSION

It is certainly important to recognise that what is regarded as poverty can be perceived in different ways notably: through numbers below poverty line; as relative poverty and social exclusion; as incorporating multiple dimension of deprivation. Poverty alleviation

has to be considered in relation to not only income measures but as a failure to be able to take part in human society and as a matter of lack of choice and capability.

5.0 SUMMARY

- Although, conceptions of poverty that define poverty as income measures are widely used today. The notion of relative poverty which defines poverty as multidimensional has gained widespread acceptance.
- The works Dudley Seers, Denis Goulet and Amartya Sen have been instrumental in opening the doors for multidimensional measures of poverty.
- Poverty lines remain a popular tool with governments due to their simplicity and the ease.
- The Human Development Report, its multi-dimensional 'human development index' (HDI) and indices for economic and social progress. better captures multidimensional aspects of poverty and development.

6.0 TUTOR-MARKED ASSIGNMENT.

1. Why are income-based metric inadequate measures of poverty?
2. Differentiate between Poverty income and Deprivation.
3. Differentiate between Poverty, inequalities and exploitation.

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MODULE 2: SOCIAL DIMENSION OF POVERTY AND INEQUALITY

Unit 1: Social Dimension of Poverty and Inequality

Unit 2: Measurement of Poverty and Inequality

Unit 3: Poverty as Social Deprivation

Unit 4: Reducing Inequality: The Nigeria Context

UNIT 1: SOCIAL DIMENSION OF POVERTY AND INEQUALITY

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1.0 INTRODUCCION

In this unit, we will discuss extensively on social dimension of poverty and inequality. Therefore, in the last two decades, the world has achieved a vast improvement in social living conditions for the global poorest population. The 2015 Millennium Development Goals (MDGs) Report unveils an outstanding world performance: people living under extreme poverty declined from 47 percent in 1990 to 14 percent in 2015, falling from 1.9 billion to 836 million (Verble (2015)). However, extreme poverty remains an unavoidable humanitarian emergency. Today, about one in five persons in developing regions lives in poverty. These pressing conditions are deepened by ongoing social and environmental crises as well as the rise of barriers to access basic human rights. According to the UN, the highest poverty rates are found in small, fragile and conflict-affected areas around the world.

In 2015, the 2030 Agenda for Sustainable Development, its 17 goals (SDGs) and 169 targets, emerged as a renewed universal agreement on the path towards social development, aiming to continue and reinforce the MDGs commitments. The Agenda centers the international efforts in ending poverty in all its forms everywhere. To do so, it proposes a multidimensional poverty approach by measuring deprivation of health, education and nutrition together with the income estimation of poverty.

Furthermore, Dein (2015), assert that the Agenda leads to a new trend on social development when setting the goal of reducing inequality within and among countries. This approach was mainly driven by the global economic performance after the 2008 financial crisis, moving the analytical focus of social development from economic growth to inequality. Likewise, the forces behind the post-crisis economic dynamic, namely, lower rates of economic growth and soaring inequality among both, high-income and developing countries, brought forward a new geography of poverty and inequality in the world.

According to the World Bank (2015), the latest report on Poverty and Shared Prosperity by the World Bank (WB) mentions, in 1990 half of the poorest people of the world lived in East-Asia and the Pacific. Yet, in 2013, Sub-Saharan Africa alone account for 50.7 percent of people living under the poverty line. In regard to inequality, global trends also modified from those in the 90's. While global inequality has steadily decreased for the last two decades, within-country inequality became a driving force for social unrest and falling of living conditions. In addition, developing countries tend to exhibit higher levels of inequality than developed ones. Latin America, for instance, is the most unequal region in the world in spite of the multiple efforts carried out by the governments and the slightly decline in inequality experienced in the last decade.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- explain the meaning of social dimension of poverty
- distinguish between poverty and vulnerability.

3.0 MAIN CONTENT

3.1 ISSUE OF POVERTY AND INEQUALITY IN SOCIAL DIMENSION

In modern welfare states, the normal take on the issue of poverty is to regard it as the relative lack of economic resources, that is, to define the poor in relation to their fellow citizens in the same country at the same time. Three approaches dominate the scholarly literature today. The first takes as a point of departure from the income which is necessary for living a life on par with others, or that makes possible an acceptable living standard defined as the goods and services judged necessary, often on the basis of consumer or household budget studies. This usage of a poverty threshold is often (somewhat confusingly) called absolute income poverty, and is most common in North America (Corak 2006), although most countries have poverty lines defined for different kinds of social benefits. In Europe and in the OECD, the convention is instead to use versions of relative income poverty, defining as poor those whose incomes fall well behind the median income in the country in question (European Union using 60 % and OECD 50 % of the median as the threshold). As an alternative to using purchasing power (as in the “absolute” measure), this relative measure defines poverty by income inequality in the bottom half of the income distribution (Atkinson et al. 2002).

The third approach argues that income measures are too indirect; poverty should instead be indicated directly by the lack of consumer products and services that are necessary for an acceptable living standard (Mack and Lansley 1985; Ringen 1988; Townsend 1979). This approach often involves listing a number of possessions and conditions, such as having a car, washing machine, modern kitchen; and being able to dine out sometimes, to have the home adequately heated and mended, to have sufficient insurances, and so on. An elaborate version includes information on what people in general see as necessities, what is often termed “consensual” poverty (Mack and Lansley 1985; Gordon et al. 2000; Halleröd 1995; van den Bosch 2001). Other direct indicators include the ability to cover unforeseen costs (cash margin) and subjective definitions of poverty (van den Bosch 2001). The direct approach to poverty has gained in popularity and measures of economic/material deprivation and consensual poverty are used in several recent and contemporary comparative surveys (Whelan et al. 2003).

It is often pointed out that, due to the often quite volatile income careers of households, the majority of poverty episodes are short term and the group that is identified as poor in the cross-section therefore tends to be rather diluted (Bane and Ellwood 1986; Duncan et al. 1993). Those who suffer most from the downsides of poverty are, it could be argued, instead the long-term, persistent, or chronically poor, and there is empirical evidence that

those who experience more years in poverty also are more deprived of a “common lifestyle” (Whelan et al. 2003). Poverty persistence has been defined in several ways, such as having spent a given number of years below a poverty threshold, or having an average income over a number of years that falls under the poverty line (Duncan and Rodgers 1991; Rodgers and Rodgers 1993). Persistently the poor can only be detected with any precision in longitudinal studies, and typically on the basis of low incomes, as data covering repeated measures of material deprivation are uncommon.

SELF-ASSESSMENT EXERCISE

Discuss the issue of poverty and inequality in social dimension.

3.2. DIMENSIONS OF POVERTY

Poverty has many dimensions. It is not just a question of money, but also of a complex range of deprivations in areas such as work, health, nutrition, education, services, housing and assets, among others as well as the goals of today's reality of millions of people living in abject poverty in the world. Poverty in Nigeria is at the alarming stage which is one of the major economic problem face by the present administration. We can then ask the question WHO IS POOR AND IN WHAT WAY?

The model below illustrates the four dimensions of poverty.



Figure 5: Showing the Dimension of Poverty

<https://www.sida.se/English/partners/resources-for-all-partners/methodological-materials/poverty-toolbox/>

According to this model and in line with the policy framework, poverty is not only about the lack of material resources but also other poverty dimensions such as the lack of power and voice. Hence, according to Sida (2017) definition, a person living in poverty is resource-poor and poor in one or several of the other dimensions. The underlying understanding is that poverty is complex. Knowledge about this complexity and how it is manifested for different groups of people is fundamental to being able to define effective policy measures and approaches to reduce poverty.

The four dimensions assist in identifying the main ways in which poverty manifests itself and how it is experienced by people living in poverty. The four dimensions also help identify groups of people living in poverty. All the poverty dimensions are interlinked. In most cases, multiple deprivations interplay to push people into poverty and to keep them there. For example, being poor in terms of resources often implies being poor in terms of opportunities, choice, power and voice, and vice versa. Being poor in terms of human security can mean poverty in terms of opportunities, that is, the possibility people have to develop and use their resources so as to move out of poverty. Being poor in one dimension can also aggravate poverty in another dimension.

Conversely, Sada (2017) also assert that improvements in one dimension can reduce poverty in another dimension. The model emphasizes that who is poor should be at the center of analysis. It means that the situation, needs, preconditions, and priorities of poor women, men, girls and boys are the starting point, as implied by poor peoples' perspectives. In the model, Jenkis (2017), also said that the word who has the gender

symbols to emphasize the importance of gender in the understanding of who is poor and in what way they are poor. Asking who lacks resources, who lacks opportunities, who is insecure and who lacks power, and capturing inequalities between groups in these different dimensions, opens up for understanding how poverty impacts different groups of people in the four dimensions. This model also supports that people living in poverty can be agents of change. The answer to the question “who is poor in the different dimensions” will vary according to gender, age, sexual identity, ethnicity, religion, indigenous-ness, disability and other social variables. Gender dimensions always matter, but gender intersects with other social variables and must therefore be analyzed in relation to those variables. When several layers of discrimination and deprivation coincide, poverty normally deepens. It is also important to take into account geography, the urban/rural divide, migrants and forcibly displaced people and people affected by conflict and natural disasters.

SELF-ASSESSMENT EXERCISE

Briefly discuss the dimensions of poverty.

3.3. POVERTY AND VULNERABILITY

According to Lawal (2014), living in or near poverty affects a person’s vulnerability to different types of risks that can push them into poverty, deeper into poverty or permanently into poverty. The link between poverty and vulnerability is not linear but complex and dynamic. It depends on how people are poor in all its dimensions, their capacity, resources and opportunities and their ability to manage risks, and how these affect their exposure to risks. In this sense, understanding risks and vulnerability is an important component of understanding the multidimensional nature of poverty among women, men, girls and boys. When people are poor in multiple dimensions, there is an increased likelihood that they will not have, or have access to, the resources and opportunities needed to manage risks and maintain their well-being when exposed to shocks. Furthermore, Kemela (2015) assert that different risks may have a more or less severe impact on people living in poverty. For example, people living in poverty can be exposed to floods and droughts. When a flood hits, they might lose their belongings or have to make choices with detrimental long-term effects, such as withdrawing children from school, cutting down trees, selling off cattle or reducing health care expenditures. People living in poverty are in many cases also exposed to risks due to unpredictable income, poor access to health services, etc. However, people living in poverty may be less exposed to other types of risk. For instance, subsistence farmers may be less exposed to economic and market shocks since they are only distantly connected to larger markets. This complex relationship between poverty and vulnerability means that we need to understand in what dimensions’ women, men, girls and boys are poor, their exposure to risks, and how their poverty affects their capacity to cope with risk.

SELF-ASSESSMENT EXERCISE

Discuss the relationship between poverty and vulnerability.

3.4. THE FOUR DIMENSIONS OF POVERTY

3.4.1. RESOURCES

Sida (2017), still explain that being poor in terms of resources means not possessing and/or having access to or power over resources that can be used to sustain a decent living standard, meet basic needs and improve one's life. Resources can be both material and non-material: a decent income or physical and human capital, such as being educated or have professional skills, being healthy, having agricultural tools or a push cart to transport goods in towns. Resources can also be access to natural resources and ecosystem services, such as land, clean air and water, goods and services from forests, livestock and fish. It can also be having time and a social network, formal or informal. What resources a person needs and has access to or power over is context-specific and depends on variables like gender, age, etc. Resources are interlinked with the three other dimensions. For example, professional skills are linked to opportunity to find employment, access to capital and land could be linked to power and voice, and health can be related to interpersonal violence in the household.

3.4.2. Opportunities and choice

Being poor in terms of opportunities and choice concerns one's possibilities to develop and/or use resources to move out of poverty. The lack of opportunities and choice is both a consequence of poverty in the other three dimensions and a consequence of a disabling context, such as the lack of access to education, health clinics, infrastructure, energy, markets and information. Lacking resources, power and voice and living in insecurity negatively affect the choices available and opportunities to escape from poverty.

3.4.3. Power and voice

Being poor through lacking power and voice relates to people's ability to articulate their concerns, needs and rights in an informed way and to take part in decision-making affecting these concerns. This applies to decision-making in the private sphere and participation in public life and engagement with public institutions. It is important to fully understand the channels that women and men, girls and boys have access to and which channels they may be excluded from. Power is a relational concept that allows us to better understand sociocultural hierarchies and relations of age, caste, class, religion, ethnicity, sexual identity, and not least gender. Reinforcing forms of discrimination based on such sociocultural relations may increase an individual's poverty in this sense. The lack of power and voice therefore deprives people of the freedom to take part in private

and/or public decision-making that is of fundamental importance to them. (Greenwich 2016)

3.4.4. Human security

Being poor in terms of human security means that violence and insecurity are constraints to different individuals' and groups' possibilities to exercise their human rights and to find paths out of poverty. Conflict and insecurity are often volatile and rapidly changing, and a person's security can differ radically depending on gender, ethnicity, age, identity or in which region one lives. Generally, people already experiencing poverty or deprivation in other dimensions are worst affected by conflict and insecurity. Besides the obvious harm and trauma that insecurity and violence cause, it also has other severe effects that deprive the lives of women, men, girls and boys. Living in insecurity can make parents stop sending their children to school; it can make farmers unable to harvest their crops or sell them in the market. Insecurity can cause people to die from curable diseases because the hospital is not safe or perceived as not safe. Violence and conflict makes people refugees, or they force people to stay home; for a girl or a woman, home can be the most dangerous place. Being poor in terms of security often contributes to increased poverty in other dimensions of poverty.

To understand the causes of poverty, the opportunities to move out of poverty, and the main risks that could aggravate poverty, it is important to understand the context in which a person lives. Sida (2017) analyses the development context along four areas:

1. The economic and social context;
2. The political and institutional context;
3. Conflict/Peaceful context;
4. The environmental context;

In the Sida (2017), the development context has been added as an outer circle. The outer circle has several functions. Firstly, it is the explanatory framework for the degree and dimensions of poverty. Secondly, it also contains the main elements of a development analysis that explains opportunities and constraints for inclusive and sustainable development, for resilience to risks as well as for people living in poverty to change their situation. Thirdly, it provides an understanding of poverty at a structural level. A gender perspective permeates all these aspects. Different social divides, such as gender, age, sexual identity, disability, ethnicity and indigenoussness, go across all dimensions and need to be consistently taken into account to understand who is poor, how and why. It is also important to take into account

SELF-ASSESSMENT EXERCISES

1. Discuss the four dimension of poverty.

2. Discuss the Sida (2017) analyses of development context.

3.5. Social and Economic Dimensions

Graham (2017), assert that economic and social development is necessary for achieving poverty reduction. Sustained high rates of economic growth are a prerequisite to this end. The creation of an institutional environment that is conducive to economic and social development is an indispensable part of any strategy for poverty alleviation. This requires a framework in tune with economic and social realities and needs whilst flexible enough to change and adapt to new circumstances. Crucial elements are sound macroeconomic policies; an institutional and legal framework that meets the needs and interests of all segments of the economy and society; and transparent governance with effective safeguards against corruption. Ensuring secure property rights, not least for the poor, and removing barriers to graduation from the informal to the formal sectors of the economy deserve particular attention. The effectiveness of economic growth as a means to reduce material poverty varies between countries and over time. (Jentya, (2017).

Hence, it is essential to focus not only on growth rates but also to what extent this growth is translated into reduced poverty. The latter depends both on the initial distribution of resources and on the nature of the growth. The poverty reducing impact of economic growth is higher in countries with an equitable distribution of resources (land, capital, enjoyment of human rights, education, etc.) than in countries with a highly unequal distribution. Thus issues relating to inequalities need to be addressed prior to or in tandem with efforts to achieve economic growth.

For instance, Zanon (2017), assert that if Latin America had the pattern of income distribution found in Southeast Asia, the incidence of poverty there would fall to one fifth of its current level. It is also important to consider the quality of growth from the perspective of environmental sustainability. Economic growth must go hand in hand with responsible husbandry of the environment and natural resources in order to have a lasting positive impact on poverty.

According to Tendersh (2017), fiscal policies can play an important role in providing poor people with productive resources. Progressive taxation or, at least, absence of regressive taxation – can ensure that the poor contribute no more than their fair share of public sector costs. A well-functioning fiscal system is necessary for a pro poor orientation, as tax evasion and graft adversely affect the poor. The expenditure side of fiscal systems can also have major implications on poverty and inequality. Strong focus on the social sectors is often an important step towards a pro poor orientation. Increases in employment and labour productivity provide the main link between economic growth and poverty reduction. In order to reduce poverty, it is essential to enhance the capacity of the economy to generate productive employment and decent working conditions, and to strengthen the ability of the poor to access these opportunities. Democratic and efficient organizations (not least trade unions) are important tools to achieve decent working conditions. The majority of the world's poor live in rural areas where agriculture

provides the main economic base. Hence, institutional and legislative frameworks that provide adequate, equitable and secure access to land and natural resources are crucial to pro poor growth. (Sarrim 2018).

Yet, comprehensive land reforms are highly politicized processes and difficult to undertake; inevitably, one person's gain is another's loss. In many parts of the world the population pressure on land is high, and efforts must focus on increasing the productivity of land already available and in use. A pro poor growth in rural areas necessitates a mutually supportive development of agriculture and nonfarm activities. (Jenkins 2017) The existence of small and medium scale enterprises as well as equitable access to appropriate technologies, markets, extension services and credits plays a key role in this regard. Education and health are central to a meaningful life. They are also part of the social and economic rights that should be guaranteed to all people. In addition, few things yield higher returns for poverty reduction than investments in and equitable access to education and health. Education has repeatedly been identified as a highly significant factor in reducing poverty. Furthermore, the single most important asset for the majority of poor households and individuals is their labour. This is, moreover, the asset most easily lending itself to improvement. Ill health and poverty are closely linked, and feed on each other. Illness causes poverty while poverty makes people susceptible to disease and disability. Poor people have an impressive ability to generate savings if given the opportunity (Lawal 2014).

Even though solid evidence shows that many poor people are credit worthy, they are often denied access to credit and financial services and thus face a strong disadvantage in terms of capital. The poor also suffer from a lack of access to markets and information and from an inability to enforce their rights and organised themselves. They are often relegated to the margins and outside the formal sector of the economy. The result is high transaction costs, low returns on their productive resources and increased vulnerability. Informal sector activities with low pay and little or no protection under labour laws are a more important source of livelihood for the poorest groups than for the better-off, and for women and children more than for men, (Zenon, 2017). Corruption and rent seeking is not only highly detrimental to economic development; they also have a disproportionately greater effect on the poor. A high degree of transparency, straightforward rules of accountability and strong deterrents to corruption are essential to enhance the opportunities of the poor. Poverty reduction must be interpreted not only as escape from poverty, but also as protection from the risk of falling into poverty. Transient poverty resulting from shocks and crises risks developing into chronic poverty.

According to Bade (2018), national governments have the main responsibility for social welfare, but most governments in poor countries have limited economic and institutional capacity to tackle social, cultural and economic discrimination and inequalities. Alliances between various power structures and interest groups at different levels are necessary for the formulation and effective implementation of social welfare policies. Such alliances must include the poor and the better-off alike. There is a need to elaborate options for

social security that are not exclusively tied to family relations and that foster cohesion, redistribution and gender equality. Addressing the social dimensions of poverty reduction requires a good understanding of social relations and institutions, as well as promotion of democracy and human rights.

Sarrim (2018) said that cultural specificity is an important factor in poverty reduction, both in the broad sense (in terms of how people's lives are understood and organised by themselves) and in a more narrow sense (how their understanding and views are expressed). The recognition of pluralism is an essential element in the creation of conditions for improved and sustainable living conditions. Social inequalities regardless of if their basis is found along gender, ethnicity, disability, age or other lines hinder the achievement of a pluralistic society.

Gender based inequalities deprive women of their basic rights (including sexual and reproductive rights), disempower them and constrain their access to resources, opportunities and security. It also impairs overall development. Constraints on women's productive potential reduce individual and household incomes as well as economic growth at national levels, (Dada, 2018). Investments in female education and health care pay particularly high dividends in terms of sustainable poverty alleviation for present and future generations. The HIV/AIDS pandemic poses a serious threat in many parts of the world. In Southern Africa it has reached such proportions that it endangers not only the lives of those infected but also the livelihoods of everybody and indeed the very fabric of society. Its demographic, economic and social consequences are particularly severe as it primarily affects those at the early stage of their economic and reproductive life. This leads to a contraction of the labour force and shortages of critical skills, severely impairing the economic capacity not just of households but indeed of nations as well. A generation of elderly becomes deprived of the material support of their children yet with no other source of material security in their old age. Large numbers of children are turned into orphans who, deprived of parental care, are destined for a bleak future. The additional demands on health care and social security brought about by the epidemic stand in stark contrast to delivery capacity, even at a very basic level, of the governments of already impoverished countries. Unequal gender relations are a key factor in the spread of HIV/AIDS, including women's lack of power to negotiate about protected sex, (Graham, 2017).

3.5.1 Political Dimensions

Sida (2017) discusses the human rights' frameworks and assert that it's provide a normative base for poverty reduction, while democracy organizes political and social life to this end. Respect for human rights is first and foremost the responsibility of the State, and is dependent on political will and resources. A democracy and human rights approach translates poor people's needs into rights, and recognizes individuals as active subjects and stakeholders. It further identifies the obligations of states that are required to take steps – for example through legislation, policies and programmes – whose purpose is to

respect, promote and fulfil the human rights of all people within their jurisdiction. Three principles stand out as particularly important:

all human beings are born free and equal in dignity and rights

transparency, accountability and rule of law

participation and representation in public decision making the determination and capacity of the state to guarantee human rights and freedoms for all inhabitants is of central importance. These include political and civil rights, such as freedom of thought and speech; right to a fair trial, to liberty and security; and protection against cruel, inhuman and degrading treatment. They also include economic and social rights, such as those to food, housing, health and education. The right to social security and protection against exploitation and abuse is essential for children. The ability to exercise such rights requires democratic space. The roots of poverty can often be traced to unequal power relations. The possibility for poor people to participate in and influence the public debate is therefore important. A prerequisite for individuals and groups to have the opportunity to participate in decision making and conflict resolution is freedom of expression and the right to freely state one's opinions. This concerns all areas of the exchange of ideas and at all levels of decision making: national legislative assemblies, elected councils at district level and village councils at the local level. Other prerequisites are the existence of independent media and the freedom of association that enables poor people to take collective action and organize themselves in pressure groups.

3.5.2 Environmental Dimensions

Poor people are particularly – and directly – dependent on natural resources for their survival (e.g. because of their limited assets and greater dependence on commonly held resources for their livelihoods). Good quality soils, productive forests and aquatic systems, and clean water and air are necessary assets for ensuring food security, energy, shelter and good health. Sustainable use of natural resources and protection of the environment is therefore prerequisite for effective poverty reduction. Overuse of natural resources and environmental degradation not only reinforce today's poverty, but also put the sustainable livelihoods of future generations in peril. Pro poor, environmentally sound and sustainable development necessitates a broad outlook and definition. It must focus on the use and management of natural resources for production and consumption, pollution control, and maintenance of ecosystems and their functions. This will safeguard poor people's health and create livelihood capabilities and opportunities (e.g. in small scale agriculture, forestry and fishing, and in the management of water and coastal/marine areas). Poor people are especially vulnerable to degradation of the local, regional and global environmental commons. George (2018).

Climate change is projected to cause a significant increase in the scope and severity of famine. Declining biodiversity, unless halted, poses a serious threat for the poorest since their livelihoods depend on a variety of resources rather than on monocultures. Genetic

diversity among animal and plant varieties and species is critical in food production; in development of new crops, commodities and medicine; in pollination and soil formation. Food security for the poor depends on a functioning basic ecosystem. (Adel, 2017).

Sida (2017) and Greenwich (2016) assert that environment related stress – such as drought, soil erosion and floods, which cause famine and create refugees – contributes to impeding the mental and physical health of poor people, not least children. HIV/AIDS exacerbates existing development problems such as food insecurity. Poverty, health and the environment often interact in a vicious circle: poor people are less capable of coping with stress of various kinds and they lack the means to reduce stress, for instance the cash and labour power needed to prevent soil erosion. Vulnerability increases: diminished agricultural output results in decreasing incomes, poor nutrition and growing health risks; disease and malnutrition make people less able to work. Resource depletion and environmental pollution are to a large extent caused by actions taken by the non-poor, but it is the poor who have to earn their livelihoods in areas that have the dirtiest water, the poorest soils and distant or degraded forests. The sustainable utilization of natural resources also has a gender dimension. Men and women by tradition often use natural resources differently and have different roles in society. While women, through their daily work, generally possess significant knowledge with regard to natural resources, they tend to have weak and insecure rights to these resources.

3.5.3 Peace and Conflict Resolution

Adel (2017) said poverty alone is neither a sufficient nor a necessary condition for armed conflict. However, when a specific blend of factors and circumstances coincide—widespread poverty with human rights abuses; *a state that is unwilling or unable to discourage violent behaviour; exploitation of ethnic differences; unequal distribution of natural resources; transition from one kind of governance to another* – this can create grievances and feelings of injustice that may lead to armed conflict. That armed conflict cause's poverty is well documented. Economic growth is almost always negatively affected. In addition to the toll of the dead, maimed and injured, there are heavy human costs in terms of increased infant mortality and a deterioration in health, nutrition and educational standards. Conflicts weaken or destroy almost every type of capital: physical (plants, land, human resources), organizational and social; they also discourage new investments in these areas.

According to Sarrim (2018), the poverty and gender dimensions of armed conflicts are clear. Poor and powerless people, especially young men, are those most likely to volunteer as soldiers or to be conscripted by force. Among civilians, women and children are the main victims of armed violence and are those most likely to become refugees and to be violated, sexually abused and killed. Despite their disproportionate victimization during conflict, women, children and the elderly are seldom if ever consulted or allowed to participate in conflict prevention or peacekeeping efforts. Scarce or degraded natural resources, unequal distribution of assets (including natural resources) and high population

pressure may also trigger conflict. Hence, a fair distribution and the sustainable use of natural resources are essential for conflict prevention. Work in post conflict situations has increased for development organizations, posing new challenges to the organization and absorbing major resources. The aim of most development organizations, however, is rather to identify potential conflict areas and be engaged in efforts to prevent conflicts. (Sarim, 2018).

However, the sum total effect of impact of the four dimension of poverty is to create a situation that leads to widespread lack of access to the means of production. It can also entrench the culture of poor health, diseases, squalor, poor housing, poor education as can be seen in the diagram below;



Figure 4: Showing Squalor and Poor standard of Living

Source:https://www.google.com/search?tbm=isch&sxsrf=ACYBGNQ0TqQmkPT5CGI_d37fbUEZGDs8Jw%3A1572181094298&sa=1&ei=ZpS1XfTtEY3gU-SxvfgD&q=poor+standard+of+living+pictures&oq=poor+standard+of+living+pictures&gs_l=img.3...588295.596042..598352...0.0..0.866.10399.2-2j11j3j5j2.....0....1..gws-wiz-img.....0i67j0i7i30.M_ZV_C6Kt78&ved=0ahUKEwj0uJf9vrzLAhUN8BQKHeRYDz8Q4dUDCAc&uact=5#imgrc=bt68gafoDIV4MM



Figure 7: Refugee in Nigeria

<https://foreignpolicy.com/2018/02/21/dont-make-african-nations-borrow-money-to-support-refugees/>



Dumping refuse

Figure 8: Showing Environmental Degradation Community

Source: <https://www.sunnewsonline.com/urbanisation-ihigwa-community-raises-n50m-to-tackle-environmental-degradation/>



Figure 9: Showing Poor health system in Nigeria

Source: <https://www.asianscientist.com/2013/12/features/bangladesh-strides-healthcare-poverty-2013/>



Figure 10 Showing Poor housing in Nigeria

Source: <https://schoolofestate.com/housing-problems-and-solutions-in-nigeria/>



Figure 11: Showing Poor Education in Nigeria

Source: <https://theeagleonline.com.ng/poor-policy-implementation-bane-to-success-of-basic-education-in-nigeria-by-emmanuel-adigwe/>

SELF-ASSESSMENT EXERCISE

Discuss the term 'Dimension of Poverty'.

4.0 CONCLUSION

In this unit we have discussed the social dimension of poverty and inequality and we conclude that Stable, sustainable economic development cannot be achieved unless and until social development also takes place. Consequently, the social dimensions of economic development and productivity are as important as the economic dimensions.

5.0 SUMMARY

The units vividly look at the issue of poverty and inequality in social dimension, dimensions of poverty, poverty and vulnerability, the four dimensions of poverty, social and economic dimensions.

6.0 TUTOR-MARKED ASSIGNMENT

1. Briefly explain the issue of poverty and inequality in social dimension.

2. Explain the term 'Dimension of poverty'.
3. Critically differentiate between poverty and vulnerability.

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UNIT 2: MEASUREMENT OF POVERTY AND INEQUALITY

CONTENTS

- 1.0. Introduction
- 2.0. Objectives
- 3.0. Main content
 - 3.1. Measurement of Poverty
 - 3.2. Incidence, distribution and intensity of poverty
 - 3.2.1. Incidence of poverty
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 - 3.2.3. Intensity of poverty
 - 3.3. Other poverty measures
 - 3.4. Defining and measuring income inequality
 - 3.4.1. Inequality metrics
- 4.0. Conclusion
- 5.0. Summary
- 6.0. Tutor-Marked Assignment
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1.0 INTRODUCTION

The most popular measurement of income inequality is the Gini ratio, which leverages a simple scale of 0-1 to derive deviance from a given perfect equality point. The primary drawback to this approach is that it measures relative poverty (as opposed to absolute poverty).

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- identify how to measure poverty and inequality
- explain how to calculate different types of poverty and inequality
- identify/explain the incidence, distribution and intensity of poverty.

3.0 MAIN CONTENT

3.1. MEASUREMENT OF POVERTY

1. ABSOLUTE POVERTY LINES

These lines reflect the value of the resources needed to maintain a minimum level of welfare. The aim is to measure the cost involved in purchasing a basket of essential

products (goods and services), which allow a person to reach minimum levels of satisfaction in terms of basic needs. One of the characteristics of the absolute poverty lines is that results can be taken from them that are sensitive to economic development, although this is shared out homogeneously amongst the population. For example, if there is an increase in income levels in a society, even though this increase is distributed homogeneously amongst the population, the percentage of poor people calculated with absolute poverty lines will decrease. (Denn, 2017).

One of these absolute lines that is widely used fixes a dollar per capita a day as the value of minimum resources needed for a person to not be considered in poverty. This line can be used in a world context with the implication therefore that any person who lives on less than a dollar a day is poor. In 1901, Rowntree developed a poverty line using a basket of products made up of all those essential goods and services needed to meet the minimum sustenance requirements in households. The poverty threshold is set using the monetary value of this basket plus a fixed amount of money aimed at covering other types of expenditure, such as petrol or rent. Every household whose income is less than this figure will be classified as poor. The Rowntree line has received much criticism throughout the years as despite the minimum food needs being agreed upon, people have not agreed upon the other goods and services included in the basket. The choice of products tends to depend on the lifestyle of a particular society and therefore brings certain relativity to the supposed absolute poverty measure. There are other absolute poverty lines, for example the Mollie Orshanski line (1963-1965), which is currently applied in the US with some changes and adaptations. This way of measuring poverty includes the consideration that expenditure on food in households is a constant proportion of total expenditure. The poverty line is fixed by multiplying the value of the basic food products by the reverse of the proportion that food expenditure signifies for total expenditure. For example, in the US in the 60s, this proportion was a third and the poverty threshold was therefore equal to the value of the basic food basket times three. (Kean, 2017).

This line, which is developed under an absolute poverty philosophy, does not meet the requirements of a pure measure of absolute poverty either. It has been attacked with arguments stating that according to Engel's law, a country's greatest economic development decreases the proportion of food expenditure from the total. This fact has been empirically tested in some countries. Once again we return to demonstrating that it is fairly difficult to construct an absolute poverty line which is valid for different societies and eras. Other absolute poverty lines that have been used at times are those that are constructed by fixing the maximum permitted value for the percentage of food expenditure against the total household income. In this way, poor people are considered to be all households that spend a higher percentage of their income than the accepted maximum on food. Absolute lines are of limited interest in developed countries. In underdeveloped or developing countries they are better accepted and are used to a greater extent. (Sean, 2017).

2. RELATIVE POVERTY LINES

Relative poverty lines classify people in the society under study into two groups; those that are most disadvantaged, who are called poor, and the rest. If there is a homogenous increase of income in a society, for example a rise of 5% in the income of all households, the relative poverty lines provide the same poverty rates before and after this rise. The poverty threshold will be greater, but the proportion of poor people will remain the same. The number of poor people depends on the relative position of each household or individual in the society. If these relative positions are maintained, the relative poverty lines do not reflect changes that could result in economic development shared out equally. In order for the percentages of poor people calculated with this type of line to diminish, it is necessary for there to be changes in income distribution. Relative poverty lines usually use indicators based on monetary variables such as income or expenditure. In both cases, a minimum variable level is fixed below which people are classified as poor and above which as not poor. If we suppose for example that the chosen variable is income, the level will depend on the population's income distribution. In fact, it is usually fixed at a certain percentage of a distribution measure, normally the average or the median. (George, 2018).

(a) PROCEDURE FOR THE MEASURING OF RELATIVE POVERTY

-CHOICE OF MONETARY VARIABLE

The most common procedure when choosing which variable to use is to turn to those variables that represent an individual's income or expenditure. Both income and expenditure present advantages and disadvantages when it comes to using them as monetary variables for measuring poverty. Annual income, which in theory seems to be the best option, reflects a household's economic capacity, but it only provides a partial view. As well as income, households have goods, assets, etc., which also form part of their total wealth and influence the standard of living that households can support. In addition, income can vary a lot from one year to the next without there being changes to living conditions. This could be the case of a household that has savings, access to credit or which expects that its future income will return to the same levels as before. On the other hand, the expenditure variable is more stable, as households do not modify their spending habits when there are occasional decreases to income. In other words, expenditure depends more on the concept of permanent income (expected future income or income that will allow families to live in the same conditions without modifying their wealth) than on actual income. In turn, poverty is very closely linked to so-called permanent income and therefore expenditure would be a good variable with which to measure it. The choice of expenditure as the monetary variable also has disadvantages. It is known that household consumption guidelines depend to a large extent on the environment in which the household lives and the customs acquired over time and in many cases, there is no direct relationship with the household's resources. Notwithstanding, it is important to take into account that both variables, income and expenditure, are subject to measurement errors. It has been verified that fairly often the

income figures collected in surveys undervalue actual income. This is the case with freelance working or capital income, whereas other kinds of income, such as income from working for someone else, is collected more accurately. This results in biases in the final information used to carry out poverty analyses. There are also problems with the measurement of expenditure, which is generally linked to the methodologies of surveys that include household consumption. When aiming to provide an annual consumption figure of households, imbalances are produced given the transformation process of expenditure collected weekly, monthly and quarterly etc. into an annual variable, which aims to reflect a household's usual consumption. In any case, it is important not to forget that the majority of measurement errors are inevitable. They are the result of problems inherent in household surveys and cannot be avoided regardless of how well the surveys have been designed. The quality of the expenditure variable is also affected by the difficulty arising from obtaining this type of information, by the effort that needs to be made by households to note down detailed expenditure during the required period. Therefore, the choice of a monetary variable is not a banal question and ultimately affects the poverty measurements provided. In the last few years in Europe, income has been used as the official variable for the compilation of statistics on poverty and social exclusion.

3. INCOME PER CONSUMPTION UNIT

Relative poverty lines based on income are constructed in the following way: The total income of each household is calculated. The income usually used to construct this calculation is: income from freelance work, income from being employed by someone else, capital income, social benefits, income tax payments or returns, imputed rent, social assistance income, transfers between households, credited mortgage payments, regular capital gains and taxes and property income. One of the decisions that affects the final results of relative poverty line analysis is the analysis unit used, either the household or the individual. At the beginning, the household was used, but lately, preference has been given to the individual, as it is people that are truly affected by poverty and the household is a theoretical concept. To all intents and purposes, even though a person is used as the analysis unit, it is assumed that personal situations depend on the total income of a household and not only on personal income. In order to recognise the influence of a household on an individual, an income is allocated to all household members that depend on the household's total income. All household members are allocated the same income. This income allocated to the individual could be the income per capita (which is calculated by dividing the household's total income between the number of members), but in official European Union statistics it is preferable to use another income called income per consumption unit or equivalent income. This income per consumption unit is the household's total income divided between the numbers of consumption units (c.u.) in the household. This preference for income per consumption unit over income per capita is due to the fact that the first of these takes into account other factors such as economies of scale and the existence of equivalent consumption units in the household. (Adeniyi, 2018).

(a) Equivalence Scales

The objective is to determine which part of household income corresponds to each one of its members with the aim of calculating an average income per individual in the most coherent way. Equivalence scales aim to reflect reality in households, based on theories expounding the existence of economies of scale and equivalent consumption units. The existence of so-called economies of scale in households implies that an increase in the number of household members doesn't have to be accompanied by the same proportional increase in income in order to maintain the same levels of welfare (in terms of sharing household, dwelling, household equipment expenditure etc.). The theories on equivalent consumption units in household's state mainly that children's consumption guidelines are different from those of adults and that this difference should be reflected in the number of consumption units in the household. Consumption units (c.u.) are calculated using what is called an equivalence scale. There are multiple options for choosing equivalence scales and the most used ones are those that calculate consumption units according to the following methods:

(b) Statistical Scales

The Organization for Economic Cooperation and Development's scale (OECD) or the Oxford scale. The number of consumption units in a household (c.u.) is calculated as the combination of the weightings allocated to each member. The weightings are allocated in the following way:

First adult 1

Second adult and subsequent adults 0.7

Under 14 years old 0.5

In other words, the number of c.u. is calculated in the following way:

No. of c.u.= $1 + (a-1) \times 0.7 + b \times 0.5$ (a is the number of adults and b is the number of minors).

Example: If there are two people aged 14 or above in a household and two under 14, the number of c.u. is calculated thus: $1 + (2-1) \times 0.7 + 2 \times 0.5 = 2.7$

Modified OECD scale

The number of consumption units in a household is calculated as the combination of weightings allocated to each member. The weighting are allocated in the following way:

First adult 1

Second adult and subsequent adults 0.5

Under 14 years old 0.3

In other words, the number of c.u. is calculated thus:

No. of c.u. $1 + (a-1) \times 0.5 + b \times 0.3$ where a is the number of adults and b is the number of minors.

Example: If there are two people aged 14 or above in a household and two under 14, the number of c.u. is calculated thus: $1 + (2-1) \times 0.5 + 2 \times 0.3 = 2.1$

The scale is generally used by EUROSTAT. The scale is used to construct the so-called Laeken indicators for example. Parametric indicators (Buhman et al. 1988)

These scales have been recommended by some experts in the study of income distribution and are used in the international field to carry out comparisons between countries:

The consumption units are calculated in the following way:

No. of c.u. = n^m

Where n is the number of household members and m is the parameter known as equivalence elasticity.

If $m = 1$ there are no economies of scale. Elasticity under 1 indicates the existence of economies of scale in the needs of households, in other words each additional member needs less than a proportional increase in household income in order to maintain the same levels of welfare.

The scale with elasticity $m = 0.5$, has been used recently in some OECD studies.

No. of c.u. square n

Example: If elasticity $m = 1/3$ is used, the number of c.u. is calculated thus:

No. of c.u. = cube root of n where n is the number of members. If there are four people in a household, the number of consumption units will be cube root of 4 = 1.587.

Scale with two parameters

The consumption units are calculated in the following way:

No. of c.u. = $(a+kb)^m$

where a is the number of adults

b is the number of children under 14 years

K greater or equal to 0 or k less than or equal to 1 and m greater or equal to 0 or k less than or equal to 1.

Example: If a household has two adults and two children under 14 years, the number of consumption units will be: $(2+K_2)^m$ If we assume that the elasticities $k = m = 0.5$ are used, the number of consumption units will be:

No. of c.u. = $(2+0.5 \times 2)^{0.5} = (3)^{0.5} = 1.732$

(c). Fixing of the Poverty Line

Once the equivalence scale has been chosen and each household member has been allocated income per consumption unit in their household, the median of this distribution of individual income is calculated (the individual income is ordered from least to greatest income per consumption unit and the income value per c.u. is calculated, which leaves 50% of individuals on the left), in other words the value not reached by 50% of the individuals. Up until some years ago, the measure used was the average. However, in the last few years, the median has been used as this avoids the results being affected by an excess of extreme income data that do not reflect reality in the majority of the population. The poverty line or threshold is fixed at a percentage of this median and can be 40, 50, 60 or 70 percent, or even 20 or 25 percent where severe poverty is being studied. EUROSTAT currently fixes the poverty threshold at 60 percent of the median of income distribution per consumption unit. This line divides people into those considered poor and those considered not poor. All people whose income per c.u. is under the poverty threshold are considered poor. (Debery, 2018).

SELF-ASSESSMENT EXERCISE

Discuss the measurement of poverty.

3.2 INCIDENCE, DISTRIBUTION AND INTENSITY OF POVERTY

When dealing with a poverty study in a society, incidence, distribution and intensity of poverty measures should be used. The incidence poverty measures provide information on the extent of the problem, in other words they provide data on the quantity of people or households that are affected. They are normally expressed as a percentage of the population. These measures can be calculated across the whole population and in all the subgroups required. In this way, the most vulnerable groups in terms of poverty can be seen. The poverty distribution measures indicate how poor people are distributed and the characteristics that they share. These are measures that provide the analyst with descriptive information on a group of poor people. It is also important to have available data on the intensity of poverty. This type of measure allows us to understand up to what point poverty affects the population. Therefore, it focuses on the degree of poverty suffered by people, more than the number of individuals considered to be poor. Via the joint use of incidence and intensity poverty measures, it is possible to describe in a more detailed way what is happening in a society. It is possible to have a large variety of situations, from a society with a high percentage of poor people where all those who are poor are located very close to the threshold, to another society where there is a small percentage of poor people, but who are located far from the poverty threshold. (Haggy, 2018)

Another of the key factors for analyzing poverty is to have available measures that take into consideration the inequality between poor people themselves. All of these measures are essential for obtaining a comprehensive view of the phenomenon and their complementary use is fundamental in the carrying out of in-depth analyses on poverty.

3.2.1 INCIDENCE OF POVERTY

The indicator that measures the incidence of poverty will be the percentage of poor people (under the relative poverty threshold) within the total population. This percentage is called the poverty rate or the poverty risk rate (PR) and it is calculated in the following way:

Poverty rate (PR) = P/n

where p is the number of poor people and n is the total number of people, poor or not, in the group within which the poverty rate is being calculated.

Very often, the poverty rate is called H (headcount ratio).

Poverty rates can be calculated for different population groups according to demographic or socio-economic variables: sex and age, level of education, professional situation, etc. For example, the poverty rate of older people over 65 years is calculated as the number of poor older people over 65 years within the total number of older people over 65 years.

Example: If we assume that we have a population of 20 people with annual income (per consumption unit) expressed in thousands of Euros and the following ages:

People 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20

Income c.u. 2 2 3 3 3 5 5 5 6 6 7 7 8 8 9 9 9 10 10 10

(thousands of Euros)

Ages 15 51 24 22 55 47 20 78 64 50 32 33 42 57 61 21 12 35 48 25

In order to calculate the first relative poverty threshold, we take the distribution median (the value that remains on the left of 50% of the individuals). The median is calculated as the arithmetic average of the intermediate data (income data for people 10 and 11). The median is therefore 6.5 and the threshold (using the 60% criteria) is 0.6×6.5 , in other words 3.9. The income of people 1, 2, 3, 4 and 5 is under the threshold and the number of poor people is therefore equal to five. The poverty rate will be: the number of poor people amongst the total population, in other words:

$P.R. = 5/20 = 0.25$ or 25% of the population is poor.

If for example we want to get the poverty rate for people between 50 and 64 years, we calculate: the number of poor people in this age group and the number of people in this age group. There are six people aged between 50 and 64 years and two of these (the

second and the fifth) have annual income per consumption unit that is under the threshold (3,900€). Therefore, the poverty rate for the age group between 50 and 64 years is:

$T_{pop}(50-64\text{years})=2/6=0.33$, in other words a third of people in the age group from 50 to 64 years are poor.

3.2.2 POVERTY DISTRIBUTION

Within the poverty analysis, as we have just mentioned, it is particularly interesting to carry out a study of poor people, their characteristics and their living conditions. To do this, we study the distribution of poor people by age and sex, by level of education, by their dwelling tenancy regime, etc. The distribution of poor people by ages, for example, would provide information on the percentage of people over 65 years among those that are poor, calculated as: the number of poor people over 65 years among the number of poor people.

Example: Using the same example as in the incidence of poverty, we can now calculate the distribution of the population in the following age groups:

	No. of people	No. of poor people	Distribution of poor people
Under 16 years	2	1	20%
Between 16 and 24 years	4	2	40%
Between 25 and 49 years	7	0	0%
Between 50 and 64 years	6	2	40%
65 years or above	1	0	0%

In this simple case, we can see that one in every five poor people are under 16 years, in other words 20% of poor people are under 16 years, 40% are aged between 16 and 24 and the remaining poor people are aged between 50 and 64 years. In a real situation, we'd have poor people of all ages and the distribution would tell us about the age structure of poor people.

The distribution study according to different variables allows us to understand the characteristics of poor people and therefore facilitates the design of more efficient measures in the fight against poverty.

3.2.3 INTENSITY OF POVERTY

One of the most influential factors on the seriousness of the poverty phenomenon is its intensity. Using relative measures does not provide us with information on the degree of poverty suffered by poor people. It is therefore necessary to use some kind of indicator of the depth of poverty alongside the relative measures that provides information on the financial situation of poor people and the differences with the rest of the population.

Poverty gaps, measurements defined in a number of ways, are measures that usually measure the intensity of poverty. The poverty gap (PG) is a measure of the distance of individual poor people from the poverty threshold and it is constructed in the following way:

$$PG = \sum_{i=1}^p (U - X_i)$$

where u represents the poverty threshold, x_i is the equivalent income of person i and p is the number of poor people in the population.

There are another two measures related to the intensity of poverty that use this measure as a base element. The first measure is usually called the income gap (I) and is calculated by dividing the poverty gap among the minimum income poor people would have to have in order to stop being poor. It is expressed in the following way:

$$I = PG/Pu = 1 = \mu_p/u$$

where μ_p is the average income per c.u. of poor people.

The second measure is called the relative poverty gap (HI). It is calculated as the coefficient between the poverty gap and the number of people in the poverty threshold, in other words, as though everyone was in the poverty threshold:

$$\text{Relative Poverty Gap (HI)} = \sum_{i=1}^p (U - X_i)/nu = TP \times I$$

where u is the poverty threshold, X_i is the equivalent income of person i and n is the total number of people in the population. As you can see in the formula, this measure of poverty intensity can be expressed as the poverty rate by the income gap. The poverty gap provided by EUROSTAT in its list of indicators is defined as the difference between the threshold and the median of income per c.u. of people placed below this threshold, expressed as a percentage of the poverty threshold.

$$\text{Eurostat Poverty gap} = (\text{Threshold}) - (\text{Median} - \text{Poor people})/\text{Threshold}$$

Example: Continuing with the same example used in the poverty incidence and distribution, the poverty gap will be calculated using the last definition (EUROSTAT).

The poor people are the first five individuals:

Person 1 2 3 4 5

Income c.u. 2 2 3 3 3

(thousands of Euros)

The median of the income of poor people is 3. In this way, the poverty gap is calculated as:

$$\text{Poverty gap} = (3900) - (3000)/3900 = 0.23$$

In other words, the poverty gap is 23% of the threshold

Self-Assessment Exercise

Discuss the incidence of Poverty in detail.

3.3 Other Poverty Measures

The measures described above are poverty measures that are almost exclusively used to understand the incidence or intensity of poverty. There are however other ways of measuring poverty, the majority of which are more complicated and difficult to interpret than those mentioned in this document. The special feature of these measures is that they aim to provide information on the three essential factors for poverty: its incidence, its intensity and inequality amongst poor people. Below, we present some of these measures although we do not intend to describe them in detail:

- The Sen Index This is a weighted total of individuals' poverty gaps. The weightings depend on the relative position of each poor person. The index is similar to the following expression depending on how the number of poor people grows:

$$S = TP \times (I + (1-I)G_p)$$

where G_p is the Gini index for the total poor population.

The Thon Index (a variation of the Sen Index)

For a sufficiently large p , it can be expressed in the following way:

$$S = TP \times (S + 2(1-TP)I)$$

1. Family of poverty indices by Foster, Greer and Thorbecke (1984).

The Foster–Greer–Thorbecke indices are a family of poverty metrics. The most commonly used index from the family, FGT_2 , puts higher weight on the poverty of the poorest individuals, making it a combined measure of poverty and income inequality and a popular choice within development economics. The indices were introduced in a 1984 paper by economists Erik Thorbecke, Joel Greer, and James Foster.

$FGT(\alpha) = 1/n \sum_{i=1}^p (U - X_i)/u$, α is greater than or equal to 0 (poverty aversion parameter)

For individual i the FGT indices coincide with other poverty measures that we have already presented, for example:

$$FGT(0) = TP$$

$$FGT(1) = HI$$

2. The Hagenaars Index

HAG = $P/n (\log u - \log \mu_p / \log u)$ where μ_p^* is the geometric average of poor people's income.

3. Persistent or Long Term Poverty

Without leaving behind the context of relative poverty and in order to incorporate the time dimension into the analysis, measures of persistent or long-term poverty are calculated. Persistent or long-term poverty measures deal with information over a number of years in order to calculate the number of poor people. In the case of EUROSTAT, the persistent poverty rate is calculated in the following way: Information is obtained from people over four consecutive years. People are classified as poor or not in each of these four years following relative poverty criteria. The threshold is calculated each year and people are classified (the threshold varies from one year to the next). A person will be considered persistently poor if they are classified as poor during the last year and in at least two of the three previous years. Persistent poverty indicators aim to reflect structural poverty situations and they therefore do not consider people as poor who have circumstantially or momentarily fallen into poverty. For example, a person who loses their job, is unemployed for one year and finds another job the following year. Although their income decreases a lot during this year, it is probable that the person has savings, access to credit etc. that allows them to continue with the same standard of living until they are able to find work again. By compiling a measure that takes into consideration information from four different years however, to a certain extent it is possible to avoid counting this type of person as poor.

Example: The "poor" variable in each year is defined in the following way:

Poor (i) = (0 if the person is not classified as poor in the corresponding year i)

(1 if the person is classified as poor in the corresponding year i)

If we assume that we have three people and their situations (with regards monetary poverty) during four consecutive years (1994-1997):

	Poor (1994)	Poor (1995)	Poor (1996)	Poor (1997)
Person 1	0	0	0	1
Person 2	1	0	1	1
Person 3	1	0	0	1

If we just focused on the situation in 1997, three people would be classified as poor. Although these three people are below the poverty line in 1997, when we look at their situation over the previous three years, differences are highlighted. During the last four years, person 1 has only been poor in the last year. Person 2 has been under the poverty

line twice in the last three years. With just these data, it isn't possible to understand the reality of each person and it is possible to assume, without the risk of making a mistake, that person 2 is in a worse situation than person 1, at least up until 2014 (Wesley, 2014). A momentary fall into poverty does not necessarily mean a drastic change in living conditions, but remaining in poverty for a number of years, whether consecutively or intermittently, in the majority of cases does have an influence on the quality of life in households. Using the definition of persistent poverty applied by a European Union agreement, person 2 would be classified as persistently poor, whereas person 1 and person 3 are not persistently poor, although they would have been classified as poor in 1997.

4. Subjective Poverty Lines

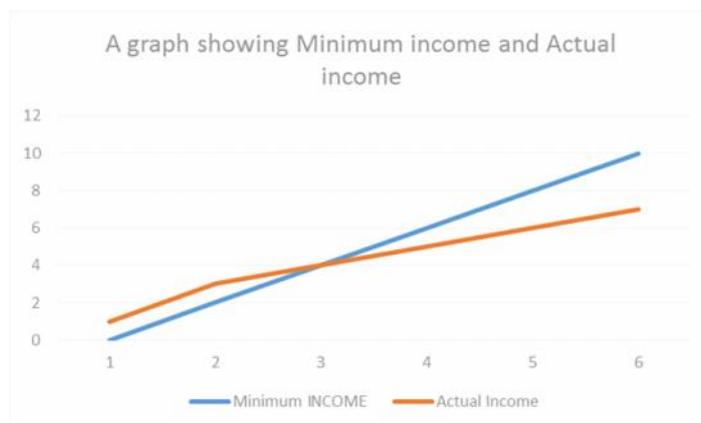
Subjective poverty lines are based on the opinion held by individuals on themselves in relation to society as a whole. In other words, the concept of poverty used in these lines to divide the population into poor and not poor is based on the perception households and individuals themselves have in relation to what it is to be poor. When using this focus for measuring poverty, it is assumed that "each individual is the best judge of their own situation" (Van-Praag *et al.*, 1980) and we avoid therefore to a certain extent the opinions of value implicit in the relative poverty measures, choice of threshold, use of equivalence scales, etc. The best-known subjective poverty lines are the Kapteyn and Leyden lines. The Deleeck line is also well-known, although interest in this particular line has decreased over the years. These three lines construct the poverty threshold using the responses given by households to certain questions in household surveys, from which subjective information is collected.

5. The Kapteyn Line

In the case of the Kapteyn line, households are researched with the aim of obtaining information on the minimum income that each household believes is necessary to make ends meet. The question is usually formulated like this: "In your opinion, what is the minimum net monthly income needed for a household like yours to make ends meet?" Under the hypothesis that the minimum income stated by the household to make ends meet depends fundamentally on its size and the level of income it has, a model is constructed which links these three variables, where the dependent variable is the minimum income to make ends meet and the explanatory variables are the size of household and the actual income. We see that normally, households with high income say that they need a lower amount than actually enters the household to make ends meet, whereas in households with low income, the opposite usually occurs. These households state that they need higher minimum income to make ends meet than they actually receive. Therefore, it seems logical to assume that it is the households with income close to the required minimum that define these minimums the most precisely.

The following graph represents the regression model (in red) having fixed a size of household and the line at which the minimum income is equal to actual income (in blue). The two hypotheses meet at the intersection and this is therefore the ideal value at which to fix the poverty line. Households with income under this value are considered poor.

Graph 1: Intersection between the model adjusted to the data and the line at which the minimum income is the same as the actual income stated



In this way, each size of household will have a different poverty threshold constructed using the information provided by households on what they consider to be necessary to make ends meet. Other methodologies have been developed using Kapteyn's line with the aim of constructing subjective poverty lines. In some cases, characteristics other than the size of household are entered as explanatory variables, such as the age of the main breadwinner, the number of minors, etc.

SELF-ASSESSMENT EXERCISE

Discuss three types of other measurement of poverty.

3.4 Defining and Measuring Income Inequality

Income inequality uses the dispersion of capital to identify how economic inequality is defined among individuals in a given economy.

Income inequality utilizes the dispersion of capital to identify the way in which economic inequality is defined among a group of individuals in a given economy. Simply put,

economics measures income levels and purchasing power across a society to identify averages and distributions to identify the extent of inequalities. Historically this problem was limited to the scope of differences of income and assets between people, creating separate social classes. However, as economists expand their understanding of markets, it has become increasingly clear that there is a relationship between income inequality and the potential for long-term sustainable economic growth. As a result, a wide array of income inequality scales and metrics have been generated in order to identify challenges.

3.4.1 Inequality Metrics

In pursuing an objective and comparable lens in which to measure income inequality, a variety of methods have been created. Models, ratios and indices include:

- **Gini Index:** One of the most commonly used income inequality metric is the Gini Index, which uses a straightforward 0-1 scale to illustrate deviance from perfect equality of income. A 1 on this scale is essentially socialism, or the perfect distribution of capital/goods. The derivation of the Gini ratio is found via Lorenz curves, or more specifically, the ratio of two areas in a Lorenz curve diagram. The downside to this method is that it does not specifically capture where the inequality occurs, simply the degree of severity in the income gap. This demonstrates the Gini ratio across the globe, with some interesting implications for advanced economies like the U.S.
- **20:20 Ratio:** This name indicates the method; the top 20% and the bottom 20% of earners are used to derive a ratio. While this is a simple method of identifying how rich the rich are (and how poor the poor are), it unfortunately only captures these outliers (obscuring the middle 60%).
- **Palma Ratio:** Quite similar to the 20:20 ratio, the Palma ratio underlines the ratio between the richest 10% and the poorest 40% (dividing the former by the latter). The share of the overall economy occupied by these two groups demonstrates substantial variance from economy to economy, and serves as a strong method to identify how drastic the inequity is.
- **Theil Index:** The Theil Index takes a slightly different approach than the rest, identifying entropy within the system. Entropy in this context is different than that which is found in thermodynamics, primarily meaning the amount of noise or deviance from par. In this case, 0 indicates perfect equality, and 1 indicates perfect inequality. When there is perfect equality, maximum entropy occurs because earners cannot be distinguished by their incomes. The gaps between two entropies is called redundancy, which acts as a negative entropy measure in the system. Redundancy in some individuals implies scarcity of resources for others. Comparing these gaps and inequality levels (high entropy or high redundancy) is the basic premise behind the Theil Index.
- **Hoover Index:** Often touted as the simplest measurement to calculate, the Hoover Index derives the overall amount of income in a system and divides it by the

population to create the perfect proportion of distribution in the system. In a perfectly equal economy this would equate to income levels, and the deviance from this (on a percentile scale) is representative of the inequality in the system.

To simplify the information above, the basic concept behind measuring inequality is identifying an ideal and tracking any deviance from that ideal (which would be deemed the inequality of a given system). Minimizing this inequality is the sign of a mature and advanced society with high standards of living across the board, while substantial income gaps are indicative of a developing or struggling economy. Some powerful economies, like the United States and China, demonstrate high inequality despite high economic power while others, like Switzerland or Norway, demonstrate high equality despite lower economic output. This is a critical consideration in economic policy (from a political perspective). Minimizing inequality is a central step towards an advanced society.

SELF-ASSESSMENT EXERCISE

Discuss the measurement of income inequality.

4.0 CONCLUSION

We conclude in this unit that poverty and inequality can be measured in different ways. The international organization, economist, government and policy makers also measure poverty and inequality in different ways by using methods of measurement.

5.0 SUMMARY

The unit has discussed attentively the measurement of poverty, incidence, distribution and intensity of poverty, other poverty measures, defining and measuring income inequality and inequality metrics. At this junction, I believe you must have understood the measurement of poverty and inequality.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the types of measurement of poverty and inequality.
2. Do a critical differentiation between incidence, distribution and intensity of poverty.
3. Define the term 'income inequality'.
4. What are inequality metrics?

7.0 REFERENCES/FURTHER READING

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UNIT 3 **EXTENT AND MAGNITUDE OF POVERTY**

CONTENTS

1.0	Introduction
2.0	Objectives
3.0	Main content
	3.1. Magnitude and Severity of Poverty
	3.2. Deprivation of Human needs
	3.3. Deprivation and Severe deprivation
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	References/Further Reading

1.0 INTRODUCTION

In this unit, we are going to know briefly the magnitude and severity of poverty. However, the key question here is to accept that some indicators of poverty hold a key position in the overall concept of poverty alleviation. They are needed to identify poor populations, measure the magnitude and severity of poverty, and provide information on its specific causes, nature and effects. In addition, indicators help to identify poor individuals or groups as recipients and/or participants of intervention measures and, in particular, give valid and reliable information on the success or failure of poverty alleviation efforts.

2.0 OBJECTIVES

By the end of this unit, you will be able to:

- explain the magnitude and severity of poverty
- identify/explain the deprivation of human needs
- explain deprivation and severe deprivation of poverty.

3.0 MAIN CONTENT

3.1 Magnitude and Severity of Poverty

Due to its complexity it seems impossible to measure poverty directly. But there are two alternatives for an indirect measurement: either the input or causes are observed, or the impact or effects. As already mentioned, poverty was traditionally mainly measured by economists from the input perspective, using financial indicators. It is assumed that by reaching a minimum amount of financial inputs, described as the poverty line, absolute poverty is erased. However, income does not fulfil the necessary requirements as an indicator. Firstly, poverty is more than simply the lack of income. Secondly, since many people are not able or willing to give accurate information about their income, the precision of the measurement is insufficient. Thirdly, the economic definition of basic needs suffers in practice from arbitrary decisions about which are the basic needs of an individual or household and how much income is needed for those basic needs, as a result, the prevalence of poverty can vary substantially.

Another possible way to know the magnitude and severity of poverty is the effect of poverty comes from a physiological approach and could be denoted as: Basic needs are not covered if individuals or groups are not able to develop themselves physically, intellectually and/or socially according to their genetic potentials.

Anthropometric indices in growing children have been recommended repeatedly as a suitable key indicator for absolute poverty in communities (e.g., Pacey and Payne, 1985; Cornia et al., 1987; Martorell et al., 1988; Bouis, 1992). Firstly, it is generally accepted that children are most vulnerable to poverty compared to the rest of the population.

Secondly, in numerous studies it has been consistently observed that anthropometric indicators of growing children with inadequate dietary intake who are repeatedly ill do not reflect the attainment of their genetic potential. Since inadequate food availability, caring capacity, basic education, health systems, housing and environmental conditions have been proven as underlying causes of inadequate food intake and repeated episodes of diseases (UNICEF, 1990; FAO/WHO, 1992), anthropometric indices had been suggested as an alternative for indicating the existence of absolute poverty.

In particular height growth in young children is an appropriate indicator, since it reflects the accumulation of the satisfaction of basic needs during the first years of life. According to Karlson *et al.* (1994), physical growth is steered by several hormones. It has been repeatedly observed that any form of physiological and/or emotional stress will disturb the sensitive steady development phase of hormones which in that case will result in growth retardation. Even under favourable conditions, the growth of a child may falter, for example, due to an episode of disease. However, if the time between two episodes is long enough and other living conditions are favourable such as food intake and emotional

care, the very young child is able to catch up on lost growth. In an unfavourable environment, already during foetal growth the individual is steadily exposed to stunting factors with a cumulative effect. After three years of age, the adverse environmental factors will result in an accumulated and irreversibly reduced height of a child.

Beside these environmental factors, the growth of a child is also determined by genetic factors, although many studies have confirmed that, with the exception of genetically-isolated locations, population groups of children at large have the same genetic potential for height growth. Therefore, the height-for-age index of growing preschool children (aged 0-5 years) is recommended as a key indicator for poverty in communities and populations (Martorell *et al.*, 1988), since retarded height can be attributed solely to an inadequate utilization of essential resources. Apart from their validity, anthropometric data are relatively easy to measure and are independent of statements made by the victims of poverty (WHO 1983). However, it has to be noted that the height-for-age index as a key poverty indicator does not reveal the causes of poverty. Therefore, direct and indirect underlying factors such as food intake and availability, occurrence of diseases, education, caring, access to social services, expenditure of income and time must be additionally assessed and associated with the height-for-age index (WHO Working Group 1986).

This poverty model, as described, is being utilized as a framework for poverty assessment and alleviation strategies in Indonesian projects that are assisted by German technical cooperation. As suggested, the magnitude and the severity of poverty were measured by using growth retardation of preschool children as a collective poverty indicator. By associating this indicator with other collected socioeconomic data, the most affected population groups can be identified and it is possible to select basic need-oriented. (Quinon, 2016).

SELF-ASSESSMENT EXERCISE

1. Explain the term 'Magnitude of Poverty'.
2. Discuss the Severity of Poverty.

3.2. Deprivation and Severe Deprivation

Ademola (2017), assert that deprivation of food, drinking water, sanitation, health, shelter, education and information. Unfortunately, there was insufficient data available to produce global estimates of 'access to services' deprivation. Deprivation and severe deprivation can also be explained under two headings namely:

1. Severe deprivation of human needs

Shelter children living in a dwelling with five or more people per room or with no floor material (e.g. mud floor). Adults living in a dwelling with four or more people per room

or with no floor material. Sanitation facilities: Children and adults with no access to a toilet facility of any kind.

Safe drinking water Children and adults using surface water such as rivers, ponds, streams and dams, or who it takes 30 minutes or longer to collect water (walk to the water, collect it and return). Information Children (aged 3-18 years) and adults with no access to a radio or television or telephone or newspaper or computer (i.e. all forms of media). Food Children who are more than three standard deviations below the international reference population for stunting (height for age) or wasting (height for weight) or underweight (weight for age). This is also known as severe anthropometric failure. Adults with a Body Mass Index of 16 or below. Note the WHO (2003) manual on Management of Severe Malnutrition states that "Adults with a BMI below 16.0 or with OEDE metrics malnutrition should be admitted to hospital." Education Children (aged 7-18) of schooling age who have never been to school or who are not currently attending school. Adults who never attended school and who are illiterate. Health Children who did not receive immunization against any diseases by the age of two or who did not receive treatment for a recent illness involving an acute respiratory infection or diarrhea. Women who did not receive treatment for a recent serious illness or who did not receive any antenatal care or who did not receive any assistance with a birth in the last 12 months or who did not receive a tetanus inoculation during her pregnancy. Men who did not receive treatment for a recent serious illness (e.g. Tuberculosis, Malaria, STIs).

2. Deprivation of human needs

Shelter Children living in dwellings with 4 or more people per room or living in a house with no flooring (e.g. a mud floor) or inadequate roofing. Adults living in dwellings with 3 or more people per room or in a house with no flooring or inadequate roofing. Sanitation facilities Adults and children using unimproved sanitation facilities. The classification of unimproved sanitation facilities is based on the United Nations Millennium Development Goal (MDG) that states that "the excreta disposal system is considered improved if it is private or shared but not public and if it hygienically separates human excreta from human contact" (Gregory in GWSSA, 2000). The following are classified as being unimproved sanitation facilities: Public latrine, Open pit latrine, service or Bucket latrine.

Safe drinking water Children and adults using water from an unimproved source such as open wells, open springs or surface water or who it takes 30 minutes or longer to collect water (walk to the water, collect it and return). Information Children (aged 3-18 years) and adults with no access to a radio or television (i.e. broadcast media). Food Children who are more than two standard deviations below the international reference population for stunting (height for age) or wasting (height for weight) or underweight (weight for age). Adults with a Body Mass Index (Kg/m²) below 18.5. Note that for the majority of countries data is currently unavailable for men. Education Children (aged 7-18) of schooling age not currently attending school or who did not complete their primary

education. Adults who did not complete primary education or who are illiterate. Health Children who have not been immunized by two years of age. If the child has not received eight of the following vaccinations they are defined as deprived: bcg, dpt1, dpt2, dpt3, polio0, polio1, polio2, polio3, measles or who did not receive treatment for a recent illness involving an acute respiratory infection or diarrhea. Women who did not receive treatment for a recent serious illness or who do not have a 'comprehensive correct knowledge of HIV/Aids' (i.e. they do not know that a healthy person can transmit HIV/ AIDS or who do not know that using a condom during sex can prevent HIV/ AIDS transmission) or women who did not receive the minimum standards of antenatal care for a birth in the last 12 months are defined as deprived.

The MDG recommends that a woman should have received antenatal care from a person trained in midwifery (UN, 2003). Men who did not receive treatment for a recent serious illness (e.g. Tuberculosis, Malaria, STIs) or who do not have a 'comprehensive correct knowledge of HIV/Aids' (i.e. they do not know that a healthy person can transmit HIV/ AIDS or that using a condom during sex can prevent HIV/ AIDS transmission are defined as health-deprived.) Adults and children who suffer from these levels of deprivation and severe deprivation are very likely to be living in poverty.

However, while the cause of deprivation of basic human need is invariably a result of lack of resources/income, there will also be some people in this situation due to discrimination (e.g. girls suffering severe education deprivation) or due to disease (severe malnutrition can be caused by some diseases). For this reason, we have assumed that a person is living in absolute poverty only if he or she suffers from multiple severe deprivations (i.e. two or more severe deprivations of basic human need as defined above). Similarly, we have assumed that a person is living in poverty only if he or she suffers from multiple deprivations (i.e. two or more deprivations of basic human need as defined above).

SELF-ASSESSMENT EXERCISE

Define the term deprivation of poverty.

4.0 CONCLUSION

The unit concludes that extent and magnitude of poverty has a great negative impact of the people. Such negative impact as discussed in this unit are deprivation of food, drinking water, sanitation, health, shelter, education and information. Unfortunately, there was insufficient data available to produce global estimates of 'access to services' deprivation.

5.0 SUMMARY

We have been able to discuss on the extent and magnitude of poverty which covers magnitude and severity of poverty, deprivation of human needs and deprivation and severe deprivation. Therefore, I believe we have done justice to the unit.

6.0 TUTOR-MARKED ASSIGNMENT

1. What do you understand by magnitude and severity of poverty?
2. Differentiate between deprivation and severe deprivation.
3. Discuss the deprivation of human needs.

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UNIT 4 REDUCING INEQUALITY: THE NIGERIA CONTEXT

CONTENTS

- 1.0. Introduction
- 2.0. Objective
- 3.0. Main content
 - 3.1. Eradicating inequality in Nigeria
 - 3.2. Measuring other inequalities, rather than just income inequality
- 5.0. Conclusion
- 5.0. Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

Reducing poverty in Nigeria has been a big task for Nigeria Government. However, deliberate policy interventions and political commitment, backed by an active, vibrant civil society and enlightened, proactive citizens can break the cycle. Nigeria's lauded economic growth will remain meaningless to the larger population unless the government initiates strategic shifts in policy development, management, enforcement/implementation and evaluation. Tangible changes will only arise from political actions that understand the imperatives of wealth creation and redistribution to the majority of Nigerians who form “the 99%.”

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain how to eradicate inequality in Nigeria
- identify/explain how to measure other form of inequality.

3.0 MAIN CONTENT

3.1. Eradicating Inequality in Nigeria

Inequality is usually associated to an unequal distribution of resources and, therefore, it is related to the gap between the rich and the poor. It also relates to an unequal access to opportunities or benefits from economic activity. In the best case scenario, this unequal distribution is associated to talent or effort; but, in most cases, it is the result of institutional structures that create social barriers based on: sex, age, ethnicity, social status, among other variables that define individuals' initial conditions. (Wesley 2014).

Among its documented effects, inequality can lead to social tensions, discrimination, poverty traps, erosion of social capital, regional imbalances, and an unfair access to justice. It also prevents people from obtaining fair benefits from economic activities. Therefore, fighting inequality will open doors to opportunities that are taken from groups traditionally excluded from development. Preventing inequality can help promote social capital and stimulate the economy. In this order of ideas, governmental and non-governmental efforts have taken place in order to improve welfare by reducing inequality (Ademulegun 2014).

The following are some examples of how inequality can be reduced by implementing institutional arrangements on the field of fiscal, social, and economic policy:

1. Pro-poor fiscal policy

Income redistribution is achieved by fiscal policy mainly, but it does not limit itself to income transfers from the rich to the poor. In informal markets, fiscal incentives for poorer entrepreneurs can encourage them to enter the formal sector, provide social security for them, and they make easier to pay taxes according to status and profits. On the other hand, fiscal incentives for banks in Nigeria can encourage them to lend money to poor people, providing guarantees of payment and creating funding programmes targeted to the poorest deciles.

2. Better targeting of social programmes

Targeting helps to reduce income inequality and inequalities related to education and health. Income transfers programmes can have a greater and longer term impact if better targeting is used, ensuring people with wider gaps in access and income inequality are participants of the programmes. This can be done using geographic targeting (selecting the regions with a higher prevalence of poverty) or using surveys to estimate if a potential beneficiary is poor or how poor she is. There is also the possibility of participatory targeting, where people from the community identify and validate the selection of beneficiaries. Finally, having a national or state level list of social beneficiaries is also useful for preventing the programmes to duplicate efforts.

3. Participatory decision-making

This strategy focuses on increasing the voice of the poor. Poor people often face an inequality of participation in policy making. Designing participatory methodologies to actually include their perspective in public policy can help reduce the gaps of power to decide over policies, which affect them and their communities. Participation does not limit to decision making, it can include monitoring and evaluating results and impact of social policies too.

4. Revision of legislative frameworks that foster inequality

This strategy can help to identify discriminatory laws or laws that generate inequalities among people or regions. Laws that do not recognize domestic labour as productive; or social security systems that do not provide universal access. The frameworks supporting these legislations might be discriminating towards informal poor workers; for example, agricultural labourers without access to social security (and therefore, pensions). Hence, these laws might change so they can include these sectors of population.

5. Promotive action

Discrimination against certain groups of population might isolate them and limit their access to opportunities for a better wellbeing. Media campaigns and advocacy efforts, which identify this kind of discrimination and promote the participation of these sectors, can make people with disabilities, migrants, religions groups and indigenous groups more confident about their inclusion in the State. Affirmative action can help to reduce the impact of ancient discrimination towards social groups, like indigenous groups. Quotas for political participation can also improve their voice on public policy.

6. Addressing regional inequality

Improving access to roads, communications and markets can have a great impact on reducing poverty and opening opportunities for marginalized groups. Moreover, decentralization of public services, offices and industries can promote shared prosperity among regions by preventing regional poverty pockets.

SELF-ASSESSMENT EXERCISE

Discuss five (5) ways of eradicating inequality in Nigeria.

3.2. Measuring other inequalities, rather than just income inequality

An example of this kind of inequalities can be seen in more time spent on non-paid activities by women; higher poverty levels by indigenous groups; more difficulties to start business activities by poorest entrepreneurs; inequalities in school attendance by women and several others; limited access to markets (both labour and goods). Other inequalities, not related to an unequal distribution of income, tend to affect a particular group for a long period of time in a systematic way. Gender inequality, for example, is not new or randomly generated, and it can prevent women's poverty to decline for generations.

Discrimination against indigenous groups may not be a problem today, but the effects derived from the past might endure unless affirmative action is taken. Most inequalities

are systematic and perpetuated by institutions, from habits, tradition to legal, economic and political systems that restrict participation by and for the poor not in a transient way, but with a long term effect. Making these inequalities visible might influence policy makers to design more effective policies to address them.

SELF-ASSESSMENT EXERCISE

What do you understand by the word 'inequality'?

4.0 CONCLUSION

Reducing inequality in Nigeria has been a very big task for various Government in Nigeria. The effort that was put in place by the Government base on policy formulation on equality of Gender, less privilege etc., has not yielding any result, so eradicating inequality in Nigeria should be the goal of Government.

5.0 SUMMARY

The unit discussed extensively on the role of computer in econometrics. When equations in economics are turn to mathematical equations and becomes a model in economics, the computer software or what are 'economists' called econometrics packages to solve/run the analysis for forecast and policy recommendation.

6.0 TUTOR-MARKED ASSIGNMENT

1. Discuss how we can reduce inequality in Nigeria.
2. What do you understand by the term inequality?

7.0 REFERENCES/FURTHER READING

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MODULE 3: POVERTY ALLEVIATION STRATEGIES, POLICIES AND PROGRAMMES

UNIT 1: BACKGROUND TO POVERTY ALLEVIATION IN NIGERIA

UNIT 2: POVERTY ALLEVIATION IN NIGERIA

UNIT 3: APPRAISAL OF POVERTY ALLEVIATION PROGRAMME

UNIT 1: BACKGROUND TO POVERTY ALLEVIATION IN NIGERIA

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- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

The unit will discuss on the background to poverty alleviation in Nigeria. However, Government efforts towards eradicating or alleviating endemic poverty in Nigeria date back to pre-independence era. The colonial administration had programmes and strategies and laid out resources for the first 10- year development plan 1946-1955. With the diminishing impact of the development strategies by the second half of 1970s and early 1980s emphasis shifted towards issues of development and poverty at the grassroots in rural areas.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain economic policy on poverty alleviation
- identify/explain the national poverty Eradication Programme (NAPEP).

3.0 MAIN CONTENT

3.1. Economic Policy on Poverty Alleviation

Onimode (2003) argued that the economic policies that have semblance of positive policy initiatives on rural poverty alleviation include the followings:

- i. Universal Free Primary Education (UPE;)

- ii. Subsidy programmes for various activities, especially agriculture, social services and credit;
- iii. Primary health care including the “health-for-all by year 2000” programme;
- iv. Rural water supply scheme;
- v. Rural electrification by Rural Electrification Board (REBs);
- vi. Directorate for Food, Roads and Rural Infrastructure (DFRRI);
- vii. Credit guidelines, rural and community banking schemes,
- viii. National Directorate of Employment (NDE);
- ix. Small-and Medium-Scale Enterprises (SME) Programme; and
- x. Better Life for Rural Women and Family Support Programme.

These programmes can be classified into three categories:

- a) Income-generating and income-augmenting programmes (i, ii, viii, ix,x);
- b) Income and wealth redistribution programmes (ii,vii,x)

Generally, various post-civil war administrations in Nigeria initiated other programmes aimed at addressing poverty reduction over the years including the Operation Feed the Nation (OFN) in 1977, Free and Compulsory Primary Education (FCPE, UPE) in 1976, Green Revolution in 1980, Better Life for Rural Women, Family Support Programme (FSP), and Family Economic Advancement Programme (FEAP), Others were the Agricultural Development Programmes(ADPs), River Basin Development Authorities (RBDAs), National Directorate of Employment (NDE), Directorate for Food, Roads and Rural Infrastructures (DFRRI), Directorate of Social Mobilization, and the National Accelerated Food Production Programme. The National Economic Empowerment and Development Strategies (NEEDS), Universal Basic Education Commission (UBEC), Poverty Alleviation Programme (PAP) and National Poverty Eradication Programme (NAPEP) completed the list.

SELF-ASSESSMENT EXERCISE

Briefly discuss the history of poverty alleviation in Nigeria.

3.2. National Poverty Eradication Programme, NAPEP

The National Poverty Eradication Programme, NAPEP, came into existence in 2001 and was designed to centrally coordinate all anti-poverty efforts from the local government through the state to the national levels. The failure of various other efforts by the Federal Government to significantly reduce the poverty index in Nigeria, even as was envisaged by the Millennium Development Goals targets, prompted the coming on board of NAPEP.

NAPEP was to involve all stakeholders in poverty eradication in Nigeria namely the federal, state and local governments, civil society organizations, research institutions, the organized private sector, women groups, and concerned individuals. The National Poverty Eradication Programme Council (NAPEC) is the apex body for the formulation

of policies on poverty reduction in the country while NAPEP does the actual policy implementation.

As a federal government sponsored project, NAPEP was to be subsequently launched in various states of the federation.

As a result, Youth Empowerment Scheme (YES) that aimed at capacity enhancement through provision of job training opportunities to graduates and school leavers was implemented nationally, among other numerous programmes of the NAPEP (Francis and Nweze, 2003). Established in 2001 it recorded various degrees of achievements in training the unemployed, generally.

As earlier stated, the rationale behind the conception and eventual establishment of the NAPEP stemmed from the failure of the successive colonial and post-colonial poverty alleviation programmes to achieve the set targets. The NAPEP was, therefore, established in 2001 by the Obasanjo civilian administration, as a corrective alternative poverty alleviation programme which was aimed essentially at enhancing the living conditions of the Nigerian populace, including especially the poor and unemployed.

Furthermore, NAPEP was equally aimed at addressing the aspects of absolute poverty in the country and to eradicate them. Essentially, the mandate is to monitor and coordinate all poverty eradication efforts. In order to ensure effective poverty eradication, the government arranged NAPEP into four schemes. These are;

- a. Youth Empowerment Scheme (YES). This deals with capacity acquisition, mandatory attachment, productivity improvement, credit delivery, technology development and enterprise promotion.
- b. Rural Infrastructure Scheme (RDS). This has to do with the provision of portable and irrigation water, transport (rural and urban), rural energy and power supply.
- c. Social Welfare Services Scheme (SOWESS). The SOWESS deals with intervention in special education, primary health care services, establishment and maintenance of recreational centres, public awareness facilities, youth and students' hostels, development, environmental protection facilities, food security, provision of agricultural inputs, provision of micro- and macro credit delivery, rural telecommunication facilities, provision of mass transit and maintenance culture.
- d. National Resources Development and Conservation Scheme (NRDCS). This deals with the harnessing of agriculture, water, solid mineral resources, conservation of land and space particularly for the convenient and effective utilization by small scale operators and the immediate community.

SELF-ASSESSMENT EXERCISE

Explain the background to poverty alleviation programme in Nigeria.

4.0 CONCLUSION

The efforts of government to reduce poverty by the way of poverty alleviation in the country have been near fruitless it has also revealed that such efforts were weakly implemented. The few genuine beneficiaries that were in one way or the other assisted through the program in the study area fared better than those who did not benefit from the programme; hence, with more assistance, transparency, dedication and commitment, more positive results would be recorded towards poverty alleviation.

5.0 SUMMARY

The unit discussed extensively on the following:

- Economic policy on poverty alleviation
- National Poverty Eradication programme (NAPEP).

6.0 TUTOR-MARKED ASSIGNMENT

1. Explain the background of poverty alleviation in the early stage in Nigeria.
2. Discuss the poverty alleviation programmes NAPEP in Nigeria.

7.0 REFERENCES/FURTHER READING

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UNIT 2: POVERTY ALLEVIATION POLICY ON STRUCTURAL ADJUSTMENT PROGRAMME (SAP)

CONTENTS

- 1.0. Introduction
- 2.0. Objective
- 3.0. Main content
 - 3.1. Issue of Poverty Alleviation in Nigeria
 - 3.2. The SAP Policy on Poverty Alleviation in Nigeria
 - 3.2.1. The Pre-SAP Era
 - 3.2.2. The SAP Era
- 4.0. Conclusion
- 5.0. Summary
- 6.0. Tutor-Marked Assignment
- 7.0. References/Further Reading

1.0 INTRODUCTION

The unit will discuss poverty alleviation in Nigeria. We can then ask the question that what poverty alleviation is. **Poverty alleviation**, is a set of measures, both economic and humanitarian, that are intended to permanently lift people out of **poverty**.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain the issues of poverty alleviation in Nigeria
- identify/explain SAP Policy on poverty alleviation programme in Nigeria.

3.0 MAIN CONTENT

3.1. Issues of Poverty Alleviation in Nigeria

The situation in Nigeria has been bring up different policies on poverty alleviation but implementation has been the problem. However, Nigeria has one of the greatest development potentials in Africa given the vastness of her resources and above all her rich human resource endowment. But regardless of these potentials Nigeria is still among the poorest countries of the world. The economy is mired by multiple difficulties. On the basis of widespread economic crisis, and the recent global economic meltdown, the country is unable to raise the standard of living of its citizens to an appreciable height.

Thus poverty, in both absolute and relative terms, constitutes one of the most serious problems confronting Nigeria. Statistically, from 1960 and 1980, the poverty level

covered about 28.0 percent of the population; by 1996 it rose alarmingly to about 66 percent of the population (Aliju, 2001). According to the United Nations Development Program Human Development Report (2008-2009) which combined such components as; level of inequality, life expectancy at birth, standard of living and access to knowledge, and education, between 2004 and 2009 poverty in Nigeria has worsened from 0.43 to 0.49. This shows that despite its vast resources, Nigeria ranks among the 25 poorest countries of the world. More so, from 2010-2015, poverty in Nigeria continued to be very bad and from 2015 to 2017, Nigeria became the poverty capital in the world.

In fact, poverty has been a serious challenge to governments in Nigeria. Its effect which includes lack and deprivation in the basic necessities of life, is worrisome. Poverty humiliates and dehumanizes its victim Ukpong (1996). To this end government and people in authority almost always strive to ensure that adequate structural programs are enshrined to see that poverty if not eradicated, is reduced to the barest minimum.

Poverty alleviation strategies ranging from Operation Feed the Nation of 1978, the Green Revolution of 1982, the Directorate of Foods Roads and Rural Infrastructures DFFRI, the National Directorate for Employment NDE, Poverty Alleviation Program PAP, the National Poverty Eradication Program, NAPEP up to the Seven –Point Agenda were all attempts made by various governments in the country in order to curb the menace of poverty.

SELF-ASSESSMENT EXERCISE

Discuss poverty alleviation in relation to Nigeria

3.2. The SAP Policy on Poverty Alleviation Programs in Nigeria

In reaction to the horrendous poverty crisis in Nigeria, different interventionist programs have been established by successive governments. Poverty alleviation strategies implemented so far in Nigeria have focused more on growth, basic needs and rural development approaches.

However, Poverty alleviation programs in Nigeria are means through which the government aims to revamp and reconstruct the economy. The high incidence of poverty in the country has made poverty alleviation strategies important policy options over the years with varying results.

Measures taken to combat poverty and promote development in the country actually started at the beginning of Nigeria's statehood. This was achieved through the adoption

of different development plans. However, literatures on development in Nigeria have categorized government's efforts into two distinct time frames or eras. These include the pre-SAP, SAP/post-SAP eras.

3.2.1. The Pre-SAP Era

During this era, poverty reduction was never direct, government only showed concern for poverty reduction indirectly. For example, the objectives of the first National Development Plan in Nigeria included the development of opportunities in health, employment and education as well as improvement of access to these opportunities. These objectives, if achieved could no doubt lead to poverty alleviation. Similarly, the Fourth National Development Plan, which appeared to be more precise in the specification of objectives that are associated with poverty reduction, emphasized increase in real income of the average citizen as well as reduction of income inequality, among other things (Ogwumike, 1987 and 1998).

During this era's national development plans, many of the programs which were put in place in Nigeria by the government (either wholly or in association with international agencies) had positive effects on poverty reduction although the target population for some of the programs was not specified explicitly as poor people or communities (Ogwumike, 1995 and 1998).

The policies of the Pre-SAP era, described as essentially adhoc, included Operation Feed the Nation (OFN), Free and Compulsory Primary Education (FCPE), Green Revolution, Low Cost Housing, River Basin Development Authorities (RBDA), National Agricultural Land Development Authority (NALDA), Agricultural Development Program (ADP), Agricultural Credit Guarantee Scheme Strategic Grains Reserves Program (SGRP), Rural Electrification Scheme (RES) and Rural Banking Program (RBP) (Garba, 2006; Omotola, 2008; Chukwuemeka, 2009).

Most of these programs were designed to take care of such objectives as employment generation, enhancing agricultural output and income, and stemming the tide of rural-urban migration, which no doubt affected poverty reduction. Despite some significant degree of success made by some of these programs, most of them could not be sustained. In fact, with time, many of them failed as a result of diversion from the original focus.

3.2.2. The SAP ERA

Conscious policy effort by government towards poverty alleviation began in Nigeria during the era of the Structural Adjustment Program (SAP), the severe economic crisis in Nigeria in the early 1980s worsened the quality of life of most Nigerians. The government made a determined effort to check the crisis through the adoption of SAP. However, the implementation of SAP further worsened the living conditions of many Nigerians especially the poor who were the most vulnerable group. This made the

government to design and implement many poverty alleviation programs between 1986 and 1993. Also, under the guided deregulation that spanned the period 1993 to 1998, more poverty reduction programs were put in place by government.

These programs included the Directorate for Food, Roads and Rural Infrastructure (DFRRI), National Directorate of Employment (NDE), Better Life Program (BLP), People's Bank of Nigeria (PBN), Community Banks Program, Family Support programs (FSP) and Family Economic Advancement Program (FEAP) Garba, (2006), Eze (2000).

Nonetheless, most of these poverty alleviation programs suffered the same fate as a recent government assessment showed. It found that they all failed due largely to the fact that:

- They were mostly not designed to alleviate poverty
- They lacked a clearly defined policy framework with proper guidelines for poverty alleviation
- They suffered from polity instability, political interference, policy and macroeconomic dislocations
- They also lacked continuity
- They are in most cases poorly implemented
- They are characterized by corruption on the part of government officials and public servants.

These antipoverty measures notwithstanding, poverty has consistently been on the increase in Nigeria, showing the ineffectiveness of the strategies and programs. The policies of the pre-SAP and SAP eras obviously failed to eradicate poverty in Nigeria.

During these periods, the poverty situation in Nigeria was steadily increasing. The failure of these measures has been attributed to lack of targeting mechanisms for the poor; political and policy instability; inadequate coordination of various programs; several budgetary, management and governance problems; lack of accountability and transparency; and lack of mechanisms for the sustainability of the programs Obadan (2001); Oshewolo (2010).



Figure 12: Showing Poverty alleviation programme in Nigeria
Source: <https://nigerianfinder.com/poverty-alleviation-programs-in-nigeria/>



Figure 13: Showing Poverty Alleviation Programme

Source: <https://guardian.ng/opinion/women-development-and-poverty-alleviation-in-lagos/>

SELF-ASSESSMENT EXERCISE

Explain poverty alleviation programme in Nigeria.

4.0 CONCLUSION

The fight against poverty has been a central plank of development planning in Nigeria since independence. Observers have unanimously agreed that successive government's interventions have failed to achieve the objectives for which they were established.

5.0 SUMMARY

The unit discussed extensively on the following:

- issues of poverty alleviation in Nigeria, poverty
- poverty alleviation programmes in Nigeria such as the Pre-SAP and the SAP Era.

6.0 TUTOR-MARKED ASSIGNMENT

1. Explain the issues of poverty alleviation in Nigeria.
2. Discuss the poverty alleviation programmes in Nigeria.

7.0 REFERENCES/FURTHER READING

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UNIT 3: APPRAISAL OF POVERTY ALLEVIATION PROGRAMS

CONTENTS

- 1.0. Introduction
- 2.0. Objective
- 3.0. Main content
 - 3.1. Poverty Alleviation Program (PAP)
 - 3.2. The National Economic Empowerment and Development Strategy (NEEDS)
 - 3.3. The Seven Point Agenda of development.
- 4.0. Conclusion
- 5.0. Summary
- 6.0. Tutor-Marked Assignment
- 7.0. References/Further Reading

1.0 INTRODUCTION

The unit will discuss an appraisal of poverty alleviation programme in Nigeria. The reduction of poverty is the most difficult challenge facing any country in the developing world where on the average majority of the population is considered poor. Evidences in Nigeria show that the number of those in poverty has continued to increase. For example, the number of those in poverty increased from 27% in 1980 to 46% in 1985; it declined slightly to 42% in 1992, and increased very sharply to 67% in 1996. By 1999 when the present administration came to power, estimates had it that more than 70% of Nigerians lived in poverty. That was why this government declared in November 1999 that the N470 billion budget for year 2000 was “to relieve poverty.” Before the National Assembly even passed the 2000 budget, the government got an approval to commit N10 billion to poverty alleviation programme. In the 2001 budget, the government has increased the allocation to poverty alleviation programme by 150%. This idea of poverty alleviation was received with high hopes especially given the speed with which this present administration tackled the fuel problem as soon as it came to power. Poverty alleviation was seen as a means through which the government can revamp the battered economy and rebuild self-esteem in majority of Nigerians who had been dehumanized through past military regimes. The present paper assesses not only the efforts of the current administration in poverty reduction, but also the role played by past administrations so as to identify a more pragmatic approach to poverty reduction in Nigeria.

2.0 OBJECTIVES

By the end of this unit, you should be able to:

- describe how poverty alleviation program work in Nigeria

- identify/explain how NEEDS document
- explain the Seven Point Agenda of Poverty Alleviation Program.

3.0 MAIN CONTENT

3.1 Poverty Alleviation Program (PAP)

As observed by Chukwuemeka (2009), the program was targeted at correcting the deficiencies of the past efforts of alleviating poverty through the objective of providing direct jobs to 200,000 unemployed people Obadan (2001). Despite the introduction of the Poverty Alleviation Program, poverty incidence in Nigeria remained perpetually high.

Following the ineffectiveness of the program, the government came up with the National Poverty Eradication Program (NAPEP) in 2001 (Omotola, 2008:2009). As revealed in the approved blueprint for the establishment of (NAPEP), the program will serve as a central coordination point for all anti-poverty efforts from the local government level to the national level by which schemes would be executed with the sole purpose of eradicating absolute poverty.

This is the only government embarking on eradication; a shift from the traditional concept of alleviation.

According to Elumilade, Asaolu and Adereti (2006), NAPEP has been structured to integrate four sectoral schemes which include:

- Youth Empowerment Scheme (YES)
- Rural Infrastructure Development Scheme (RIDS)
- Social Welfare Service Scheme (SOWESS) and
- Natural Resources Development and Conservation Scheme (NRDCS).

On the whole, these schemes were designed to spearhead government's ambitious program of eradicating absolute poverty with a take-off grant of N6 billion approved for it in 2001. The difference between NAPEP and past poverty reduction agencies is that it is not a sector project implementation agency but a coordination facility that ensures that the core poverty eradication Ministries were effective. It would only intervene when necessary, under its secondary mandate which gives it the right to provide complementary assistance to the implementing ministries and parastatals nationwide. Although NAPEP appears to be well crafted, but the prevalence of poverty in Nigeria and the various dimensions it has taken is on the increase.

SELF-ASSESSMENT EXERCISE

Describe the Poverty Alleviation Programme in Nigeria.

3.2 The National Economic Empowerment and Development Strategy (NEEDS)

Also worth mentioning is the National Economic Empowerment and Development Strategy (NEEDS) described as a medium term strategy. The implementation of NEEDS rests on four major strategies. First, it aims at reforming government and institutions by fighting corruption, ensuring transparency and promoting rule of law and strict enforcement of contracts. Another strategy is to grow the private sector as the engine of growth and wealth creation, employment generation and poverty reduction.

Third, it seeks to implement a social charter with emphasis on people's welfare, health, education, employment, poverty reduction, empowerment, security, and participation. The fourth key strategy is value reorientation (Federal Government of Nigeria, 2004:4; Omotola, 2008; Chukwuemeka, 2009). NEEDS is a national framework of action, which has its equivalent at the state and local government levels as State Economic Empowerment and Development Strategies (SEEDS) and Local Economic Empowerment and Development Strategies (LEEDS) respectively (AFPODEV, 2006).

The implementation also stresses collaboration and coordination between the federal and state governments, donor agencies, the private sector, civil society, NGOs and other stakeholders (Action aid Nigeria, 2009). As a home-grown strategy, NEEDS has been described as the Nigerian version of the MDGs (see AFPODEV, 2006).

SELF-ASSESSMENT EXERCISE

Discuss the need document in details.

3.3 The Seven-Point Agenda of development

The civilian administration that started in 2007 under the leadership of late President Umar Musa Yar'Adua proposed a Seven-Point Agenda of development. The agenda later became the policy thrust of the administration. The main objectives and principles of the agenda include improving the general well-being of Nigerians and making the country become one of the biggest economies in the world by the year 2020. The agenda has critical infrastructure as the first key area of focus.

This includes power, transportation, national gas distribution and telecommunication. The second focus is to address the existing issues in the Niger Delta. Food Security constitutes the third priority area. The fourth area is human capital development and the land tenure reform is the fifth key area.

The sixth key area is national security while the seventh area focuses on poverty alleviation and wealth creation. Although the Seven-Point Agenda appears to have a broad coverage to address the various development challenges facing the country, it has been widely criticized by development experts.

The wide ambit of the program may not allow for proper monitoring and effective implementation. Again resource constraints may hamper the capacity of the government to productively address the wide areas covered by the program (Oshewolo, 2010b).

Nevertheless, as laudable as these programs appear, poverty still remains endemic and pervasive in Nigeria. What then are the challenges? According to Garba (2006), all the poverty alleviation initiatives in Nigeria since independence have yielded very little fruit. He claims that the programs were mostly not designed to alleviate poverty; they lacked clearly defined policy framework with proper guidelines for poverty alleviation; they suffer from political instability, interference, policy and macroeconomic dislocations; and are riddled with corruption, political deception, outright kleptomania and distasteful looting.

It must also be stated that lack of continuity and shift in approach trailed poverty alleviation programs in Nigeria. Each subsequent administration came with a different idea or no idea at all. Poverty reduction programs became more 'regime specific' because there was hardly any continuity with those initiated by previous governments.

The challenges above have made government's policies to be largely unproductive all the poverty alleviation programs. Units/sections should be created to monitor each of the programs according to their peculiarity. By so doing, programs will be able to stand on the premise of the housing agency and as such, might not necessarily fizzle out with government of the day. Even when a program is having conflicting objective, it can easily be harmonized, since they are all premised on the same foundation. The agency should also align with international agencies of relevant purposes. This will ensure continuity of future programs.

Similarly, the activities of the programs can be adequately monitored, assess and evaluated. Also, it will give room for accountability in terms of financing and performance.

SELF-ASSESSMENT EXERCISE

Explain the seven (7) agenda of poverty development.

4.0 CONCLUSION

This unit has provided an appraisal of poverty and poverty reduction in Nigeria, although not exhaustively, it provides some basics for further discussion on the issue of strategies for poverty alleviation. There is need to shift emphasis to target approach to poverty reduction in Nigeria. This will require several inputs including alternative measures of poverty that are based on minimum standards either in terms of food, income or other basic needs to which minimum standards could be applied. When poverty groups are

identified on the basis of such acceptable minimum standards, it makes it easier to address their poverty problems since policies and programmes could be targeted to them based on those aspects of need that constitute the acceptable minimum standards.

5.0 SUMMARY

The unit has discussed extensively on Poverty alleviation program (PAP) and the national Economic empowerment and development strategy (NEEDS) as well as the seven point agenda of development. Therefore, I believe you must have learnt a lot poverty alleviation program in this unit.

6.0 TUTOR-MARKED ASSIGNMENT

1. Explain the term 'NEEDS' Document.
2. Discuss the seven point agenda of poverty alleviation programmes.

7.0 REFERENCES/FURTHER READING

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DES 220: POVERTY, INEQUALITY AND DEVELOPMENT