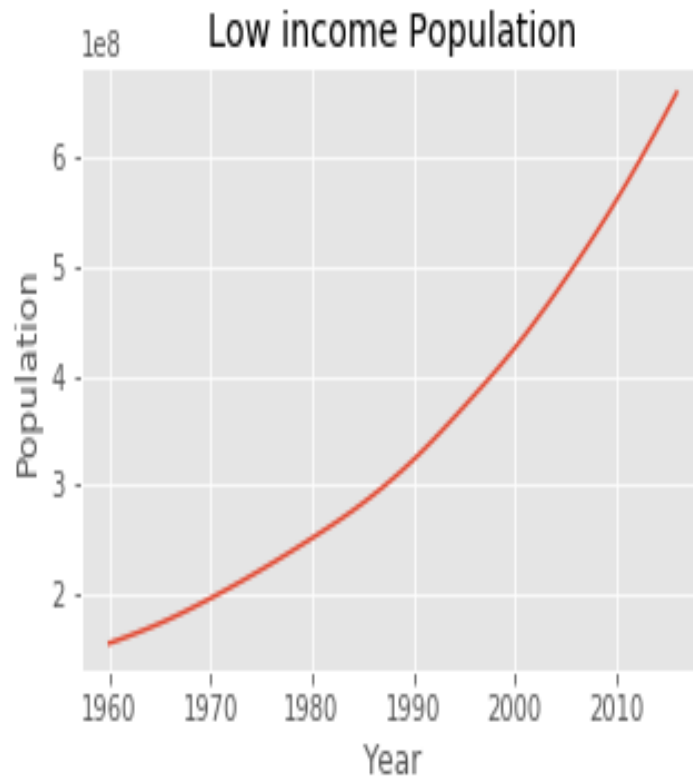


Low income



Poverty is the scarcity or the lack of a certain (variant) amount of material possessions or money. Poverty is a multifaceted concept, which may include social, economic, and political elements. Absolute poverty, extreme poverty, or destitution refers to the complete lack of the means necessary to meet basic personal needs such as food, clothing and shelter. The threshold at which absolute poverty is defined is considered to be about the same, independent of the person's permanent location or era. On the other hand, relative poverty occurs when a person who lives in a given country does not enjoy a certain minimum level of "living standards" as compared to the rest of the population of that country. Therefore, the threshold at which relative poverty is defined varies from country to another, or from one society to another. Providing basic needs can be restricted by constraints on government's ability to deliver services, such as corruption, tax avoidance, debt and loan conditionalities and by the brain drain of health care and educational professionals. Strategies of increasing income to make basic needs more affordable typically include welfare, economic freedoms and providing financial services. Poverty reduction is still a major issue (or a target) for many international organizations such as the United Nations and the World Bank. == Global prevalence == The World Bank forecasted in 2015 that 702.1 million people were living in extreme poverty, down from 1.75 billion in 1990. Of the 2015 population, about 347.1 million people (35.2%) lived in Sub-Saharan Africa and 231.3 million (13.5%) lived in South Asia. According to the World Bank, between 1990 and 2015, the percentage of the world's population living in extreme poverty fell from 37.1% to 9.6%, falling below 10% for the first time. In 2012 it was estimated that, using a poverty line of \$1.25 a day, 1.2 billion people lived in poverty. Given the current economic model, built on GDP, it would take 100 years to bring the world's poorest up to the poverty line of \$1.25 a day. Extreme poverty is a global challenge; it is observed in all parts of the world, including developed economies. UNICEF estimates half the world's children (or 1.1 billion) live in poverty. It has been argued by some academics that the neoliberal policies promoted by global financial institutions such as the IMF and the World Bank are actually exacerbating both inequality and poverty. Another estimate places the true scale of poverty much higher than the World Bank, with an

estimated 4.3 billion people (59% of the world's population) living with less than \$5 a day and unable to meet basic needs adequately. == Etymology == Poverty is the scarcity or the lack of a certain (variant) amount of material possessions or money. The word poverty comes from old French *povreté* (Modern French: *pauvreté*), from Latin *paupertas* from *pauper* (poor). The English word "poverty" via Anglo-Norman *povert*. There are several definitions of poverty depending on the context of the situation it is placed in, and the views of the person giving the definition. == Measuring poverty ==

=== Definitions ===

Income Poverty: a family's income fails to meet a federally established threshold that differs across countries. **United Nations:** Fundamentally, poverty is the inability of having choices and opportunities, a violation of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family, not having a school or clinic to go to, not having the land on which to grow one's food or a job to earn one's living, not having access to credit. It means insecurity, powerlessness and exclusion of individuals, households and communities. It means susceptibility to violence, and it often implies living in marginal or fragile environments, without access to clean water or sanitation. **World Bank:** Poverty is pronounced deprivation in well-being, and comprises many dimensions. It includes low incomes and the inability to acquire the basic goods and services necessary for survival with dignity. Poverty also encompasses low levels of health and education, poor access to clean water and sanitation, inadequate physical security, lack of voice, and insufficient capacity and opportunity to better one's life. Poverty is usually measured as either absolute or relative (the latter being actually an index of income inequality). In the United Kingdom, the second Cameron ministry came under attack for their redefinition of poverty; poverty is no longer classified by a family's income, but as to whether a family is in work or not. Considering that two-thirds of people who found work were accepting wages that are below the living wage (according to the Joseph Rowntree Foundation) this has been criticised by anti-poverty campaigners as an unrealistic view of poverty in the United Kingdom. ===

Absolute poverty == Absolute poverty refers to a set standard which is consistent over time and between countries. First introduced in 1990, the dollar a day poverty line measured absolute poverty by the standards of the world's poorest countries. The World Bank defined the new international poverty line as \$1.25 a day in 2008 for 2005 (equivalent to \$1.00 a day in 1996 US prices). In October 2015, they reset it to \$1.90 a day. Absolute poverty, extreme poverty, or abject poverty is "a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to services." The term 'absolute poverty', when used in this fashion, is usually synonymous with 'extreme poverty': Robert McNamara, the former president of the World Bank, described absolute or extreme poverty as, "a condition so limited by malnutrition, illiteracy, disease, squalid surroundings, high infant mortality, and low life expectancy as to be beneath any reasonable definition of human decency." Australia is one of the world's wealthier nations. In his article published in Australian Policy Online, Robert Tanton notes that, "While this amount is appropriate for third world countries, in Australia, the amount required to meet these basic needs will naturally be much higher because prices of these basic necessities are higher." However, as the amount of wealth required for survival is not the same in all places and time periods, particularly in highly developed countries where few people would fall below the World Bank Group's poverty lines, countries often develop their own national poverty lines. An absolute poverty line was calculated in Australia for the Henderson poverty inquiry in 1973. It was \$62.70 a week, which was the disposable income required to support the basic needs of a family of two adults and two dependent children at the time. This poverty line has been updated regularly by the Melbourne Institute according to increases in average incomes; for a single employed person it was \$391.85 per week (including housing costs) in March 2009. In Australia the OECD poverty would equate to a "disposable income of less than \$358 per week for a single adult (higher for larger households to take account of their greater costs). In 2015 Australia implemented the Individual Deprivation Measure which address gender disparities in poverty. For a few years starting 1990, the World Bank anchored absolute poverty line as \$1 per day. This was revised in 1993, and through 2005, absolute poverty was \$1.08 a day for all countries on a purchasing power parity basis, after adjusting for inflation to the 1993 U.S. dollar. In 2005, after extensive studies of cost of living across the world, The World Bank raised the measure for global poverty line to reflect the observed higher cost of living. In 2015, the World Bank defines extreme poverty as living on less than US\$1.90 (PPP) per day, and moderate poverty as less than \$2 or \$5 a day (but note that a person or family with access to subsistence resources, e.g., subsistence farmers, may have a low cash income without a correspondingly low standard of living – they are not living "on" their cash income but using it as a top up). It estimated that "in 2001, 1.1 billion people had consumption levels below \$1 a day and 2.7 billion

lived on less than \$2 a day." A 'dollar a day', in nations that do not use the U.S. dollar as currency, does not translate to living a day on the equivalent amount of local currency as determined by the exchange rate. Rather, it is determined by the purchasing power parity rate, which would look at how much local currency is needed to buy the same things that a dollar could buy in the United States. Usually, this would translate to less local currency than the exchange rate in poorer countries as the United States is a relatively more expensive country. The poverty line threshold of \$1.90 per day, as set by the World Bank, is controversial. Each nation has its own threshold for absolute poverty line; in the United States, for example, the absolute poverty line was US\$15.15 per day in 2010 (US\$22,000 per year for a family of four), while in India it was US\$1.0 per day and in China the absolute poverty line was US\$0.55 per day, each on PPP basis in 2010. These different poverty lines make data comparison between each nation's official reports qualitatively difficult. Some scholars argue that the World Bank method sets the bar too high, others argue it is low. Still others suggest that poverty line misleads as it measures everyone below the poverty line the same, when in reality someone living on \$1.20 per day is in a different state of poverty than someone living on \$0.20 per day. In other words, the depth and intensity of poverty varies across the world and in any regional populations, and \$1.25 per day poverty line and head counts are inadequate measures. The share of the world's population living in absolute poverty fell from 43% in 1981 to 14% in 2011. The absolute number of people in poverty fell from 1.95 billion in 1981 to 1.01 billion in 2011. The economist Max Roser estimates that the number of people in poverty is therefore roughly the same as 200 years ago. This is the case since the world population was just little more than 1 billion in 1820 and the majority (84% to 94%) of the world population was living poverty. The proportion of the developing world's population living in extreme economic poverty fell from 28 percent in 1990 to 21 percent in 2001. Most of this improvement has occurred in East and South Asia. In East Asia the World Bank reported that "The poverty headcount rate at the \$2-a-day level is estimated to have fallen to about 27 percent [in 2007], down from 29.5 percent in 2006 and 69 percent in 1990." In Sub-Saharan Africa extreme poverty went up from 41 percent in 1981 to 46 percent in 2001, which combined with growing population increased the number of people living in extreme poverty from 231 million to 318 million. In the early 1990s some of the transition economies of Central and Eastern Europe and Central Asia experienced a sharp drop in income. The collapse of the Soviet Union resulted in large declines in GDP per capita, of about 30 to 35% between 1990 and the trough year of 1998 (when it was at its minimum). As a result, poverty rates also increased although in subsequent years as per capita incomes recovered the poverty rate dropped from 31.4% of the population to 19.6%. World Bank data shows that the percentage of the population living in households with consumption or income per person below the poverty line has decreased in each region of the world since 1990: According to Chen and Ravallion, about 1.76 billion people in developing world lived above \$1.25 per day and 1.9 billion people lived below \$1.25 per day in 1981. The world's population increased over the next 25 years. In 2005, about 4.09 billion people in developing world lived above \$1.25 per day and 1.4 billion people lived below \$1.25 per day (both 1981 and 2005 data are on inflation adjusted basis). Some scholars caution that these trends are subject to various assumptions and not certain. Additionally, they note that the poverty reduction is not uniform across the world; economically prospering countries such as China, India and Brazil have made more progress in absolute poverty reduction than countries in other regions of the world. The absolute poverty measure trends noted above are supported by human development indicators, which have also been improving. Life expectancy has greatly increased in the developing world since World War II and is starting to close the gap to the developed world. Child mortality has decreased in every developing region of the world. The proportion of the world's population living in countries where per-capita food supplies are less than 2,200 calories (9,200 kilojoules) per day decreased from 56% in the mid-1960s to below 10% by the 1990s. Similar trends can be observed for literacy, access to clean water and electricity and basic consumer items. === Relative poverty === Relative poverty views poverty as socially defined and dependent on social context, hence relative poverty is a measure of income inequality. Usually, relative poverty is measured as the percentage of the population with income less than some fixed proportion of median income. There are several other different income inequality metrics, for example, the Gini coefficient or the Theil Index. Relative poverty is the "most useful measure for ascertaining poverty rates in wealthy developed nations". Relative poverty measure is used by the United Nations Development Program (UNDP), the United Nations Children's Fund (UNICEF), the Organisation for Economic Co-operation and Development (OECD) and Canadian poverty researchers. In the European Union, the "relative poverty measure is the most prominent and most-quoted of the EU social inclusion indicators". "Relative poverty reflects better the cost of social inclusion and equality of opportunity in a

specific time and space." "Once economic development has progressed beyond a certain minimum level, the rub of the poverty problem – from the point of view of both the poor individual and of the societies in which they live – is not so much the effects of poverty in any absolute form but the effects of the contrast, daily perceived, between the lives of the poor and the lives of those around them. For practical purposes, the problem of poverty in the industrialized nations today is a problem of relative poverty (page 9)." In 1776 Adam Smith in the *Wealth of Nations* argued that poverty is the inability to afford, "not only the commodities which are indispensably necessary for the support of life but whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without". In 1958 J. K. Galbraith argued that "People are poverty stricken when their income, even if adequate for survival, falls markedly behind that of their community." In 1964 in a joint committee economic President's report in the United States, Republicans endorsed the concept of relative poverty. "No objective definition of poverty exists... The definition varies from place to place and time to time. In America as our standard of living rises, so does our idea of what is substandard." In 1965 Rose Friedman argued for the use of relative poverty claiming that the definition of poverty changes with general living standards. Those labeled as poor in 1995 would have had "a higher standard of living than many labeled not poor" in 1965. In 1979, British sociologist, Peter Townsend published his famous definition, "individuals ... can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary, or are at least widely encouraged or approved, in the societies to which they belong (page 31)". This definition and measurement of poverty was profoundly linked to the idea that poverty and societal participation are deeply associated. Peter Townsend transformed the conception of poverty, viewing it not simply as lack of income but as the configuration of the economic conditions that prevent people from being full members of the society (Townsend, 1979; Ferragina et al. 2016). Poverty reduces the ability of people to participate in society, effectively denying them full citizenship (as suggested by T.H. Marshall). Given that there are no universal principles by which to determine the minimum threshold of participation equating to full membership of society, Townsend argued that the appropriate measure would necessarily be relative to any particular cultural context. He suggested that in each society there should be an empirically determinable 'breakpoint' within the income distribution below which participation of individuals collapses, providing a scientific basis for fixing a poverty line and determining the extent of poverty (Ferragina et al. 2016). Brian Nolan and Christopher T. Whelan of the Economic and Social Research Institute (ESRI) in Ireland explained that "Poverty has to be seen in terms of the standard of living of the society in question." Relative poverty measures are used as official poverty rates by the European Union, UNICEF, and the OECD. The main poverty line used in the OECD and the European Union is based on "economic distance", a level of income set at 60% of the median household income. === Other aspects === Economic aspects of poverty focus on material needs, typically including the necessities of daily living, such as food, clothing, shelter, or safe drinking water. Poverty in this sense may be understood as a condition in which a person or community is lacking in the basic needs for a minimum standard of well-being and life, particularly as a result of a persistent lack of income. The increase in poverty runs parallel sides with unemployment, hunger, and higher crime rate. Analysis of social aspects of poverty links conditions of scarcity to aspects of the distribution of resources and power in a society and recognizes that poverty may be a function of the diminished "capability" of people to live the kinds of lives they value. The social aspects of poverty may include lack of access to information, education, health care, social capital or political power. Poverty levels are snapshot pictures in time that omits the transitional dynamics between levels. Mobility statistics supply additional information about the fraction who leave the poverty level. For example, one study finds that in a sixteen-year period (1975 to 1991 in the U.S.) only 5% of those in the lower fifth of the income level were still at that level, while 95% transitioned to a higher income category. Poverty levels can remain the same while those who rise out of poverty are replaced by others. The transient poor and chronic poor differ in each society. In a nine-year period ending in 2005 for the U.S., 50% of the poorest quintile transitioned to a higher quintile. Poverty may also be understood as an aspect of unequal social status and inequitable social relationships, experienced as social exclusion, dependency, and diminished capacity to participate, or to develop meaningful connections with other people in society. Such social exclusion can be minimized through strengthened connections with the mainstream, such as through the provision of relational care to those who are experiencing poverty. The World Bank's "Voices of the Poor," based on research with over 20,000 poor people in 23 countries, identifies a range of factors which poor people identify as part of poverty. These include: Abuse by those in power Dis-empowering institutions Excluded locations Gender relationships Lack of

security Limited capabilities Physical limitations Precarious livelihoods Problems in social relationships Weak community organizations Discrimination David Moore, in his book *The World Bank*, argues that some analysis of poverty reflect pejorative, sometimes racial, stereotypes of impoverished people as powerless victims and passive recipients of aid programs. Ultra-poverty, a term apparently coined by Michael Lipton, connotes being amongst poorest of the poor in low-income countries. Lipton defined ultra-poverty as receiving less than 80 percent of minimum caloric intake whilst spending more than 80% of income on food. Alternatively a 2007 report issued by International Food Policy Research Institute defined ultra-poverty as living on less than 54 cents per day. Asset poverty is an economic and social condition that is more persistent and prevalent than income poverty. It can be defined as a household's inability to access wealth resources that are enough to provide for basic needs for a period of three months. Basic needs refer to the minimum standards for consumption and acceptable needs. Wealth resources consist of home ownership, other real estate (second home, rented properties, etc.), net value of farm and business assets, stocks, checking and savings accounts, and other savings (money in savings bonds, life insurance policy cash values, etc.). Wealth is measured in three forms: net worth, net worth minus home equity, and liquid assets. Net worth consists of all the aspects mentioned above. Net worth minus home equity is the same except it does not include home ownership in asset calculations. Liquid assets are resources that are readily available such as cash, checking and savings accounts, stocks, and other sources of savings. There are two types of assets: tangible and intangible. Tangible assets most closely resemble liquid assets in that they include stocks, bonds, property, natural resources, and hard assets not in the form of real estate. Intangible assets are simply the access to credit, social capital, cultural capital, political capital, and human capital. == Characteristics == The effects of poverty may also be causes as listed above, thus creating a "poverty cycle" operating across multiple levels, individual, local, national and global. === Deaths based on Poverty === One third of deaths – some 18 million people a year or 50,000 per day – are due to poverty-related causes. People of color, women and children, are over represented among the global poor and these effects of severe poverty. Those living in poverty suffer disproportionately from hunger or even starvation and disease. Those living in poverty suffer lower life expectancy. According to the World Health Organization, hunger and malnutrition are the single gravest threats to the world's public health and malnutrition is by far the biggest contributor to child mortality, present in half of all cases. Almost 90% of maternal deaths during childbirth occur in Asia and sub-Saharan Africa, compared to less than 1% in the developed world. Those who live in poverty have also been shown to have a far greater likelihood of having or incurring a disability within their lifetime. Infectious diseases such as malaria and tuberculosis can perpetuate poverty by diverting health and economic resources from investment and productivity; malaria decreases GDP growth by up to 1.3% in some developing nations and AIDS decreases African growth by 0.3–1.5% annually. A pair of studies of the influence of poverty on the ability to reason about complicated issues requiring an immediate solution found that poverty directly impedes cognitive function. Financial worries appear to put a severe burden on one's mental resources so that they are no longer fully available for solving complicated problems. The reduced capability for problem solving can lead to suboptimal decisions and further perpetuate poverty. Infectious diseases continue to blight the lives of the poor across the world. An estimated 40 million people are living with HIV/AIDS, with 3 million deaths in 2004. Every year there are 350–500 million cases of malaria, with 1 million fatalities: Africa accounts for 90 percent of malarial deaths and African children account for over 80 percent of malaria victims worldwide. === Hunger === Rises in the costs of living make poor people less able to afford items. Poor people spend a greater portion of their budgets on food than wealthy people. As a result, poor households and those near the poverty threshold can be particularly vulnerable to increases in food prices. For example, in late 2007 increases in the price of grains led to food riots in some countries. The World Bank warned that 100 million people were at risk of sinking deeper into poverty. Threats to the supply of food may also be caused by drought and the water crisis. Intensive farming often leads to a vicious cycle of exhaustion of soil fertility and decline of agricultural yields. Approximately 40% of the world's agricultural land is seriously degraded. In Africa, if current trends of soil degradation continue, the continent might be able to feed just 25% of its population by 2025, according to United Nations University's Ghana-based Institute for Natural Resources in Africa. Every year nearly 11 million children living in poverty die before their fifth birthday. 1.02 billion people go to bed hungry every night. According to the Global Hunger Index, Sub-Saharan Africa had the highest child malnutrition rate of the world's regions over the 2001–2006 period. ===== Efforts to end hunger and undernutrition ===== As part of the Sustainable Development Goals the global community has made the elimination of hunger and undernutrition a priority for the coming years. While

the Goal 2 of the SDGs aims to reach this goal by 2030 a number of initiatives aim to achieve the goal 5 years earlier, by 2025: The partnership Compact2025, led by IFPRI with the involvement of UN organisations, NGOs and private foundations develops and disseminates evidence-based advice to politicians and other decision-makers aimed at ending hunger and undernutrition in the coming 10 years, by 2025. It bases its claim that hunger can be ended by 2025 on a report by Shenggen Fan and Paul Polman that analyzed the experiences from China, Vietnam, Brazil and Thailand. The European Union and the Bill & Melinda Gates Foundation have launched a partnership to combat Undernutrition in June 2015. The program will initially be implemented in Bangladesh, Burundi, Ethiopia, Kenya, Laos and Niger and will help these countries to improve information and analysis about nutrition so they can develop effective national nutrition policies. The Food and Agriculture Organization of the UN has created a partnership that will act through the African Union's CAADP framework aiming to end hunger in Africa by 2025. It includes different interventions including support for improved food production, a strengthening of social protection and integration of the right to food into national legislation. === Education === Research has found that there is a high risk of educational underachievement for children who are from low-income housing circumstances. This is often a process that begins in primary school for some less fortunate children. Instruction in the US educational system, as well as in most other countries, tends to be geared towards those students who come from more advantaged backgrounds. As a result, children in poverty are at a higher risk than advantaged children for retention in their grade, special deleterious placements during the school's hours and even not completing their high school education. Advantage breeds advantage. There are indeed many explanations for why students tend to drop out of school. One is the conditions of which they attend school. Schools in poverty-stricken areas have conditions that hinder children from learning in a safe environment. Researchers have developed a name for areas like this: an urban war zone is a poor, crime-laden district in which deteriorated, violent, even war-like conditions and underfunded, largely ineffective schools promote inferior academic performance, including irregular attendance and disruptive or non-compliant classroom behavior. Because of poverty, "Students from low-income families are 2.4 times more likely to drop out than middle-income kids, and over 10 times more likely than high-income peers to drop out" For children with low resources, the risk factors are similar to others such as juvenile delinquency rates, higher levels of teenage pregnancy, and the economic dependency upon their low-income parent or parents. Families and society who submit low levels of investment in the education and development of less fortunate children end up with less favorable results for the children who see a life of parental employment reduction and low wages. Higher rates of early childbearing with all the connected risks to family, health and well-being are major important issues to address since education from preschool to high school are both identifiably meaningful in a life. Poverty often drastically affects children's success in school. A child's "home activities, preferences, mannerisms" must align with the world and in the cases that they do not do these, students are at a disadvantage in the school and, most importantly, the classroom. Therefore, it is safe to state that children who live at or below the poverty level will have far less success educationally than children who live above the poverty line. Poor children have a great deal less healthcare and this ultimately results in many absences from the academic year. Additionally, poor children are much more likely to suffer from hunger, fatigue, irritability, headaches, ear infections, flu, and colds. These illnesses could potentially restrict a child or student's focus and concentration. For a child to grow up emotionally healthy, the children under three need "A strong, reliable primary caregiver who provides consistent and unconditional love, guidance, and support. Safe, predictable, stable environments. Ten to 20 hours each week of harmonious, reciprocal interactions. This process, known as attunement, is most crucial during the first 6–24 months of infants' lives and helps them develop a wider range of healthy emotions, including gratitude, forgiveness, and empathy. Enrichment through personalized, increasingly complex activities". Harmful spending habits mean that the poor typically spend about 2 percent of their income educating their children but larger percentages of alcohol and tobacco (For example, 6 percent in Indonesia and 8 percent in Mexico). === Participation === Poverty has been also considered a real social phenomenon reflecting more the consequences of a lack of income than the lack of income per se (Ferragina et al. 2016). According to Townsend: humans are social animals entangled in a web of relationships, which exert complex and changing pressures, as much in their consumption of goods and services as in any other aspect of their behaviour (Townsend 1979). This idea has received theoretical support from scholars and extensive testimony from people experiencing poverty across the globe (Walker 2014). Participation and consumption have become ever more crucial mechanisms through which people establish and communicate their identity and position in society, increasing the

premium attached to resources needed to participate (Giddens 1991). In addition, the concept of social exclusion has been added to the lexicon of poverty related terms, describing the process by which people, especially those on low incomes, can become socially and politically detached from mainstream society and its associated resources and opportunities (Cantillon 1997). Equally western society have become more complex with ethnic diversity, multi-culturalism and life-style choices raising the possibility that a single concept of poverty as conceived in the past might no longer apply (Ferragina et al. 2016).

=== Shelter === Poverty increases the risk of homelessness. Slum-dwellers, who make up a third of the world's urban population, live in a poverty no better, if not worse, than rural people, who are the traditional focus of the poverty in the developing world, according to a report by the United Nations. There are over 100 million street children worldwide. Most of the children living in institutions around the world have a surviving parent or close relative, and they most commonly entered orphanages because of poverty. It is speculated that, flush with money, orphanages are increasing and push for children to join even though demographic data show that even the poorest extended families usually take in children whose parents have died. Experts and child advocates maintain that orphanages are expensive and often harm children's development by separating them from their families and that it would be more effective and cheaper to aid close relatives who want to take in the orphans.

=== Utilities === Water and sanitation ===== As of 2012, 2.5 billion people lack access to sanitation services and 15% practice open defecation. Water utility subsidies tend to subsidize water consumption by those connected to the supply grid, which is typically skewed towards the richer and urban segment of the population and those outside informal housing. As a result of heavy consumption subsidies, the price of water decreases to the extent that only 30%, on average, of the supplying costs in developing countries is covered. This results in a lack of incentive to maintain delivery systems, leading to losses from leaks annually that are enough for 200 million people. This also leads to a lack of incentive to invest in expanding the network, resulting in much of the poor population being unconnected to the network. Instead, the poor buy water from water vendors for, on average, about five to 16 times the metered price. However, subsidies for laying new connections to the network rather than for consumption have shown more promise for the poor.

===== Electricity ===== Similarly, the poorest fifth receive 0.1% of the world's lighting but pay a fifth of total spending on light, accounting for 25 to 30 percent of their income. Indoor air pollution from burning fuels kills 2 million, with almost half the deaths from pneumonia in children under 5. Fuel from Bamboo burns more cleanly and also matures much faster than wood, thus also reducing deforestation. Additionally, using solar panels is promoted as being cheaper over the products' lifetime even if upfront costs are higher. Thus, payment schemes such as lend-to-own programs are promoted and up to 14% of Kenyan households use solar as their primary energy source.

=== Violence === According to experts, many women become victims of trafficking, the most common form of which is prostitution, as a means of survival and economic desperation. Deterioration of living conditions can often compel children to abandon school to contribute to the family income, putting them at risk of being exploited. For example, in Zimbabwe, a number of girls are turning to sex in return for food to survive because of the increasing poverty. According to studies, as poverty decreases there will be fewer and fewer instances of violence. In one survey, 67% of children from disadvantaged inner cities said they had witnessed a serious assault, and 33% reported witnessing a homicide. 51% of fifth graders from New Orleans (median income for a household: \$27,133) have been found to be victims of violence, compared to 32% in Washington, DC (mean income for a household: \$40,127).

=== Personality === Max Weber and some schools of modernization theory suggest that cultural values could affect economic success. However, researchers have gathered evidence that suggest that values are not as deeply ingrained and that changing economic opportunities explain most of the movement into and out of poverty, as opposed to shifts in values. Studies have shown that poverty changes the personalities of children who live in it. The Great Smoky Mountains Study was a ten-year study that was able to demonstrate this. During the study, about one-quarter of the families saw a dramatic and unexpected increase in income. The study showed that among these children, instances of behavioral and emotional disorders decreased, and conscientiousness and agreeableness increased.

=== Discrimination === Cultural factors, such as discrimination of various kinds, can negatively affect productivity such as age discrimination, stereotyping, discrimination against people with physical disability, gender discrimination, racial discrimination, and caste discrimination. Women are the group suffering from the highest rate of poverty after children; 14.5% of women and 22% of children are poor in the United States. In addition, the fact that women are more likely to be caregivers, regardless of income level, to either the generations before or after them, exacerbates the burdens of their poverty. Marking the International

Day for the Eradication of Poverty, the United Nations Special Rapporteur on extreme poverty Philip Alston warned in a statement that, "The world's poor are at disproportionate risk of torture, arrest, early death and domestic violence, but their civil and political rights are being airbrushed out of the picture." ... people in lower socio-economic classes are much more likely to get killed, tortured or experience an invasion of their privacy, and are far less likely to realize their right to vote, or otherwise participate in the political process."

== Poverty reduction == Various poverty reduction strategies are broadly categorized here based on whether they make more of the basic human needs available or whether they increase the disposable income needed to purchase those needs. Some strategies such as building roads can both bring access to various basic needs, such as fertilizer or healthcare from urban areas, as well as increase incomes, by bringing better access to urban markets. === Increasing the supply of basic needs === ===== Food and other goods ===== Agricultural technologies such as nitrogen fertilizers, pesticides, new seed varieties and new irrigation methods have dramatically reduced food shortages in modern times by boosting yields past previous constraints. Before the Industrial Revolution, poverty had been mostly accepted as inevitable as economies produced little, making wealth scarce. Geoffrey Parker wrote that "In Antwerp and Lyon, two of the largest cities in western Europe, by 1600 three-quarters of the total population were too poor to pay taxes, and therefore likely to need relief in times of crisis." The initial industrial revolution led to high economic growth and eliminated mass absolute poverty in what is now considered the developed world. Mass production of goods in places such as rapidly industrializing China has made what were once considered luxuries, such as vehicles and computers, inexpensive and thus accessible to many who were otherwise too poor to afford them. Even with new products, such as better seeds, or greater volumes of them, such as industrial production, the poor still require access to these products. Improving road and transportation infrastructure helps solve this major bottleneck. In Africa, it costs more to move fertilizer from an African seaport 60 miles inland than to ship it from the United States to Africa because of sparse, low-quality roads, leading to fertilizer costs two to six times the world average. Microfranchising models such as door to door distributors who earn commission-based income or Coca-Cola's successful distribution system are used to disseminate basic needs to remote areas for below market prices. ===== Health care and education ===== Nations do not necessarily need wealth to gain health. For example, Sri Lanka had a maternal mortality rate of 2% in the 1930s, higher than any nation today. It reduced it to 0.5–0.6% in the 1950s and to 0.6% today while spending less each year on maternal health because it learned what worked and what did not. Knowledge on the cost effectiveness of healthcare interventions can be elusive and educational measures have been made to disseminate what works, such as the Copenhagen Consensus. Cheap water filters and promoting hand washing are some of the most cost effective health interventions and can cut deaths from diarrhea and pneumonia. Strategies to provide education cost effectively include deworming children, which costs about 50 cents per child per year and reduces non-attendance from anemia, illness and malnutrition, while being only a twenty-fifth as expensive as increasing school attendance by constructing schools. Schoolgirl absenteeism could be cut in half by simply providing free sanitary towels. Fortification with micronutrients was ranked the most cost effective aid strategy by the Copenhagen Consensus. For example, iodised salt costs 2 to 3 cents per person a year while even moderate iodine deficiency in pregnancy shaves off 10 to 15 IQ points. Paying for school meals is argued to be an efficient strategy in increasing school enrollment, reducing absenteeism and increasing student attention. Desirable actions such as enrolling children in school or receiving vaccinations can be encouraged by a form of aid known as conditional cash transfers. In Mexico, for example, dropout rates of 16- to 19-year-olds in rural area dropped by 20% and children gained half an inch in height. Initial fears that the program would encourage families to stay at home rather than work to collect benefits have proven to be unfounded. Instead, there is less excuse for neglectful behavior as, for example, children stopped begging on the streets instead of going to school because it could result in suspension from the program. ===== Removing constraints on government services ===== Government revenue can be diverted away from basic services by corruption. Funds from aid and natural resources are often sent by government individuals for money laundering to overseas banks which insist on bank secrecy, instead of spending on the poor. A Global Witness report asked for more action from Western banks as they have proved capable of stanching the flow of funds linked to terrorism. Illicit capital flight from the developing world is estimated at ten times the size of aid it receives and twice the debt service it pays, with one estimate that most of Africa would be developed if the taxes owed were paid. About 60 per cent of illicit capital flight from Africa is from transfer mispricing, where a subsidiary in a developing nation sells to another subsidiary or shell company in a tax haven at an artificially low price to pay less

tax. An African Union report estimates that about 30% of sub-Saharan Africa's GDP has been moved to tax havens. Solutions include corporate "country-by-country reporting" where corporations disclose activities in each country and thereby prohibit the use of tax havens where no effective economic activity occurs. Developing countries' debt service to banks and governments from richer countries can constrain government spending on the poor. For example, Zambia spent 40% of its total budget to repay foreign debt, and only 7% for basic state services in 1997. One of the proposed ways to help poor countries has been debt relief. Zambia began offering services, such as free health care even while overwhelming the health care infrastructure, because of savings that resulted from a 2005 round of debt relief. The World Bank and the International Monetary Fund, as primary holders of developing countries' debt, attach structural adjustment conditionalities in return for loans which are generally geared toward loan repayment with austerity measures such as the elimination of state subsidies and the privatization of state services. For example, the World Bank presses poor nations to eliminate subsidies for fertilizer even while many farmers cannot afford them at market prices. In Malawi, almost five million of its 13 million people used to need emergency food aid but after the government changed policy and subsidies for fertilizer and seed were introduced, farmers produced record-breaking corn harvests in 2006 and 2007 as Malawi became a major food exporter. A major proportion of aid from donor nations is tied, mandating that a receiving nation spend on products and expertise originating only from the donor country. US law requires food aid be spent on buying food at home, instead of where the hungry live, and, as a result, half of what is spent is used on transport. Distressed securities funds, also known as vulture funds, buy up the debt of poor nations cheaply and then sue countries for the full value of the debt plus interest which can be ten or 100 times what they paid. They may pursue any companies which do business with their target country to force them to pay to the fund instead. Considerable resources are diverted on costly court cases. For example, a court in Jersey ordered Congo to pay an American speculator \$100 million in 2010. Now, the UK, Isle of Man and Jersey have banned such payments. ===== Reversing brain drain ===== The loss of basic needs providers emigrating from impoverished countries has a damaging effect. As of 2004, there were more Ethiopia-trained doctors living in Chicago than in Ethiopia. Proposals to mitigate the problem include compulsory government service for graduates of public medical and nursing schools and promoting medical tourism so that health care personal have more incentive to practice in their home countries. ===== Controlling overpopulation ===== Some argue that overpopulation and lack of access to birth control leads to population increase to exceed food production and other resources. Better education for both men and women, and more control of their lives, reduces population growth due to family planning. According to United Nations Population Fund (UNFPA), by giving better education to men and women, they can earn money for their lives and can help them to strengthen economic security. ===== Increasing personal income ===== The following are strategies used or proposed to increase personal incomes among the poor. Raising farm incomes is described as the core of the antipoverty effort as three-quarters of the poor today are farmers. Estimates show that growth in the agricultural productivity of small farmers is, on average, at least twice as effective in benefiting the poorest half of a country's population as growth generated in nonagricultural sectors. ===== Income grants ===== A guaranteed minimum income ensures that every citizen will be able to purchase a desired level of basic needs. A basic income (or negative income tax) is a system of social security, that periodically provides each citizen, rich or poor, with a sum of money that is sufficient to live on. Studies of large cash-transfer programs in Ethiopia, Kenya, and Malawi show that the programs can be effective in increasing consumption, schooling, and nutrition, whether they are tied to such conditions or not. Proponents argue that a basic income is more economically efficient than a minimum wage and unemployment benefits, as the minimum wage effectively imposes a high marginal tax on employers, causing losses in efficiency. In 1968, Paul Samuelson, John Kenneth Galbraith and another 1,200 economists signed a document calling for the US Congress to introduce a system of income guarantees. Winners of the Nobel Prize in Economics, with often diverse political convictions, who support a basic income include Herbert A. Simon, Friedrich Hayek, Robert Solow, Milton Friedman, Jan Tinbergen, James Tobin and James Meade. Income grants are argued to be vastly more efficient in extending basic needs to the poor than subsidizing supplies whose effectiveness in poverty alleviation is diluted by the non-poor who enjoy the same subsidized prices. With cars and other appliances, the wealthiest 20% of Egypt uses about 93% of the country's fuel subsidies. In some countries, fuel subsidies are a larger part of the budget than health and education. A 2008 study concluded that the money spent on in-kind transfers in India in a year could lift all India's poor out of poverty for that year if transferred directly. The primary obstacle argued against direct cash transfers is the impracticability for poor countries of such large and direct transfers. In practice,

payments determined by complex iris scanning are used by war-torn Democratic Republic of Congo and Afghanistan, while India is phasing out its fuel subsidies in favor of direct transfers. Additionally, in aid models, the famine relief model increasingly used by aid groups calls for giving cash or cash vouchers to the hungry to pay local farmers instead of buying food from donor countries, often required by law, as it wastes money on transport costs.

===== Economic freedoms ===== Corruption often leads to many civil services being treated by governments as employment agencies to loyal supporters and so it could mean going through 20 procedures, paying \$2,696 in fees and waiting 82 business days to start a business, in Bolivia, while, in Canada, it takes two days, two registration procedures, and \$280 to do the same. Such costly barriers favor big firms at the expense of small enterprises, where most jobs are created. Often, businesses have to bribe government officials even for routine activities, which is, in effect, a tax on business.

Noted reductions in poverty in recent decades has occurred in China and India mostly as a result of the abandonment of collective farming in China and the ending of the central planning model known as the License Raj in India. The World Bank concludes that governments and feudal elites extending to the poor the right to the land that they live and use are 'the key to reducing poverty' citing that land rights greatly increase poor people's wealth, in some cases doubling it. Although approaches varied, the World Bank said the key issues were security of tenure and ensuring land transactions costs were low. Greater access to markets brings more income to the poor. Road infrastructure has a direct impact on poverty. Additionally, migration from poorer countries resulted in \$328 billion sent from richer to poorer countries in 2010, more than double the \$120 billion in official aid flows from OECD members. In 2011, India got \$52 billion from its diaspora, more than it took in foreign direct investment.

===== Financial services ===== Microloans, made famous by the Grameen Bank, is where small amounts of money are loaned to farmers or villages, mostly women, who can then obtain physical capital to increase their economic rewards. However, microlending has been criticized for making hyperprofits off the poor even from its founder, Muhammad Yunus, and in India, Arundhati Roy asserts that some 250,000 debt-ridden farmers have been driven to suicide. Those in poverty place overwhelming importance on having a safe place to save money, much more so than receiving loans. Additionally, a large part of microfinance loans are spent not on investments but on products that would usually be paid by a checking or savings account. Microsavings are designs to make savings products available for the poor, who make small deposits. Mobile banking utilizes the wide availability of mobile phones to address the problem of the heavy regulation and costly maintenance of saving accounts. This usually involves a network of agents of mostly shopkeepers, instead of bank branches, would take deposits in cash and translate these onto a virtual account on customers' phones. Cash transfers can be done between phones and issued back in cash with a small commission, making remittances safer.

== Wealth concentration == Poverty can also be reduced as an improved economic policy is developed by the governing authorities to facilitate a more equitable distribution of the nation's wealth. Oxfam has called for an international movement to end extreme wealth concentration as a significant step towards ameliorating global poverty. The group stated that the \$240 billion added to the fortunes of the world's richest billionaires in 2012 was enough to end extreme poverty four times over. Oxfam argues that the "concentration of resources in the hands of the top 1% depresses economic activity and makes life harder for everyone else – particularly those at the bottom of the economic ladder." It has been reported that only 1% of the world population controls 50% of the wealth today, and the other 99% is having access to the remaining 50% only, and the gap has sharply increased in the recent past. José Antonio Ocampo, professor at Columbia University and former finance minister of Colombia, and Magdalena Sepúlveda Carmona, former UN Special Rapporteur on Extreme Poverty and Human Rights, argue that global tax reform is integral to human development and fighting poverty, as corporate tax avoidance has disproportionately impacted those mired in poverty, noting that "the human impact is devastatingly real. When profits are shifted out, the tax revenues from those profits that could be available to fund healthcare, schools, water sanitation and other public goods vanish from the ledger, leaving women and men, boys and girls without pathways to a better future." Raghuram G. Rajan, former governor of the Reserve Bank of India, former chief economist at the International Monetary Fund and professor of finance at the University of Chicago Booth School of Business has blamed the ever-widening gulf between the rich and the poor especially in the USA to be one of the main Fault Lines which caused the financial institutions to pump money into subprime mortgages – on political behest, as a palliative and not a remedy, for poverty – causing the financial crisis of 2007–2009. In Rajan's view the main cause of increasing gap between the high income and low income earners, was lack of equal access to high class education for the latter.

== Business solutions to poverty == ===== Serving the poor market ===== The concept of business serving the world's poorest

four billion or so people has been popular since CK Prahalad introduced the idea through his book *Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits* in 2004, among many business corporations and business schools. Kash Rangan, John Quelch, and other faculty members at the Global Poverty Project at Harvard Business School "believe that in pursuing its own self-interest in opening and expanding the BoP market, business can make a profit while serving the poorest of consumers and contributing to development." According to Rangan "For business, the bulk of emerging markets worldwide is at the bottom of the pyramid so it makes good business sense – not a sense of do-gooding – to go after it." In their 2013 book, *The Business Solution to Poverty*, Paul Polak and Mal Warwick directly addressed the criticism leveled against Prahalad's concept. They noted that big business often failed to create products that actually met the needs and desires of the customers who lived at the bottom-of-the-pyramid. Their answer was that a business that wanted to succeed in that market had to spend time talking to and understanding those customers. Polak had previously promoted this approach in his previous book, *Out of Poverty*, that described the work of International Development Enterprises (iDE), which he had formed in 1982. Polak and Warwick provided practical advice: a product needed to affect at least a billion people (i.e., have universal appeal), it had to be able to be delivered to customers living where there wasn't a FedEx office or even a road, and it had to be "radically affordable" to attract someone who earned less than \$2 a day. === Creating entrepreneurs === Rather than encouraging multinational businesses to meet the needs of the poor, some organizations such as iDE, the World Resources Institute, and the United Nations Development Programme began to focus on working directly with helping bottom-of-the-pyramid populations become local, small-scale entrepreneurs. Since so much of this population is engaged in agriculture, these NGOs have addressed market gaps that enable small-scale (i.e., plots less than 2 hectares) farmers to increase their production and find markets for their harvests. This is done by increasing the availability of farming equipment (e.g., pumps, tillers, seeders) and better quality seed and fertilizer, as well as expanding access for training in farming best practices (e.g., crop rotation). Creating entrepreneurs through microfinance can produce unintended outcomes: Some entrepreneurial borrowers become informal intermediaries between microfinance initiatives and poorer micro-entrepreneurs. Those who more easily qualify for microfinance split loans into smaller credit to even poorer borrowers. Informal intermediation ranges from casual intermediaries at the good or benign end of the spectrum to 'loan sharks' at the professional and sometimes criminal end of the spectrum. === Criticisms of this approach === In the view of Friedman the social responsibility of business is to increase its profits only, thus, it needs to be examined whether business in BoP markets is capable of achieving the dual objective of making a profit while serving the poorest of consumers and contributing to development? Erik Simanis has reported that the model has a fatal flaw. According to Erik "Despite achieving healthy penetration rates of 5% to 10% in four test markets, for instance, Procter & Gamble couldn't generate a competitive return on its Pur water-purification powder after launching the product on a large scale in 2001...DuPont ran into similar problems with a venture piloted from 2006 to 2008 in Andhra Pradesh, India, by its subsidiary Solae, a global manufacturer of soy protein ... Because the high costs of doing business among the very poor demand a high contribution per transaction, companies must embrace the reality that high margins and price points aren't just a top-of-the-pyramid phenomenon; they're also a necessity for ensuring sustainable businesses at the bottom of the pyramid." Marc Gunther states that "The bottom-of-the-pyramid (BOP) market leader, arguably, is Unilever ... Its signature BOP product is Pureit, a countertop water-purification system sold in India, Africa and Latin America. It's saving lives, but it's not making money for shareholders." This leaves the ideal of eradicating poverty through profits or with a good business sense – not a sense of do-gooding rather questionable. Others have noted that relying on BoP consumers to choose to purchase items that increase their incomes is naive. Poor consumers may spend their income disproportionately on events or goods and services that offer short-term benefits rather than invest in things that could change their lives in the long-term. == Environmental issues == A report published in 2013 by the World Bank, with support from the Climate & Development Knowledge Network, found that climate change was likely to hinder future attempts to reduce poverty. The report presented the likely impacts of present day, 2 °C and 4 °C warming on agricultural production, water resources, coastal ecosystems and cities across Sub-Saharan Africa, South Asia and South East Asia. The impacts of a temperature rise of 2 °C included: regular food shortages in Sub-Saharan Africa; shifting rain patterns in South Asia leaving some parts under water and others without enough water for power generation, irrigation or drinking; degradation and loss of reefs in South East Asia, resulting in reduced fish stocks; and coastal communities and cities more vulnerable to increasingly violent storms. In 2016, a UN report claimed that by 2030, an additional 122

million more people could be driven to extreme poverty because of climate change. Frank Fenner said in 2010 that he believed that humans will not be able to survive the population explosion and "unbridled consumption," and would become extinct, perhaps within a century, along with many other species. He believed the situation was irreversible, and that it was too late because the effects we have had on Earth since industrialisation rivals any effects of ice ages or comet impacts. Harvard biologist E.O. Wilson calculated that Earth would lose half its higher life forms by 2100 if the current rate of human disruption continued. Many think that poverty is the cause of environmental degradation, while there are others who claim that rather the poor are the worst sufferers of environmental degradation caused by reckless exploitation of natural resources by the rich. A Delhi-based environment organisation, the Centre for Science and Environment, points out that if the poor world were to develop and consume in the same manner as the West to achieve the same living standards, "we would need two additional planet Earths to produce resources and absorb wastes.", reports Anup Shah (2003). in his article Poverty and the Environment on Global Issues. == Voluntary poverty == Among some individuals, poverty is considered a necessary or desirable condition, which must be embraced to reach certain spiritual, moral, or intellectual states. Poverty is often understood to be an essential element of renunciation in religions such as Buddhism, Hinduism (only for monks, not for lay persons) and Jainism, whilst in Roman Catholicism it is one of the evangelical counsels. The main aim of giving up things of the materialistic world is to withdraw oneself from sensual pleasures (as they are considered illusory and only temporary in some religions - such as the concept of *dunya* in Islam). This self-invited poverty (or giving up pleasures) is different from the one caused by economic imbalance. For Christians who take Jesus' words seriously, voluntary poverty is a requirement for discipleship. In Luke 14:33 Jesus said, "So therefore, whoever of you does not renounce all that he has cannot be my disciple". Christian communities, such as the Simple Way, the Bruderhof, and the Amish value voluntary poverty; some even take a vow of poverty, similar to that of the traditional Catholic orders, in order to live a more complete life of discipleship. Benedict XVI distinguished "poverty chosen" (the poverty of spirit proposed by Jesus), and "poverty to be fought" (unjust and imposed poverty). He considered that the moderation implied in the former favors solidarity, and is a necessary condition so as to fight effectively to eradicate the abuse of the latter. As it was indicated above the reduction of poverty results from religion, but also can result from solidarity. == See also == == Notes == == References == == Further reading == == External links == Reducing Global Poverty from the Dean Peter Krogh Foreign Affairs Digital Archives Data visualizations of the long-run development of poverty and list of data sources on poverty on 'Our World in Data'. Islamic Development Bank Luxembourg Income Study Contains a wealth of data on income inequality and poverty, and hundreds of its sponsored research papers using this data. Organization for Economic Cooperation and Development Contains reports on economic development as well as relations between rich and poor nations. OPHI Oxford Poverty & Human Development Initiative (OPHI)] Research to advance the human development approach to poverty reduction. Transparency International Tracks issues of government and corporate corruption around the world. United Nations Hundreds of free reports related to economic development and standards of living in countries around the world, such as the annual Human Development Report. U.S. Agency for International Development USAID is the primary U.S. government agency with the mission for aid to developing countries. World Bank Contains hundreds of reports which can be downloaded for free, such as the annual World Development Report. World Food Program Associated with the United Nations, the World Food Program compiles hundreds of reports on hunger and food security around the world. Why poverty Documentary films about poverty broadcast on television around the world in November 2012, then will be available online. Annual income of richest 100 people enough to end global poverty four times over. Oxfam International, 19 January 2013. Contains estimates on the number of people living in poverty in selected countries from 1973 to 1985 This powerful Reddit thread reveals how the poor get by in America (January 2015), The Washington Post Summary of Human Development Report 2014, by the United Nations Development Programme 2.2 Billion People Are Poor. Truthdig, 23 July 2014. Making Poverty History, by Vijay Prashad for Jacobin. 10 November 2014.