



Frontier Tech Leaders Global Cohort Machine Learning Bootcamp #2

Title:

Reducing Urban Poverty through
Economic Data Analysis

Group9

BY

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Literature Review

1. Introduction:

Urban poverty remains a persistent global challenge, hindering economic development and social well-being. Understanding the complex factors driving urban poverty is crucial for designing effective policy interventions. This literature review

explores the potential of utilizing advanced data analysis techniques on global poverty and inequality data to identify key areas and factors contributing to urban poverty. By leveraging these data insights, the project aims to develop targeted solutions for reducing urban poverty more effectively.

The importance of this research lies in its potential to provide evidence-based insights into the drivers of urban poverty and inform the design of effective strategies for poverty alleviation. By analyzing economic data and exploring the relationships between various indicators and poverty levels, researchers can contribute to the development of more nuanced and impactful interventions that address the root causes of urban poverty.

2. Organization:

Building on a robust body of research, the review for this project is grounded in the extensive literature on economic factors influencing urban poverty.

This review adopts a thematic organization, focusing on three key themes: (1) Financial Inclusion and Poverty Reduction (2) Economic Growth and Urban Poverty, and (3) the Role of Education and Employment in Poverty Alleviation.

Theme 1. Financial Inclusion and Poverty Reduction:

This article analyzed the role of financial inclusion in poverty reduction, where improved financial access allows people to save, invest, and access credit—essential elements that these impoverished people have been missing to jump aboard the train to alleviate poverty. This base is critical to how initiatives for economic inclusion would be good poverty mitigators.

Theme 2. Economic Growth and Urban Poverty:

Research seeking to understand the link between economic growth and urban poverty reduction, by determining that although it is true that economic growth has the potential to reduce levels of poverty, simply, its distribution effects determine its efficiency in reducing poverty.

Theme 3. The Role of Education and Employment in Poverty Alleviation:

This research examined how education and access to employment opportunities impact the level of poverty, showing that high levels of education and stable employment would be, in an important way, poverty alleviation drivers of economic mobility.

In a summarized manner, these studies provide the overall framework through which the correlations across various divisions—such as income, employment, education, and access to financing—can be explained while correlating poverty levels. By understanding such relations, the project seeks to identify the most significant sources of urban poverty to which targeted policies will be addressed.

3. Summary and Synthesis:

1. "Financial Inclusion and Poverty Reduction"

Summary: This paper examines the relationship between financial inclusion and poverty. It is stipulated that the provision of financial services, including banking, savings, and credit facilities, equips people with an opportunity to invest in education, practice entrepreneurship, and insure themselves from risks, hence significantly reducing poverty.

key findings:

- Financial inclusion sharply reduces poverty through access to financial resources.
- Policies that raise financial access are quite potent in reducing poverty.
- The study's methodology, including such elements as regression analysis, will serve as an exemplary guide to follow in our analysis.

Methodology:

The study sourced data from the Global Financial Inclusion Database to analyze the correlation between financial access and poverty rates in various countries.

Contribution:

The facts stipulated in the document will provide a sound basis for exploring urban poverty in terms of financial inclusion. By including levels of these variables in our analysis, we shall be able to determine the level of poverty influenced by financial access in urban areas.

2. "Economic Growth and Urban Poverty"

Summary: This paper reviews the extent of the link between growth and poverty, specifically how economic growth offers a mechanism for sharing the benefits of growth. The argument is that although economic growth is a realistic way of reducing poverty, this is dependent on the level of inequality prevailing in society.

key findings:

- Not growth alone, but how the benefits of growth are distributed is crucial in reducing poverty.
- High levels of inequality can limit the mobilization of growth to reduce poverty.

- The use of panel data analysis in the paper and concentration on inequality is a useful method for our project.

Methodology:

The paper uses both cross-country and panel data in evaluating how economic growth works in lowering poverty rates.

Contribution:

Understanding the interactions of growth, inequality, and poverty is crucial. The insights the paper gives on how economic growth impacts poverty levels based on inequality will guide us in determining the appropriate set of economic indicators in our analysis.

3. "Role of Education and Employment in Poverty Alleviation"

Summary:

This work investigates the returns on investment in education and its impact on poverty reduction. It demonstrates how higher educational attainment leads to better and more employment opportunities and higher income levels and is hence crucial for poverty alleviation.

key findings:

- Education increases employment probabilities and income.
- Education is a powerful means to pull people out of poverty.
- The findings of this study will be crucial in allowing us to include education and employment in our analytical model.

Methodology:

The study might analyze data on educational attainment, employment rates, and poverty levels, potentially across different demographics.

Contribution:

Including educational attainment and employment variables in our analysis will allow us to assess their impact on urban poverty. This paper provides a background on how improvements in education and employment will serve to reduce poverty.

- ***Comparison and Contrast:***

All three studies explore the economic factors influencing urban poverty. They share a focus on understanding how various factors interact to affect poverty levels. However, they differ in their specific focus:

Financial Inclusion: This study emphasizes the role of access to financial services, which complements the other two factors.

Economic Growth: This research focuses on the distribution of economic growth, highlighting that growth alone might not be sufficient.

Education and Employment: This study emphasizes these factors as key drivers of economic mobility and poverty reduction.

Overall, these studies provide a comprehensive framework for understanding the correlations between various economic indicators (income, employment, education, financial access) and urban poverty levels. This knowledge base allows the project to identify the most significant sources of urban poverty for targeted policy interventions.

4. Conclusion:

The use of these academic papers will add to the theoretical perspective of our paper and help in the selection of proper analysis tools. Use of existing studies will help us in applying proven methods in analysis, providing relevant information on the influencing factors of urban poverty. We will refer to the following three references in our project report to structure our agendas and outcomes.

5. Citations:

- **"Financial Inclusion and Poverty Reduction"**

Demirgüç-Kunt, A., & Klapper, L. (2013). Financial inclusion and poverty alleviation. *Journal of Development Economics*, 101, 1-11.
<https://doi.org/10.1016/j.jdeveco.2012.10.008>

- **"Economic Growth and Urban Poverty"**

Ravallion, M., & Chen, S. (2007). Economic growth and poverty reduction: Do poor countries need to worry about inequality?. *International Monetary Fund*, 49(1), 1
<https://onlinelibrary.org/doi/10.1016/j.imf.2007.01.001>

- **"Role of Education and Employment in Poverty Alleviation"**

Psacharopoulos, G., & Patrinos, H. A. (2004). Returns to investment in education: A further update. *Education Economics*, 12(2), 111-134.
<https://doi.org/10.1080/0964529042000239140>