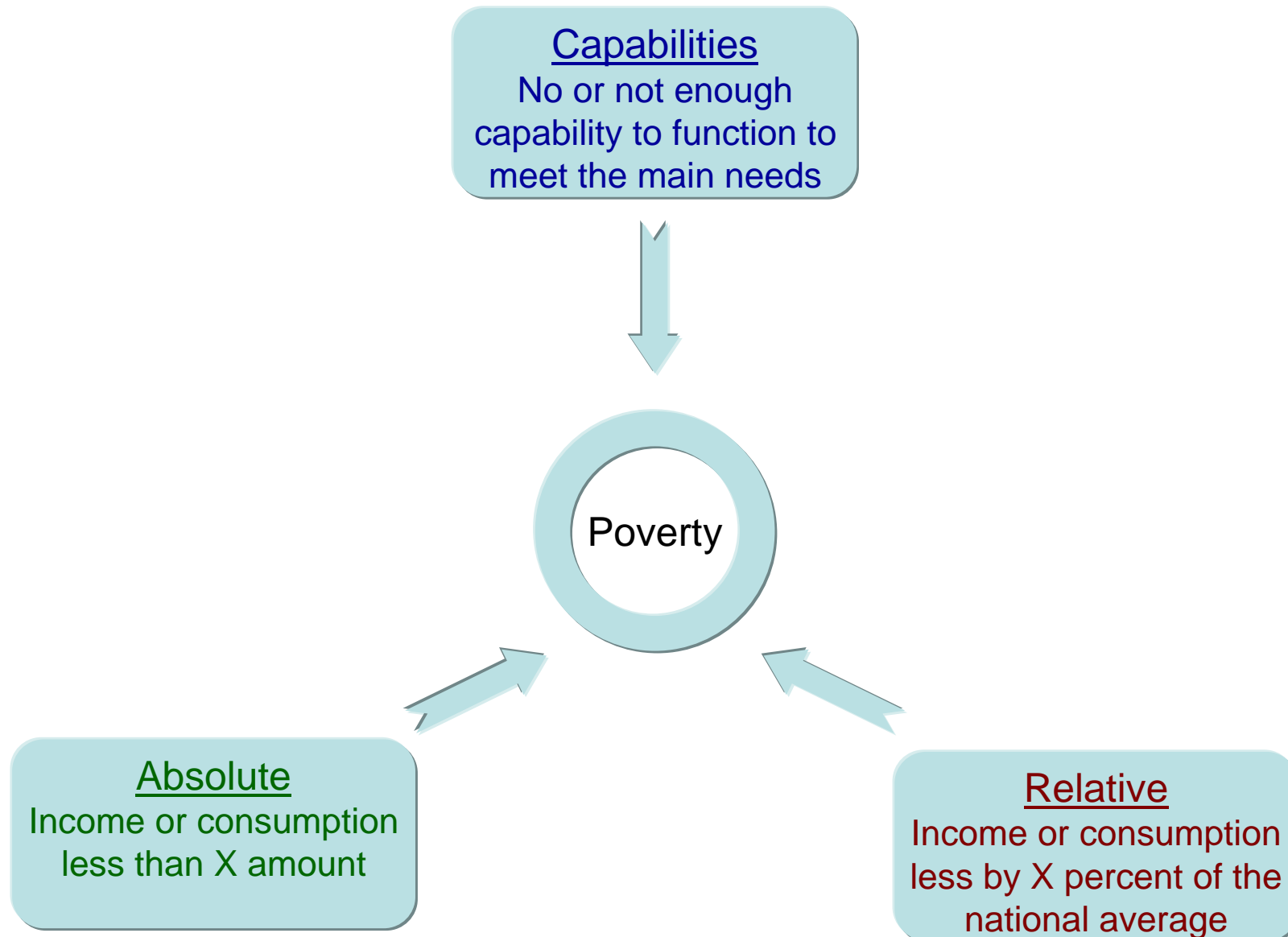


Different Definitions of Poverty



From Definitions to Causes of Poverty

Definition

Absolute

Relative

Capabilities

Causes

Overall lack of Wealth

Wealth may exist, but is spread unequally: some have much less than most of others

Wealth may exist and even can be spread less or more equally, but some have few or no choice to satisfy main needs or to improve livelihood

Approach / Dimension

Production

Productivity is low: the GDP per capita is less than X amount.

People in absolute poverty suffer from a lack of sufficient resources to provide for their daily requirements.

Distribution

Productivity can be high, but the vertical distribution is not effective.

People in relative poverty suffer from the lack of resources permitting participation in the activities, customs and diets commonly approved by society

Human Capital

Availability of goods and services are important, but not enough. Capabilities should exist to enable a person to use resources to improve the quality of life.

People in poverty suffer from the failure of basic capabilities to reach certain minimally acceptable levels.

From Causes of Poverty to Objectives of Poverty Reduction

Definition
Causes

Absolute

**Low
production**

Relative

**Ineffective
distribution**

Capabilities

**Lack of
capabilities**

Overall Objectives

Increase the national
wealth

Improve the
distribution

Increase the
capabilities

