

## SYLLABUS

# Measuring and Alleviating Poverty and Inequality

## Course description

Poverty and Inequality reduction is a central objective of economic policies in both developed and developing countries. This course introduces students to the main theoretical and empirical aspects of the economic analysis of poverty and inequality: distributive analysis, poverty and inequality measures and profiles, multidimensional poverty, robustness, pro-poor growth and policies, poverty alleviation, targeting criteria, and the distributive effects of price changes and tax reforms. Each theoretical class is accompanied by practice exercises on real data using DASP (Distributive Analysis Stata Package). Participants require a working knowledge of basic statistics.

## Content and activities

### 1. Descriptive tools for comparing well-being and poverty

- Space for comparing well-being
- Concepts and tools for distributive analysis
  - Ranks
  - Percentiles
  - Cumulative Distribution Function
  - Quantiles Distribution
  - Mean
  - Censored Quantiles Gaps
  - Poverty Gaps
  - Density Histograms
  - Kernel Density

### 2. Introduction to Stata and DASP

- Introduction to Stata
- Introduction to DASP: A Stata package for distributive analysis
  - See how the information required by DASP is related to important issues in welfare economics
  - See how to generate tabular and graphical output with DASP

### 3. Introduction to basic statistical inferences

- Sample design
- Sampling weight
- Statistical inference and hypothesis testing

### 4. Inequality concepts and measures

- Thinking about inequality
- Measuring inequality
  - Basic axioms
  - Lorenz, Gini and Entropy measures

### 5. Inequality profiles

- Decomposing inequality by population groups
- Decomposing inequality by income sources
- The Shapley decomposition technique

### 6. Poverty indices

- Key notions of distribution
- Principles for measuring poverty
- Common poverty indices
- Illustration using Ugandan data

## **7. Poverty lines**

- Relative poverty lines
- Absolute poverty lines
- Subjective poverty lines

## **8. Decomposing poverty and pro-poor growth and policy**

- Decomposing poverty by population groups
- Decomposing the change in poverty into growth and redistribution
- Pro-poor growth and pro-poor policy

## **9. Poverty impact of policies and growth**

- Targeting
- Group targeting
- Impact of growth on poverty
- Targeting by taxation

## **10. Multidimensional Poverty**

- Measurement and aggregation issues
- Human Development Index and Human Poverty Index
- Setting
- Index properties
- Other indices: two examples