

Poverty & Equity Brief

Europe & Central Asia

Turkey

April 2020

Turkey achieved significant poverty reduction between 2004 and 2016 with growth in earnings and employment being the major drivers. The recent data however shows that the poverty rate, measured as the share of people living below the poverty line of \$5.5 a day in 2011 PPP, has stagnated around 9 percent in the last three years. Economic slowdown and inflation between 2018-2019 caused a significant increase in unemployment and drop in real wages. While average real wages decreased 2.6 percent from 2017 to 2018, unemployment rose from 12.9 percent in December 2018 to 14.2 percent in July 2019, before falling back to 13.1 in December 2019.

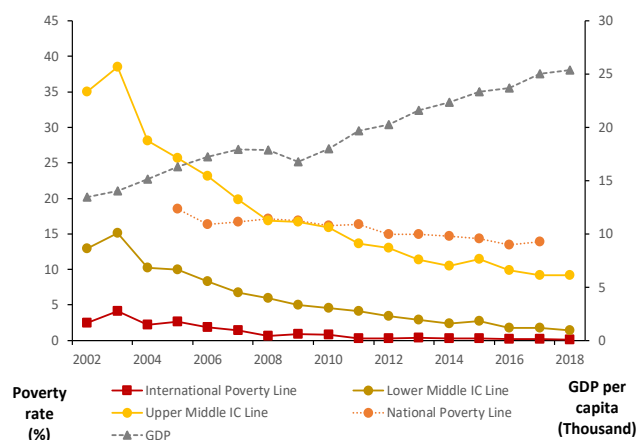
COVID-19 pandemic poses important risks to the welfare of Turkey's population and, in particular, the poor and vulnerable. Retail, accommodation and food, transport and construction sectors, where low-income households comprise a significant share of the workforce, are expected to be hit hardest. Loss of employment and income are expected to be the main transmission mechanisms of the crisis for low-income households. The government has announced wage support for formal employees and increased targeted social assistance to existing beneficiaries to minimize the negative consequences in the short-run. However, these measures will not reach the 5.6 million people presently not covered by the current social protection system, and also exclude the 4 million refugees currently residing in the country who rely on the informal sector. Although the full extent of the crisis is still unknown and subject to considerable uncertainty, there is a real risk of a significant setback in the fight against poverty during 2020.

Inequality increased over the last decade in Turkey. Although the Gini index decreased from 42.2 in 2003 to 39.0 before the economic crisis in 2008, it rose back to 41.9 in 2018. The economic crisis in 2008 caused a reversal in inequality trends by having an impact on labor market returns. After the crisis, labor market returns of the bottom of the distribution recovered less quickly compared to the top of the distribution. In addition, the shared prosperity premium between 2013 and 2018 was negative, -0.53. In other words, the growth of the average consumption per capita of the bottom 40 percent increased less than that of the top 60 percent between 2013 and 2018.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	11,163.5	13.9	2017
International Poverty Line 4.2 in Turkish lira (2018) or US\$1.90 (2011 PPP) per day per capita	65.7	0.1	2018
Lower Middle Income Class Poverty Line 7.1 in Turkish lira (2018) or US\$3.20 (2011 PPP) per day per capita	1,181.9	1.4	2018
Upper Middle Income Class Poverty Line 12.2 in Turkish lira (2018) or US\$5.50 (2011 PPP) per day per capita	7,535.1	9.2	2018
Multidimensional Poverty Measure		0.4	2018
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		2.14	2013-2018
INEQUALITY			
Gini Index		41.9	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.53	2013-2018
GROWTH			
Annualized GDP per capita growth		3.25	2013-2018
Annualized Consumption Growth per capita from Household Survey		2.67	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.79	2013-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

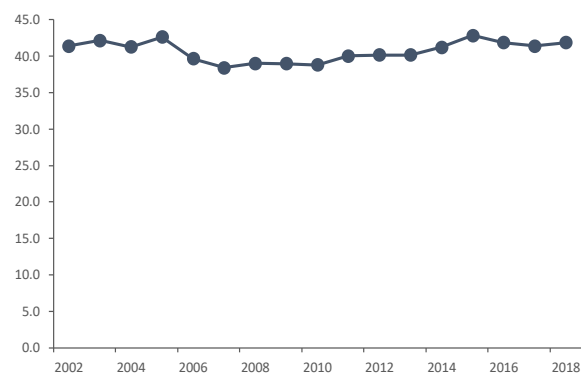
POVERTY HEADCOUNT RATE, 2002-2018



Source: World Bank using HICES/ECAPOV/GMD

INEQUALITY TRENDS, 2002-2018

Gini Index



Source: World Bank using HICES/ECAPOV/GMD

KEY INDICATORS

Distribution among groups: 2018	Upper Middle Income line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	2018
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population				N/A	Monetary poverty (Consumption)	
Rural population				N/A	Daily consumption less than US\$1.90 per person	0.1
Males	91	9	40	60	Education	
Females	91	9	40	60	At least one school-aged child is not enrolled in school	3.4
0 to 14 years old	84	16	56	44	No adult has completed primary education	3.1
15 to 64 years old	93	7	36	64	Access to basic infrastructure	
65 and older	94	6	29	71	No access to limited-standard drinking water	0.1
Without education (16+)	83	17	55	45	No access to limited-standard sanitation	5.6
Primary education (16+)	93	7	39	61	No access to electricity	0.0
Secondary education (16+)	94	6	32	68		
Tertiary/post-secondary education (16+)	99	1	12	88		

Source: World Bank using HICES/ECAPOV/GMD

Source: World Bank using HICES/ECAPOV/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND METHODOLOGY

Until 2015, the national poverty line in Turkey was defined as \$4.30 per person per day. To calculate poverty in a year, these lines were converted to local currency using current PPP factors, which did not allow consideration of the effect of inflation. Due to this methodological problem, the Turkish Statistical Institution (TURKSTAT) stopped publishing the absolute poverty rate in 2016. Since 2016, TURKSTAT started reporting relative poverty rate, measured as the share of people living below the poverty line of 50% of median household income.

The World Bank monitors poverty in Turkey and globally using international poverty lines. In the case of Turkey and upper-middle-income countries, the poverty line is defined at \$5.50 per capita per day and is expressed in 2011 PPP for international comparability. Several datasets are conducted by the TURKSTAT on an annual basis, and the quality of data for monitoring poverty and shared prosperity is high. There are still opportunities for further enhancements: (1) poverty lines using cost of food and basic needs is not monitored; (2) since 2014, the surveys cannot be disaggregated by urban and rural areas; and (3) household surveys used to monitor poverty and living conditions of the country's population do not capture issues of interest for poverty and shared prosperity such as Syrian refugees. (Note: Since 2015 consumption items are further disaggregated from 199 items in 2014 to 303 items in 2015 while keeping the number of categories constant.)

HARMONIZATION

The numbers presented in this brief are based on the ECAPOV database. The ECAPOV micro database was established in 1998 to support a regional poverty report. The database is managed and harmonized by the Europe and Central Asia Team for Statistical Development (ECATSD). ECAPOV includes 29 countries, with an average of 8 surveys per country. Recently, EU-SILC data for EU countries, received from Eurostat, have been added to the collection. Each survey in ECAPOV is organized into 6 modules following the Global Monitoring Database (GMD) harmonization guidelines, including the construction of the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.