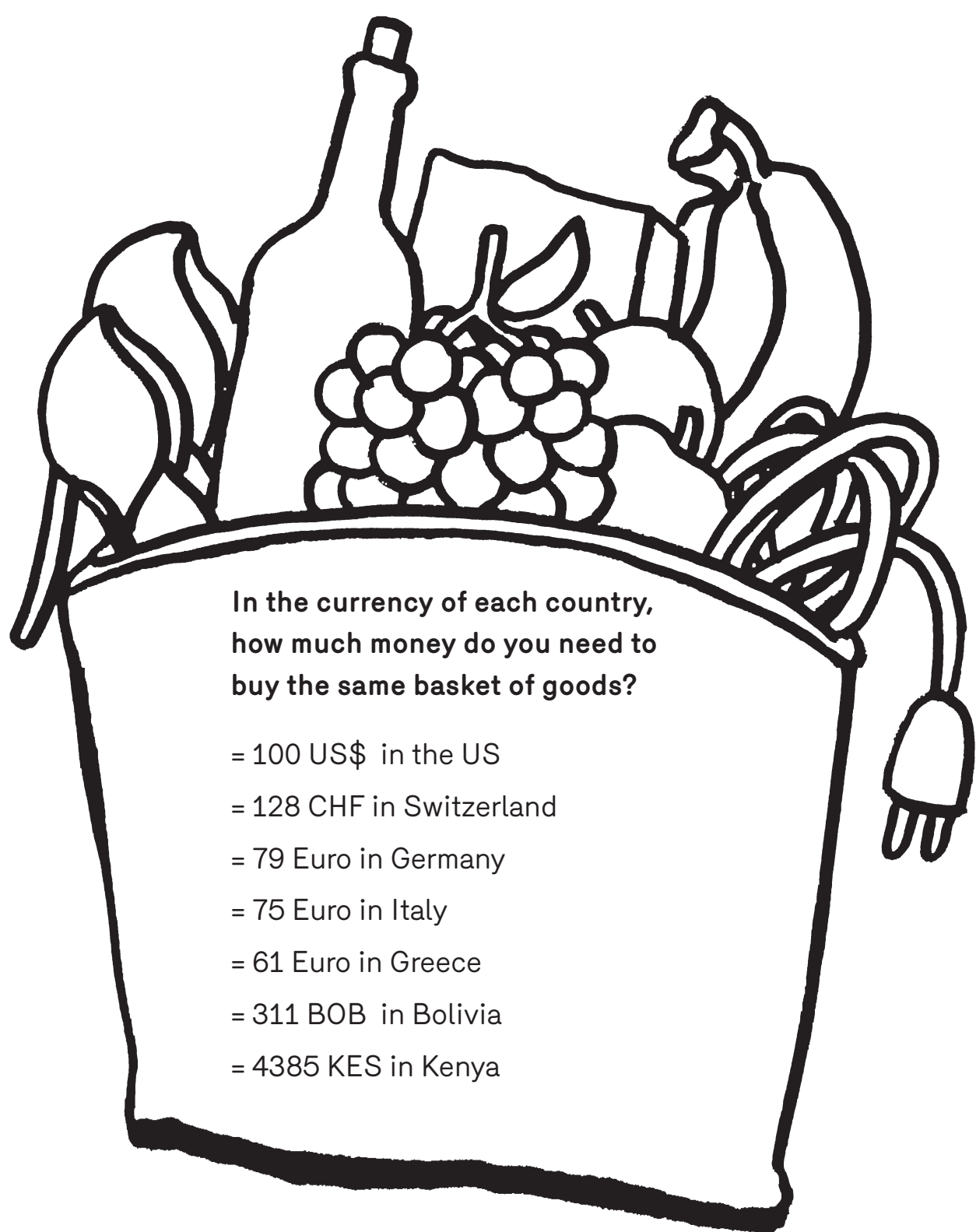


Extreme poverty means that people have to live with US\$ 1.90 per day or less. They can no longer afford the necessary nourishment and the vital requisites of everyday life.

MEASUREMENT

The World Bank describes those people that live in the US with less than US\$ 1.90 per day or US\$ 57 per month as living in extreme poverty. For each country this amount is adjusted according to power purchase.

Survival on this amount of money is almost impossible. Extreme poverty exists therefore almost exclusively in very poor countries.



POWER PURCHASE PARITY (PPP)

If a market basket of goods and services costs US\$ 100 in the US, in each country it is calculated how much money would be needed in their own currency to buy the same market basket: for example, 0.79 Euro in Germany or 311 BOB in Bolivia.

The same conversion formula is used to calculate extreme poverty in every country: Extreme poverty in the US is defined by having to live on less than US\$ 1,90 per day. In Germany this amounts to having less than 1.49 Euros and in Bolivia less than 5.91 in BOB.

Example Germany	Example Bolivia
Conversion = 0.786	Conversion = 3.11
US\$ 100 × 0.786 = 79 Euro	US\$ 100 × 3.11 = 311 BOB
US\$ 1.90 × 0.786 = 1.49 Euro	US\$ 1.90 × 3.11 = 5.91 BOB

Relative poverty describes poverty in comparison to a person’s respective social environment.

MEASUREMENT

Relative poverty is defined differently in each country. To measure relative poverty, a person’s available income is compared to the average income of the society in which they live.

For the measurement of poverty a minimum subsistence level is generally defined. On this basis it can be decided, for example, if somebody should receive social benefits.

