

Poverty & Equity Brief

Europe & Central Asia

Türkiye

April 2023

Two earthquakes of magnitude 7.7 and 7.5 struck southeast Türkiye in February 2023, affecting 11 provinces home to 16.4 percent of the country's population. In 2020, this region had hosted 39 percent of the country's poor and had an income-based poverty rate that was twice the national average. The economy is expected to grow in 2023 due to reconstruction efforts, but with a death toll of 48,000 people and an additional 1.2 million displaced, initial forecasts indicate a worsening of consumption-based poverty rate in 2023 by 0.4 percentage points in 2023. Previously, the modest positive GDP growth of 2020 (1.9 percent) was followed by fast growth in 2021 (11.4 percent) and 2022 (5.6 percent). Employment surpassed its pre-COVID levels across all demographic groups in 2022. The annual CPI inflation reached a 24 year high in October 2022 with 85.5 percent before tapering to 64 percent in December mainly due to base effects. On the other hand, minimum wage and average wage of registered employees grew by slightly more than that, so real income losses seem to be limited for workers that are formally employed. As a result, consumption-based poverty rate is projected to have declined in 2021 and 2022 to 11.4 and 10.6 percent respectively.

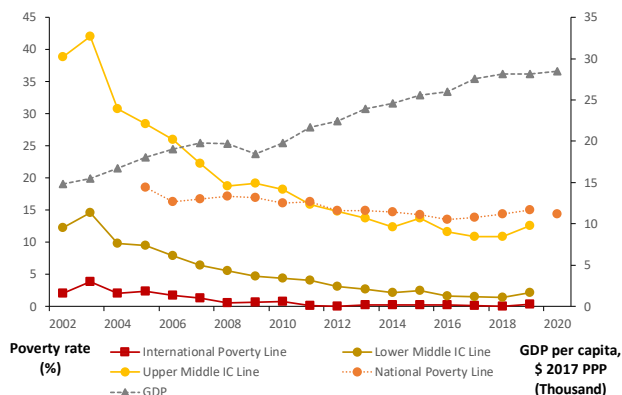
Türkiye witnessed nearly uninterrupted poverty reduction since the early 2000s, but this trend has decelerated, or levelled off, since the middle of 2010s. The economic downturn in 2018-2019 raised poverty rates (using consumption as welfare aggregate and UMIC poverty line) from 10.9 to 12.6 percent in 2019, creating about 1.5 million additional poor. Türkiye was hit by the COVID-19 pandemic shortly after, resulting in large job losses affecting mostly informal, low-skilled, and young workers. While Household Budget Survey, which contains consumption microdata, was not collected in 2020 and 2021, Survey of Income and Living Conditions (SILC) from the same years show that income-based poverty rate remained constant in 2020, mainly owing to increased government transfers offsetting the negative effects of declining labor and investment incomes.

Inequality has been on the rise in recent years. 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 2019. Income-based inequality remained unchanged in 2020, thanks to increased government transfers. There are signs of increasing inequality in 2022, due to factorial distribution of national income skewing towards gross operating surplus, compared to compensation of employees. The share of employee compensation in gross national income reached an all-time low in 2022 to 23.7 percent, compared to 31.3 percent in 2019. The fact that the earthquake impacted regions have poverty rates much higher than the national average is estimated to further exacerbate the inequality measures in 2023.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	12,008.6	14.4	2020
International Poverty Line 4.7 in Turkish lira (2019) or US\$2.15 (2017 PPP) per day per capita	301.0	0.4	2019
Lower Middle Income Class Poverty Line 8.1 in Turkish lira (2019) or US\$3.65 (2017 PPP) per day per capita	1,846.8	2.2	2019
Upper Middle Income Class Poverty Line 15.1 in Turkish lira (2019) or US\$6.85 (2017 PPP) per day per capita	10,528.3	12.6	2019
Multidimensional Poverty Measure		0.6	2019
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		0.85	2014-2019
INEQUALITY			
Gini Index		41.9	2019
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.62	2014-2019
GROWTH			
Annualized GDP per capita growth		2.73	2014-2019
Annualized Consumption Growth per capita from Household Survey		1.47	2014-2019
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.44	2014-2019

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of April 2023, and Global Monitoring Database for the rest.

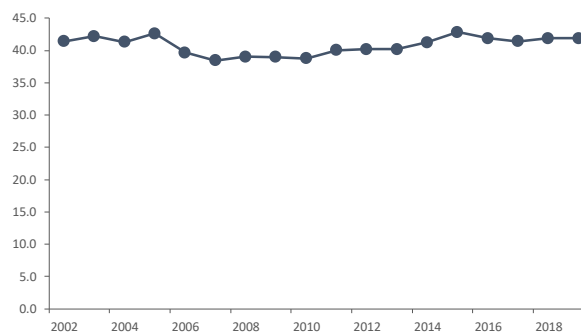
POVERTY HEADCOUNT RATE, 2002-2020



Source: World Bank using HICES/ECAPOV/GMD

INEQUALITY TRENDS, 2002-2019

Gini Index



Source: World Bank using HICES/ECAPOV/GMD

KEY INDICATORS

Distribution among groups: 2019	Upper Middle Income line (%)		Relative group (%)		Multidimensional Poverty Measures: 2019 (% of population)
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population					Monetary poverty (Consumption)
Rural population					Daily consumption less than US\$2.15 per person
Males	87	13	40	60	
Females	88	12	40	60	Education
0 to 14 years old	78	22	55	45	At least one school-aged child is not enrolled in school
15 to 64 years old	90	10	36	64	No adult has completed primary education
65 and older	93	7	30	70	
Without education (16+)	76	24	60	40	Access to basic infrastructure
Primary education (16+)	91	9	36	64	No access to limited-standard drinking water
Secondary education (16+)	91	9	36	64	No access to limited-standard sanitation
Tertiary/post-secondary education (16+)	99	1	11	89	No access to electricity

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 Türkiye was defined as \$4.30 per person per day for a welfare aggregate defined in terms of household income per capita. To calculate poverty in a year, these lines were converted to local currency using current PPP factors, which did not account for the effect of local inflation. Due to this methodological problem, the Turkish Statistical Institution (TURKSTAT) stopped publishing the absolute poverty rate in 2016. Since 2016, TURKSTAT started reporting a relative poverty rate, measured as the share of people living below a poverty line defined as 50 percent of the median of household income per equalized member size.

The World Bank monitors poverty in Türkiye and globally using international poverty lines. In the case of Türkiye and other upper-middle-income countries (UMIC), the poverty line is set at \$6.85 per capita per day and is expressed in 2017 PPP for international comparability for a welfare aggregate defined in terms of household consumption (or income) per capita.

Several surveys are conducted by the TURKSTAT on an annual basis, and the quality of data for monitoring poverty and shared prosperity is high. However, one of the main limitations of these surveys for welfare monitoring is that they do not cover vulnerable populations such as Syrian refugees. Due to the COVID-19 containment restrictions, the Household Budget Survey (HBS), which is used for consumption-based poverty estimation, was not collected in 2020 and 2021. The 2022 microdata is expected to be made available in Fall 2023.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

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.