

Poverty cycle/trap A circular chain trapping individuals/societies in poverty. E.g. Low incomes = low savings = low investment = low productivity = low incomes	Low development trap A circular chain trapping individuals/societies in to low development E.g. Low incomes = low levels of education and healthcare = low human capital = low productivity = low incomes
The poverty trap illustrates the inability to invest in capital (physical, human etc) due to low savings form a self perpetuating cycle. Current rates of economic growth are not sufficient to break out of this trap. Higher rates of economic growth are needed so that incomes and savings can increase, thus providing a pool of saving for entrepreneurs to withdraw and invest in capital equipment etc	
Absolute poverty A situation where a household's income is less than \$1.25 a day, or where a household's income is insufficient to purchase the minimum bundle of goods and services needed for survival.	Relative poverty When a household's income is insufficient to allow its member to participate in the normal social life of the country. Defined as household income below 50% of the median household income. Relative poverty exists in all countries.
Significant differences between Developing countries: • Differences in size and availability of natural resources • Climate • Political stability • Historical background • Education • Investment • Population • Finance	Millennium Development Goals These goals were adopted by world leaders in 2000 and the aim is that they will be achieved by 2015. 1. Eradicate extreme poverty and hunger 2. Achieve universal primary education 3. Promote gender equality and empower women 4. Reduce child mortality 5. Improve maternal health 6. Combat HIV/AIDS, malaria and other diseases 7. Ensure environmental stability 8. Develop a Global Partnership for Development
Real GDP per capita This is GDP adjusted for inflation calculated per person.	Real GNI per capita. This is GNI adjusted for inflation calculated per person.
GNI GNI measures the economic activity generated by factors of production owned by residents of a country (including the output of firms owned by domestic citizens, which are located in foreign countries, however, foreign owned companies located in the country are not counted).	Purchasing power parity Income per capita at PPP shows the level of consumption available to an average citizen of the country. It tends to be less expensive to live in poorer countries. As a result income figures at PPP tend to reduce the gap between richer and poorer countries.
Single Indicators (of economic development) 1. Real GDP per capita or real GNI per capita. 2. Health Indicators 3. Education Indicators	Composite Indicators Composite indicators include more than one measure of development and are therefore perhaps better indicators of development.