Progress and Pitfalls in the Fight against Global Poverty

Today marks the 25th anniversary of the International Day for the Eradication of Poverty, which was first observed in 1993.

It is a good time to reflect on major global poverty trends and their implications to help us advance the goal of poverty eradication.

(Poverty is a complex phenomenon and comes in varied forms. A principal definition that is comparable across countries is 'extreme poverty', defined as those living below $1.90/day in purchasing power parity terms. When we talk of global poverty, we usually mean extreme poverty, in the context of global development and in this article).

Trend 1: There has been tremendous progress on global poverty reduction.

When the first World Poverty Day was observed, global poverty stood at 34 percent of the total population, or nearly 1.87 billion people. Today, less than ten percent of the world is poor and the number of poor has gone down to 632 million. Put differently, in 1993, more than 3 out of every 10 people were poor; in 2018, less than 1 out of every 10 people is poor.
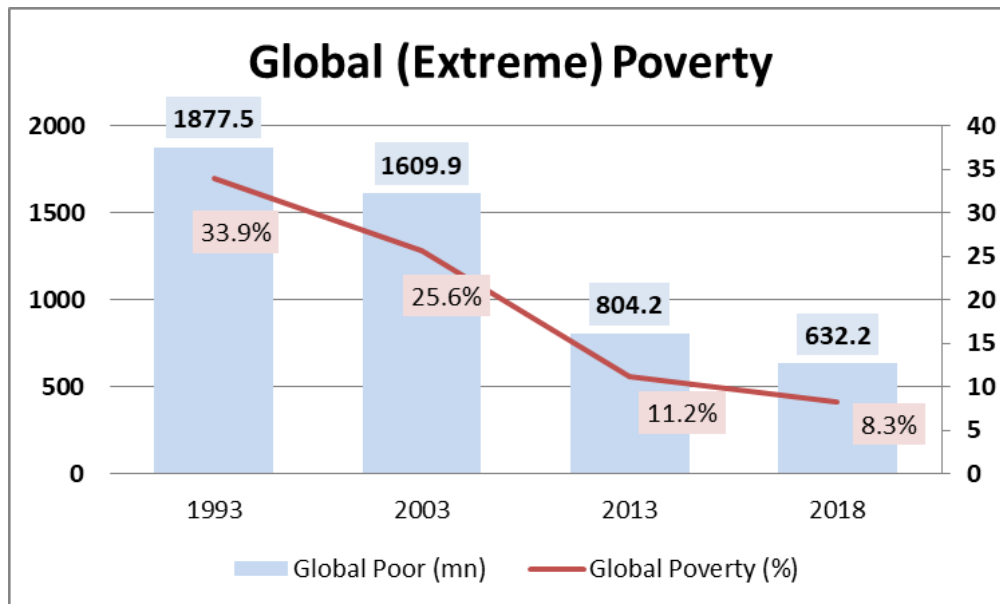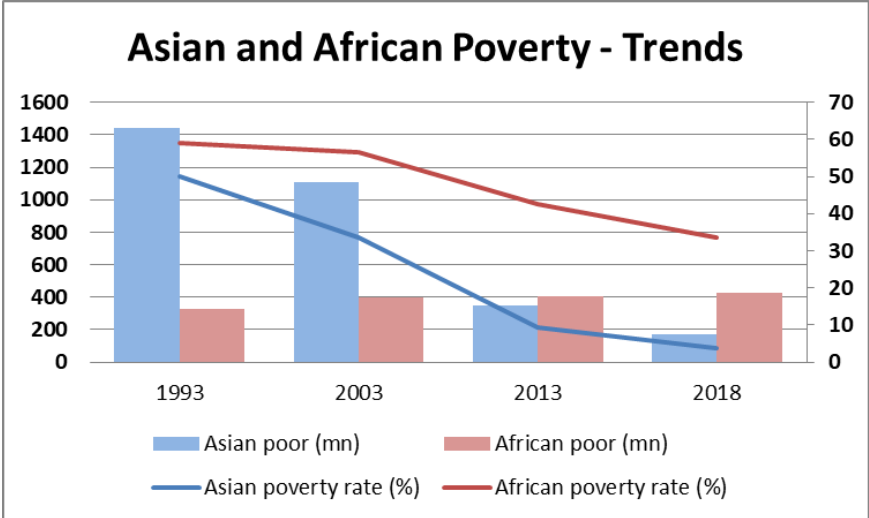

(Source: World Bank (2018), World Poverty Clock (2018)).

Overall, progress against poverty has been remarkable in the last twenty five years. This progress has led us to reasonably expect extreme poverty eradication by 2030 as called for in the first Sustainable Development Goal (SDG). (SDG1's headline target calls for eradication of extreme poverty, which is measured as less than 3 percent of the global population).

Trend 2: The geography of poverty is shifting rapidly from Asia to Africa. The concentration of poverty in Africa is a big pitfall in fight against poverty.

2018 marks the first year where Africa has more poor people than Asia. Historically, Asia has been the region with the largest number of poor people because of its share of the total population. It is estimated that about 429 million Africans are poor today (up from 327.3 million in 1993), compared to 170 million Asians (down from 1.4 billion in 1993).

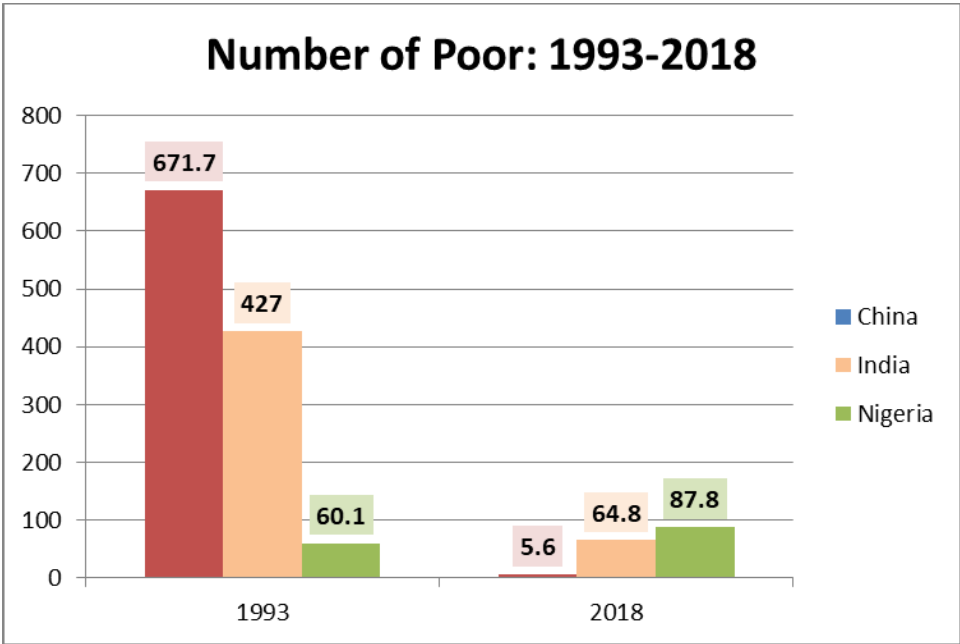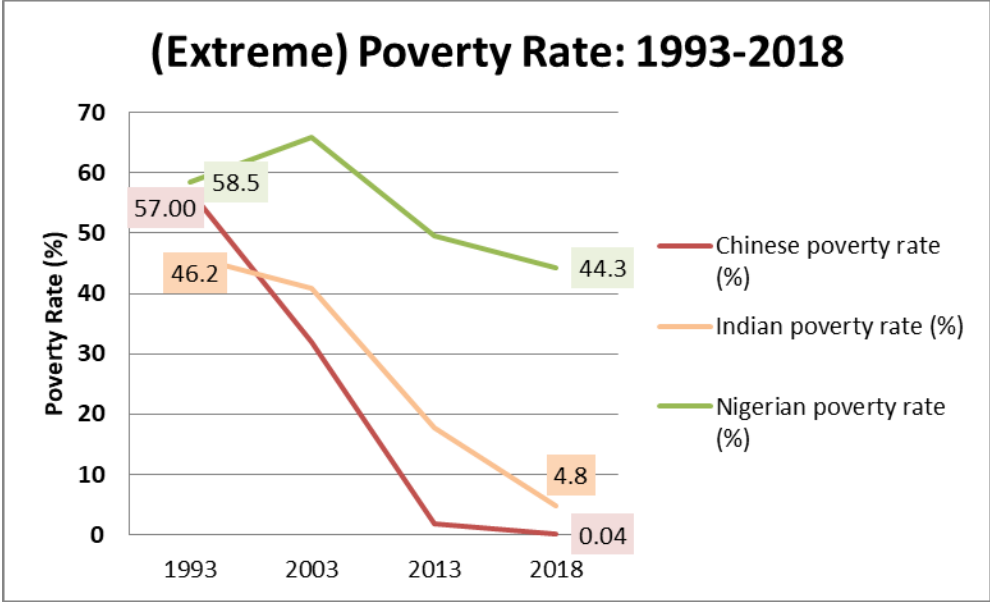(Source: World Bank (2018), World Poverty Clock (2018)).

This shift becomes even more pronounced when one considers that Africa still has less than a third of the total population of Asia. The last five years show a stark contrast in the poverty trajectories of the two regions: Asia's poor population went down by more than half from 2013 to 2018, while Africa's increased by about 25 million.
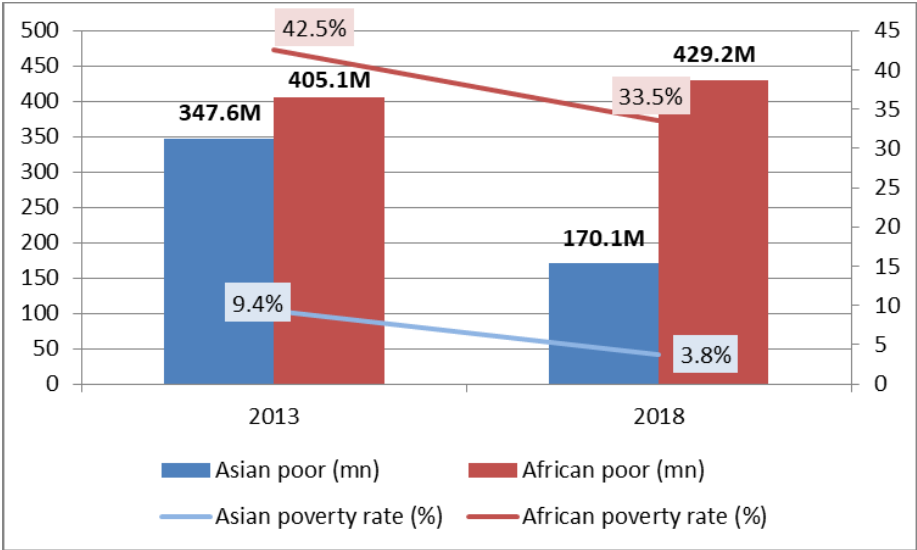
(Source: World Bank (2018), World Poverty Clock (2018)).

Trend 3: Within Africa, a number of countries show extremely high concentrations of poverty and lack of opportunity. The mix is potentially the biggest pitfall in the fight against poverty.

Nigeria is now home to the largest number of poor people, surpassing India this year, and it is followed closely by DRC. While Nigeria started with the same rate of poverty as China in 1993, around 60 percent, China has reduced the rate to less than 1 percent, while in Nigeria it has stagnated at about 45 percent.

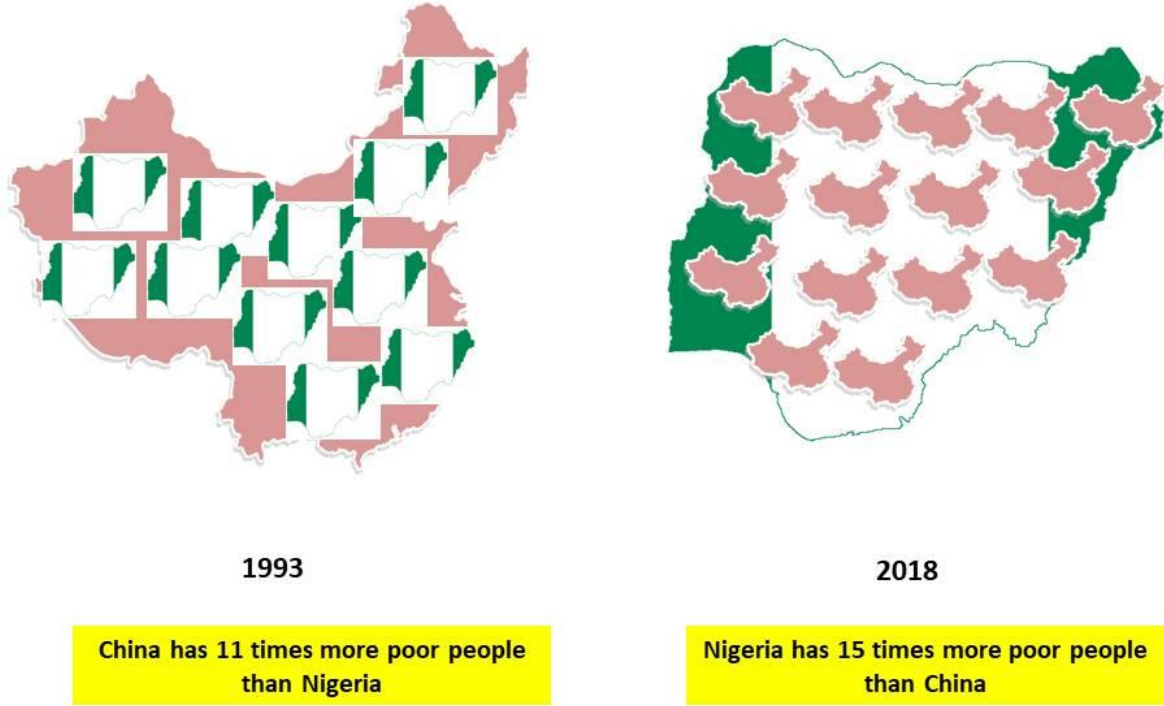(Source: World Bank (2018), World Poverty Clock (2018)).

China and India, and other developing countries, which have reduced poverty significantly, experienced high percent per capita growth rates over sustained periods (usually more than 5 percent). That growth was key to poverty reduction.

In contrast, Nigeria experiences negative per capita growth rates, which means that the population of Nigeria is growing faster than its economic wealth. (Per capita growth is just one proxy to show lack of opportunity, there are several other indicators that show the same result).

DRC and several other African countries with high poverty concentrations are experiencing the same low opportunity mix. For the first time in 25 years, we have the top poverty concentration countries experiencing virtually no growth. It is no surprise then that the world will likely not meet the extreme poverty eradication target by 2030.

Long-term impacts of low income growth on poverty are quite dramatic as the charts comparing China, India and Nigeria show.   Another way to look at the same numbers is relative population. In 1993, China and Nigeria had the same rate of poverty, but China was home to 11 times more poor people than Nigeria; the situation has reversed twenty five years later, when the number of poor in Nigeria is 15 times that of China.

(Extreme) Poverty: China and Nigeria

1993

2018

China has 11 times more poor people than Nigeria

Nigeria has 15 times more poor people than China

(Source: World Bank (2018), World Poverty Clock (2018)).

Trend 4: There is significant heterogeneity in poverty in Africa, and there are countries which have achieved remarkable progress and have lots of opportunity.

Within Africa, there are several countries that have high per capita growth – some surpassing even China.

Ethiopia is one such example, where the poverty rate and total number of poor have been reduced substantially. Here we compare progress on poverty (or lack thereof) using Ethiopia and the Democratic Republic of Congo, to show that the geography of poverty within Africa is also very dynamic.
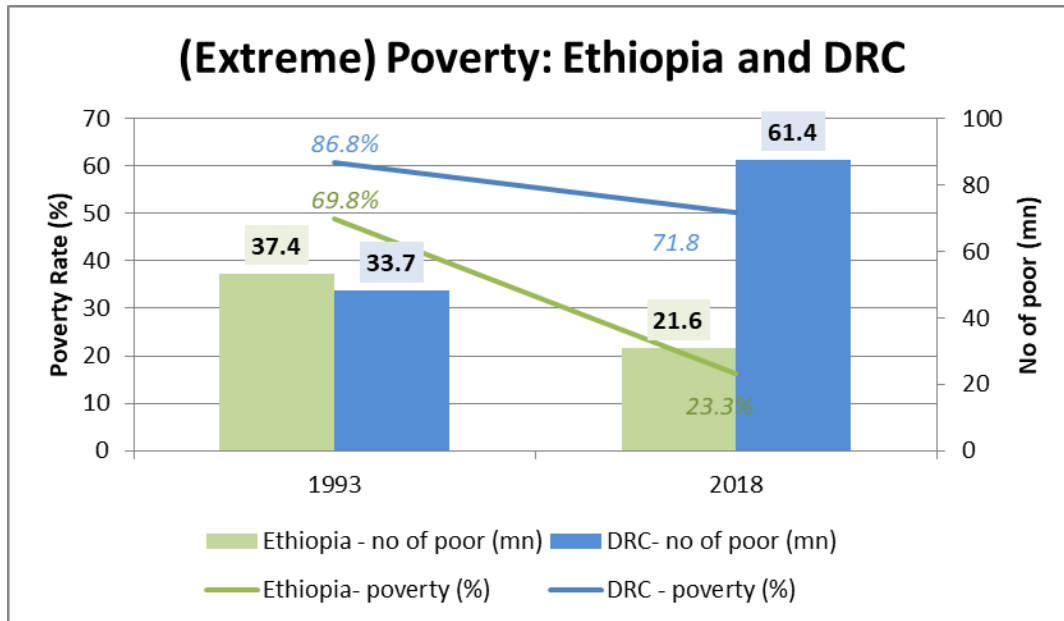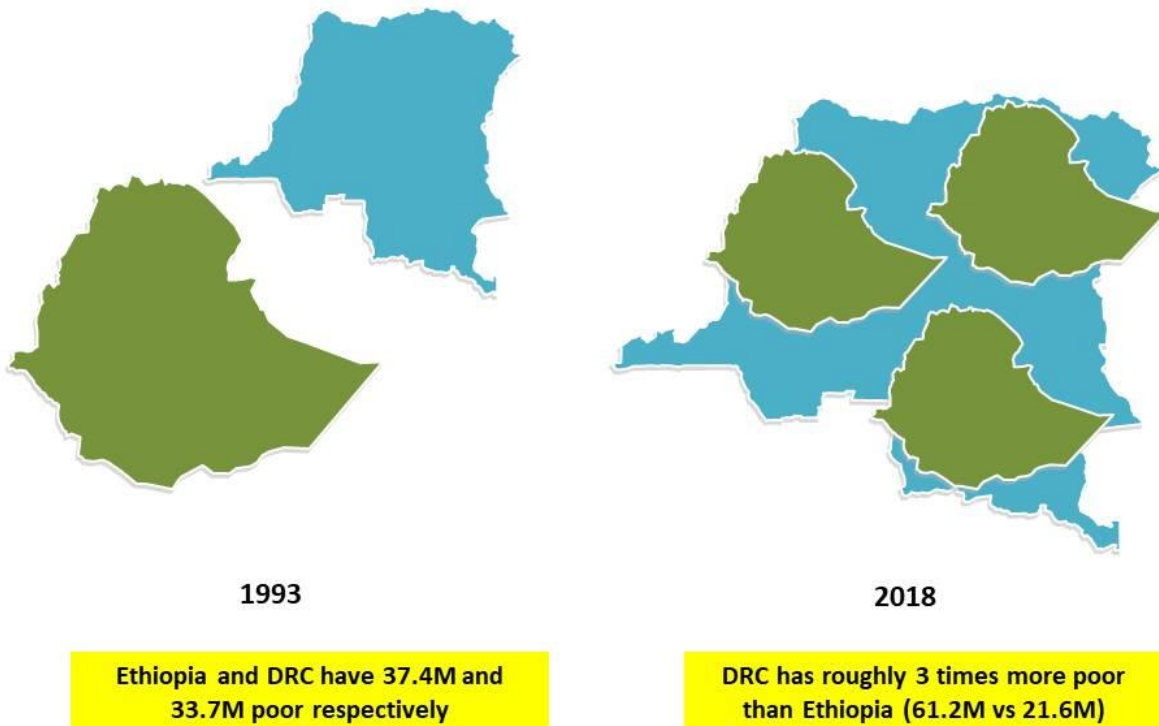

(Source: World Bank (2018), World Poverty Clock (2018)).

Ethiopia and other African countries show that national policies are a major factor enabling (or disabling) poverty reduction, via sustained periods of economic growth – in Ethiopia's case per capita growth is higher than the Chinese average, according to the World Bank - confirming what numerous studies have documented in other contexts holds.

The Ethiopian and DRC comparison helps show a contrast among African growth and poverty reduction experiences, within the region.

(Extreme) Poverty: Ethiopia and DRC

1993

2018

Ethiopia and DRC have 37.4M and 33.7M poor respectively

DRC has roughly 3 times more poor than Ethiopia (61.2M vs 21.6M)

(Source: World Bank (2018), World Poverty Clock (2018)).

Of course, the real story of poverty occurs at the sub-regional and household levels and we have surveys monitoring this data; unfortunately comparable results are not released, or if they are, they are not timely.

The teams at World Poverty Clock need to be commended for their timely release and updates of poverty data, and projections forward. They provide a separate an independent source to verify the World Bank's official data, which lags by three to five years.

As the world looks to 2030, and the goal of eradicating extreme poverty, one major trend is to support and sustain both existing and new tools to monitor poverty – such as those of the World Bank and World Poverty Clock, and others. This would help raise awareness about poverty, help policy-makers and citizens get evidence on poverty and enable the targeted policies and investments to combat poverty.

We look forward to a new trend of multiple poverty measures and tools, which can track poverty in real time at the sub-national or household level; so that we can win the fight again poverty sooner by landing the right punches and avoiding its pitfalls.