National poverty trends

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Economic poverty trends: Global, regional and national

Poverty is complex and can be measured in different ways. This factsheet unpacks key terms and outlines global, regional and national trends in economic poverty.

This factsheet (updated in February 2023) provides an overview of poverty trends at the global, regional and national levels. It unpacks the terminology used to describe poverty and explains how it is measured. Measuring poverty is vital because it supports action to improve the lives of people currently living in poverty and those at risk of experiencing poverty in the future. It provides the information required to support better decision-making, influence policy outcomes and increase accountability.

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Key Fac



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Inequality – Bridging the Divide

Today, wherever people live, they don't have to look far to confront inequalities. Inequality in its various forms is an issue that will define our time. Confronting inequalities has moved to the forefront of many global policy debates as a consensus has emerged that all should enjoy equal access to opportunity. 'Leave no one behind' serves as the rallying cry of the 2030 Agenda for Sustainable Development.China and India

Overall, since the 1990s total global inequality (inequality across all individuals in the world) declined for the first time since the 1820s. Reinforcing this trend, we have mostly seen income inequality between countries decline. Yet income inequality within countries has risen, this is the form of inequality people feel on a daily basis.

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Inequalities are not only driven and measured by income, but are determined by other factors - gender, age, origin, ethnicity, disability, sexual orientation, class, and religion. These factor of s determine inequalities of opportunity which continue to persist, within and between countries. In some parts of the world, these divides are becoming more pronounced. Meanwhile, gaps in newer areas, such as access to online and mobile technologies, are emerging. The result is a complex mix of internal and external challenges that will continue to grow over the next twenty-five years.

Income inequality between countries has improved

For the most part we have seen income inequality between countries improve **in the last 25 years**, meaning average incomes in developing countries are increasing at a faster rate. This can be accredited to **strong economic growth** in China and other emerging economies in Asia. However, the gap between countries is still considerable. For example, the average income of people living in North America is **16 times higher** than that of people in sub-Saharan Africa.

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Income inequality within countries is getting worse Income inequality between countries has improved, yet income inequality within countries has become worse. Today, **71 percent** of the world's population live in countries where inequality has grown. This is especially important because inequalities within countries are the inequalities people feel day to day, month to month, year to year. This is how people stack up and compare themselves with their neighbours, family members, and society. Since 1990, income inequality has increased in most developed countries and in some middle-income countries, including China and India.

While **inequality has gone up** in the majority of countries over the past three decades, it has fallen in a few. In Latin America and the Caribbean, there has been a considerable decline, although levels remain high. In Africa and Asia, trends have been more varied, with greater similarities between emerging economies or landlocked developing countries, and between rural or urban areas, than within regions.

The very top

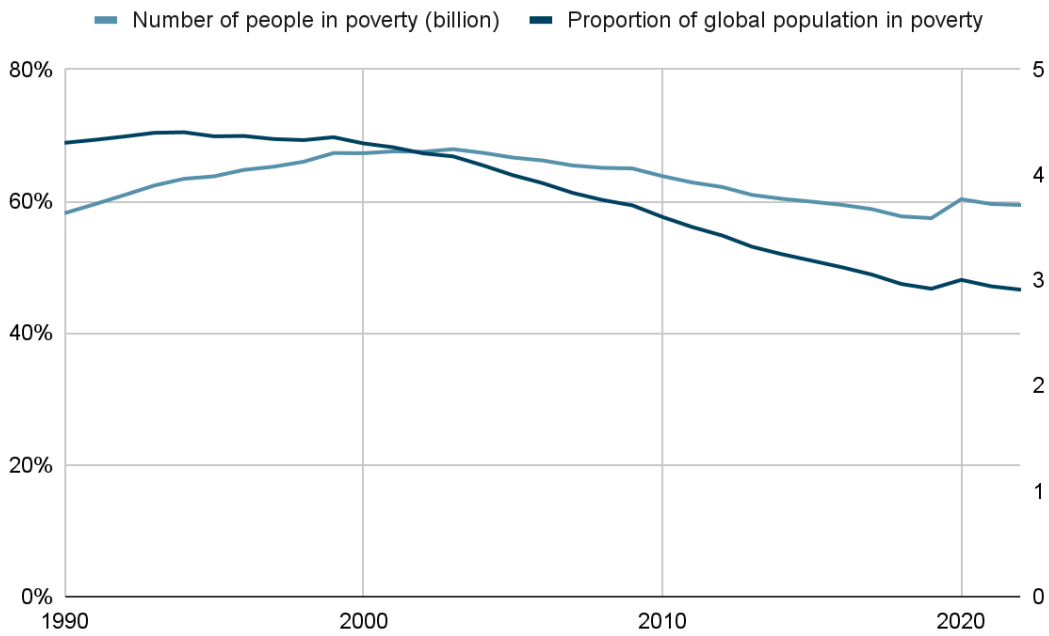
Despite progress in some regions, income and wealth are increasingly concentrated at the top. An Oxfam report shows that in the 10 years since the financial crisis, the number of billionaires has

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nearly doubled, and the fortunes of the world's super-rich have reached record levels. In 2018, the **26 richest people** in the world held as much wealth as half of the glob



al population (the 3.8 billion poorest people), down from 43 people the year before.

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This matters because rapid rises in incomes at the top are driving and exacerbating within country income inequality. From 1990 to 2015, the share of income going to the top **1 per cent** of the global population increased in 46 out of 57 countries with data. Meanwhile, in more than half of the 92 countries with data, the bottom **40 per cent** receive less than 25 per cent of overall income.

In your society, who you are, matters

There are also inequalities within communities – and even families. Up to **30 per cent** of income inequality is due to inequality within households. When it comes to women and girls, progress is uneven. In many ways gender inequalities have been shrinking – the **gender pay gap**, for instance, has decreased for some women in certain occupations over the last couple of decades. However, at the same time, women and girls put in **12.5 billion hours of unpaid care work** each and every day — a contribution to the global economy of at least $10.8 trillion a year, more than three times the size of the global tech industry.

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Groups such as indigenous peoples, migrants and refugees, and ethnic and other minorities continue to suffer from discrimination, marginalisation, and lack of legal rights. This is pervasive across developing and developed countries alike and is not tied to income. For example, social protection has been significantly extended globally, yet persons with disabilities are **up to five times more likely** than average to incur catastrophic health expenditures. Additionally, a UNDESA report found that at the current rate of progress observed from the 1990s to the 2010s, it will take more than four decades to close the stunting gap between ethnic groups.

More than income

The measurements and impacts of inequality go far beyond income and purchasing power. Inequalities of opportunity affect a person's life expectancy and access to basic services such as healthcare, education, water, and sanitation. They can curtail a person's human rights, through discrimination, abuse and lack of access to justice. In 2018, we saw the world's **12th consecutive year of decline** in global freedom, with 71 countries suffering net declines in political and civil liberties.

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High levels of inequality of opportunity discourage skills accumulation, choke economic and social mobility, and human development and, consequently, depress economic growth. It also entrenches uncertainty, vulnerability and insecurity, undermines trust in institutions and government, increases social discord and tensions and trigger violence and conflicts. There are growing evidence that high level of income and wealth inequality is propelling the rise of nativism and extreme forms of nationalism.

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In addition, the evolution of issues such as **climate change**, **technology**, and urbanisation raise urgent policy challenges. For example, climate change is exacerbating environmental degradation, increasing the frequency and intensity of extreme weather events, and by no means impacting people uniformly. If climate change continues unaddressed it will **increase inequality within countries** and may even reverse current progress in reducing inequality between countries. Meanwhile, technology can be a great equaliser – by enhancing connectivity, financial inclusion, access to trade and public services, for instance – but those yet to be connected may experience further **marginalisation** as a result, especially as **progress is slowing**, even reversing, among some constituencies. With a global trend toward urbanisation, cities are becoming a growing site for inequalities. They find high levels of wealth and modern infrastructure coexist with pockets of severe deprivation, often side by side. This makes gaping and increasing levels of inequality all the more glaring within cities.

Tackling inequalities

Rising inequality is not the only way forward. For example, between 2010 and 2016, the incomes of the **poorest 40 percent of the population** grew faster than those of the entire population in 60 out of 94 countries with data. This shows inequality is neither inevitable nor irreversible. skibi

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There is a clear need to pursue inclusive, equitable, and sustainable growth, ensuring a balance among economic, social, and environmental dimensions of sustainable development. However, inequality takes many forms and varies significantly across countries. While **Goal 10 of the Sustainable Development Goals** (SDG 10) and its targets provide a framework, the fight against inequality must be rooted in country-contexts, economic imperatives, and political realities. There is no scope for a one-size fits all approach, and national policies and institutions matter.

Global poverty trends

- The global share of people experiencing extreme poverty – those living on less than $2.15 a day (2017 purchasing power parity (PPP))[1] – decreased consistently between 1990 and 2019. This downward trend changed in 2020. The Covid-19 pandemic, inflation,

[1] Unless otherwise indicated, all dollar amounts are reported in 2017 PPP. DI's blog on the 2022 update to the extreme poverty line provides detailed discussion of PPPs and poverty measurement.

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recession, conflict and climate change are estimated to have slowed and in some cases reversed the course towards poverty eradication, putting the goal to end extreme poverty by 2030 out of reach. Estimates for 2022 indicate that poverty rates have likely returned to 2019 levels, with about 682 million people (8.5% of the world population) living in extreme poverty.

- The World Bank has also established poverty lines for lower middle-income countries (LMICs) at $3.65 per person per day and for upper middle-income countries (UMICs) at $6.85 per person per day. The number of people living in

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poverty as measured by the LMIC poverty line of $3.65 and the UMIC poverty line of $6.85 increased between 1990 and 1999, but then fell until the onset of the pandemic in 2020, when numbers increased. In 2022, we estimate that 1.85 billion people (26% of the global population) lived below the threshold of $3.65 a day and 3.71 billion (46% of the global population) lived below the threshold of $6.85 a day.

Regional poverty trends

- Extreme poverty is increasingly concentrated in Sub-Saharan Africa. In 1990, 13% of people who were living in extreme poverty lived in the region; in 2022, an estimated 62% of people living in extreme poverty live in Sub-Saharan Africa.

- The proportion of people living in extreme poverty in the East Asia and Pacific region has significantly decreased in recent decades. In 1990, 53% of people living in extreme poverty lived in East Asia and the Pacific; this contrasts with only 4% in 2022.
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Underlying data and limitations

- In September 2022, the World Bank updated the extreme poverty line from $1.90 per person per day (2011 PPP) to $2.15 per person per day (2017 PPP). In most countries this change did not substSmall-scale farmers are highly vulnerable to current climate and climate change, with medium to high exposure to most climate stressors (Annex 2). Crop production is highly sensitive in addition to being exposed, owing to current management practices, while adaptive capacity to reduce vulnerability is low when assessed for farmersantively change the number or proportion of people living in extreme poverty. The update is based on more recent 2017 PPP data on prices in different economies around the world. Our blog explains the impact of revised PPP on measuring poverty.

- While the underlying data behind these calculations, sourced from the World Bank, has remained the same for many years, this year some important new data sources have been included. The World Bank recently took the extraordinary step of using data from a private Indian firm instead of official data from India; this was due to a lack of validated official national data. While the additional data coverage for such a large country is helpful for increasing coverage, only national statistical offices can truly have the accountability needed for international data estimates to be sustainable.

- Though useful, internationally comparable poverty estimates should not be understood in isolation. The financial lives of people living in poverty are volatile and complex. To support people's basic needs, their incomes, consumption, debts, savings and in-kind support must be carefully managed. The household survey data that we typically use to derive poverty estimates can only provide a very superficial understanding of this reality at a point in time. It also tends to miss particularly vulnerable groups who are not included in surveys, such as those who are homeless or incarcerated, and surveys are

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  often several years out of date. Moreover the international poverty lines calculated here are different from national poverty lines, which are based on standards of living and relative incomes in the national context.

- Economic poverty estimates should be completed with multidimensional poverty data on people and their lives. It is vital that sources draw on nationally owned data that supports the strengthening of national data ecosystems to comprehensively measure poverty and inequality in a way that can directly inform decision-making.

Introduction

What does it mean to live in poverty?

People living in poverty are among the most vulnerable in society: as well as a lack of resources, the poorest families on average also experience higher infant mortality, higher stunting in children and lower educational attainment. Ending poverty and improving the livelihoods of the poorest people requires that policymakers are able to access accurate information regarding who is living in the greatest poverty, where and why.

The first Sustainable Development Goal (SDG 1: "End poverty in all its forms everywhere") conveys the broad consensus in international development policy that poverty is multidimensional. It explicitly recognises that poverty can look different in different places. Ending poverty is only one of the SDGs. It complements 16 other SDGs that tackle a range of diverse needs, from educational outcomes to environmental sustainability, that must be met for people and communities to enjoy decent lives, and for places to progress.

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Nevertheless, a multidimensional approach should not detract from recognising the centrality of money when understanding what poverty means for individuals and communities. When poverty is discussed as a social problem it is closely associated with economic constraints. This has formed the basis of a common international narrative that means, for example, that a person who has poor health or social outcomes but a high income, would not be considered to be living in poverty.

As a result, understanding levels, distributions and trends of economic poverty, as measured by the financial resources people have to meet their basic needs, is central to understanding people's experiences and where poverty reduction efforts should be targeted.

How is economic poverty measured?

Economic poverty can be defined by a fixed value (absolute poverty) or by a value in relation to the rest of the population (relative poverty). Absolute poverty is measured by a minimum amount of money required to meet basic needs, known as a poverty line. A person is considered to be living in poverty if their income, consumption or wealth falls below this line. In contrast, relative poverty is determined in relation to the economic status of other people: a person is living in poverty if their income, consumption or wealth is significantly below the average of the rest of the population. This places them in the proportion of the population living in the greatest poverty.

The international standard for measuring poverty is the extreme poverty line, a measure of absolute poverty with a threshold equivalent to $2.15 per person per day. Many have argued that the extreme poverty line is too low. Two more poverty lines are also used internationally: $3.65 and $6.85 per person per day. The World Bank describes the $2.15 line as "typical" of national poverty lines for low-income countries (LICs), while the $3.65 and the $6.85 lines are

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described as "typical" for LMICs and UMICs respectively. Countries also adopt their own national poverty lines to reflect what poverty looks like relative to average incomes in a country. The extreme poverty line of $2.15 is standardised across countries using PPP currency conversions. PPP conversions reflect the real buying power of a currency, so that the value of the $2.15 line reflects the same local value of goods and services in different countries at different times.

International poverty is measured using data available from national household surveys, which capture population income and/or consumption data. The World Bank's Poverty and Inequality Platform (PIP), a global repository for poverty data, contains data from over two million surveyed households, for 168 economies, for the period 1981–2021. Data from the PIP and national sources is used to generate international, regional and national poverty measures, and track poverty over time. However, there are data limitations due to factors including: household surveys often failing to capture data from vulnerable groups of people (including people not living in 'households', such as unhoused populations); the inability to disaggregate data within households; and the time delay (sometimes years) between collecting data and it being available for analysis.

There are many other complementary measures for poverty beyond income, which recognise the multidimensionality of poverty. Measures that document people's health, education, the quality of their housing or their rights as citizens can be used alongside economic measures.

Global poverty trends

While extreme poverty fell back to pre-pandemic levels in 2022, it is now well off track to meet the SDG to end extreme poverty by 2030.

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In 1990, it was estimated that 2.0 billion people were living below the extreme poverty line – 38% of the world population at the time. Poverty reduced during the Millennium Development Goals' (MDGs) era (between 2000–2015 especially), demonstrating the power of concentrated global efforts; in fact, the goal (to reduce extreme poverty by half) was achieved in 2011, four years ahead of schedule.

In 2019 (the most recent year for which global estimates from the World Bank are available), 660 million people were living in extreme poverty – 8.5% of the world population. In 2020, that number increased and was estimated to be at 733 million; in 2022, it was estimated to have decreased to 682 million.

Figure 1: The number of people in extreme poverty has more than halved since 1990, but 8.5% of the world's population are still living below the $2.15 poverty line.

Source: Development Initiatives based on World Bank PIP, Mahler et al. 2022, UN World Population Prospects and IMF World Economic Outlook. Forecasts begin in 2020.

In 2022, 1.8 billion people were living on less than $3.65 a day, 46 million more people than in 2019.

The number of people living on less than $3.65 a day increased between 1990 and 1999 (mostly attributable to rapid population growth in LICs and LMICs) but then fell between 1999 and 2019. However, it is estimated to have increased by about 160 million between 2019 and 2020. Estimates for 2022 suggest that 46 million more people were living on less than the $3.65 poverty line than in 2019. As of 2022, 23% of the global population (1.8 billion people) were living on less than this threshold.

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In 2022, 4.2 billion people were living on less than $6.85 a day, 124 million more people than in 2019.

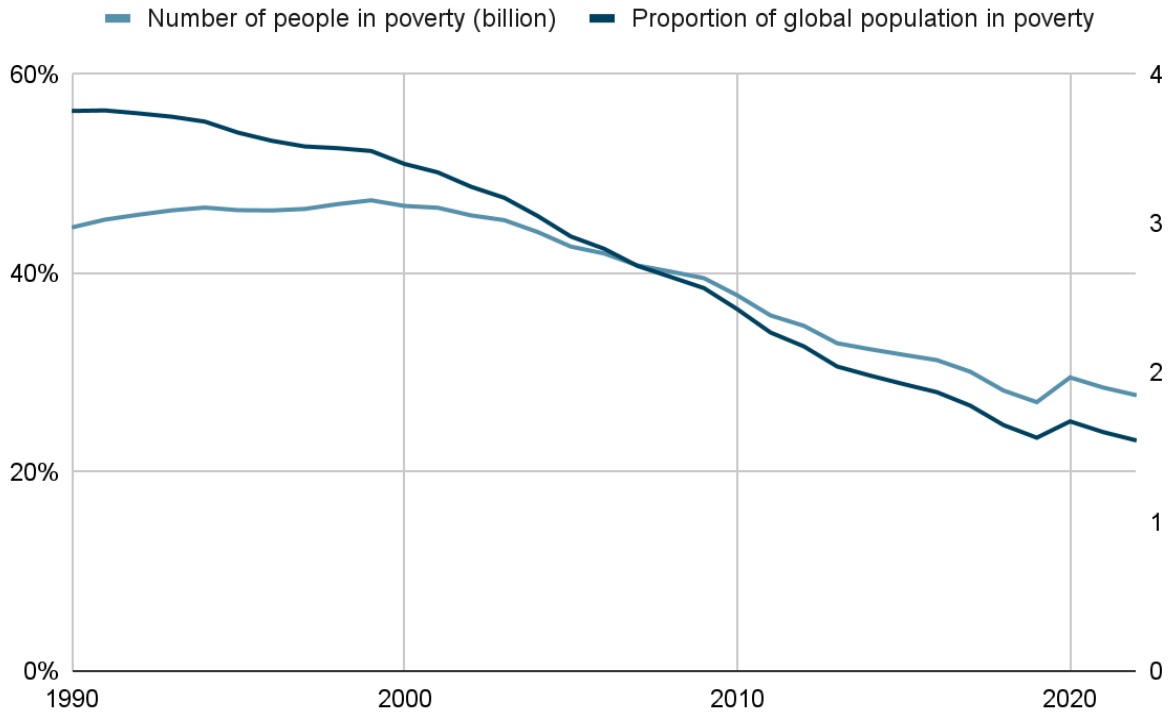
Between 1990 and 2003, the number of people living on less than $6.85 a day increased, rising from 3.6 billion to a peak of almost 4.2 billion. From 2003, the number of people living below the $6.85-a-day line decreased until 2020 when the impact of Covid-19 pushed 179 million more people below that line. Poverty rates rebounded slightly in 2021 and 2022 but not fully. In 2022, there were still 124 million more people below the $6.85-per-day threshold than in 2019. In 2022, about two fifths of the world's population (47%) lived on less than $6.85 a day.
Share chart

Figure 2: Over one fifth of the global population remains below the $3.65 poverty line.

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Source: Development Initiatives based on World Bank PIP, Mahler et al. 2022, UN World Population Prospects and IMF World Economic Outlook. Forecasts begin in 2020.

Share section

Figure 3:Almost half of the global population is below the $6.85 poverty line.

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Source: Development Initiatives based on World Bank PIP, Mahler et al. 2022, UN World Population Prospects and IMF World Economic Outlook. Forecasts begin in 2020.

Regional poverty trends

While at a global level extreme poverty declined between 1990 and 2019, this trend did not occur everywhere. Both the proportion and number of people living in extreme poverty (below the $2.15 threshold) has decreased in most regions of the world since 1990. However, there are stark regional differences in the rates of change that alter the global distribution of where the most people are living in poverty.¬

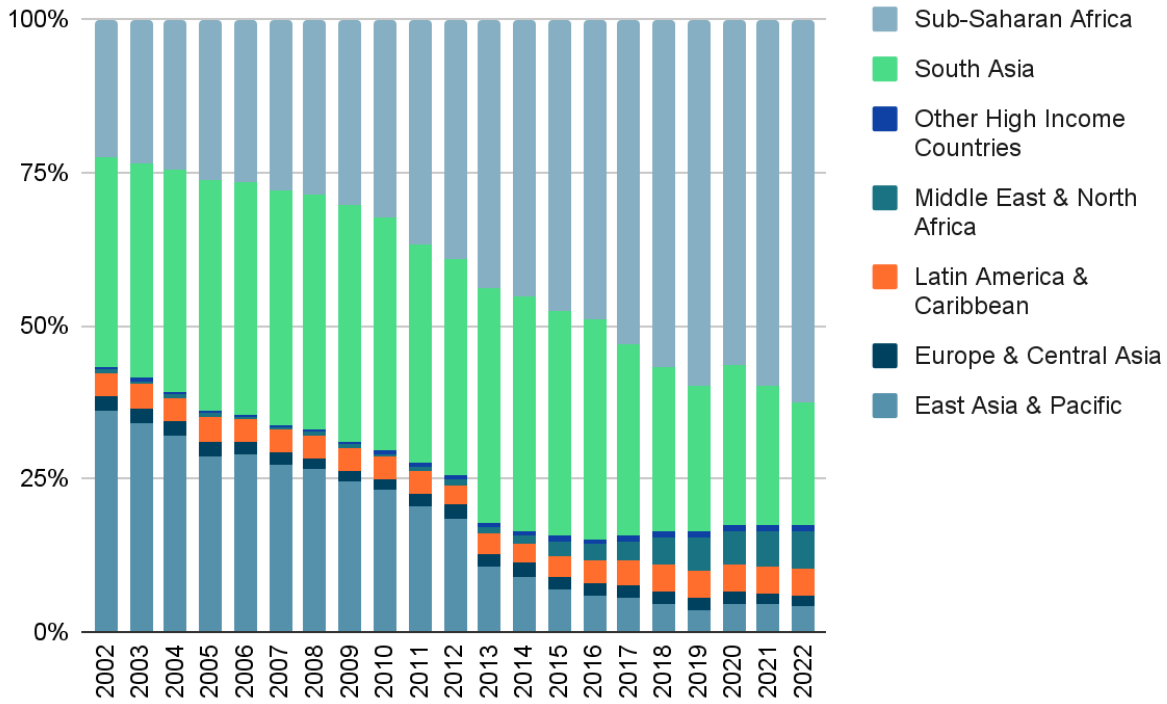
Share chart

Figure 4: The global share of people in extreme poverty living in countries in Sub-Saharan Africa increased from 15% in 1990 to 56% in 2015.

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In 1990, 53% of the global population experiencing extreme poverty lived in countries in the East Asia and Pacific region; in 2022 they represented 4%.

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Since 1990, there has been a significant reduction in the number of people living in extreme poverty in the regions of East Asia and Pacific, Latin America and the Caribbean, and South Asia. East Asia and the Pacific has experienced the greatest change: in 1990, the region was home to 53% of the world's people living in extreme poverty (over 1 billion people), but by 2022 this had dropped to 4% (29 million people). This rate of poverty reduction is unmatched anywhere else in the world, with the extreme poverty rate within East Asia dropping from 65% to 1% in this period. This poverty reduction was accompanied by high levels of human capital growth, due to advances in health and education, and high levels of GDP growth.

Extreme poverty is increasingly concentrated in countries in Sub-Saharan Africa.

The proportion of the population living in extreme poverty in Sub-Saharan Africa fell over the past three decades from 53% in 1990 to 35% in 2022. However, this represents the slowest decline among world regions. Africa's population has grown at a faster rate than any other region since 1992, contributing to the number of people living in poverty increasing from 275 million in 1990 to 426 million in 2022. As a result, over 62% of the global population experiencing extreme poverty (living on less than $2.15 a day) live in Sub-Saharan Africa.
Share section

National poverty trends

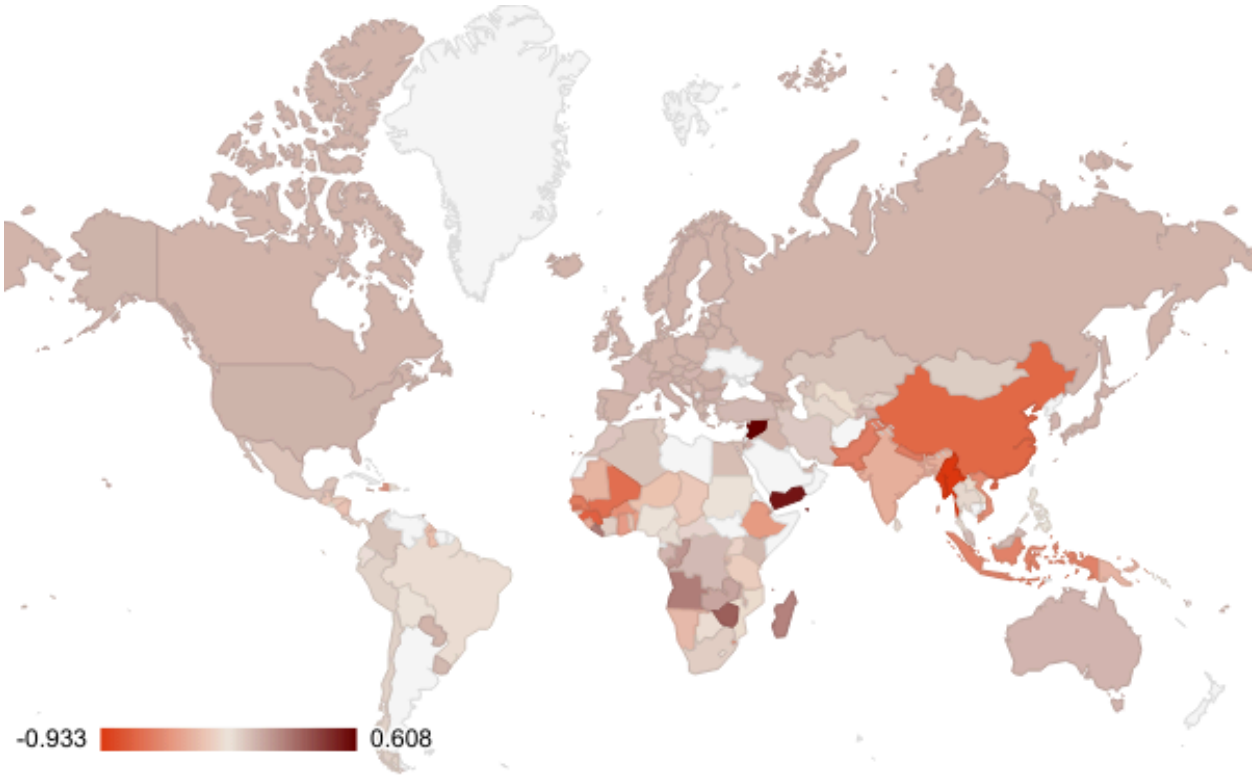
Just as global trends of the proportion of people living in extreme poverty mask regional differences, regional trends in extreme poverty mask differences in progress made at the national level. Although most countries worldwide have seen a decrease in the number of people living in extreme poverty since 1990, in 37 countries levels of extreme poverty have remained constant or increased. Share chart

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figure 5: In 2022, the proportion of people living in extreme poverty was lower in 122 countries than it was in 1990, but the proportion of people experiencing extreme poverty increased or stayed the same in 37 countries.



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Source: Development Initiatives based on World Bank PIP, IMF World Economic Outlook, Mahler et al. 2022, and UN World Population Prospects. The boundaries and names used for countries and regions do not imply official endorsement or acceptance by Development Initiatives Poverty Research Ltd.

China and India have experienced the greatest reductions in people living in extreme poverty, with over a billion of their citizens moving out of extreme poverty since 1990.

Rapid economic growth in economies with the largest populations has been a key factor in global poverty reduction. In 1990, China and India were home to just under 1.2 billion people living in extreme poverty – over 61% of the people experiencing extreme poverty in the world at that time. By 2022, it was estimated that less than 117 million people in the two countries were living in extreme poverty: a huge reduction. However, while China essentially eliminated extreme poverty in 2017 (with rates at 0.1%), about 8.2% of India's population remained below the extreme poverty line in 2022.

Extreme poverty has increased in most countries in Sub-Saharan Africa: three of the four largest increases are in the DRC, Madagascar and Nigeria.

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While more than half of the 44 countries in Sub-Saharan Africa with available poverty-trend data have experienced a reduction in people living in extreme poverty since 1990, 18 have experienced an increase. Guinea lifted 74% of its population from extreme poverty between 1990 and 2022, while other countries in the region confronted factors that make poverty reduction difficult, such as conflict and political instability. In Zimbabwe, for example, the headcount of people living in extreme poverty increased by 29% between 1990 and 2022.

Rises in the numbers of people experiencing extreme poverty were most acute in the DRC, Madagascar, Yemen and Nigeria (although the proportion of the DRC and Nigeria's populations living below the extreme poverty line reduced during the same period). Population growth and the unequal distribution of economic gains have led to a steady rise in the number of people living in poverty in many economies in Africa, despite general economic expansion.

Using our model, which assumes that shocks to GDP were equally distributed since the last household survey was conducted, we estimate that Nigeria has 7.5 million more people living in extreme poverty in 2022 than in 2019, followed by the Philippines with an increase of 6.4 million more people living in extreme poverty, and the DRC with 6.0 million additional people experiencing poverty.

Improving data for ending poverty

Economic poverty (defined by the extreme poverty line) represents a global measure for assessing individual needs. Ending extreme poverty by 2030 is a principal target of the SDGs and significant progress has been made in reducing economic poverty globally since 1990. However, current measures of global poverty are incomplete in several important ways, for example: data is measured at a household level, masking differences in poverty within households; some countries have no data in the PIP at all (such as Afghanistan, Libya and the

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Democratic People's Republic of Korea (DPRK)); and poverty measured by a threshold line does not consider the living standards of the people living in the greatest poverty (those with the lowest expenditure or income).

Additionally, using surveys to create a global summary for all countries presents considerable challenges. Countries' circumstances, consumption patterns, and economic patterns can significantly vary. For many countries, surveys are infrequent, national statistical offices are under-resourced, and estimating PPP remains challenging – especially in 2022 and 2023 when inflation and prices have been particularly volatile.

The data used in this factsheet (the most recent globally comparable poverty data) is incomplete, and is not updated frequently (the most recent update was for 2019). This means that essential poverty data remains out of date as we enter the decade of delivery for the SDGs. Timeliness of data must improve if we are serious about monitoring the progress of the SDGs.

Measuring other forms of poverty

Economic poverty is just one measure of the needs of the people living in the greatest poverty: poverty can also be social, nutritional, cultural or multidimensional. The global definition of extreme poverty does not directly measure these other factors.

The first goal of the SDGs – ending poverty in all its forms everywhere – requires a better understanding and reporting of economic, social, nutritional and cultural needs and resources at an individual level. Poverty can only be comprehensively assessed with metrics that expand its scope beyond purely economic terms. Measures such as the Multidimensional Poverty Index, the P20 approach, food poverty, inequality indices and fragility and vulnerability measures are all indispensable tools in attempts to end poverty.

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