

Poverty & Shared Prosperity
2018:

Piecing Together
the Poverty Puzzle

Poverty & Equity Global Practice
Development Economics: Data & Research

Monitoring global progress
towards sustainable
development goals: what the
recent trends are telling us?

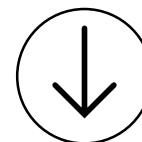
Presentation for

Ruslan Yemtsov

Outline

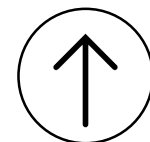
- What is the global progress on the first sustainable development goal?
- How has China affecting global progress?
- Is the new extended understanding of poverty applicable to China?
- What are the implications?

The SDGs are at the center of World Bank focus on poverty reduction and shared prosperity in a sustainable way



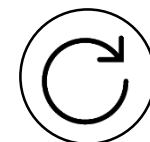
GOAL 1: End extreme poverty

The percentage of people living in extreme poverty (i.e. less than \$1.25 a day in 2005 PPP, now \$1.90 in 2011 PPP) to fall to no more than 3 percent *globally* by 2030



GOAL 2: Promote shared prosperity

Foster income/consumption growth of the bottom 40 percent of the population in *every country*

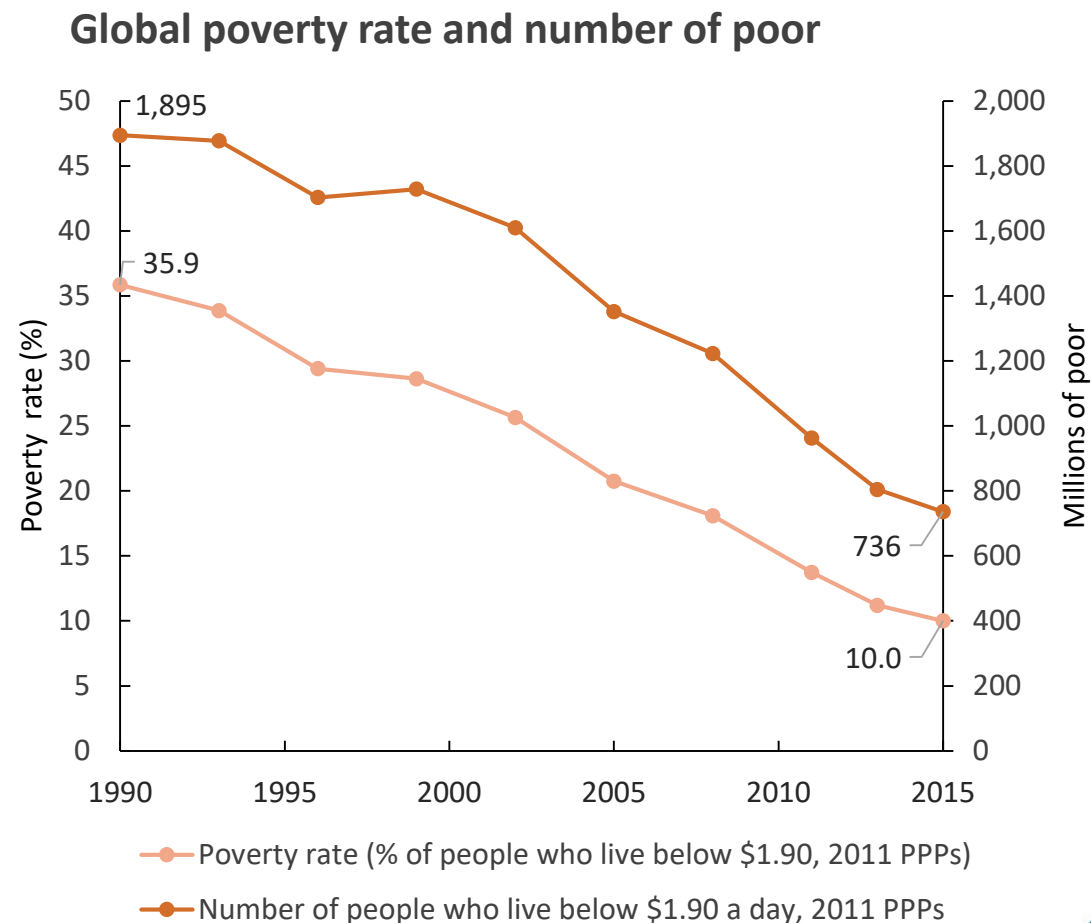


Sustainability, an overarching theme

A sustainable path of development and poverty reduction would be one that: (i) manages the resources of our planet for future generations, (ii) ensures social inclusion, and (iii) adopts fiscally responsible policies that limit future debt burden

Global Poverty: Continued progress but decelerating

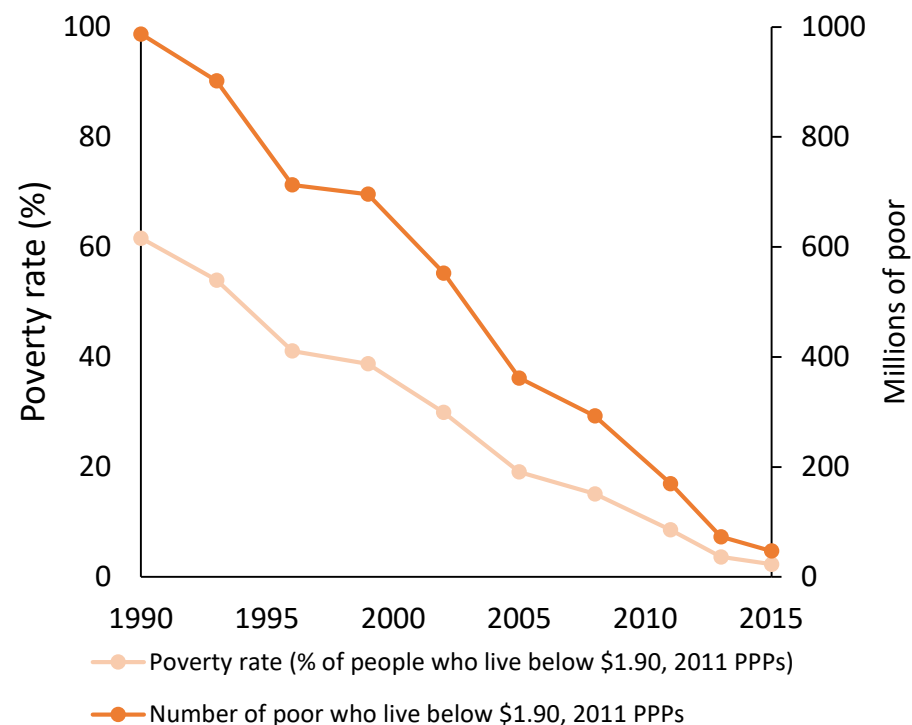
- Large reduction of extreme poverty over last quarter-century: 36% in 1990 to 10% in 2015
- 1.1 billion fewer people in extreme poverty
- Most gains have come from East Asia & Pacific and South Asia
- A recent slowdown in reduction due to:
 - Most of the poor now in Sub-Saharan Africa with lower growth rates and less shared prosperity



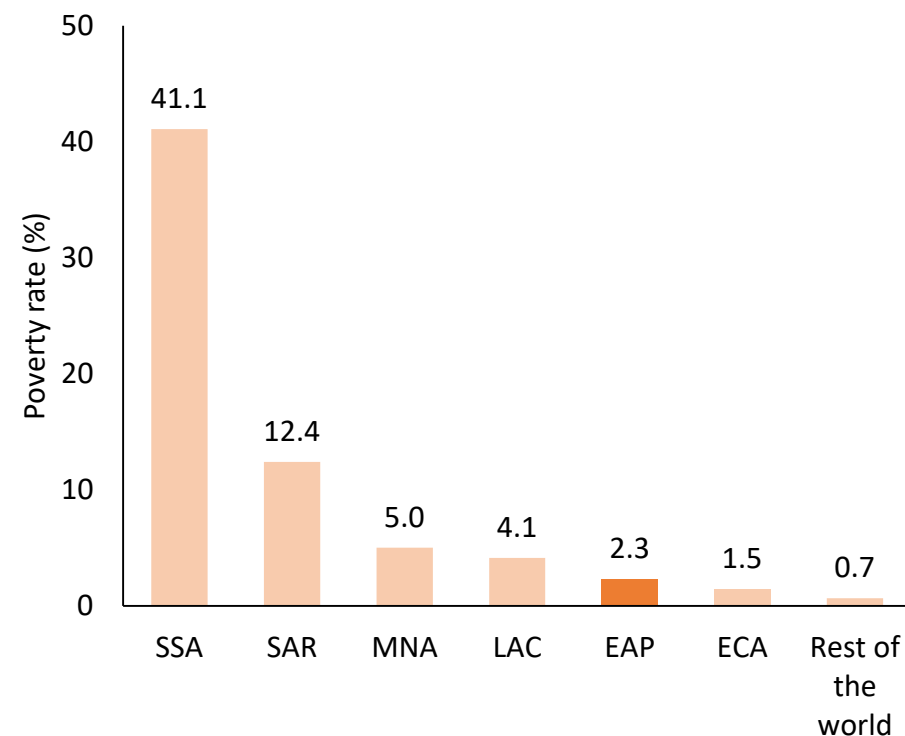
Extreme poverty in EAP and China : Historical decline nearly complete

- Extreme poverty in EAP declined from 62% in 1999 to 2.3% in 2015
- EAP now has a lower regional poverty rate than LAC and MNA and is nearing high-income standards.

EAP poverty rate and number of poor

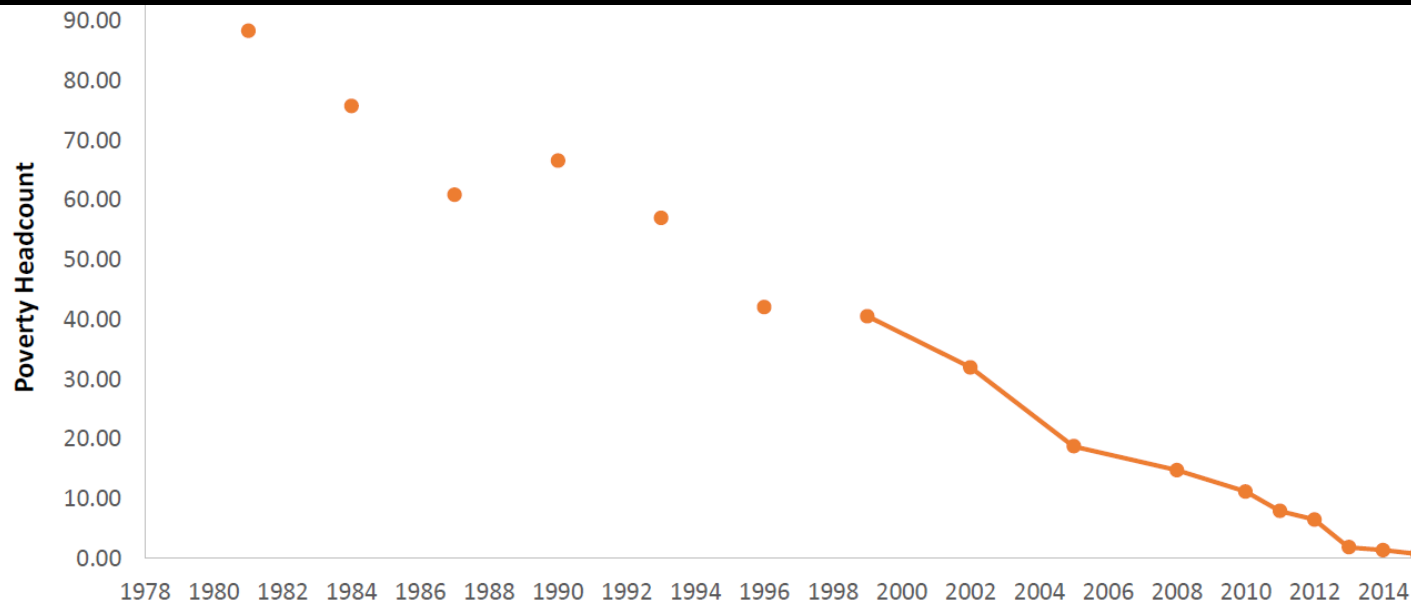


Regional poverty rates, 2015

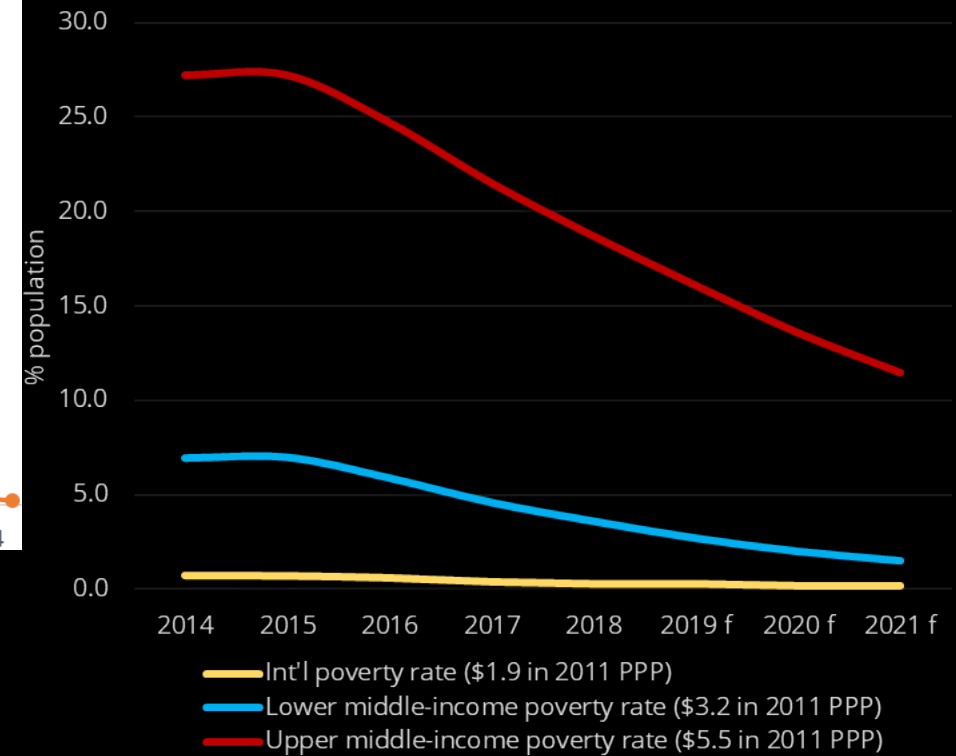


Rapid Growth Lifted 850 Million Out of Poverty

But Millions Still Remain Vulnerable



Poverty: Recent Trends and Forecast



Source: World Bank

Poverty

3.6%

= 50 million people

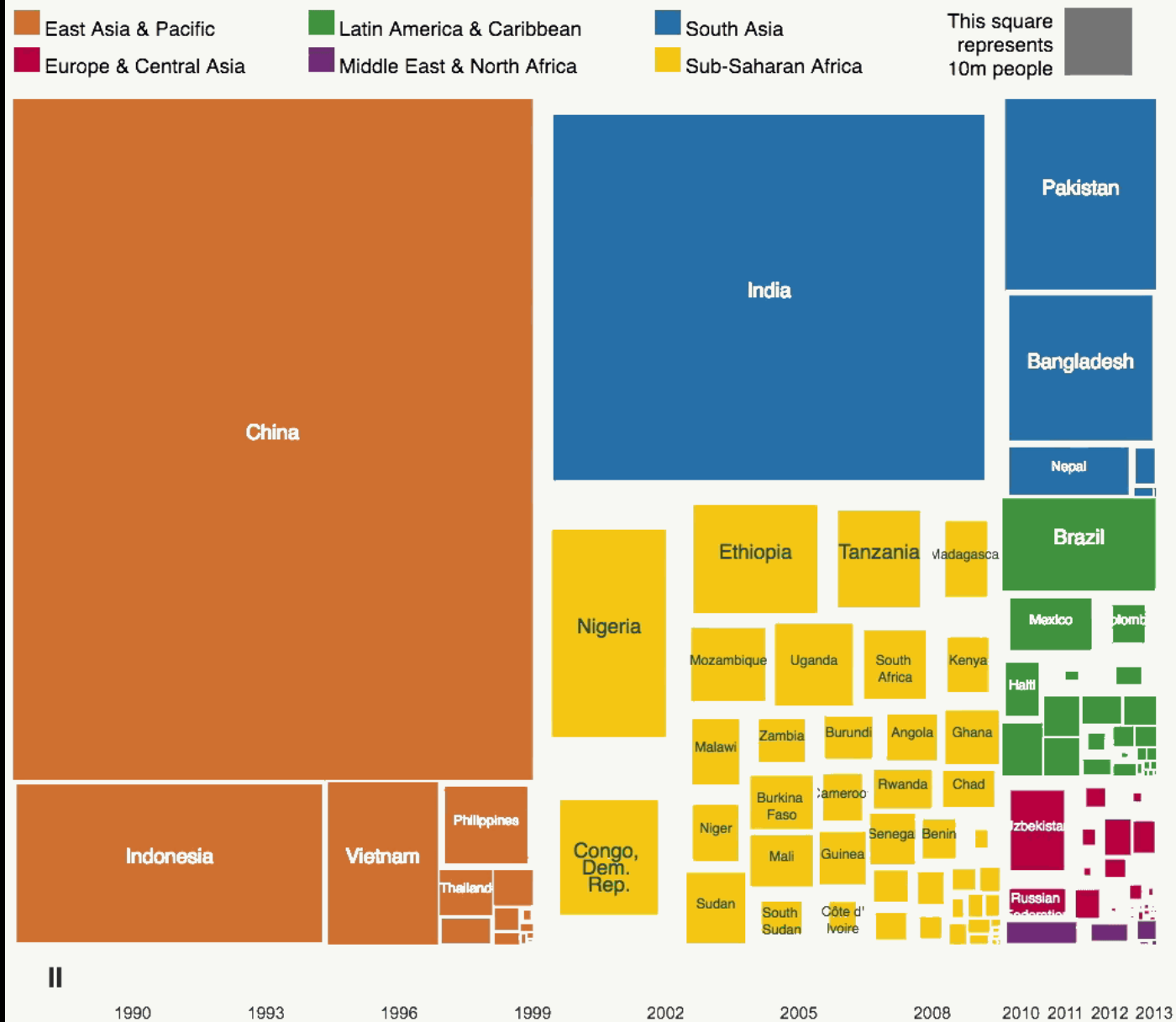
Live on less than US\$3.20 a day (2018)

Extreme Poverty

0.3%

Live on less than US\$1.90 a day (2018)

People living in extreme poverty,

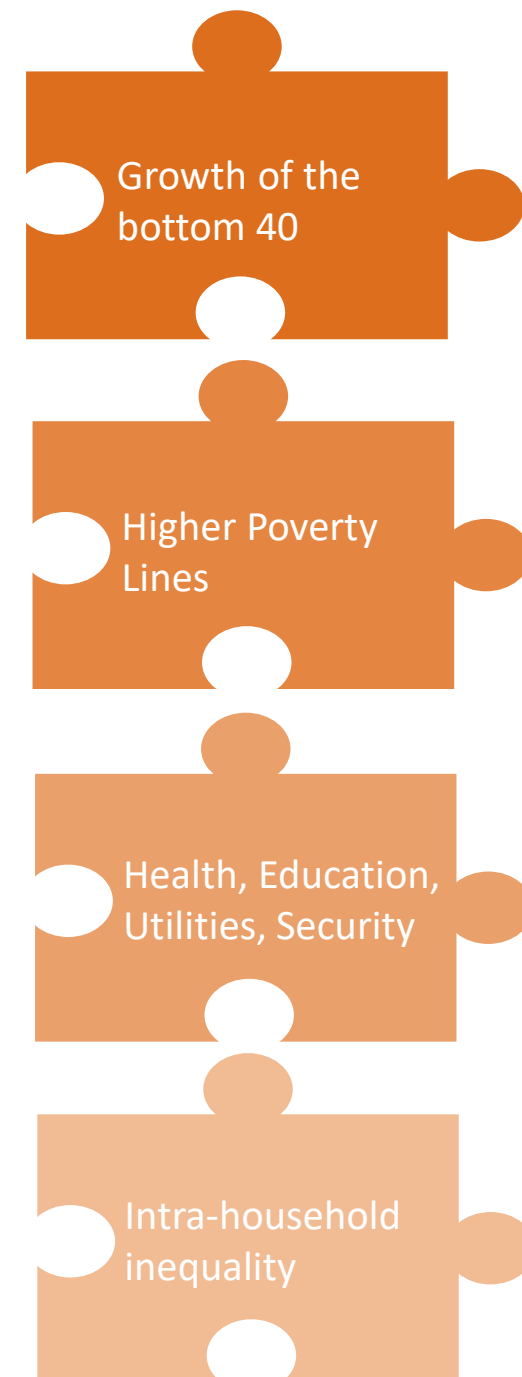
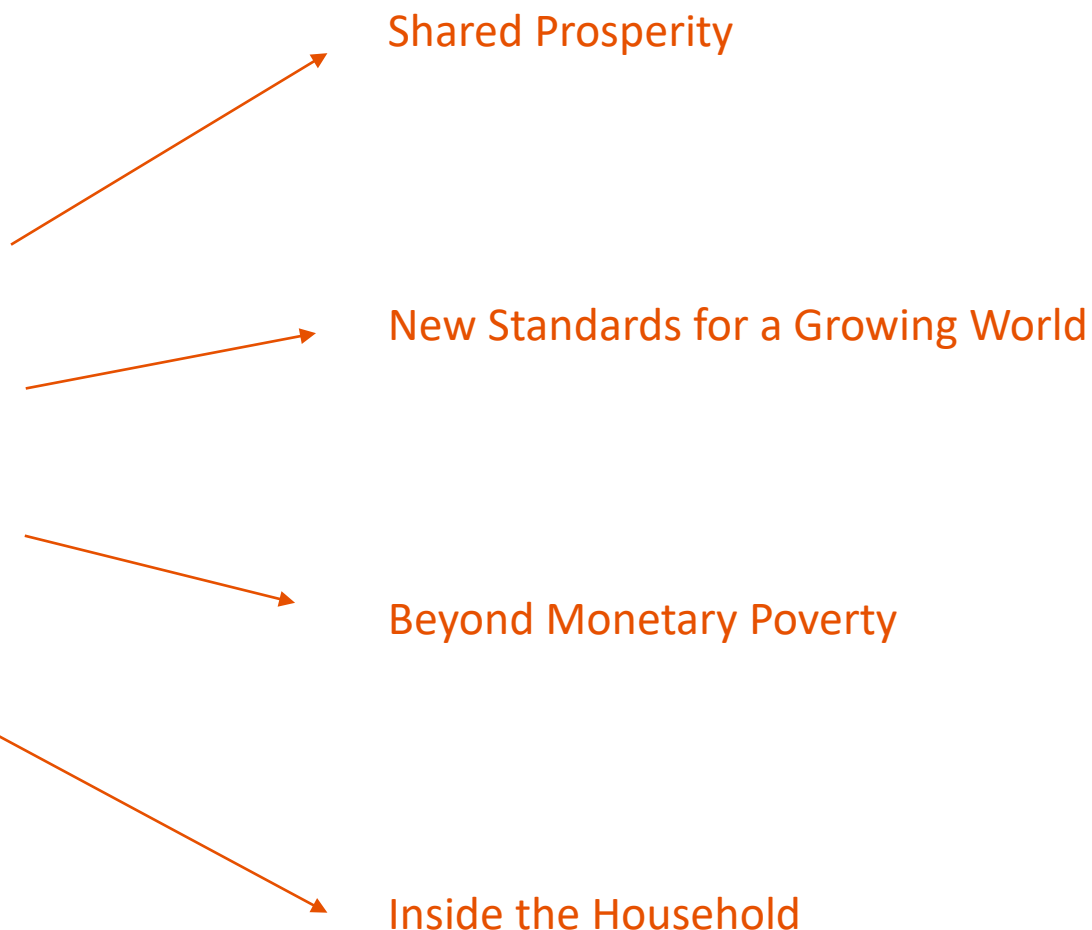


Piecing together the Poverty Puzzle

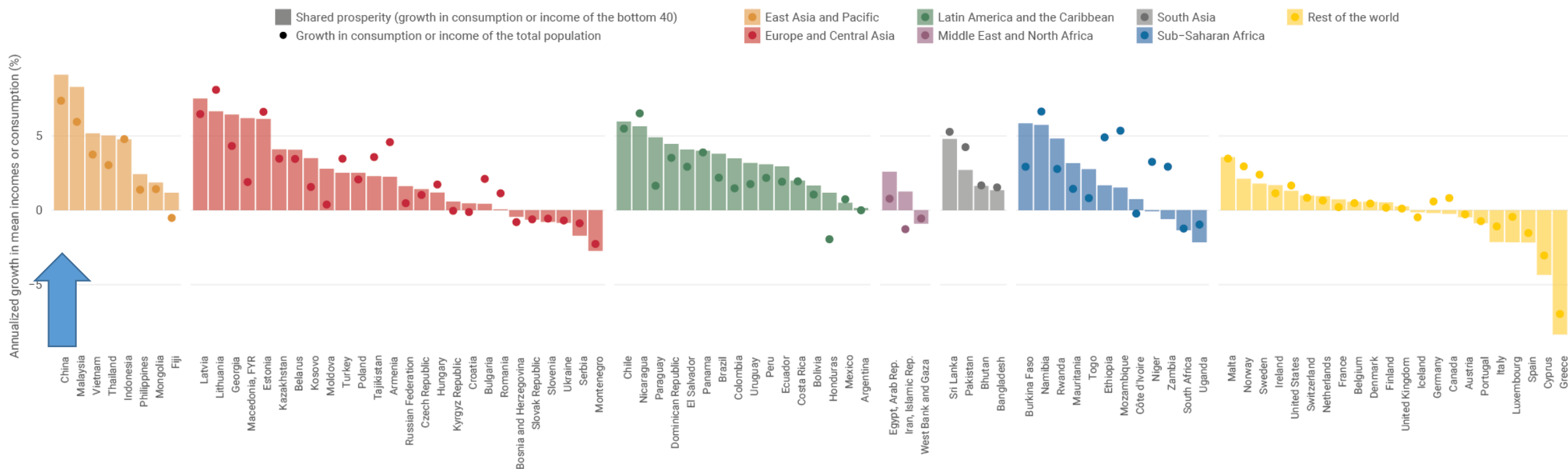
It is time to complement our focus on extreme global poverty with a more complete picture of poverty

- in ALL countries
- in MULTIPLE aspects of life
- for ALL people in every household

This report delivers new measures of global poverty, at varying stages of development



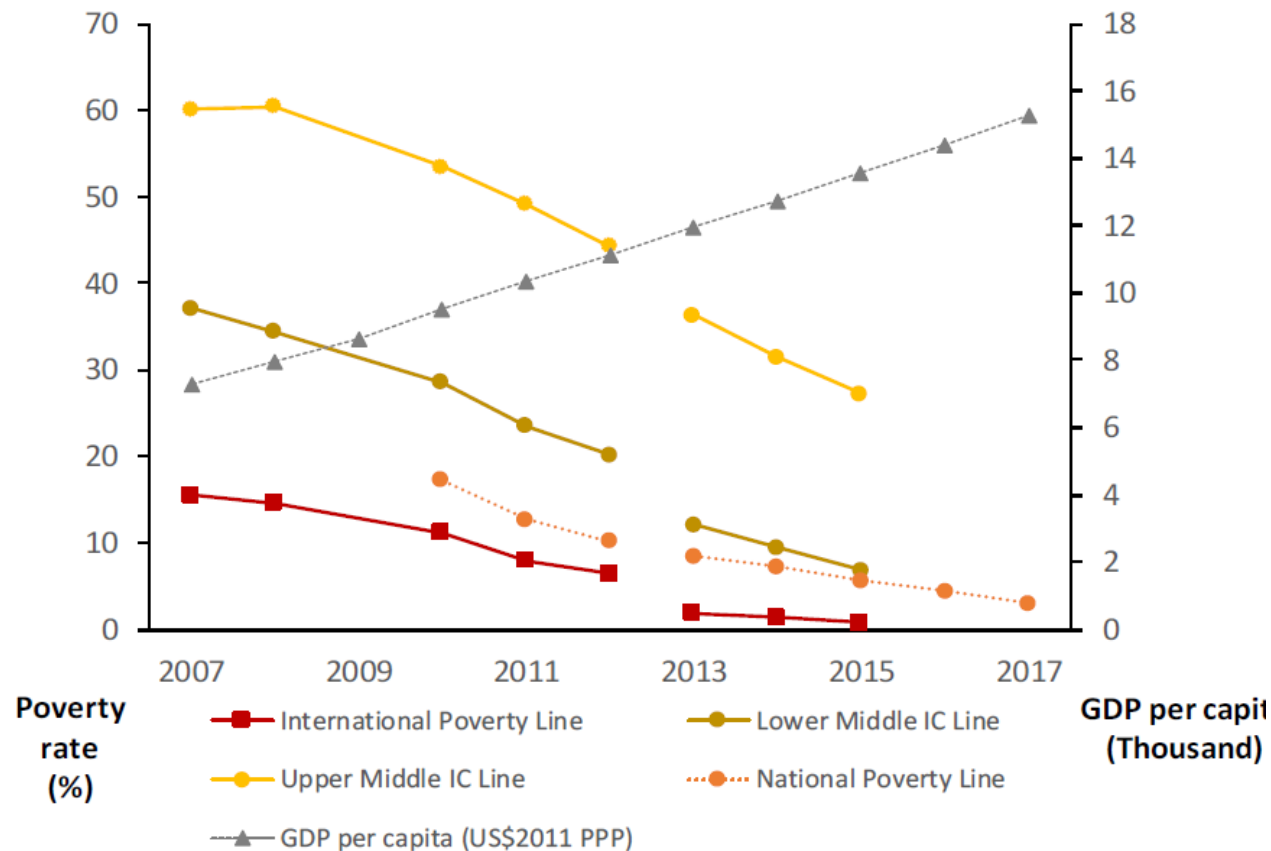
Shared prosperity: China is showing exceptional results



- In nearly 80% economies, the bottom 40 receive higher incomes/consumption in 2015 than in 2010
- China is the world leader now in terms of shared prosperity

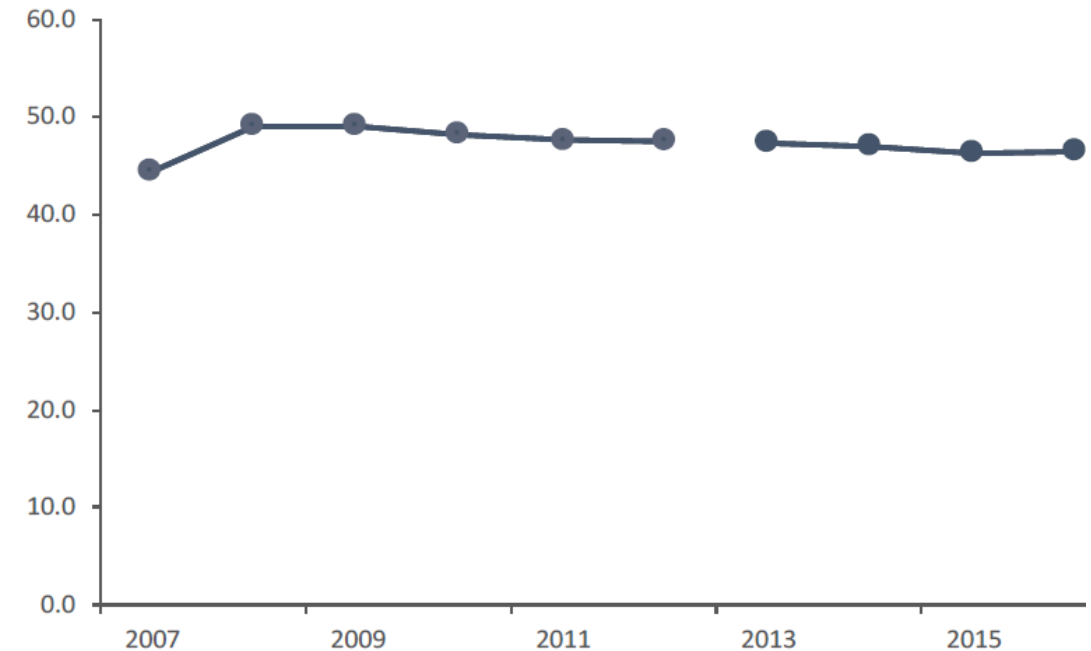
Higher poverty lines for China show same progress, yet inequality persists

POVERTY HEADCOUNT RATE, 2007-2017



INEQUALITY TRENDS, 2007-2016

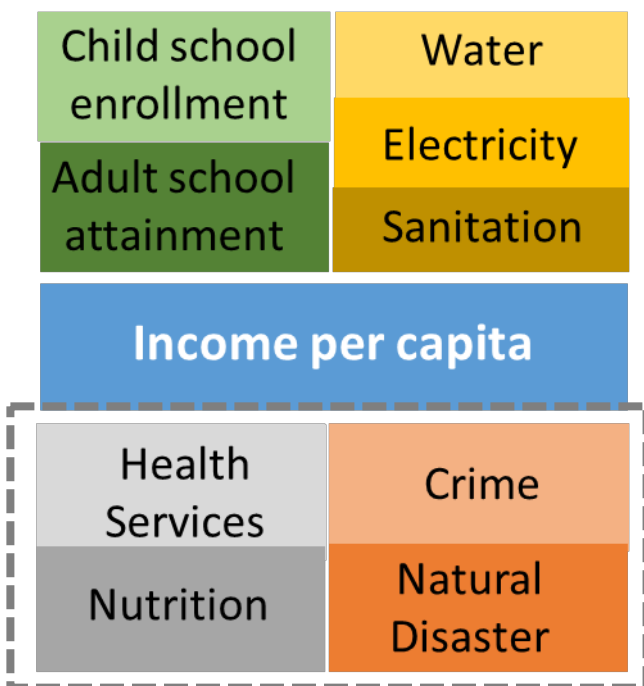
Gini Index



Beyond Monetary Poverty: Adding nonmonetary dimensions

Income matters, but it is not the complete picture. Introducing a multidimensional poverty measure, anchored on the \$1.90 international poverty line and adding non-monetary dimensions

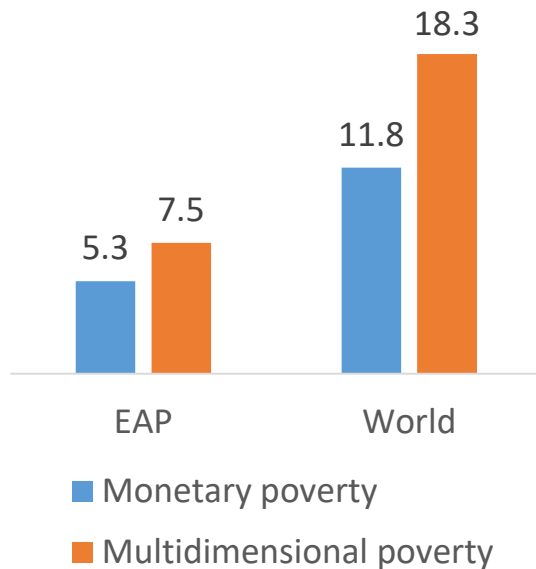
Multidimensional Poverty Measure



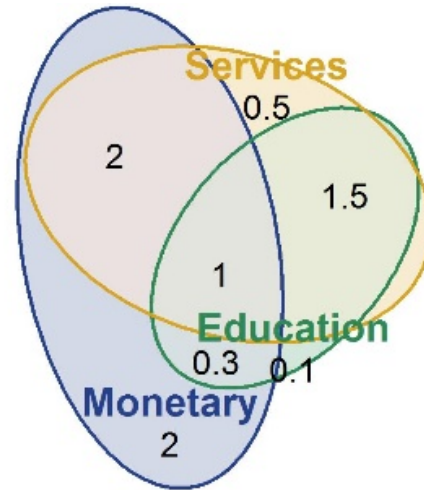
- Motivation: Consumption reflects command over critical goods (food, clothing, shelter), but other important services are not obtained through market
- Main innovation: inclusion of monetary as one dimension. Allows to see the overlap between monetary and nonmonetary
- Two complementary exercises:
 - 119 countries, 3 dimensions
 - 6 countries, 5 dimensions
- Complementary to the HCP by incorporating elements of human capital into measurement of poverty

Multidimensional poverty is higher than monetary poverty, but in China less so than in other countries

Poverty headcount, world and EAP



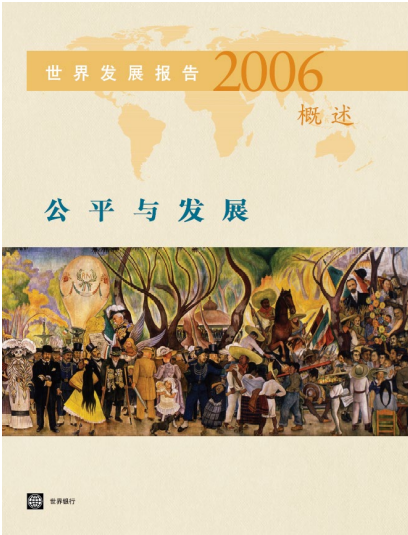
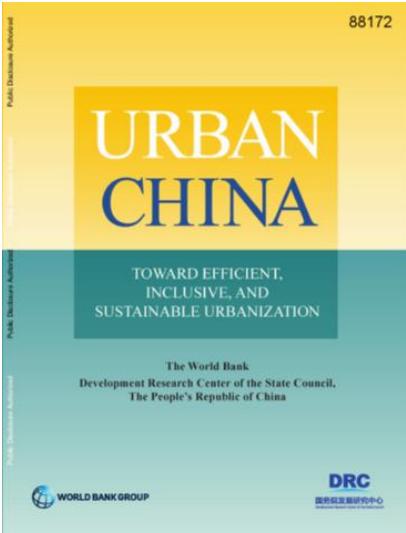
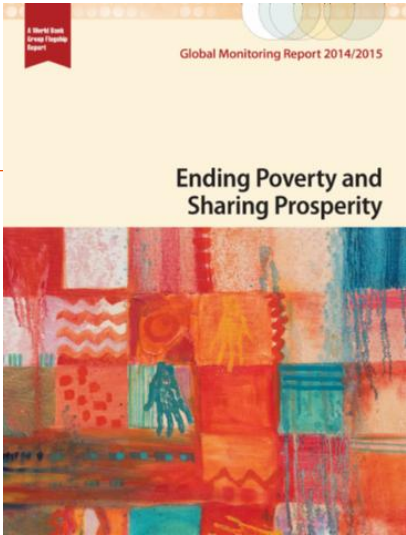
Multidimensional poor by dimension, EAP (37 economies)



- Globally, most of monetary poor also have deprivations in other dimensions
- Multidimensional poverty reveals a pronounced shift of poverty toward rural areas in EAP.

The numbers indicate the share of the total population. In the Venn diagram, the numbers represent the share of population that are multidimensionally deprived

The World Bank has been a source of advice and a sounding board for reflection



5 implications

1. China's poverty reduction has been the larger contributor to global progress
2. Its progress shared prosperity has been remarkable, especially recently, but inequality remains high
3. China's strategy has been informed by considerations of other dimensions of poverty
4. Remaining vulnerability suggests the need for new thinking on poverty and shared prosperity beyond 2020
5. WBG has been a partner in poverty reduction and will continue to work with the authorities on drawing lessons for other countries and for the future.

