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››› Is extreme poverty still on the decline?

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With the Agenda 2030, the international community has set itself the ambitious goal of completely ending extreme poverty – defined as per capita income below USD 1.25 per day (price-adjusted USD 1.90) – (SDG 1). In fact, economic progress in recent years has led to a sharp global decline in extreme poverty from around 1.9 billion people in 1990 to 736 million in 2015.

The geography of extreme poverty in flux: 85% of extremely poor people will live in Africa in 2030!

For a long time, some experts have simply extrapolated the positive global trend of recent years and considered it very likely that SDG 1 would be achieved. In its current poverty report, however, the World Bank now warns that this trend could slow down or even stagnate.

This correction is based on a regionally disaggregated analysis. A more detailed look at the trend reveals that the sharp global decline in the number of extreme poor is almost solely attributable to the regions of East and South Asia (see graphic). The trend in these regions is likely to continue and extreme poverty will be largely eradicated in the foreseeable future. In Sub-Saharan Africa, however, a different picture emerges: the number of extremely poor people there has generally risen since 1990. This trend is also expected to continue due to persistently high population growth (the population in Sub-Saharan Africa will double to 2 billion people by 2050) and the high degree of fragility in many African countries. As a result, the global geography of poverty will change dramatically. Nigeria recently overtook India as the country with the highest number of extremely poor people in the world. In addition, around 85% of all extremely poor people (based on USD 1.90/capita/day) are expected to live in Sub-Saharan Africa in 2030. As of today, it is already more than half.

No all-clear signal for Asia: differentiated indicators of poverty continue to show a high incidence of poverty

Asia's progress is considerable but is also positively skewed by the current global poverty thresholds of USD 1.25 and USD 1.90 per day. The original calculation of this figure is based on data from 15 of the world's poorest countries. However, this figure has only very limited significance for advanced developing countries. In many other regions a humane life would not be possible with a corresponding per capita income.

The World Bank used a similar methodology to calculate its own poverty lines for the lower and upper middle income countries. These are USD 3.20/day (for lower middle income countries) and USD 5.50/day (for upper middle income countries). If these figures were applied to all countries worldwide, not only 10% of the world's population (based on USD 1.90/day) would have to be classified as “poor”, but about 25% (based on USD 3.20/day) or even 50% (based on USD 5.50/day).

On the one hand, these figures are evidence that the fight against poverty is far from being won outside Africa (even if the current trend of the SDG 1 indicator of USD 1.25/day suggests that this is the case). On the other hand, these discussions also highlight the ongoing difficulties in reliably measuring poverty across countries.

World Bank poverty lines broken down by country groups are a step forward, but not the ultimate solution

The World Bank's two new poverty lines represent clear progress over the use of a single global poverty line. However, the same basic limitations also apply to the new lines with regard to how meaningful they are: poverty can only be captured to a very limited extent with per capita income indicators and compared across countries. In addition to per capita income, other poverty indicators such as the UNDP Human Development Index (HDI) or the OPHI (Oxford Poverty and Human Development Initiative) Multidimensional Poverty Index (MPI) should therefore always be included in the assessment. For example, 18% (HDI) and 23% (MPI) of the world's population are classified as "poor" with no claim that this figure is "more correct" than per capita income.■

Graph 1: Number of extreme poor by region, 1990-2030
Source: PovcalNet, http://iresearch.worldbank.org/PovcalNet/. World Bank, Washington, DC