

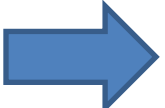
World Poverty

A review of trends and prospects

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Millennium Development Goals

- Adopted by world leaders at 2000 UN summit
 - Blueprint for development efforts to 2015
 - First MDG
-  Eradicate Extreme Poverty and Hunger

Target 1:

Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day

Trends in poverty headcount rate

2005 revisions

	1981	1984	1987	1990	1993	1996	1999	2002	2005
<u>(a) Aggregate for developing world</u>									
Old estimates using 1993 ICP									
\$1.08 (1993)	40.6	33.0	28.7	28.7	25.6	22.8	22.3	20.4	17.2
New estimates using 2005 ICP									
\$1.00	41.4	34.4	29.8	29.5	27.0	23.1	22.8	20.3	16.1
\$1.25	51.8	46.6	41.8	41.6	39.1	34.4	33.7	30.6	25.2
\$1.45	58.4	54.4	49.9	49.4	47.2	42.6	41.6	38.1	32.1
\$2.00	69.2	67.4	64.2	63.2	61.5	58.2	57.1	53.3	47.0
\$2.50	74.6	73.7	71.6	70.4	69.2	67.2	65.9	62.4	56.6

Note: The headcount index is the percentage of the relevant population living in households with consumption per person below the poverty line.

Trends in number of poor

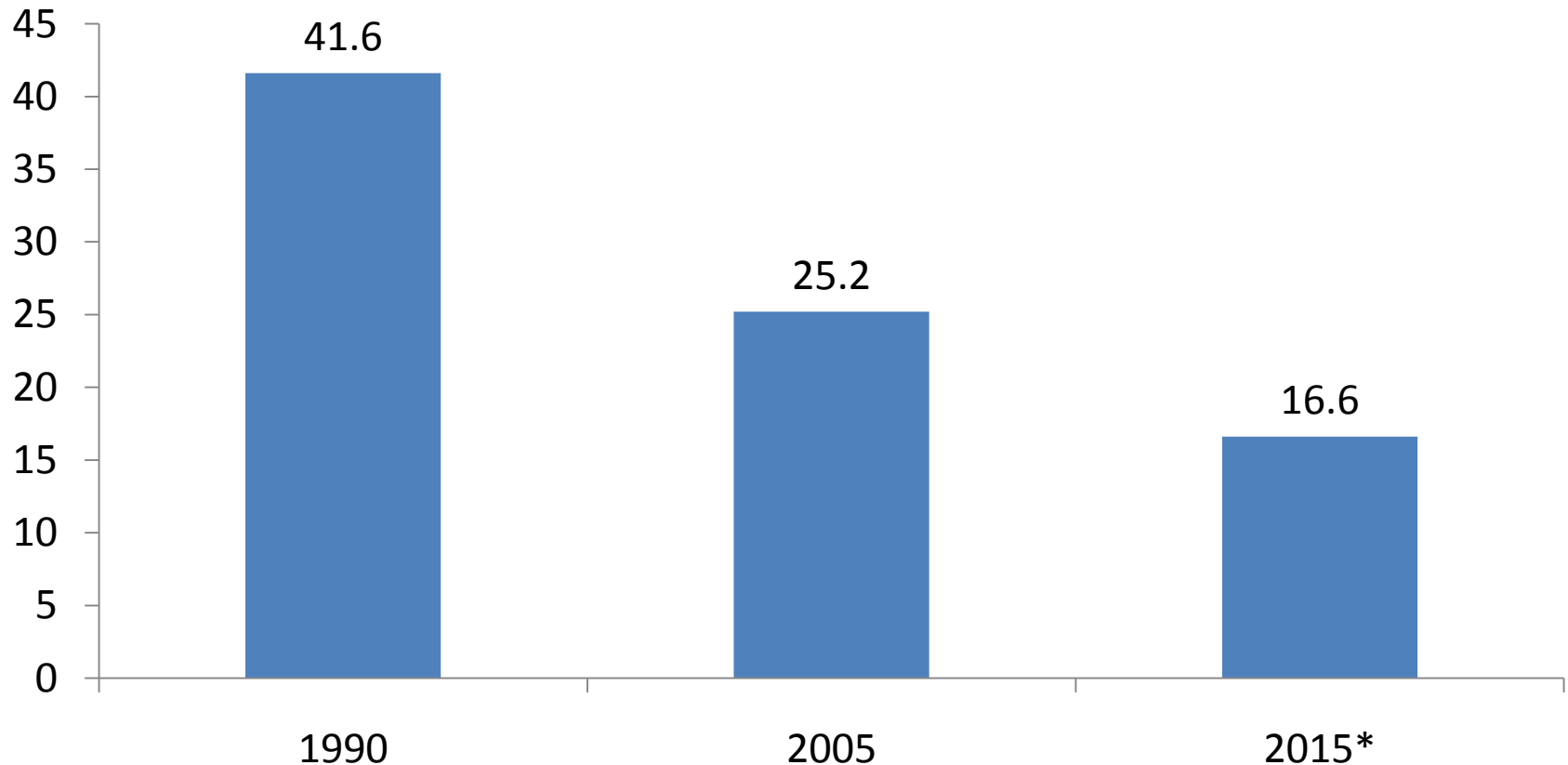
2005 revisions

	1981	1984	1987	1990	1993	1996	1999	2002	2005
<u>(a) Aggregate for developing world</u>									
Old estimates using 1993 ICP									
\$1.08 (1993)	1488.5	1281.4	1178.5	1247.5	1172.4	1092.9	1119.8	1067.1	931.3
New estimates using 2005 ICP (number in millions below each line at 2005 PPP)									
\$1.00	1515.0	1334.7	1227.2	1286.7	1237.9	1111.9	1145.6	1066.6	876.0
\$1.25	1896.2	1808.2	1720.0	1813.4	1794.9	1656.2	1696.2	1603.1	1376.7
\$1.45	2137.7	2111.5	2051.7	2153.5	2165.0	2048.1	2095.7	1997.9	1751.7
\$2.00	2535.1	2615.4	2639.7	2755.9	2821.4	2802.1	2872.1	2795.7	2561.5
\$2.50	2731.6	2858.7	2944.6	3071.0	3176.7	3231.4	3316.6	3270.6	3084.7

Source: Chen and Ravallion (2008)

Estimates suggest that MDG-1 will be met

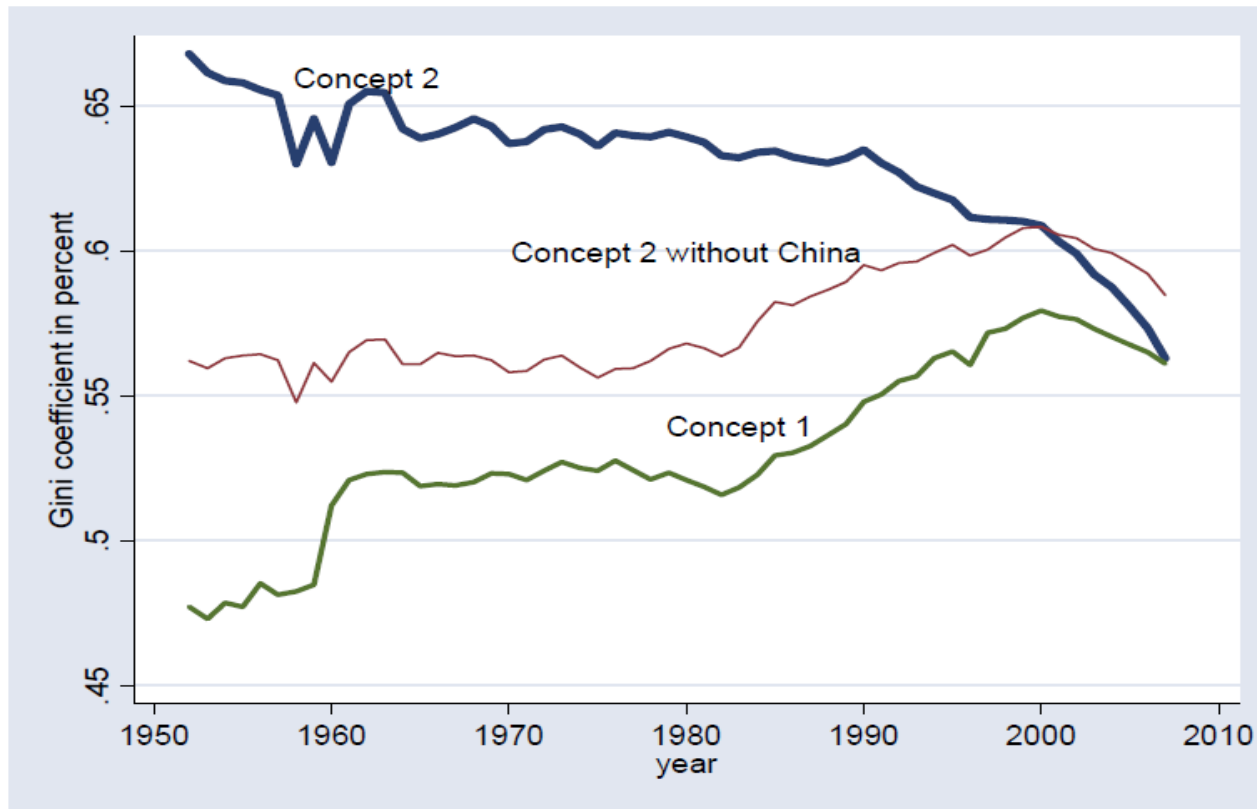
Projected trend in poverty headcount rate



2005 revisions. Headcount using \$1.25/day poverty line. 2015 estimate based on projection of 1981-2005 trend.

Source: Chen and Ravallion (2008)

Inequality trends, 1952-2006



Concept 1 inequality is Gini coefficient of unweighted GDPs per capita of all countries.
Concept 2 inequality weights GDP per capita by population of country.
Source: Milanovic (2009)

Number of people living on less than \$1.25 a day by region, 1981-2005

Region	1981	1984	1987	1990	1993	1996	1999	2002	2005
East Asia and Pacific	1071.5	947.3	822.4	873.3	845.3	622.3	635.1	506.8	316.2
Of which China	835.1	719.9	585.7	683.2	632.7	442.8	446.7	363.2	207.7
Eastern Europe and Central Asia	7.1	5.7	4.8	9.1	20.1	21.8	24.3	21.7	17.3
Latin America and Caribbean	42.0	52.3	52.3	42.9	41.8	52.2	54.8	58.4	46.1
Middle East and North Africa	13.7	11.6	11.9	9.7	9.8	10.6	11.5	10.3	11.0
South Asia	548.3	547.6	569.1	579.2	559.4	594.4	588.9	615.9	595.6
Of which India	420.5	416.0	428.0	435.5	444.3	441.8	447.2	460.5	455.8
Sub-Saharan Africa	213.7	243.8	259.6	299.1	318.5	355.0	381.6	390.0	390.6
Total	1896.2	1808.2	1720.0	1813.4	1794.9	1656.2	1696.2	1603.1	1376.7

Source: Chen and Ravallion (2008)

Regional breakdown of poverty headcount rates

\$1.25/day

Region	1981	1984	1987	1990	1993	1996	1999	2002	2005
East Asia and Pacific	77.7	65.5	54.2	54.7	50.8	36.0	35.5	27.6	16.8
Of which China	84.0	69.4	54.0	60.2	53.7	36.4	35.6	28.4	15.9
Eastern Europe and Central Asia	1.7	1.3	1.1	2.0	4.3	4.6	5.1	4.6	3.7
Latin America and Caribbean	11.5	13.4	12.6	9.8	9.1	10.8	10.8	11.0	8.2
Middle East and North Africa	7.9	6.1	5.7	4.3	4.1	4.1	4.2	3.6	3.6
South Asia	59.4	55.6	54.2	51.7	46.9	47.1	44.1	43.8	40.3
Of which India	59.8	55.5	53.6	51.3	49.4	46.6	44.8	43.9	41.6
Sub-Saharan Africa	53.7	56.2	54.8	57.9	57.1	58.7	58.2	55.1	50.9
Total	51.8	46.6	41.8	41.6	39.1	34.4	33.7	30.6	25.2

\$2.00/day

Region	1981	1984	1987	1990	1993	1996	1999	2002	2005
East Asia and Pacific	92.6	88.5	81.6	79.8	75.8	64.1	61.8	51.9	38.7
Of which China	97.8	92.9	83.7	84.6	78.6	65.1	61.4	51.2	36.3
Eastern Europe and Central Asia	8.3	6.5	5.6	6.9	10.3	11.9	14.3	12.0	8.9
Latin America and Caribbean	22.5	25.3	23.3	19.7	19.3	21.8	21.4	21.7	16.6
Middle East and North Africa	26.7	23.1	22.7	19.7	19.8	20.2	19.0	17.6	16.9
South Asia	86.5	84.8	83.9	82.7	79.7	79.9	77.2	77.1	73.9
Of which India	86.6	84.8	83.8	82.6	81.7	79.8	78.4	77.5	75.6
Sub-Saharan Africa	74.0	75.7	74.2	76.2	76.0	77.9	77.6	75.6	73.0
Total	69.2	67.4	64.2	63.2	61.5	58.2	57.1	53.3	47.0

Progress is less impressive when China is excluded

Poverty headcount index, 2005 revisions

	1981	1984	1987	1990	1993	1996	1999	2002	2005
Old estimates using 1993 ICP									
\$1.08 (1993)	32.0	30.1	28.7	27.1	24.7	24.6	23.8	22.6	21.5
New estimates using 2005 PPP									
\$1.00	29.4	27.6	26.9	24.4	23.3	22.9	22.3	20.7	18.6
\$1.25	39.8	38.3	37.5	35.0	34.1	33.8	33.1	31.3	28.2
\$1.45	46.6	45.5	44.5	42.3	41.6	41.4	40.8	38.9	37.0
\$2.00	58.6	58.1	57.2	55.6	55.6	55.9	55.6	54.0	50.3
\$2.50	65.9	66.7	67.3	65.4	66.0	67.9	67.4	66.0	62.9

Note: The headcount index is the percentage of the relevant population living in households with consumption per person below the poverty line.

When China is excluded, the world is not on track to meet MDG-1. Projected poverty rate for 2015 would be 25.1%, well over half of 1990 rate of 35%

Source: Chen and Ravallion (2008)

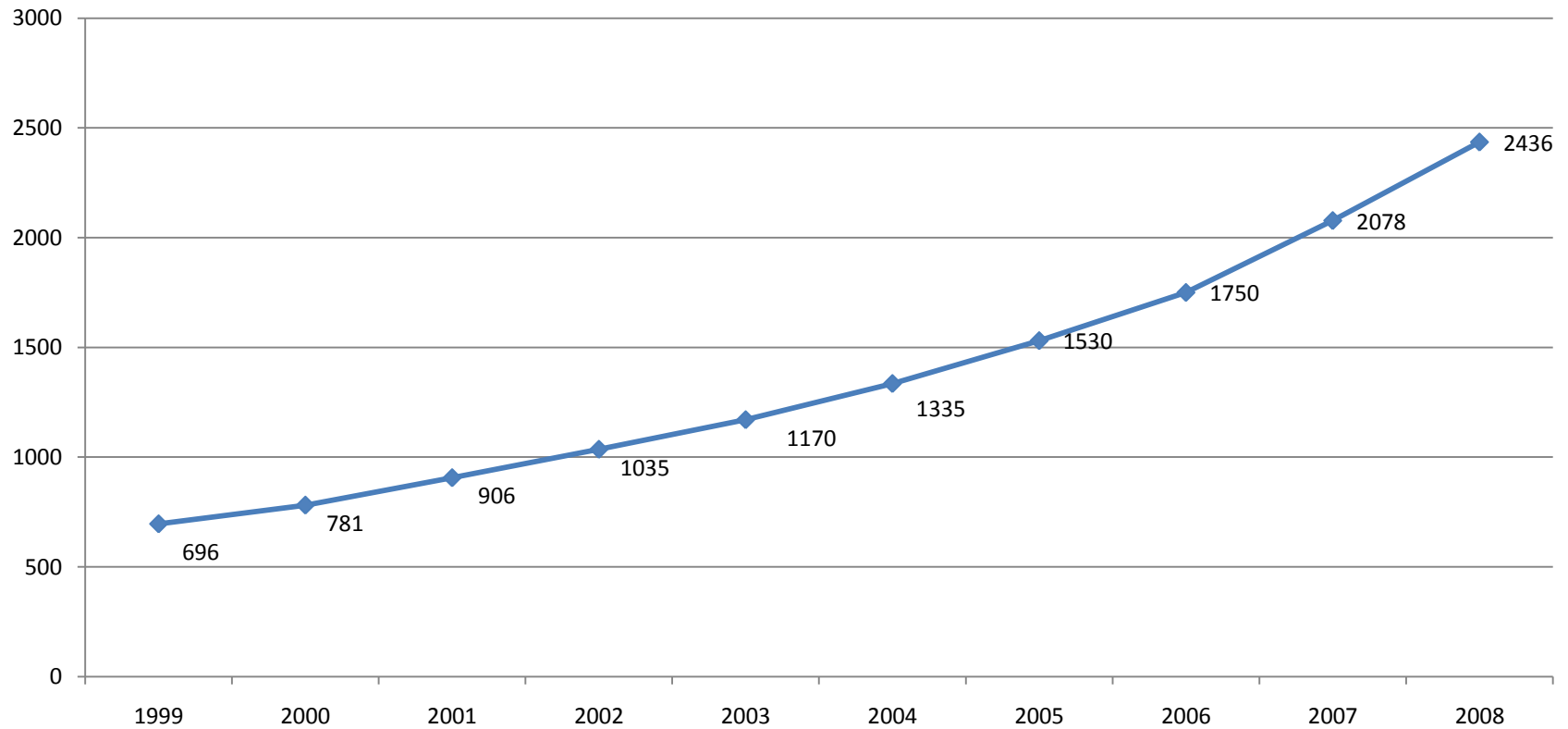
Number of persons below poverty line in China, 1981-2005

	Consumption poverty 1993 PPP Z=\$1.08	2005 PPP Z=\$1.25 (with adjustment)
1981	638.0	838.9
1984	428.0	720.9
1987	314.0	587.9
1990	377.5	693.7
1993	336.1	648.3
1996	212.5	454.2
1999	223.5	448.9
2002	177.2	357.3
2004	128.6	286.8
2005	71.6	204.3

Source: Chen and Ravallion (2008)

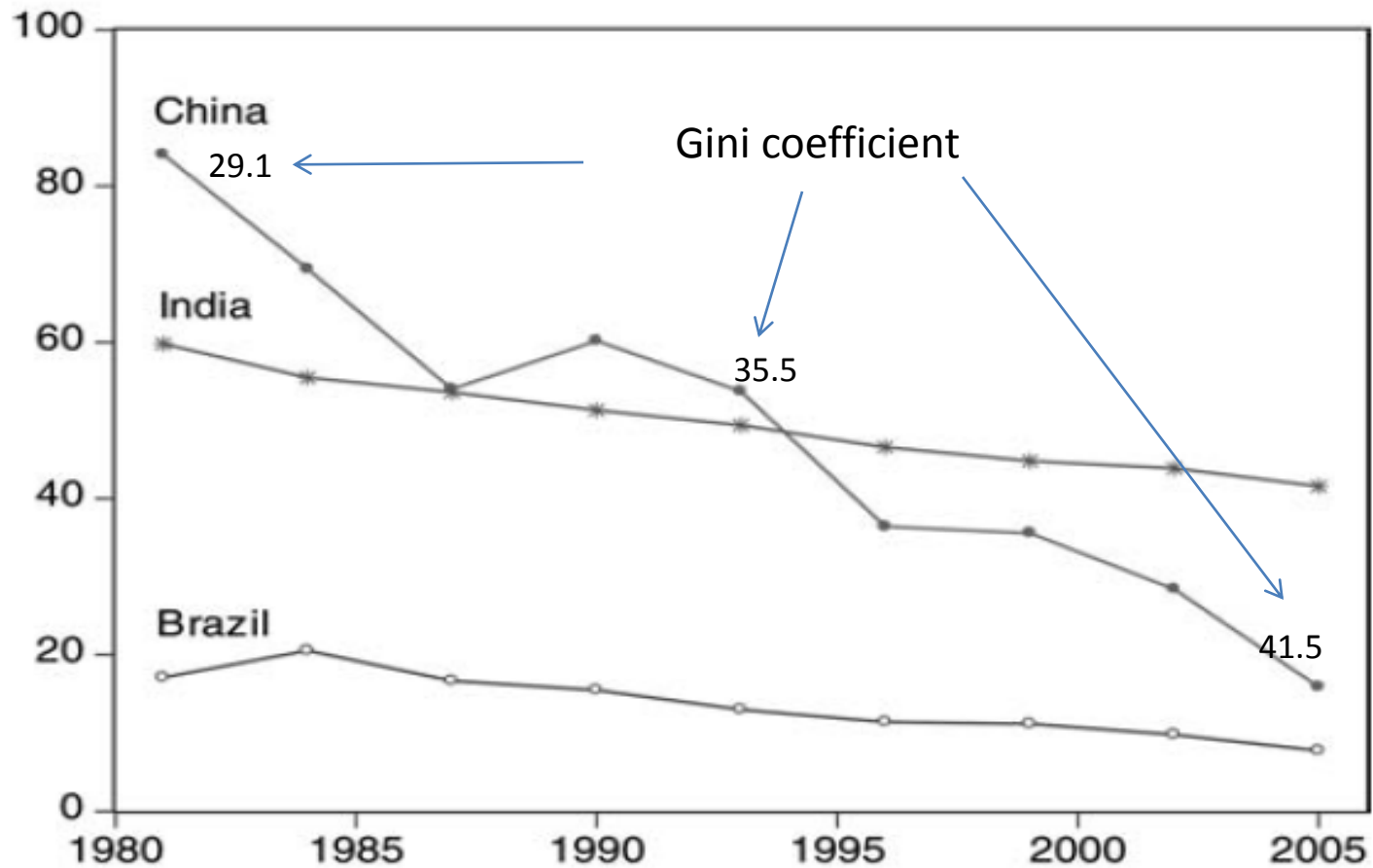
Rising earnings in China

Average urban monthly wages (yuan), 1999-2008



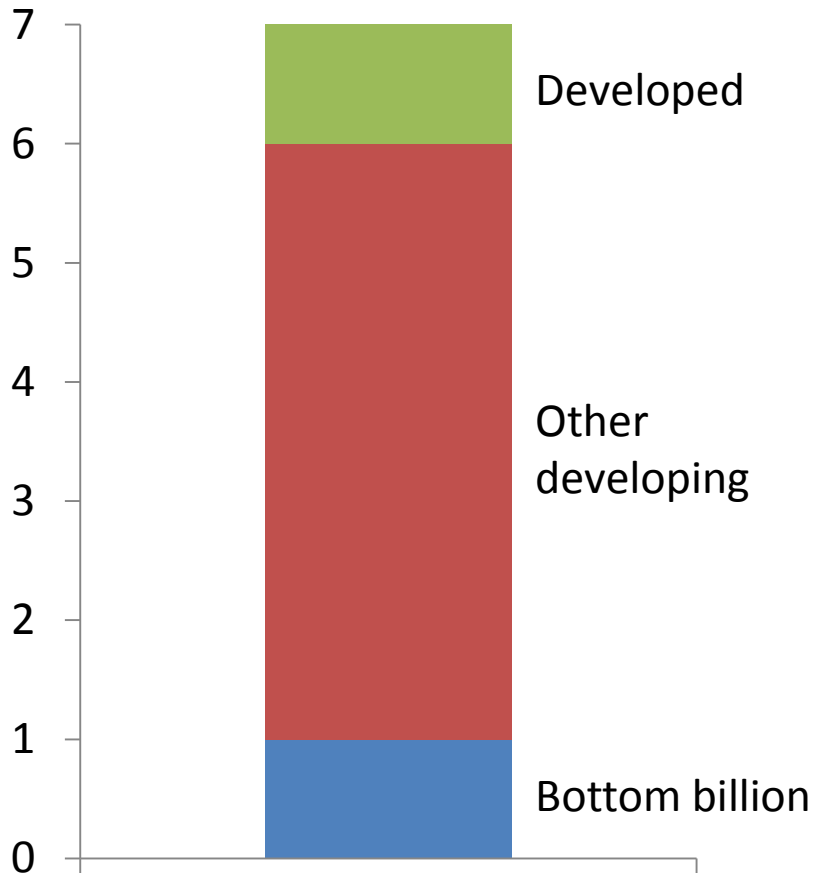
China National Bureau of Statistics

China's poverty headcount rate and inequality, 1980-2005



Source: Ravallion (2010)

Collier's bottom billion



- Bottom billion live in 58 countries, most in Africa
- No progress against poverty or human development indicators; absolute decline in living standards
- Countries caught in one or more of 4 traps:
 - Conflict trap
 - Natural resource trap
 - Landlocked with bad neighbours
 - Bad governance

Overwhelming problem for bottom billion is lack of growth

