

World Bank report on Poverty-2022

October 7, 2022

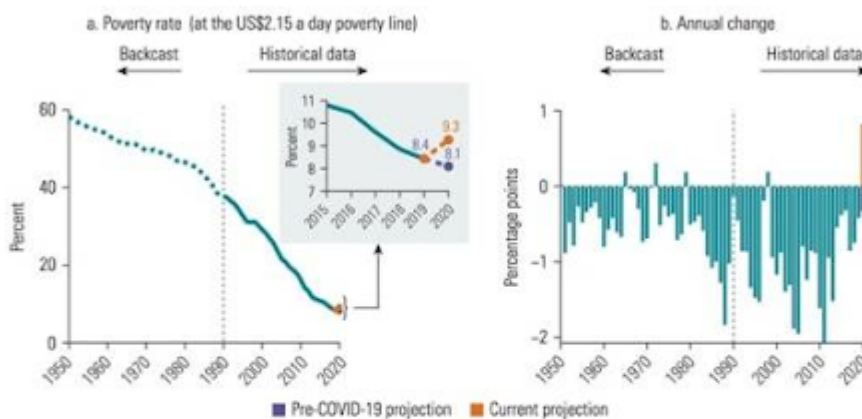
In news– World Bank has recently released a report titled “Poverty and Shared Prosperity 2022: Correcting Course.”

Key findings of the report-

- It stated that the **world is unlikely to meet the goal of ending extreme poverty by 2030** absent history-defying rates of economic growth over the remainder of this decade.
- **By 2015, the global extreme-poverty rate had been cut by more than half.** Since then, poverty reduction has slowed in tandem with subdued global economic growth.
- The economic upheavals brought on by COVID-19 and later the war in Ukraine produced an outright reversal in progress.

FIGURE 0.1

The COVID-19 pandemic triggered a historic shock to global poverty



Sources: World Bank estimates based on Mahler, Yonzan, and Lakner, forthcoming; World Bank, Poverty and Inequality Platform, <https://pip.worldbank.org>; World Bank, Global Economic Prospects database, <https://databank.worldbank.org/source/global-economic-prospects>. Note: Panel a shows the global poverty headcount rate at the US\$2.15 a day poverty line for 1950–2020. “Historical data” for the period 1990–2019 are from the Poverty and Inequality Platform. “Backcast” estimates are extrapolated backward from the 1990 lineup using growth in national accounts. National accounts data before 1990 are from World Bank, World Development Indicators database, <https://databank.worldbank.org/source/world-development-indicators>; International Monetary Fund, World Economic Outlook, <https://www.imf.org/en/Publications/SPRILLs/world-economic-outlook-databases>; Bolt and van Zanden 2020. “Current projection” uses the nowcast methodology outlined in chapter 1 and a variety of data sources to project the latest 2019 lined-up estimate to 2020. “Pre-COVID-19 projection” extrapolates the 2019 lineup to 2020 using per capita gross domestic product (GDP) growth forecasts from the January 2020 Global Economic Prospects database. Panel b shows the annual percentage point change in the global poverty headcount rate.

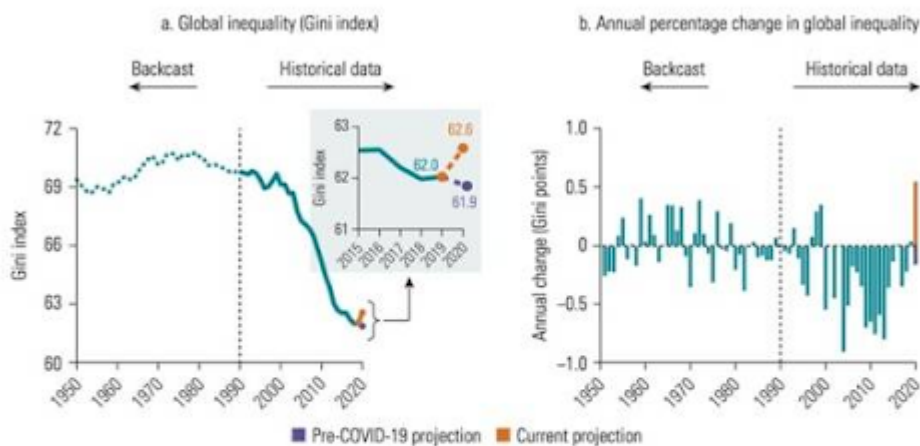
- **In 2020 alone, the number of people living below the**

extreme poverty line rose by over 70 million; the largest one-year increase since global poverty monitoring began in 1990.

- As a result, an estimated 719 million people subsisted on less than \$2.15 a day by the end of 2020.
- Inequalities, too, have risen. **The poorest people bore the steepest costs of the pandemic: income losses averaged 4 per cent for the poorest 40 per cent, double the losses of the wealthiest 20 per cent of the income distribution.**

FIGURE 0.2

Recent global inequality trends were reversed in 2020



Sources: World Bank estimates based on Mahler, Yonatan, and Lakner, forthcoming; World Bank, Poverty and Inequality Platform, <https://pip.worldbank.org>; World Bank, Global Economic Prospects database, <https://databank.worldbank.org/source/global-economic-prospects>. Note: Panel a shows the global Gini index for 1950 to 2020. "Historical data" for the period 1990–2019 are from the Poverty and Inequality Platform. "Backcast" estimates are extrapolated backward from the 1990 lineup using growth in national accounts. National accounts data before 1990 are from World Bank, World Development Indicators database, <https://databank.worldbank.org/source/world-development-indicators>; International Monetary Fund, World Economic Outlook, <https://www.imf.org/en/Publications/SPROLLS/world-economic-outlook-databases>; Bolt and van Zanden 2020. "Current projection" uses the nowcast methodology outlined in chapter 1 and a variety of data sources to project the latest 2019 lined-up estimate to 2020. "Pre-COVID-19 projection" extrapolates the 2019 lineup to 2020 using per capita gross domestic product (GDP) growth forecasts from the January 2020 Global Economic Prospects database. Panel b shows the annual change in the global Gini Index, in Gini points.

- **Global inequality rose, as a result, for the first time in decades.**
- **Global median income declined by 4 per cent in 2020**—the first decline since measurements of median income began in 1990.

India's poverty levels-

- **Poverty has gone up in India too.** Previous estimates suggested a poverty headcount rate at the US\$1.90 poverty line of 10.4 percent in 2017.

- The latest estimate based on Sinha Roy and van der Weide (2022) shows that poverty at the US\$1.90 poverty line was 13.6 percent in 2017.
- However, the **report uses data from the Centre for Monitoring Indian Economy (CMIE)**, because there are no official estimates of poverty available since 2011.
- The **most recent survey data released by the National Sample Survey Office of India used to measure poverty is the 2011/12 National Sample Survey (NSS)**. The government decided not to release the 2017/18 NSS round because of concerns about data quality.

The World Bank has three specific suggestions when it comes to fiscal policy-

1. Choose targeted cash transfers instead of broad subsidies.
2. Prioritize public spending for long-term growth.
3. Mobilize tax revenues without hurting the poor.