



Poverty reduction and shared prosperity: Findings and policy approaches

Presentation Outline

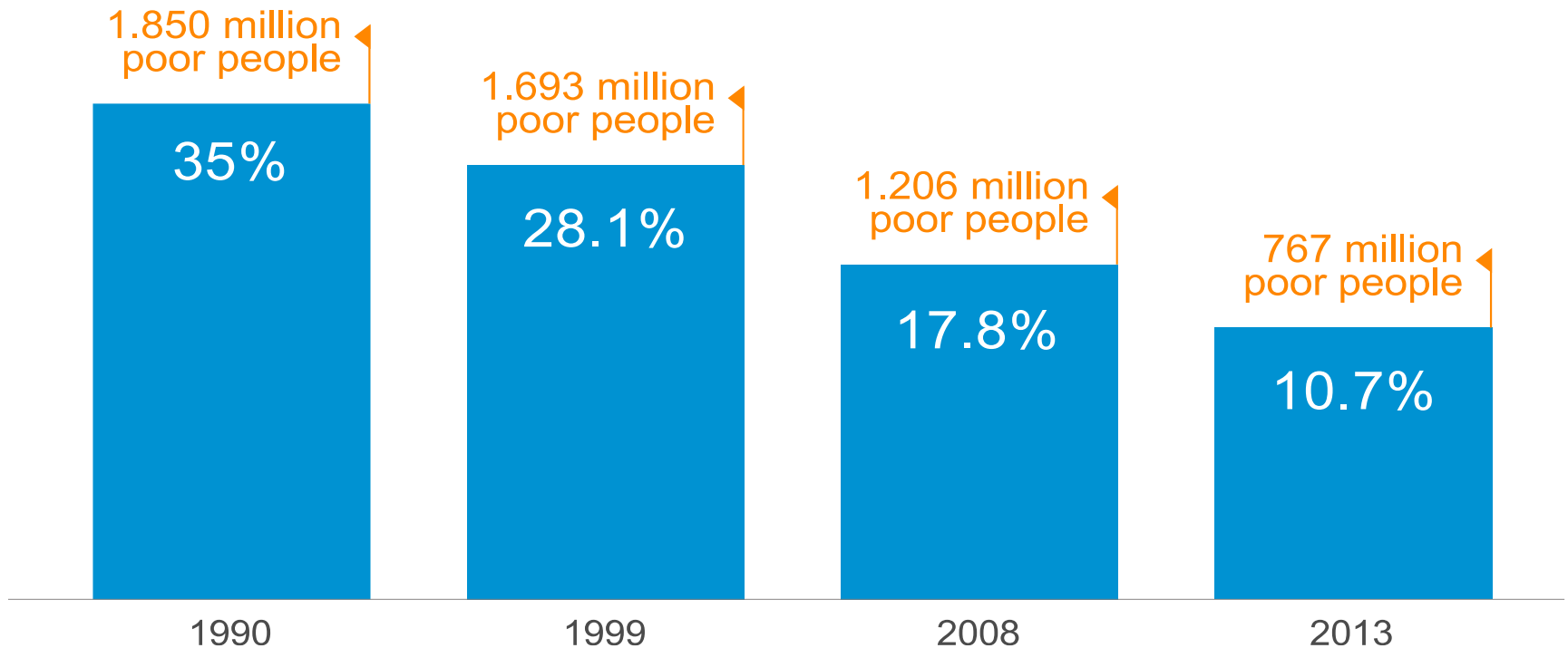
- Trends in Extreme Poverty and Inequality
- Can we end extreme poverty with current trends?
- What are some of the policy options to tackle inequality and end poverty



Trends in Extreme Poverty

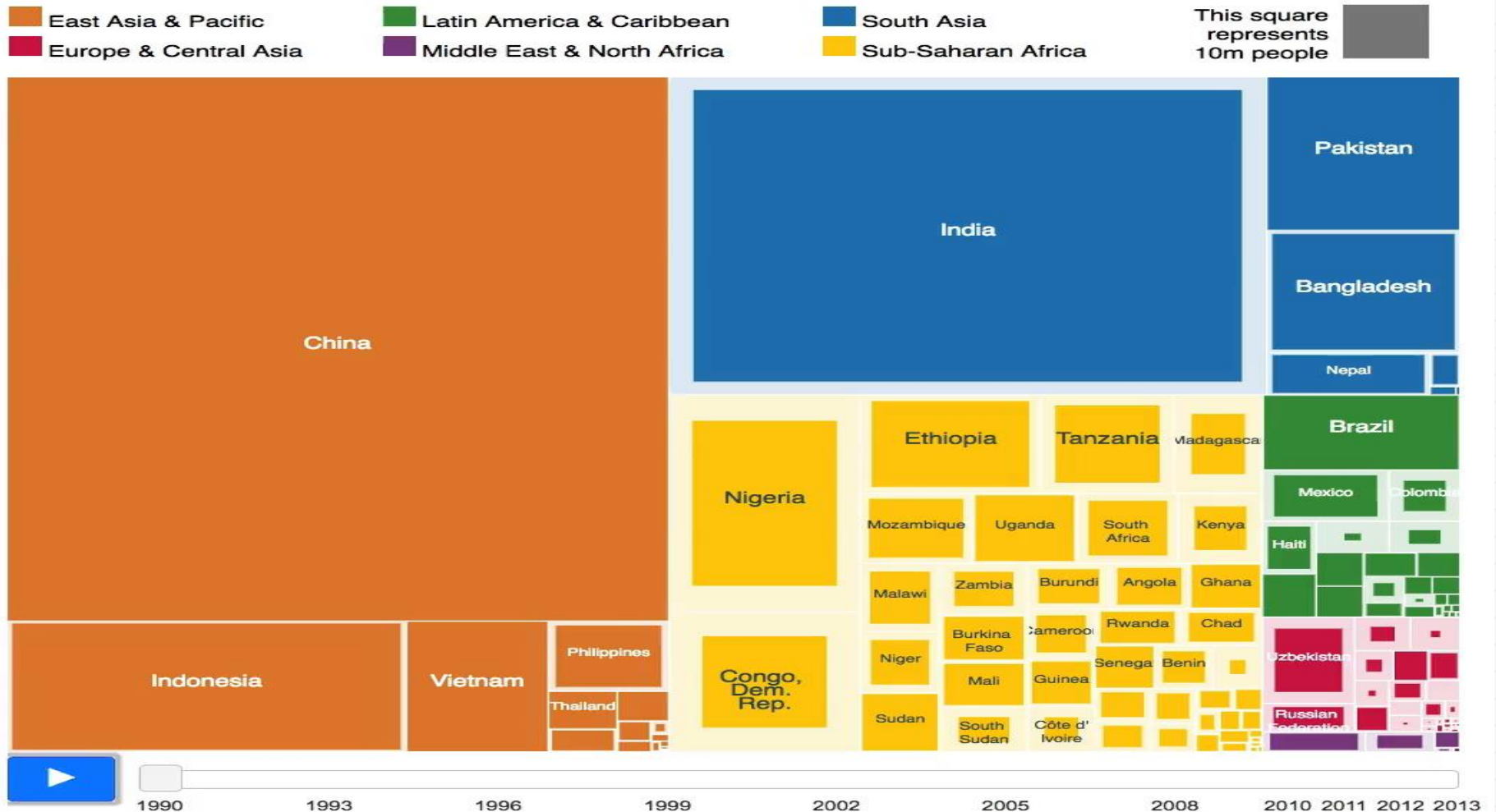
Poverty Down to <3% by 2030

Poverty rate (% of population living below \$1.90/day)



Trends in Extreme Poverty

People living in extreme poverty, 1990



The Global Poor

Who they are and where they live



Rural



Young



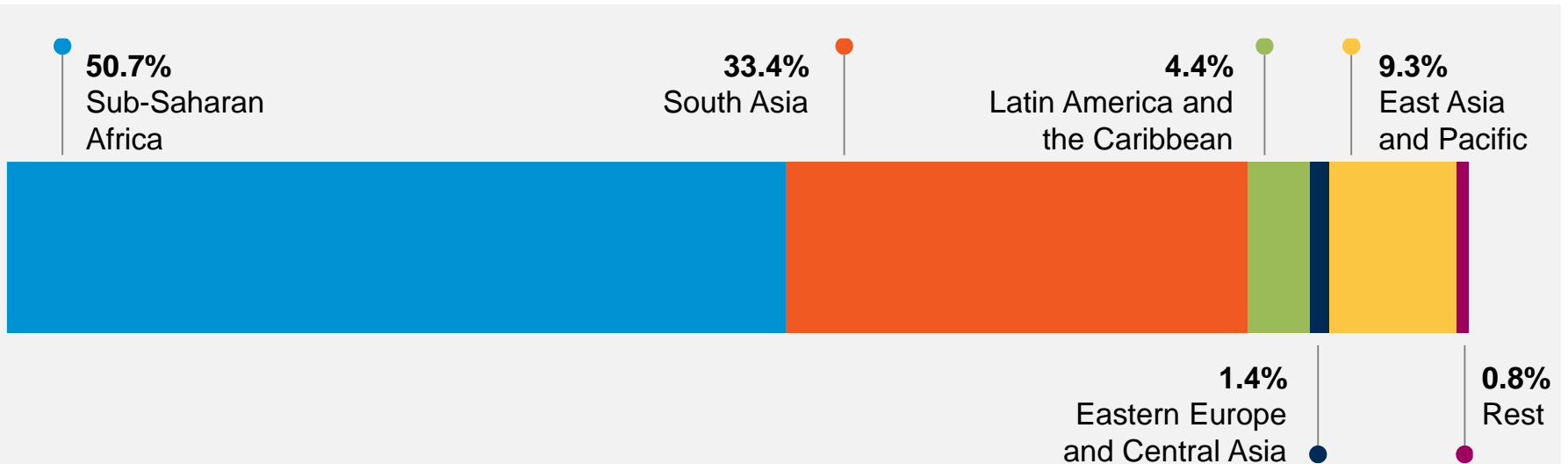
Poorly educated



Work in
agriculture

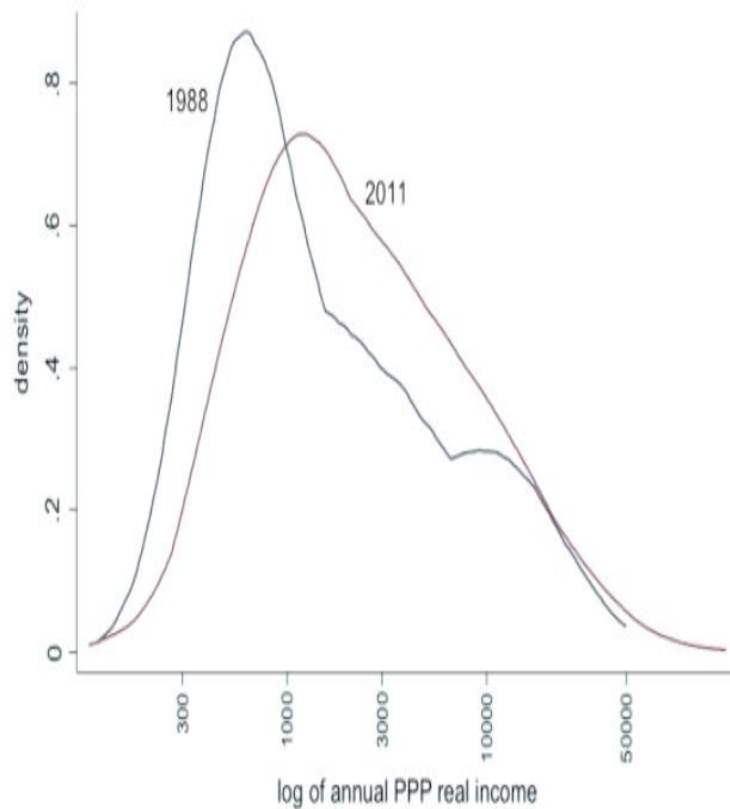


Larger households
with more children



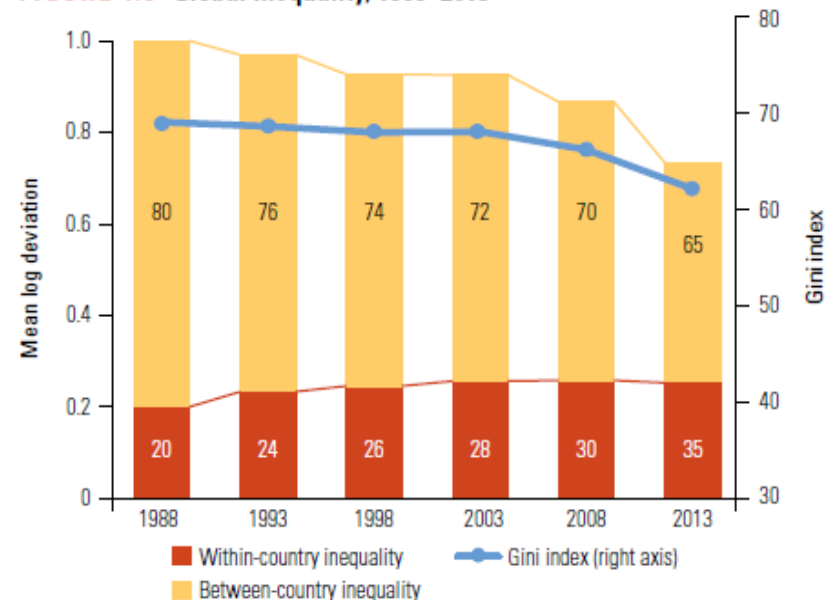
Trends in Global Income Distribution

Declining due to between country inequality



Source: Lakner, Christoph and Branko Milanovic (2013) Global Income Distribution From the Fall of the Berlin Wall to the Great Recession, World Bank Policy Research Working Paper 6719.

FIGURE 4.5 Global Inequality, 1988–2013



Sources: Lakner and Milanović 2016a; Milanović 2016; calculations based on PovcalNet (online analysis tool), World Bank, Washington, DC, <http://iresearch.worldbank.org/PovcalNet/>.

Note: For each country, household income or consumption per capita is obtained from household surveys and expressed in 2011 PPP exchange rates. Each country distribution is represented by 10 decile groups. The line (measured on the right axis) shows the level of the global Gini index. The height of the bars indicates the level of global inequality as measured by GE(0) (the mean log deviation). The red bars show the corresponding level of population-weighted inequality within countries. The level of between-country inequality, which captures differences in average income across countries, is shown by the yellow bars. The numbers in the bars refer to the relative contributions (in percent) of these two sources to total global inequality.

Boost Shared Prosperity: The bottom 40%

Sample: 83 countries (2008-13)



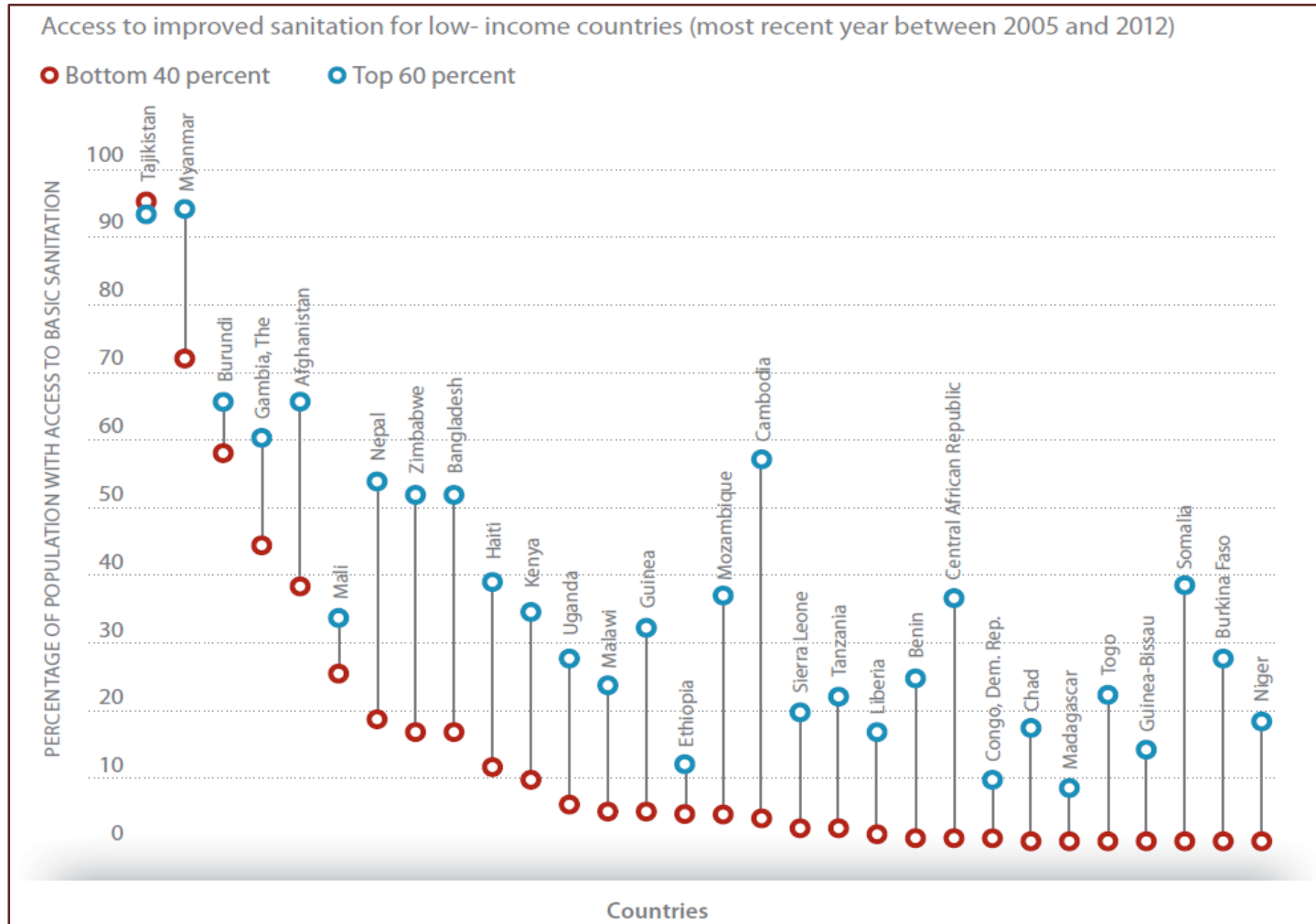
**SAW THE POOREST 40% OF
PEOPLE'S INCOMES GROW**

From 2008-2013



49 OF 83 COUNTRIES
SAW INCOMES OF THE
POOREST 40% GROW
FASTER THAN INCOMES
OF THE AVERAGE.

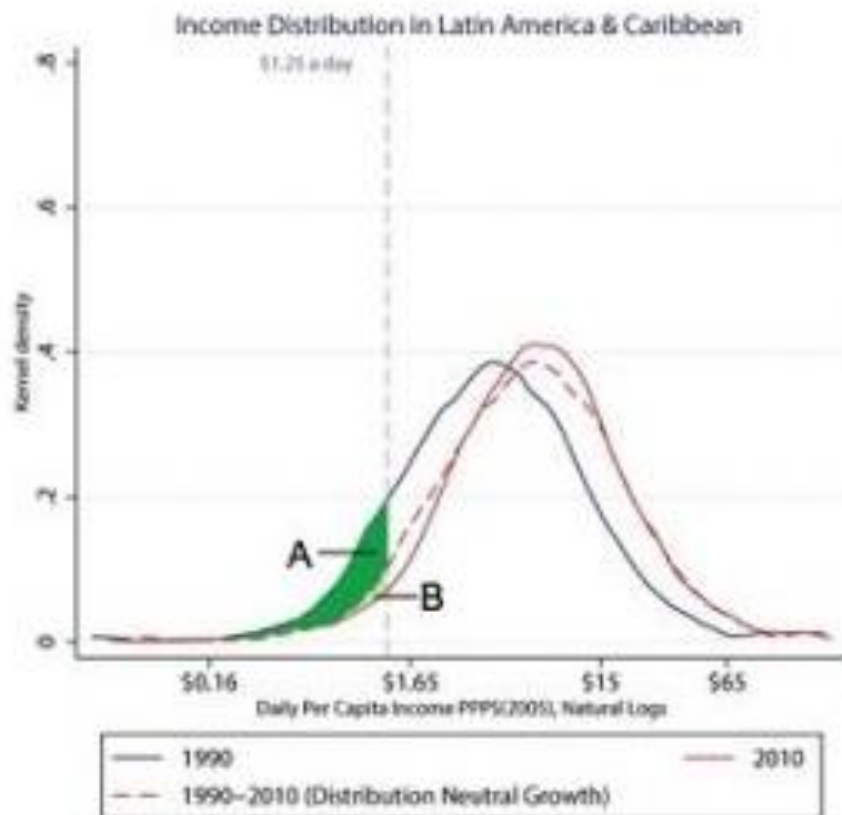
Access to services is different across the income distribution



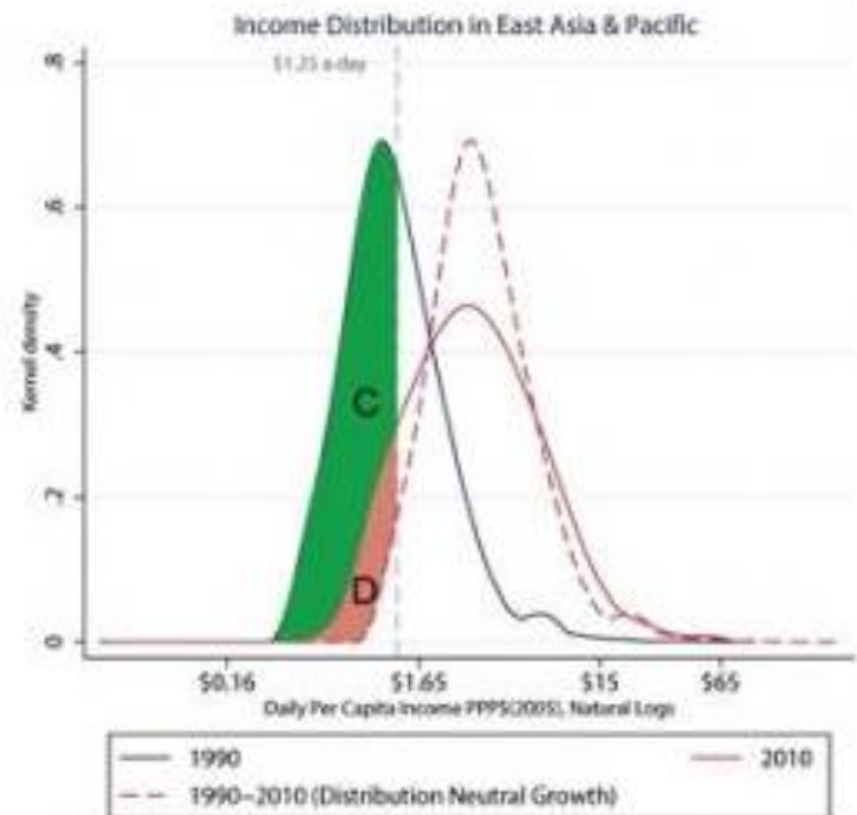
2. Can we end poverty with current trends?



Changes in income distribution can support or hinder poverty reduction



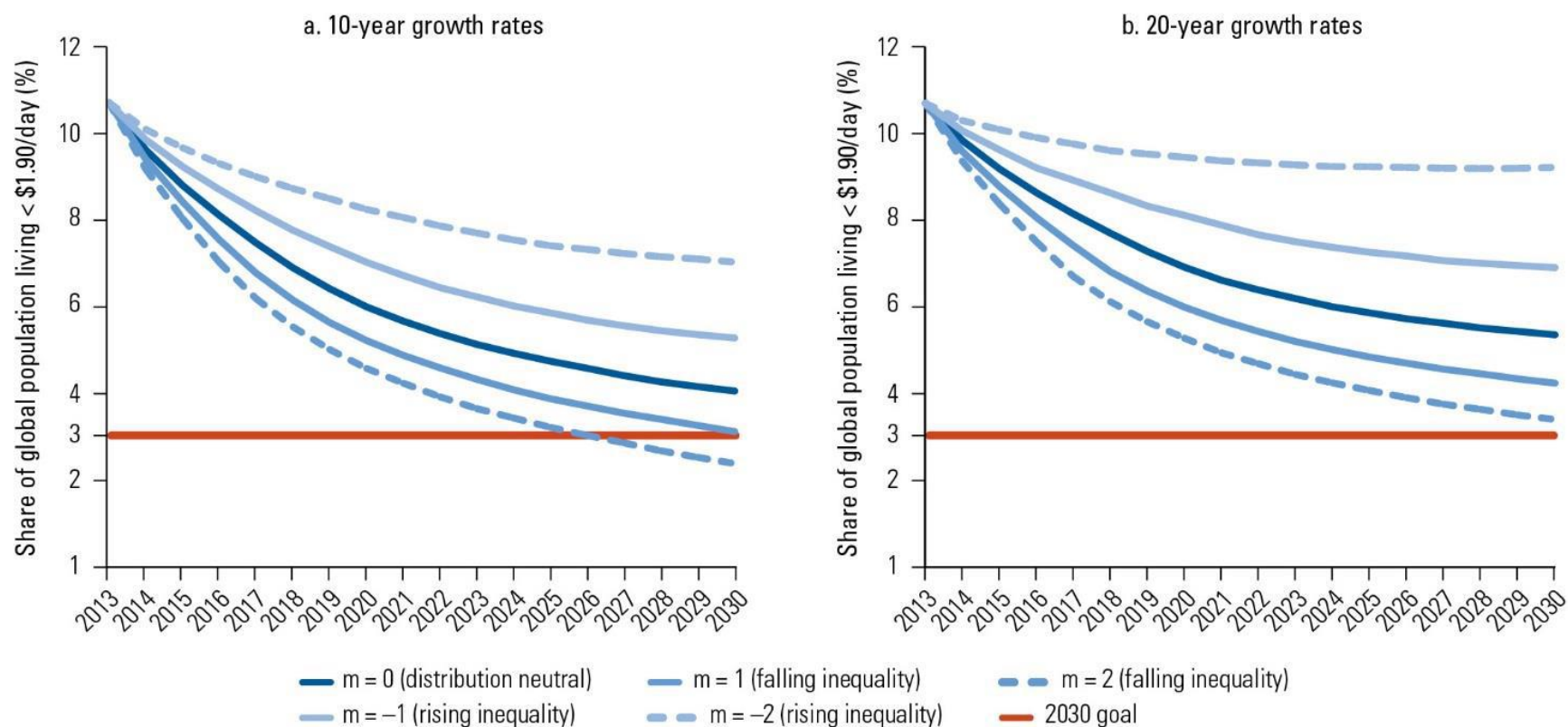
Source: Author's estimates using PovAnal, The World Bank



Source: Author's estimates using PovAnal, The World Bank

Simulating poverty by 2030 under inequality scenarios and current global growth

FIGURE 3.4 Boosting Shared Prosperity and Ending Poverty, 2013–30



Source: Updated results based on Lakner, Negre, and Prydz 2014.

Note: m = the assumed shared prosperity premium, that is, the growth in income or consumption among the bottom 40, minus the growth in income or consumption at the mean. For example, $m = 2$ indicates that the growth in income among the bottom 40 exceeds the growth in income at the mean in each country by 2 percentage points.

How to end poverty: reduce inequality at a faster pace

Three key elements:

1. Accelerate inclusive and sustainable growth
2. Invest in people
3. Build resilience

Accelerate inclusive and sustainable growth



INFRASTRUCTURE

Accelerate inclusive and sustainable growth



PRIVATE SECTOR

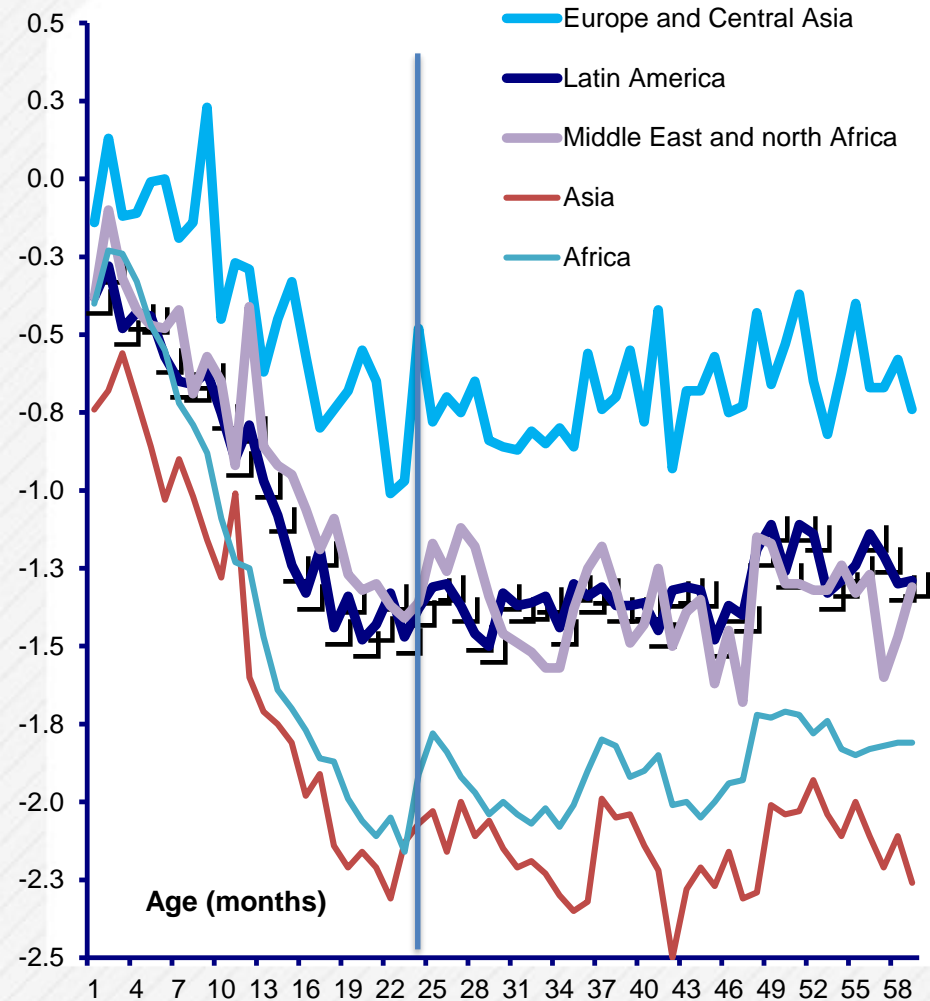


Invest in people



Invest in people: Early childhood development and nutrition

Mean height for age (Z-scores) by age, relative to WHO standards, by region



Invest in people and build resilience: Social cash transfers



Cash transfers change lives:



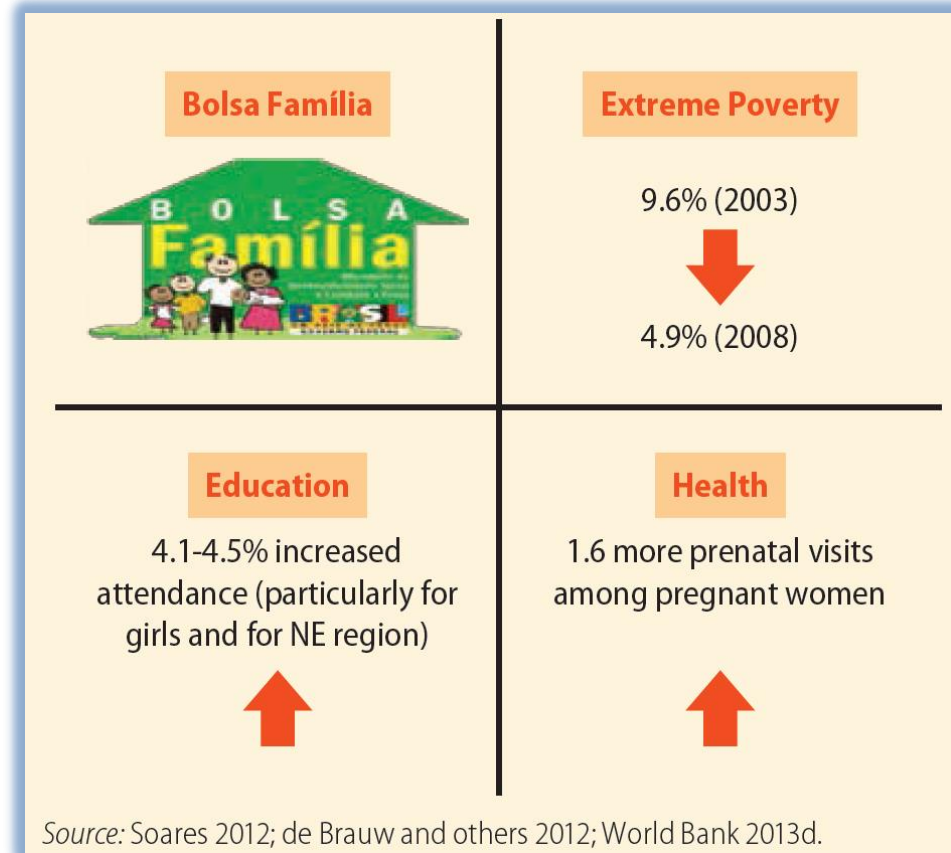
Food



Vaccines



School



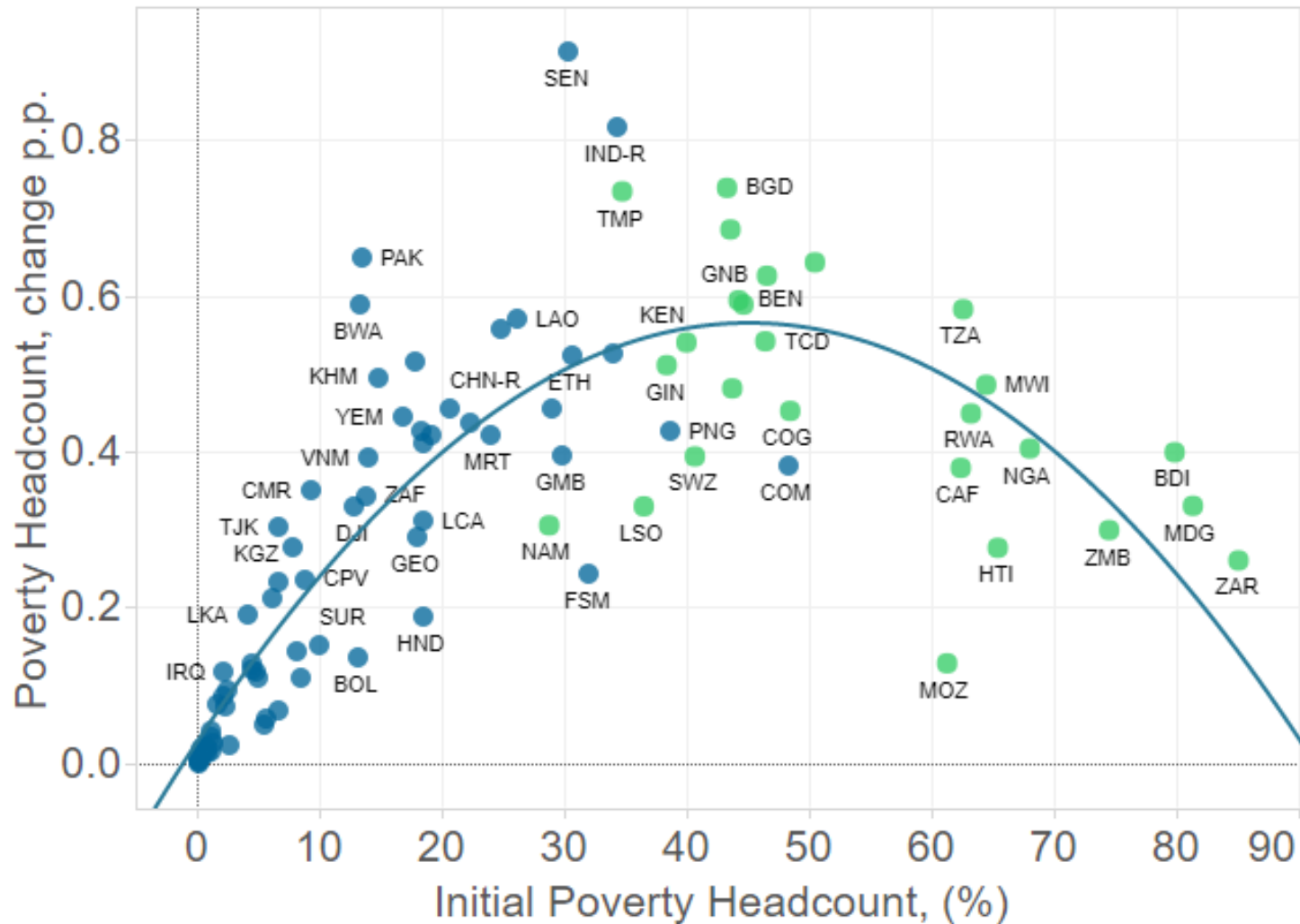
Source: Soares 2012; de Brauw and others 2012; World Bank 2013d.

Build resilience:



Globally and Domestically:
Emerging shocks: Pandemics;
Climate; and Fragility and conflict
Traditional shocks: Macroeconomic
and Trade

In closing: Growth, poverty reduction and income distribution



Thank You



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And/Or <http://www.worldbank.org/gmr>

