Poverty Trends – Good News but NOT Surprising News
Mike Crosswell, March 21st, 2012

On March 1 the World Bank issued updated estimates of trends in poverty for 1981-2008.[1] This includes new figures for 2008 and revised figures for earlier years. The table below shows the new estimates for 1981-2008, as well as the projections from last year for 2015. I expect these projections to be revised soon, in conjunction with the Global Monitoring Report 2012 due out around April. The new projections will most likely continue to paint a very positive picture in terms of declines in poverty – as they have for some years now.

Table 1 -- $1.25 Poverty by region (population share and number in millions)

Region/Country		1981	1990	1996	1999	2005	2008	2015
East Asia/Pacific	%	77.2	56.2	35.9	35.6	17.1	14.3	5.9
	#	1097	926	640	656	332	284	119
of which China	%	84	60.2	36.4	35.6	16.3	13.1	4.8
	#	835	683	443	446	212	173	66
South Asia	%	61.1	53.8	48.6	45.1	39.4	36	22.4
	#	568	617	631	620	598	571	379
Europe/Central Asia	%	1.9	1.9	3.9	3.8	1.3	0.5	1.2
	#	8	9	18	18	6	2	6
Middle East/North Africa	%	9.6	5.8	4.8	5	3.5	2.7	1.3
	#	17	13	12	14	11	9	5
Sub-Saharan Africa	%	51.5	56.5	58.1	58	52.3	47.5	35.8
	#	205	290	349	377	395	386	345
Latin America/Caribbean	%	11.9	12.2	11.1	11.9	8.7	6.5	4.7
	#	43	53	54	60	48	37	29
Total	%	52.2	43.1	34.8	34.1	25.1	22.4	14.4
	#	1938	1909	1704	1743	1390	1289	883
Total w/o China	%	40.5	37.2	34.3	33.6	27.8	25.2	12.6
	#	1103	1226	1261	1297	1178	1116	595

Source: IBRD 2012 Poverty Update (1981-2008) and Global Monitoring Report 2011 (2015)

To put the data in context, the poverty MDG calls for a 50% reduction (from 1990 to 2015) in the share of the population in severe poverty, as gauged by the $1.25 per day poverty line. According to the new estimates, the target was just about achieved by 2008 for the developing world as a whole and has been achieved in East Asia, LAC, Europe and Eurasia, and the Middle East/North Africa; South Asia is on track

[1] The data are available at http://povertydata.worldbank.org/poverty/home/. The Bank's six page summary report is at http://siteresources.worldbank.org/INTPOVCALNET/Resources/Global_Poverty_Update_2012_02-29-12.pdf.

to achieve the target by 2015. Africa lost ground during most of the 1990s, but since then poverty has fallen significantly, and is projected to fall further. If the MDG clock had started ticking at the turn of the century when the MDG's were adopted, Africa would be about on track to achieve the target over the subsequent 25 year period.

In addition to touting the new poverty data, The Economist also makes note of revised estimates of hunger from the FAO:

> The poverty data chime with other evidence. Estimates by the Food and Agriculture Organization that the number of hungry people soared from 875m in 2005 to 1 billion in 2009 turned out to be wrong, and were quietly dropped. Derek Headey of the International Food Policy Research Institute has shown that despite the world food-price spike, people's assessment of their own food situation in most poor and middle-income countries was better in 2008 than it had been in 2006.

The main headline remains, however, that there were declines in the absolute number of poor in every region (including Africa) between 2005 and 2008. While this is great news, it should not come as a surprise for at least two reasons. First, earlier projections to 2015 have consistently shown these sorts of declines.[2] Second, the picture with respect to poverty closely tracks the picture with respect to economic growth, both across regions and within regions over time, and including projections to 2015 provided by the IMF.[3]

Growth has been consistently rapid in Asia – not just in China – producing significant declines in poverty, and the striking turnaround in growth performance in Africa since the mid-1990s largely accounts for the declining trend in poverty since then. IMF projections to 2016 from last fall's World Economic Outlook indicated a continuation of these trends. As with the poverty story, the growth story has been remarkably positive for some time, but often unrecognized.

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[2] See the "The Development Record and the Effectiveness of Foreign Aid – Update", 2008, for earlier estimates. This is available at http://inside.usaid.gov/PPL/offices/p/upload/PBPDevelopmentRecordUpdate.pdf.

[3] I will report on growth performance and prospects next month when the spring 2012 World Economic Outlook is issued.