

EXPERT GROUP MEETING ON SDG1 | MAY 7, 2024

# Where are we today in the fight against global poverty?

## Five messages for the future

**Luis F. López-Calva**

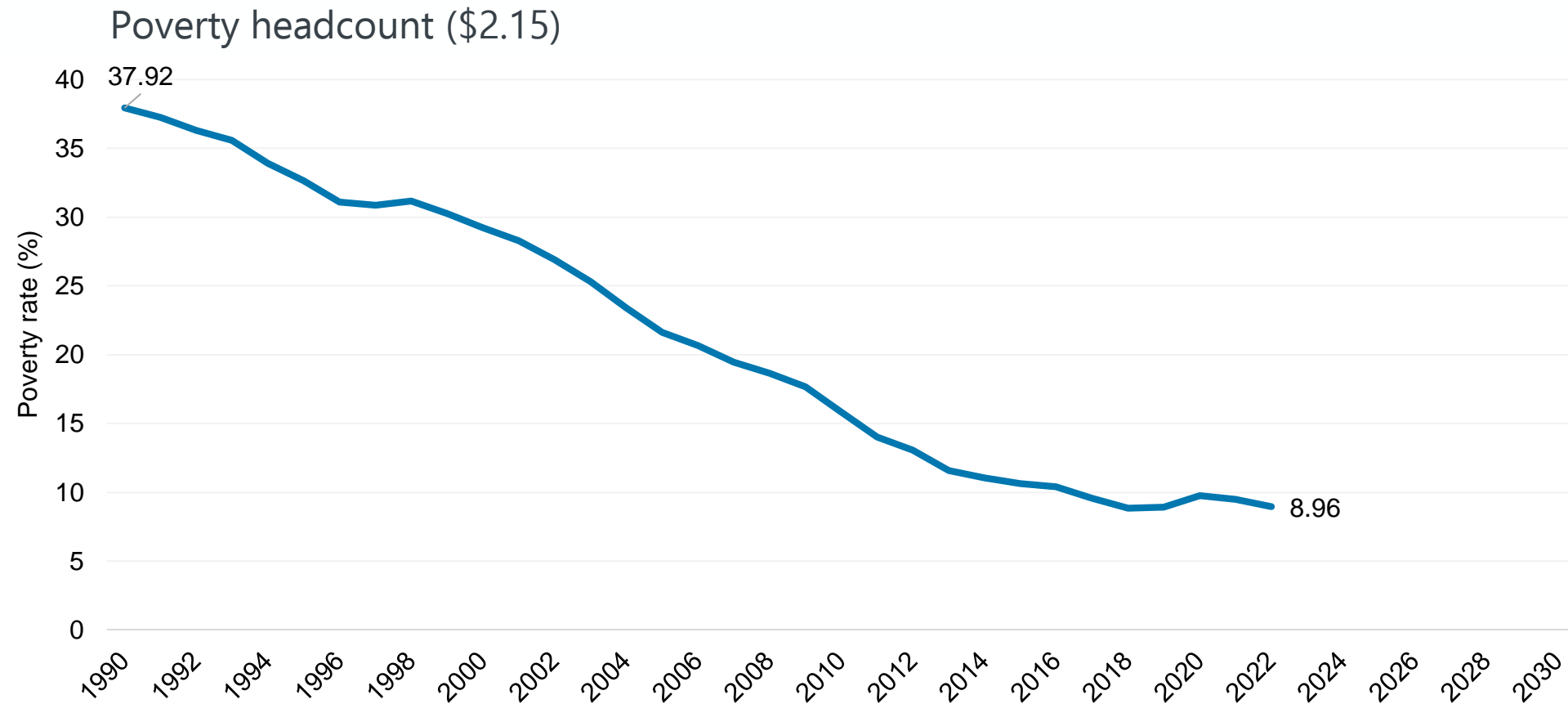
Global Director, Poverty & Equity



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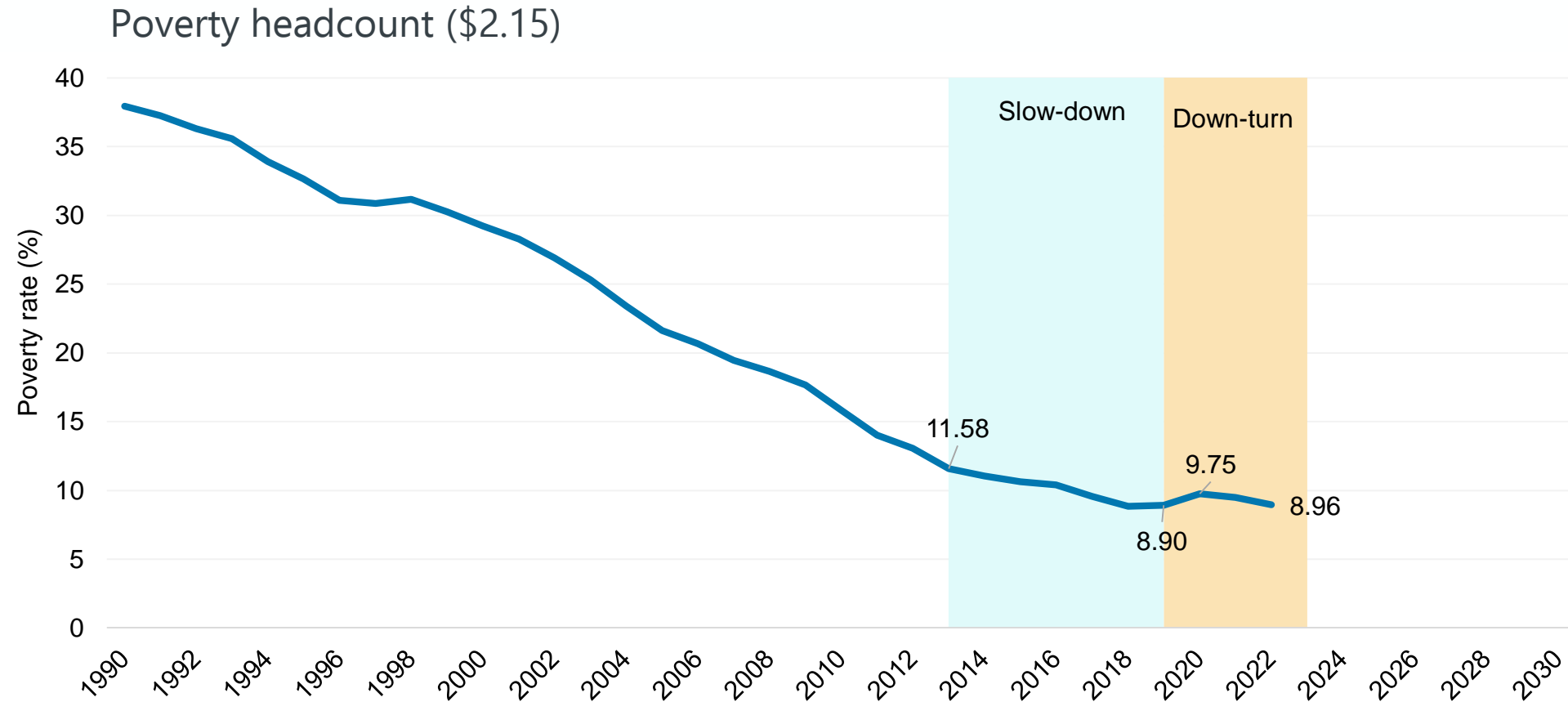
**We are off track to achieve  
SDG1**

# We have come a long way toward ending global extreme poverty



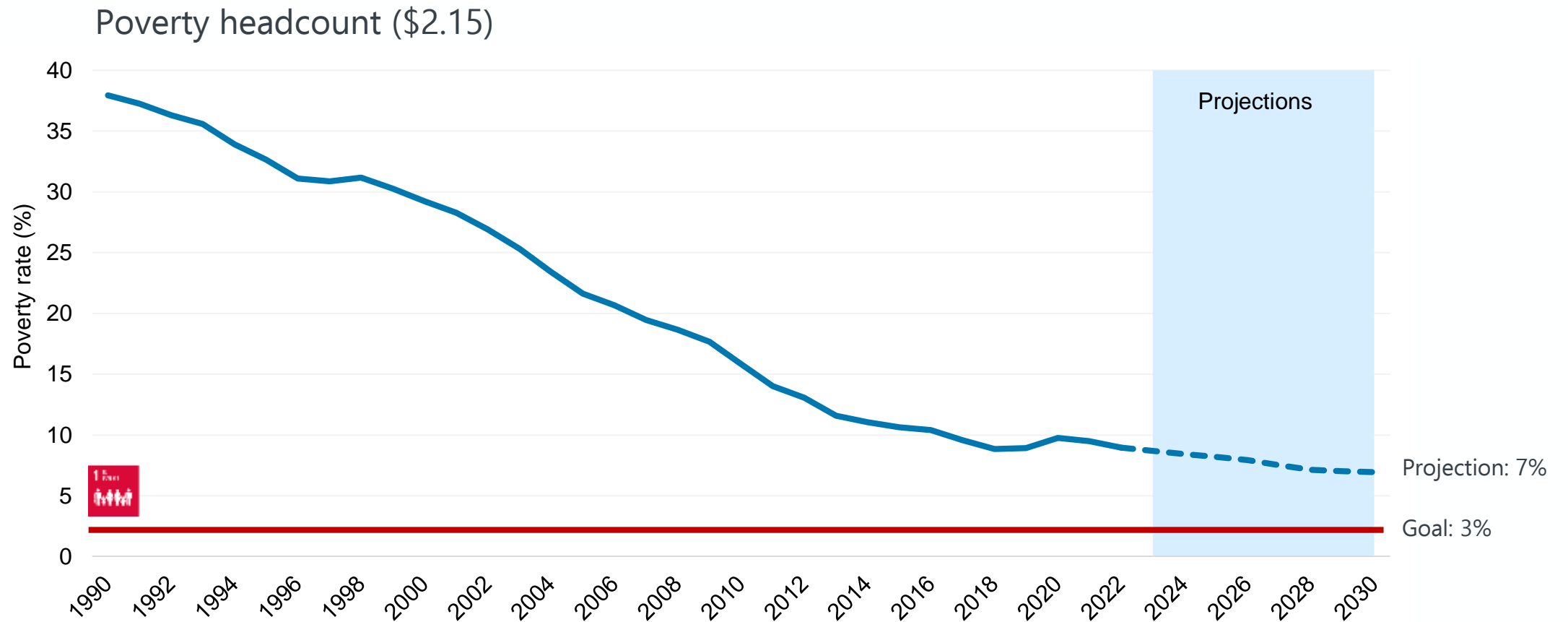
Source: World Bank Poverty, Prosperity, and Planet Report 2024 (Forthcoming)

But progress has slowed in recent years and witnessed a historical reversal in the wake of recent crises



Source: World Bank Poverty, Prosperity, and Planet Report 2024 (Forthcoming)

If we continue on a path of "business as usual," extreme poverty will be more than double our goal of 3% in 2030

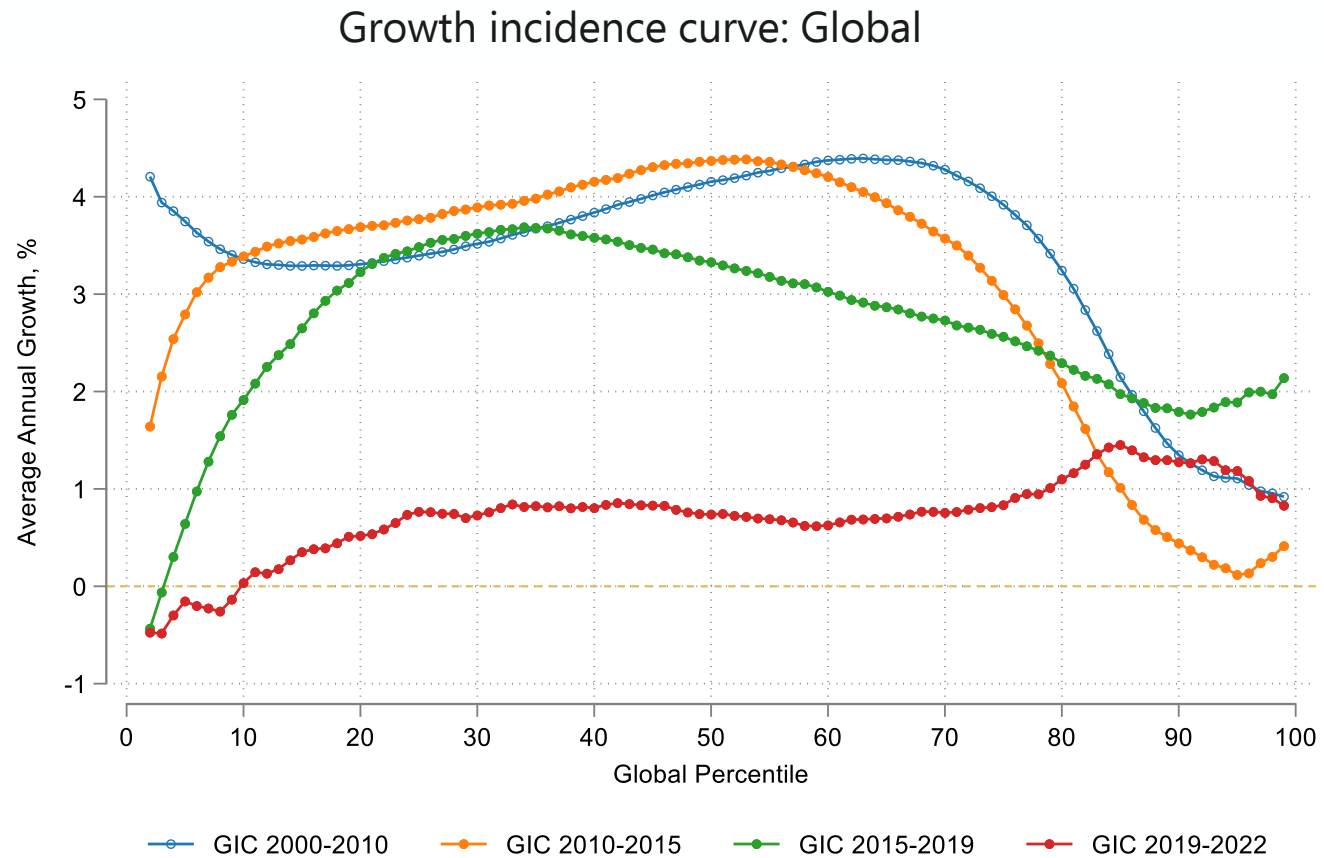


Source: World Bank Poverty, Prosperity, and Planet Report 2024 (Forthcoming)

2

**Reigniting poverty reduction  
requires a broader focus on  
growth incidence**

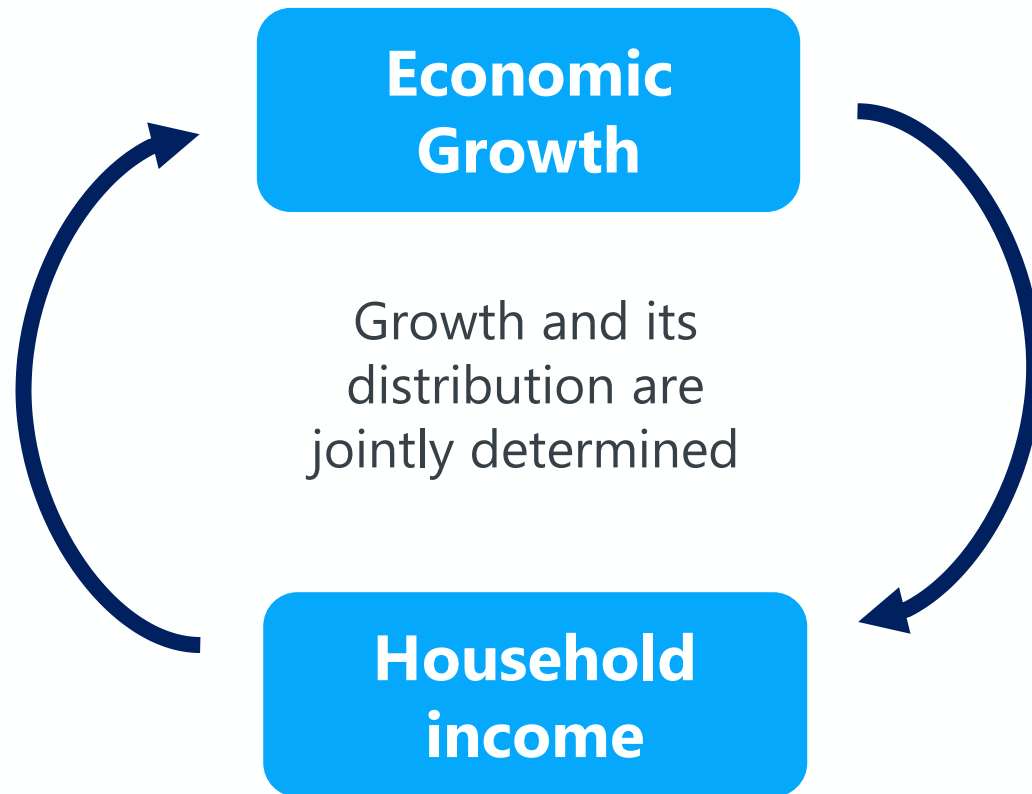
We need to look beyond measures of poverty to also understand patterns of income growth across the distribution



Source: World Bank Poverty & Equity Global Practice

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## Moving from a “pro-poor growth” to a “pro-growth equity” approach



“Distributional objectives should be treated as an integral part of development strategy. They should be expressed in terms of the growth of income and consumption of different socioeconomic groups, with special weight being given to growth in low-income ‘target groups.’”

-Ahluwalia and Chenery (1974)



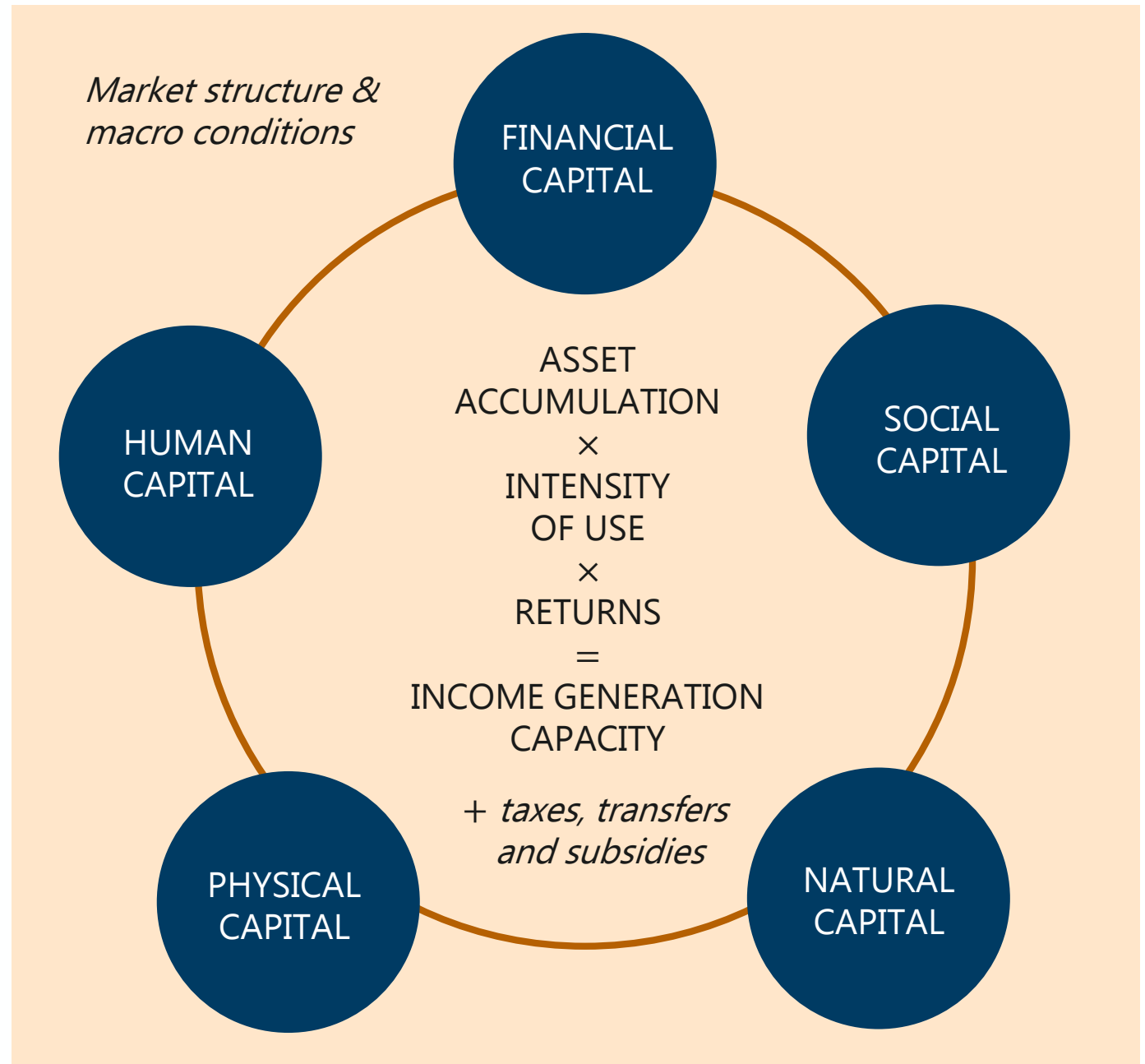
**3**

**We need policies that invest in  
the productive capacity of the  
poor**

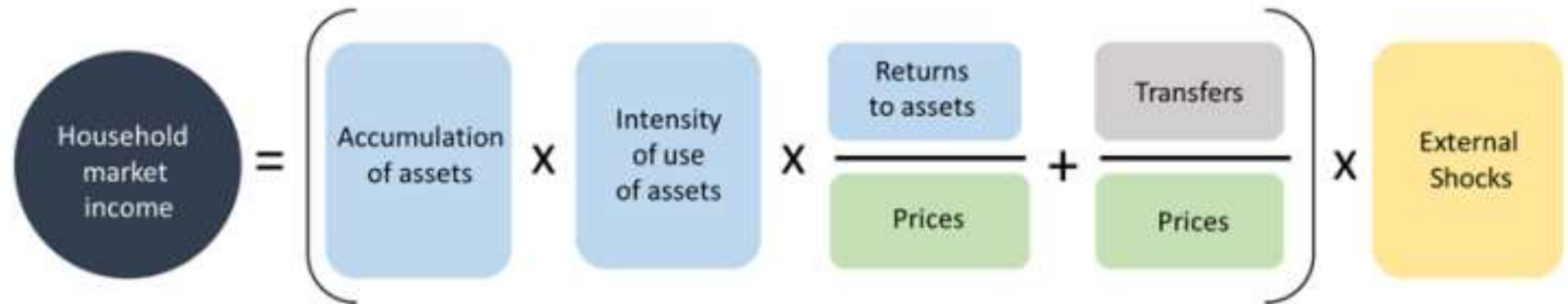
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# Unlocking income growth opportunities for those at the bottom

Through an assets-based approach we can better understand what is behind the pattern of growth incidence that we see in different country contexts and identify the binding constraints that the poorest face in growing their incomes



# An assets-based approach



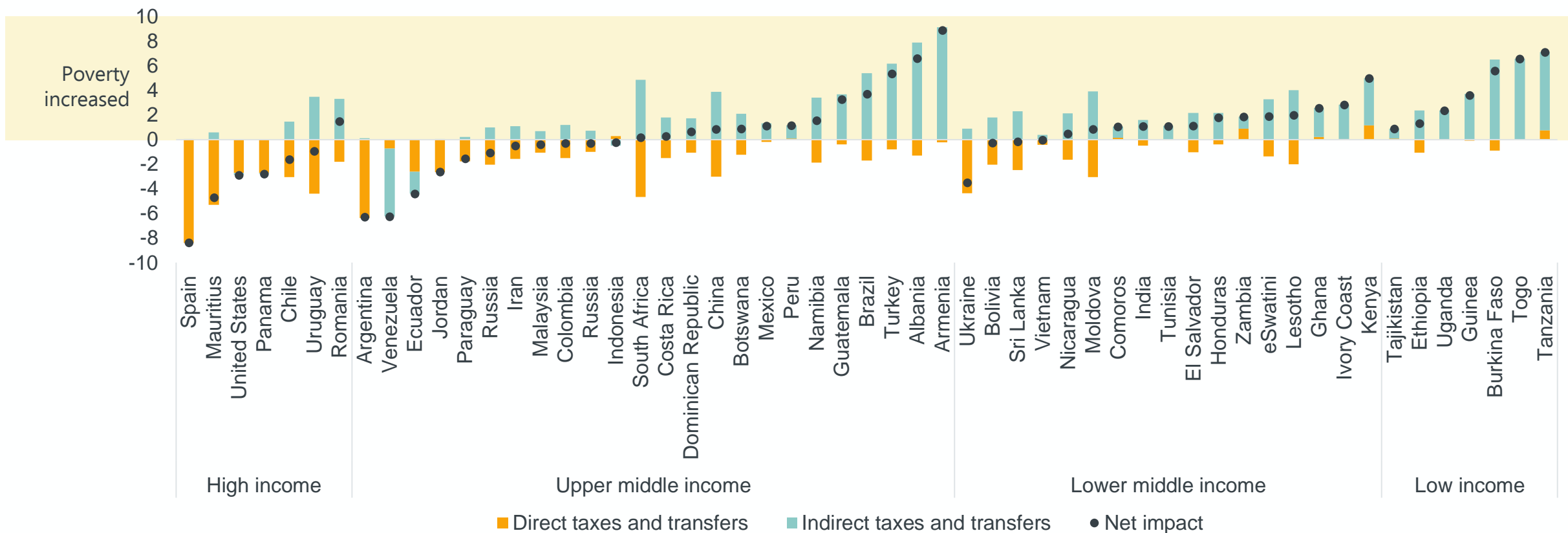
Source: Lopez-Calva, Luis F.; Rodríguez-Castelán, Carlos. 2016. Pro-Growth Equity: A Policy Framework for the Twin Goals. Policy Research Working Paper; No. 7897. World Bank, Washington, DC.

**4**

**We also need fiscal  
policies that work for all**

# Redistribution also plays an important role in reducing poverty, but many fiscal systems still leave the poorest behind

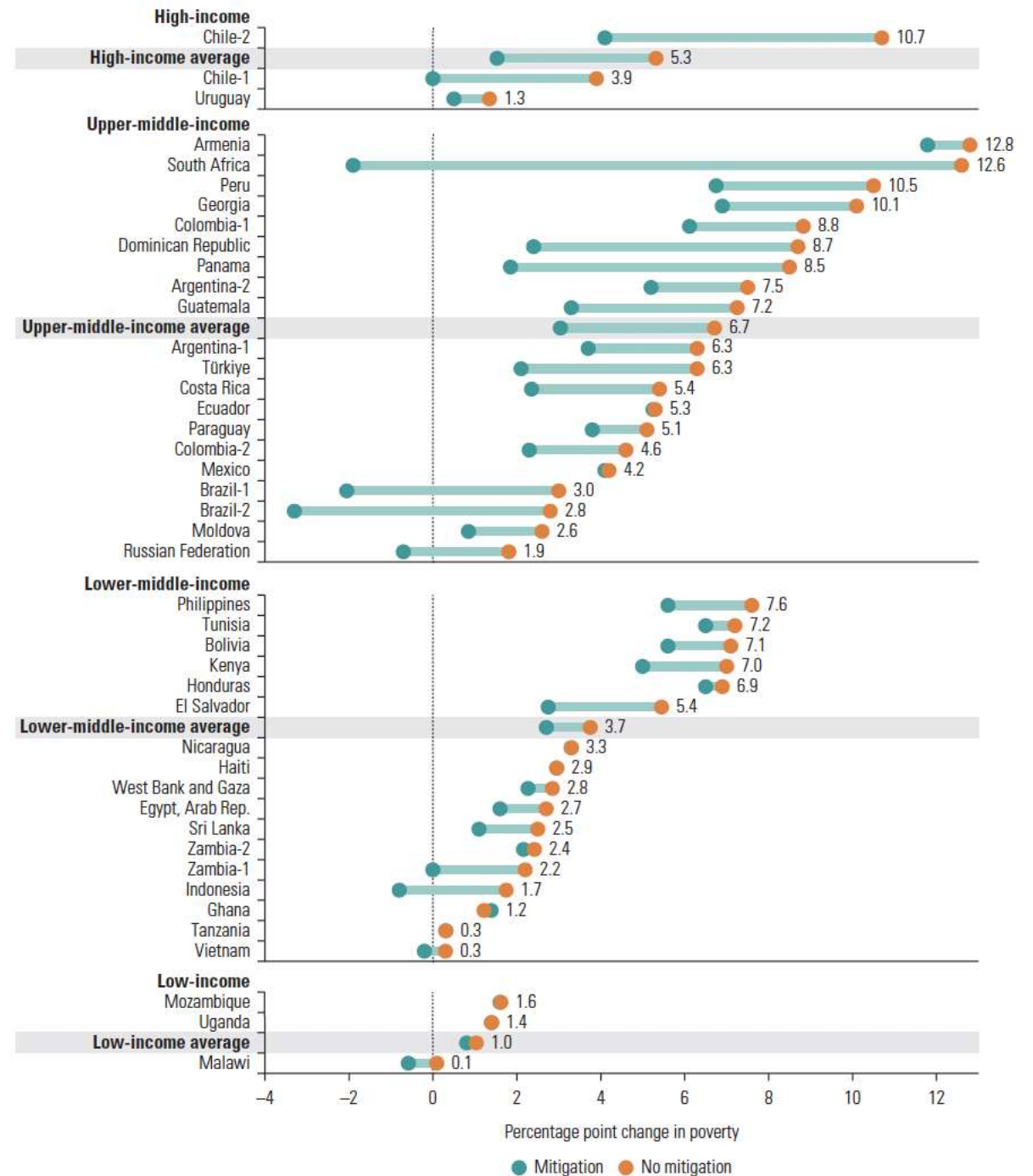
Percentage point change in poverty rate after taxes, transfers, and subsidies



Source: World Bank estimates based on data from CEQ Data Center on Fiscal Redistribution and World Bank. World Bank Poverty and Shared Prosperity Report 2022.

Fiscal systems can protect households against falling back into poverty during a crisis, but their efficacy varies widely by country

While fiscal policy nearly fully offset the impact of the COVID-19 pandemic on poverty in HICs, it offset only 1/2 of the impact in UMICs and just over 1/4 of the impact in LICs and LMICs.



Source: World Bank Poverty and Shared Prosperity Report 2022.

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**Ending poverty...  
on a livable planet**

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A critical challenge ahead is how to we make actions for poverty reduction compatible with actions to mitigate and adapt to climate change

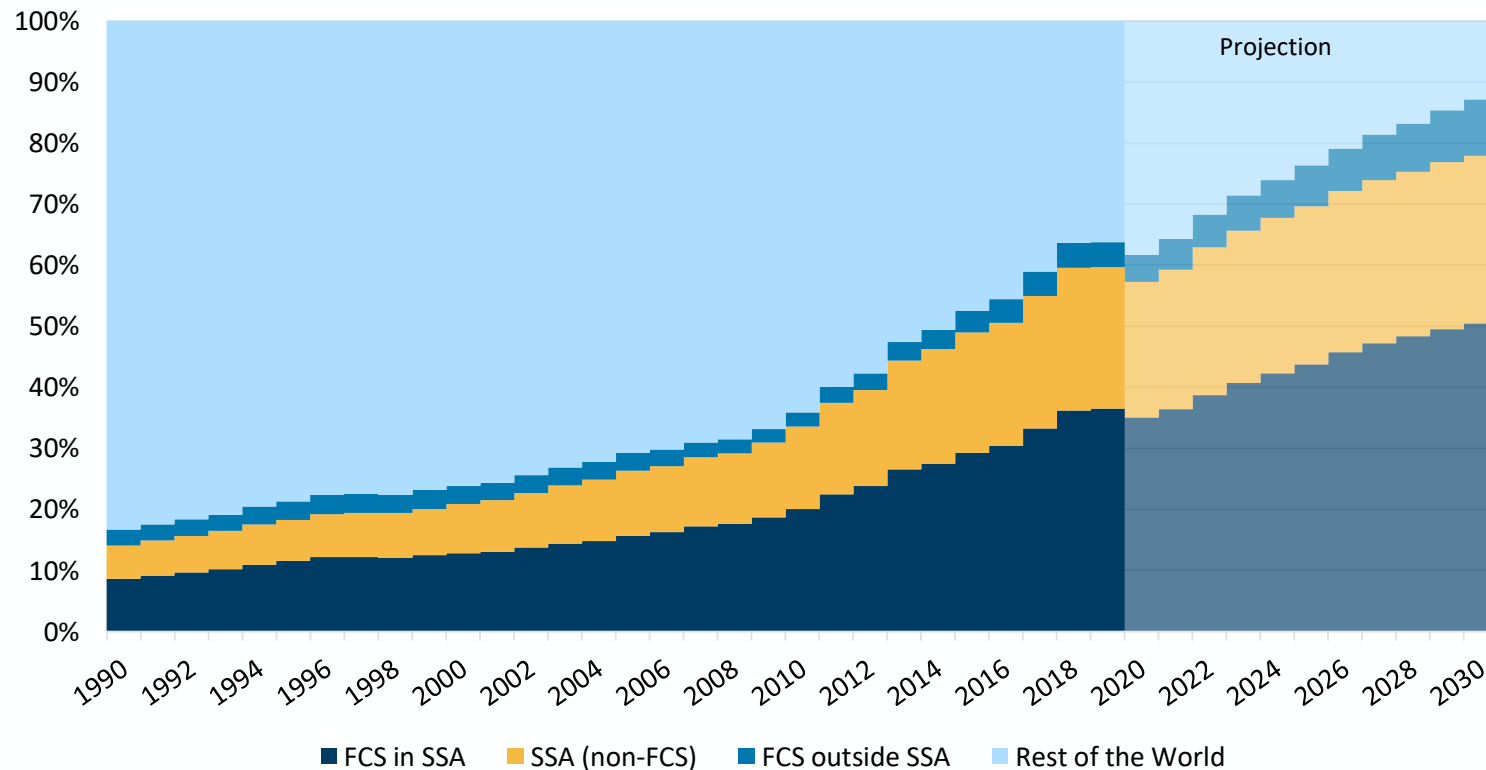
	<b>POPULATION</b> <i>(share of global population)</i>	<b>GDP</b> <i>(share of global economic activity)</i>	<b>EXTREME POVERTY</b> <i>(share of global population)</i>	<b>CO<sub>2</sub> EMISSIONS</b> <i>(share of global emissions)</i>
<b>LOW INCOME</b>	8.9%	0.6%	36.5%	0.5%
<b>LOWER MIDDLE INCOME</b>	40.3%	8.3%	55.4%	15.7%
<b>UPPER MIDDLE INCOME</b>	35.1%	30.3%	7.1%	48.6%
<b>HIGH INCOME</b>	15.7%	60.8%	1.0%	35.2%

Source: World Bank World Development Report 2024 (forthcoming). WDR staff using the World Bank WDI, WB Poverty and Inequality Platform, and Global Carbon Project 2022 data.



Ending poverty on a livable planet goes beyond climate concerns. The multiple intertwined global challenges we face will demand a different approach going forward.

Share of global extreme poor by location



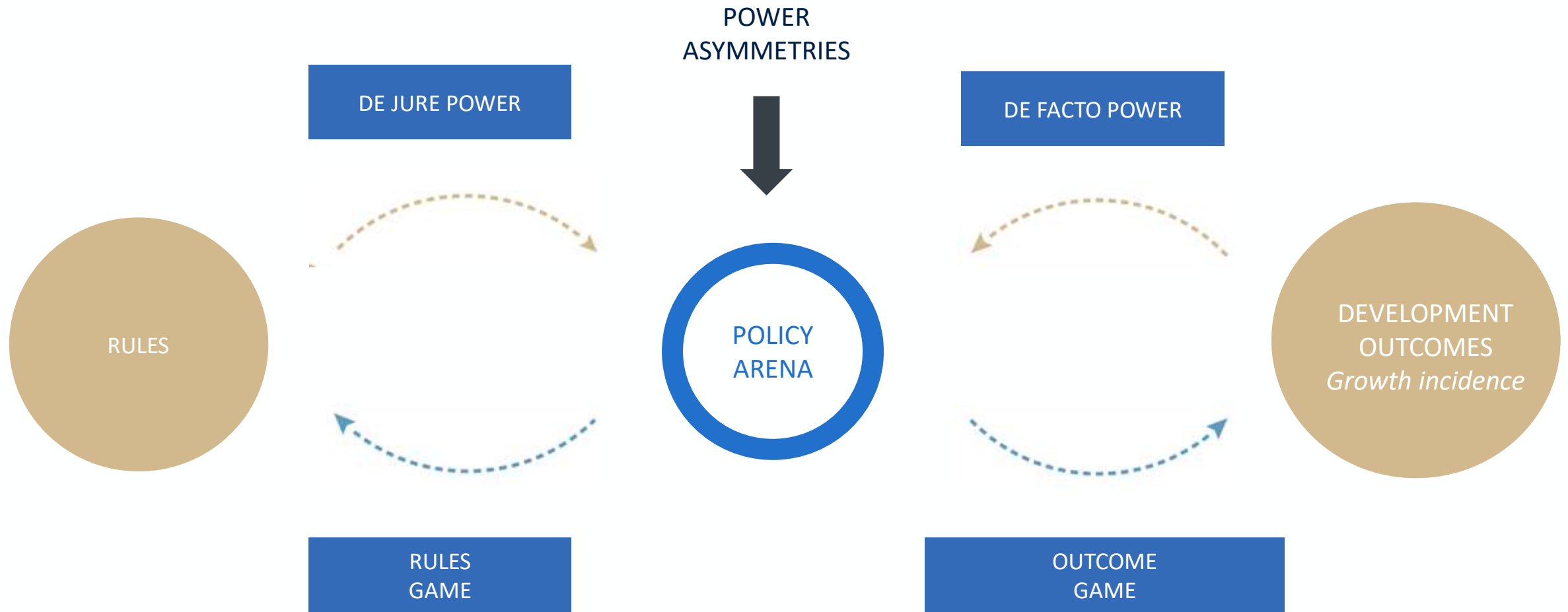
Extreme poverty will be concentrated in Sub-Saharan Africa (SSA) and in Fragile and Conflict-Affected Situations (FCS).

In the past 4 decades the share of extreme poor in FCS and/or SSA will have grown from 17% to 87%

Source: World Bank Poverty, Prosperity, and Planet Report 2024 (Forthcoming)

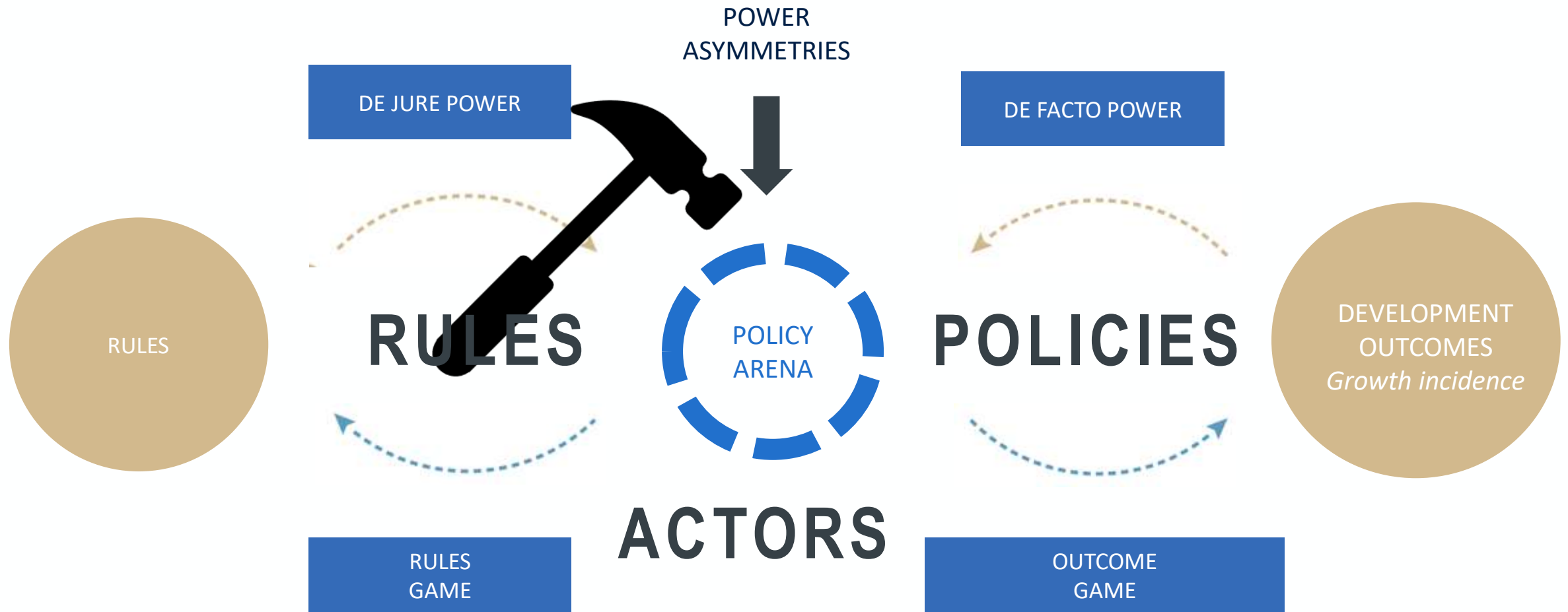
Note: FCS is defined using the 2022 classification

# Governance and growth incidence: An "infinity loop"



Source: World Bank (2017). World Development Report 2017: Governance and the Law

# Governance and growth incidence: An “infinity loop”



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# THANK YOU

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