

# The evolution of global poverty, 1990-2030

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The basic needs approach to the measurement of poverty looks at the minimum level of income or expenditure required for long-term physical survival, encompassing food, water, clothing, shelter and, increasingly, access to electricity, sanitation, basic education, and healthcare. Basic needs are a means to an end, the freedom to act in a way that leads to well-being.

More expansive metrics of poverty include voice and agency<sup>1</sup>, access to justice, equal treatment under the law, and functioning institutions with which to obtain redress<sup>2</sup>, and even access to financial services<sup>3</sup> and the internet.<sup>4</sup> The thought is that a person who can fulfill their basic needs across these varied dimensions has the capability to act in a way to achieve well-being.<sup>5</sup>

## 1. Who is considered poor?

Countries construct national poverty lines based on the basket of goods they consider essential. Thus, national poverty lines tend to rise in more advanced economies, as the range and quality of required basic goods expands. Conceptually, poverty lines measure whether individuals can afford the basket of basic goods—not whether they actually choose to spend their money in this way.

National lines are useful for measuring poverty at the country level but variations in what national poverty lines cover mean that cross-country comparisons are not very meaningful—the national poverty line in the United States covers a very different basket and quality of goods than the line in India. Therefore, an international poverty line was created by the World Bank. Initially, the World Bank found that national poverty lines of poor countries tended to be quite similar, after adjusting for price differences across countries, so it was a straightforward exercise to create a global poverty line as the average of the national poverty line for the poorest 15 countries. This was initially set at \$1.25 per person per day in 2005 purchasing power parity (PPP) dollars<sup>6</sup>, and was later

<sup>1</sup> O'Brien, Paul. 2019. "[Left Behind or Pushed Behind? Redistributing Power Over the Sustainable Development Goals.](#)" In *Leave No One Behind: Time for Specifics on the Sustainable Development Goals*, edited by Homi Kharas, John McArthur and Izumi Ohno. Washington, DC: Brookings Press.

<sup>2</sup> Open Society Foundations. 2019. "[What Does Justice Have to Do with Overcoming Poverty?](#)" OSF explainer, May.

<sup>3</sup> Beck, Thorsten, Asli Demirgüç-Kunt, and Ross Levine. 2007. "[Finance, inequality and the poor.](#)" *Journal of Economic Growth* 12: 27-49.

<sup>4</sup> World Bank. 2021. "[Connecting for Inclusion: Broadband Access for All.](#)" Brief, accessed Feb. 24, 2021.

<sup>5</sup> Sen, Amartya. 2000. *Development as Freedom*. New York: Anchor Books.

<sup>6</sup> Ravallion, Martin, Shaohua Chen and Prem Sangraula. 2009. "[Dollar a Day Revisited.](#)" *World Bank Economic Review* 23, no. 2.

updated to account for new price comparison data, becoming \$1.90 per person per day in 2011 PPP terms.

The globally accepted threshold for what is termed “extreme poverty” has thus become \$1.90. International targets, such as those contained in the Sustainable Development Goals (SDGs) agreed to by 183 member countries of the United Nations, refer to the extreme poverty line of \$1.90 in setting a target for eliminating poverty (SDG1), while also exhorting countries to halve poverty as measured by their own national poverty line.

A common misinterpretation of income poverty is that it ignores other dimensions of basic needs. It does not. It tries to measure the ability to consume a minimum threshold level of goods and services. Some analysts, however, are also concerned with poverty outcomes along various dimensions, rather than viewing poverty in terms of the capability to act. Consequently, researchers at Oxford, among others, have developed a Multidimensional Poverty Index (MPI), that measures a person as multidimensionally poor if they are deprived in a third or more of ten core indicators of poverty.<sup>7</sup>

## 2. Measuring the number of poor people

Poverty rates are measured using nationally representative household surveys. To calculate the level of extreme poverty in each country, each household’s reported aggregate income or consumption level (including imputations for autoconsumption) is adjusted for cross-country price differences. The share of households with daily per capita consumption levels below \$1.90 can then be identified.

Surveys are an imperfect tool, and often exclude data on hard to reach populations like street children, refugees and the homeless. Surveys are also difficult to carry out in conflict zones, though there is more work being done on text and phone-based surveys. Countries implement surveys according to their own procedures and using their own questions. Survey results can differ, sometimes substantially, using different methods (e.g., diaries or forced-choice items, different recall periods, different number of

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<sup>7</sup> Alkire, Sabina, Usha Kanagaratnam, and Nicolai Suppa. 2020. “[The global Multi-dimensional Poverty Index \(MPI\) 2020.](#)” OPHI MPI Methodological Note 49, Oxford Poverty and Human Development Initiative, University of Oxford.

items).<sup>8</sup> Furthermore, most surveys are done at the household level, with all members of a household considered as poor or non-poor. However, we know that women and children often face higher rates of poverty due to intra-household power dynamics and unequal access to resources.<sup>9</sup>

As a final caveat: in developing countries where the bulk of poor people live, statistical capacity is still evolving. Many surveys are not comparable over time, making the assessment of trends in poverty particularly difficult. Nevertheless, while surveys are an imperfect means of measuring poverty, they are best tool we have at the moment.

### 3. Global poverty in 1990

In the remainder of this chapter, poverty is measured as the number of people living below \$1.90 per person per day (headcount poverty). The methodology follows Crespo Cuaresma et al. (2018)<sup>10</sup>, and results are publicly available on the [World Poverty Clock](#).

In 1990, 1.9 billion people, or 36% of the world, lived below the \$1.90 per day extreme poverty line. Poverty was concentrated in low-income countries (World Bank definition); 9 of the top 10 countries by poverty headcount were low-income economies, and 90 percent of all poor people lived in low-income countries. Over 50% lived in East Asia, and another 28% in South Asia. China and India dominated the global poverty picture, with 760 million (65% of the population) and 406 million (46% of the population) respectively living below \$1.90 per day. Indonesia, Pakistan, Bangladesh, Myanmar and Vietnam also made the top 10 list by poverty headcount.

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<sup>8</sup> Beegle, Kathleen, Luc Christiaensen, Andrew Dabalen, and Isis Gaddis. 2016. [Poverty in a Rising Africa](#). Washington, DC: World Bank.

<sup>9</sup> Munoz Boudet, Ana Maria, Paola Buitrago, Benedicte Leroy De La Briere, David Newhouse, Eliana Rubiano Matulevich, Kinnon Scott and Pablo Suarez-Becerra. 2018. ["Gender Differences in Poverty and Household Composition through the Life-Cycle: A Global Perspective."](#) World Bank Policy Research Working Paper 8360. Washington, DC: World Bank.

<sup>10</sup> Crespo Cuaresma, Jesús, Wolfgang Fengler, Homi Kharas, Karim Bekhtiar, Michael Brottrager and Martin Hofer. 2018. ["Will the Sustainable Development Goals be fulfilled? Assessing present and future global poverty."](#) Nature Palgrave Communications 4, no. 29.

## 4. Global poverty trends

The last 30 years have seen dramatic reductions in global poverty, spurred by strong catch-up growth in developing countries, especially in Asia. By 2015, some 729 million people, 10% of the population, lived under the \$1.90 a day poverty line, greatly exceeding the Millennium Development Goal target of halving poverty (see Figure 1). From 2012 to 2013, at the peak of global poverty reduction, the global poverty headcount fell by 130 million poor people.

This success story was dominated by China and India. In December 2020, China declared it had eliminated extreme poverty completely.<sup>11</sup> India represents a more recent success story. Strong economic growth drove poverty rates down to 77 million, or 6% of the population, in 2019. India will, however, experience a short-term spike in poverty due to COVID-19, before resuming a strong downward path. By 2030, India is likely to essentially eliminate extreme poverty, with less than 5 million people living below the \$1.90 line. By 2030, the only Asian countries that are unlikely to meet the goal of ending extreme poverty are Afghanistan, Papua New Guinea and North Korea.

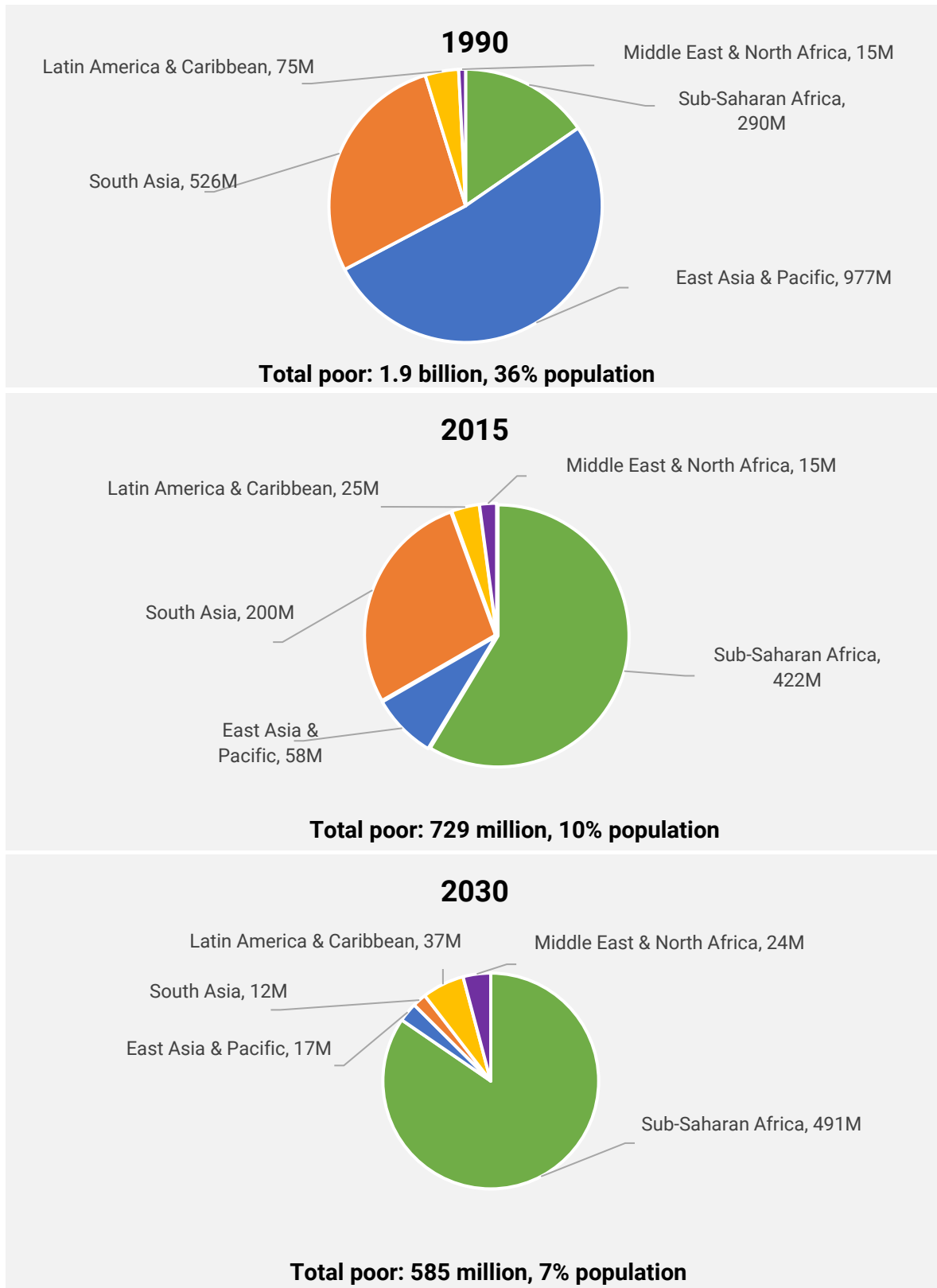
In other parts of the world, poverty trends are disappointing. In Latin America, poverty fell rapidly at the beginning of this century but has been rising since 2015, with no substantial reductions forecast by the end of this decade. In Africa, poverty has been rising steadily, thanks to rapid population growth and stagnant economic growth. Exacerbated by a pandemic-induced rise in poverty of 11%, African poverty shows little signs of decline through 2030.

These trends point to the emergence of a very different poverty landscape. Whereas in 1990, poverty was concentrated in low-income, Asian countries, today's (and tomorrow's) poverty is largely found in sub-Saharan Africa and fragile and conflict-affected states. By 2030, sub-Saharan African countries will account for 9 of the top 10 countries by poverty headcount (see Figure 2). Sixty percent of the global poor will live in fragile and conflict-affected states. Many of the top poverty destinations in the next decade will fall into both of these categories: Nigeria, Democratic Republic of the Congo, Mozambique and Somalia. Global efforts to achieve the SDGs by 2030, including eliminating extreme poverty, will be complicated by the concentration of poverty in these fragile and hard-to-reach contexts.

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<sup>11</sup> The Economist. 2021. "[The fruits of growth: Extreme poverty is history in China, officials say.](#)" The Economist, Jan. 2, 2021.

**Figure 1: Share of global poverty (\$1.90) by region, 1990, 2015, and 2030**



Note: Area of circle represents relative size of poverty headcount (less than \$1.90 per day in PPP terms)  
 Source: Authors' calculations, based on methodology in Crespo Cuaresma et al. (2018).

By 2030, poverty will be associated not just with countries, but with specific places within countries. Middle-income countries will be home to almost half of the global poor, a dramatic shift from just 40 years earlier. Nigeria is now the global face of poverty, overtaking India as the top poverty destination in 2019. (While India temporarily regained its title due to COVID-19, which pushed many vulnerable Indians back below the poverty line, Nigeria will reclaim the top spot by 2022). In 2015, Nigeria was home to 80 million poor people, or 11% of global poverty; by 2030, this number could grow to 18%, or 107 million.

Poverty numbers and trends have traditionally been reported on a country-by-country basis. However, today we see that low-income countries have significant corridors of prosperity, while middle-income countries can have large pockets of poverty. With advances in geospatial and sub-national data, there is a growing push to move from country-wide metrics to sub-national data, in order to better identify and target these poverty “hotspots”.<sup>12</sup>

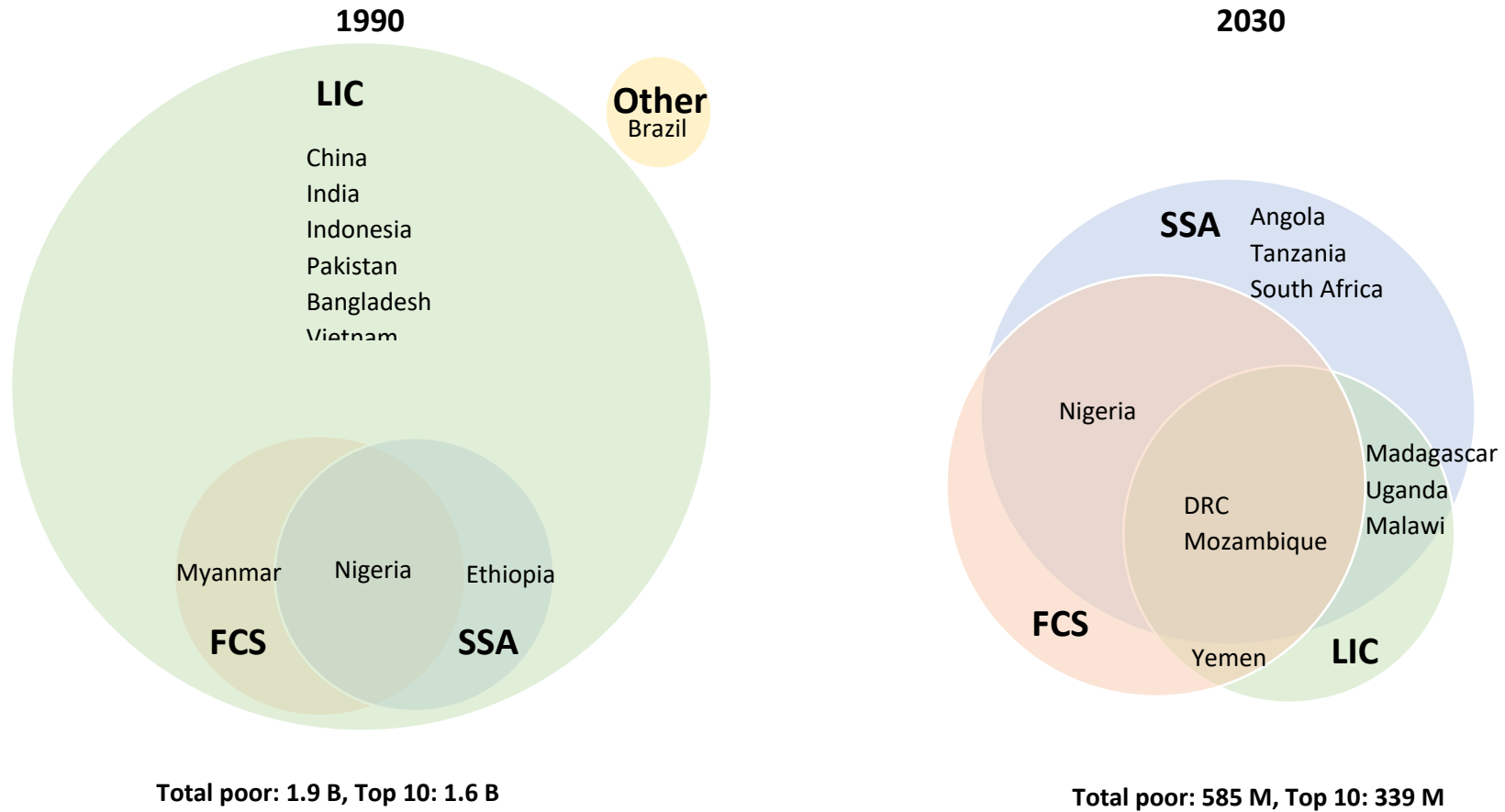
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<sup>12</sup> Desai, Raj, Homi Kharas, and Selen Özdoğan. 2020. [“Poverty hotspots and the correlates of subnational development.”](#) Brookings Global Working Paper 149.



**Figure 2: Top 10 countries by poverty headcount (\$1.90), 1990 and 2030**

*Area of circle represents relative size of poverty headcount (less than \$1.90 per day in PPP terms)*



Source: Authors' calculations, based on methodology in Crespo Cuaresma et al. (2018). SSA = sub-Saharan Africa, FCS = Fragile and conflict affected states, LIC = low-income countries.

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