AT A GLANCE

- Around 700 million people live today in extreme poverty. About half live in low-income countries.
- Global poverty reduction was severely impacted by the pandemic and other shocks in 2020–22. An additional 23 million people were living in extreme poverty in 2022 compared to 2019.
- People living in poverty are the most vulnerable to climate-related shocks, and the poorest countries are the most exposed.
- Jobs are critical to reducing poverty and inequality. Impact is further multiplied in communities and across generations by empowering women, girls, and young people.

LATEST TRENDS IN POVERTY

EXTREME POVERTY

Around 700 million people live on less than $2.15 per day, the extreme poverty line. Extreme poverty remains concentrated in parts of Sub-Saharan Africa, fragile and conflict-affected areas, and rural areas.

After decades of progress, the pace of global poverty reduction began to slow by 2015, in tandem with subdued economic growth. At the current rate, the Sustainable Development Goal of ending extreme poverty by 2030 remains out of reach.

Global poverty reduction was dealt a severe blow by the COVID-19 pandemic and other major shocks during 2020–22, leading to the first increase in global extreme poverty in decades.

Extreme poverty rose from 8.9 percent of the global population in 2019 to 9.7 percent in 2020. Low-income countries were most impacted and have yet to recover.

By 2022, extreme poverty remained marginally above pre-pandemic levels. An estimated 23 million more people were living in extreme poverty in 2022, compared to 2019. Economic recovery from the pandemic is slowest in Sub-Saharan Africa, where about 60 percent of the extreme poor live.
More prosperous regions have recovered faster from the impacts of the pandemic.

Poverty levels for lower- and upper-middle-income countries – at $3.65 and $6.85 per day, respectively – were slightly lower in 2022 relative to 2019.

In 2022, 1.8 billion people subsisted on less than $3.65 per day, while 3.6 billion people lived on less than $6.85 per day.

With 75% of the global population living in middle-income countries today, compared to 27% in 1990, the poverty line of $6.85 per day has become an increasingly important indicator.

**POVERTY & CLIMATE CHANGE**

**Climate change presents a major threat and is hindering efforts to reduce poverty.**

The lives and livelihoods of poor people are the most vulnerable to climate-related risks.

Every year, millions of households are pushed into or trapped in poverty by natural disasters.

Higher temperatures are already lowering productivity in Africa and Latin America and will further depress economic growth, especially in the world’s poorest regions.
The world reached a turning point in 2020 when global inequality rose for the first time in decades.

The pandemic brought about large and unequal job and income losses, and the global income Gini index rose by a little more than 0.5 points in 2020.

Recovery has been uneven worldwide, with low-income economies yet to recover.

To better measure progress toward boosting shared prosperity, the World Bank Group is introducing two new indicators: the Global Prosperity Gap and the number of countries with high inequality.

**The Global Prosperity Gap** will show how the average person around the world is doing relative to a defined standard of prosperity.

It measures the factor by which the income of the average person must be multiplied to reach a minimum global prosperity standard of $25 per day in income.

Measured over time, we can track progress in closing the Global Prosperity Gap.

Tracking the number of countries with high inequality will help measure global progress toward reducing inequality within countries.

Countries with a high level of inequality need to grow at substantially higher rates to reach the same level of shared prosperity.

The new indicator will look at the number of countries whose Gini coefficient is higher than the high-equality threshold of 0.4.

The Gini coefficient is a well-known economic measure that looks at how much a country’s income distribution deviates from a perfectly equal distribution.

Alongside the international poverty lines, these new indicators will help gauge the pace of progress toward ending poverty and boosting shared prosperity on a livable planet.
“A world free of poverty on a livable planet can only happen if we take action now to ensure people living in poverty have a clear pathway out. This means creating more and better jobs, and ensuring more equitable access to education, health, and basic infrastructure – as well as to opportunity, dignity and hope.”

Luis Felipe López-Calva
Global Director for Poverty & Equity
World Bank

**Table 1: Poverty estimates for 2022, the most recent year with global and regional estimates**

<table>
<thead>
<tr>
<th>Region</th>
<th>Survey Coverage (%)</th>
<th>Head-count ratio (%)</th>
<th>Number of poor (million)</th>
<th>Survey Coverage (%)</th>
<th>Head-count ratio (%)</th>
<th>Number of poor (million)</th>
<th>Survey Coverage (%)</th>
<th>Head-count ratio (%)</th>
<th>Number of poor (million)</th>
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<tbody>
<tr>
<td><strong>$2.15 (2017 PPP)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>East Asia &amp; Pacific</td>
<td>94.4</td>
<td>1.0</td>
<td>22</td>
<td>93.1</td>
<td>0.5</td>
<td>2</td>
<td>85.8</td>
<td>3.5</td>
<td>23</td>
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<tr>
<td>Europe &amp; Central Asia</td>
<td>93.1</td>
<td>0.5</td>
<td>2</td>
<td>85.8</td>
<td>3.5</td>
<td>23</td>
<td>28.7</td>
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<td>N/A</td>
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<tr>
<td>Latin America &amp; Caribbean</td>
<td>85.8</td>
<td>3.5</td>
<td>23</td>
<td>28.7</td>
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<td>N/A</td>
<td>Other High Income</td>
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<td>Middle East &amp; North Africa</td>
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<td>N/A</td>
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<td>South Asia</td>
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<td>Sub-Saharan Africa</td>
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<tr>
<td>World</td>
<td>74.4</td>
<td>9.0</td>
<td>712</td>
<td>74.4</td>
<td>9.0</td>
<td>712</td>
<td>22.7</td>
<td>22.7</td>
<td>1,804</td>
</tr>
</tbody>
</table>

Source: PIP
Note: Regional poverty estimates are reported if survey coverage is above 50% within a three-year window of the reference year with a break in 2020. The global estimate is reported if survey coverage is above 50% and coverage for low- and lower-middle-income countries is above 50%. For 2022 the latter is 63.9%.

We cannot reduce poverty and inequality without addressing intertwined global challenges such as slow economic growth, fragility and conflict, and climate change.

Poverty has many dimensions. Policy makers should aim to comprehensively improve people’s well-being, including through more equitable access to health, education, and basic infrastructure and services, including digitalization.

Economies need to grow in a way that creates high-quality jobs and employment – the surest way to reduce poverty and inequality – while protecting the most vulnerable.

Impact can be further multiplied in communities and across generations by empowering women, girls, and young people.