

POVERTY, PROSPERITY,
AND PLANET REPORT
2024



**PATHWAYS
OUT OF THE
POLYCRISIS**

THE WORLD BANK HAS SET A CLEAR MISSION:

ENDING EXTREME POVERTY AND BOOSTING SHARED PROSPERITY ON A LIVABLE PLANET

- The first post-pandemic assessment of global progress on this interlinked agenda shows:
 - The world **will not meet the SDG1 by 2030**. At the current pace, it would take decades to eradicate extreme poverty and more than a century to lift people above \$6.85 per day.
 - Progress in reducing the **Global Prosperity Gap**, the World Bank's new measure of shared prosperity, **ground to a standstill** since the pandemic.
 - Nearly **one in five people are at risk of experiencing welfare losses due to an extreme weather** event from which they will struggle to recover.

THERE IS A NEED TO PRIORITIZE DEPENDING ON WHERE COUNTRIES STAND ON THE INTERLINKED GOALS

- We explore different potential pathways out of the polycrisis taking seriously the **trade-offs and complementarities** across objectives that are embedded in different policies.
- Doing **what matters where it matters the most:**

Low-income and fragile countries

Prioritize poverty reduction
by fostering investment in human, physical, and financial capital

Middle-income countries

Prioritize income growth
that reduces vulnerability while scaling up **synergistic actions**

High-income and upper-middle-income countries with high emissions

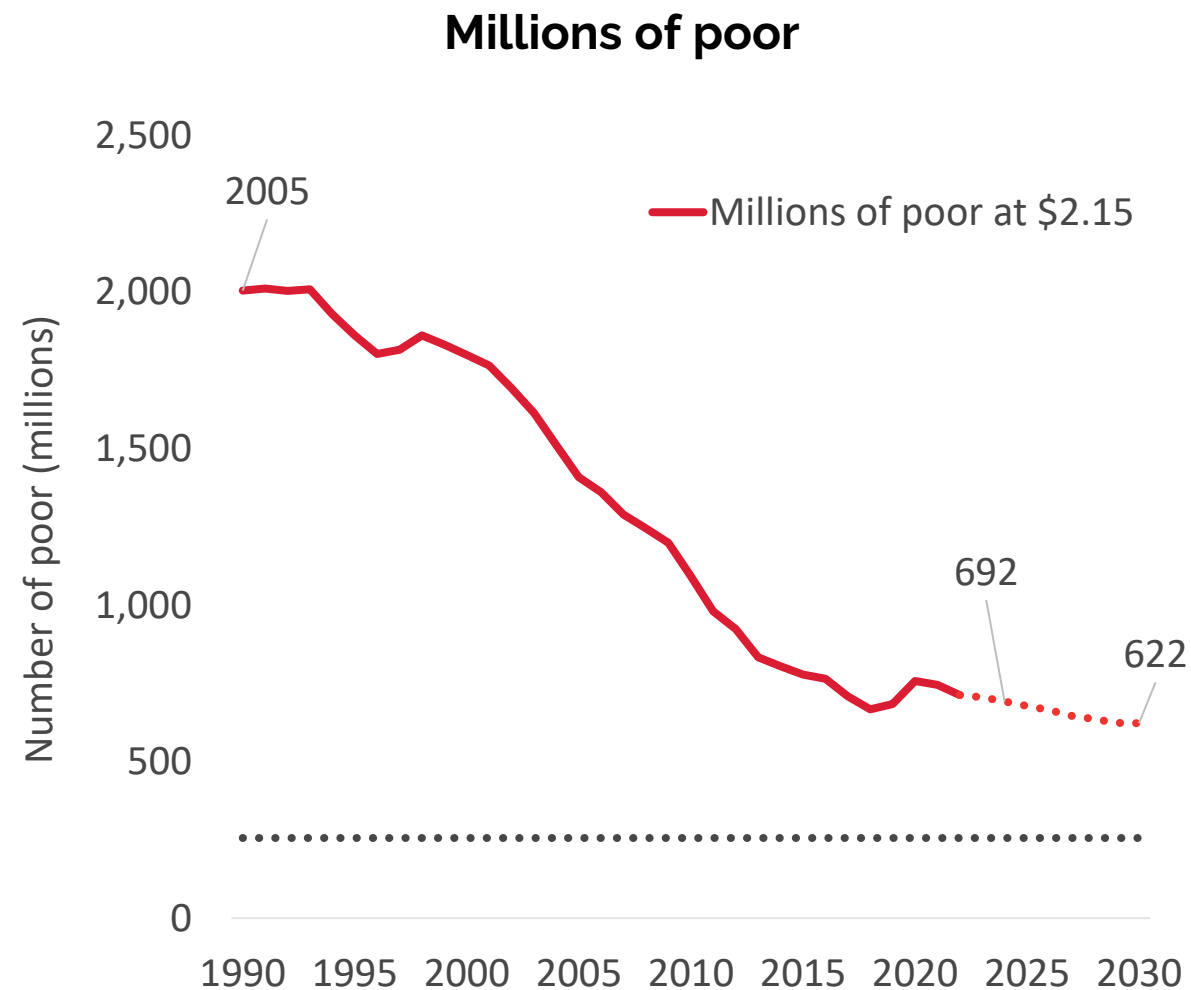
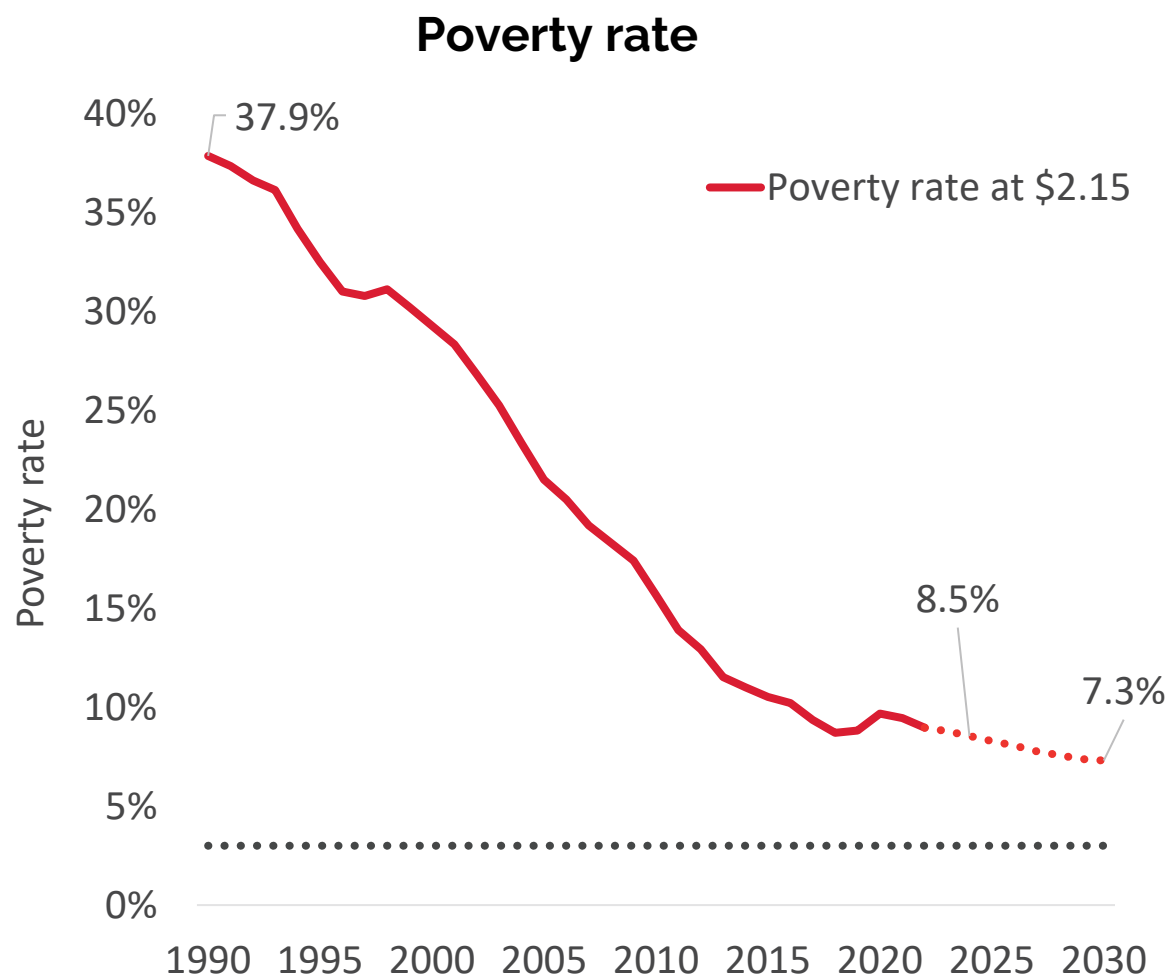
Accelerate mitigation
while managing transition costs



Progress

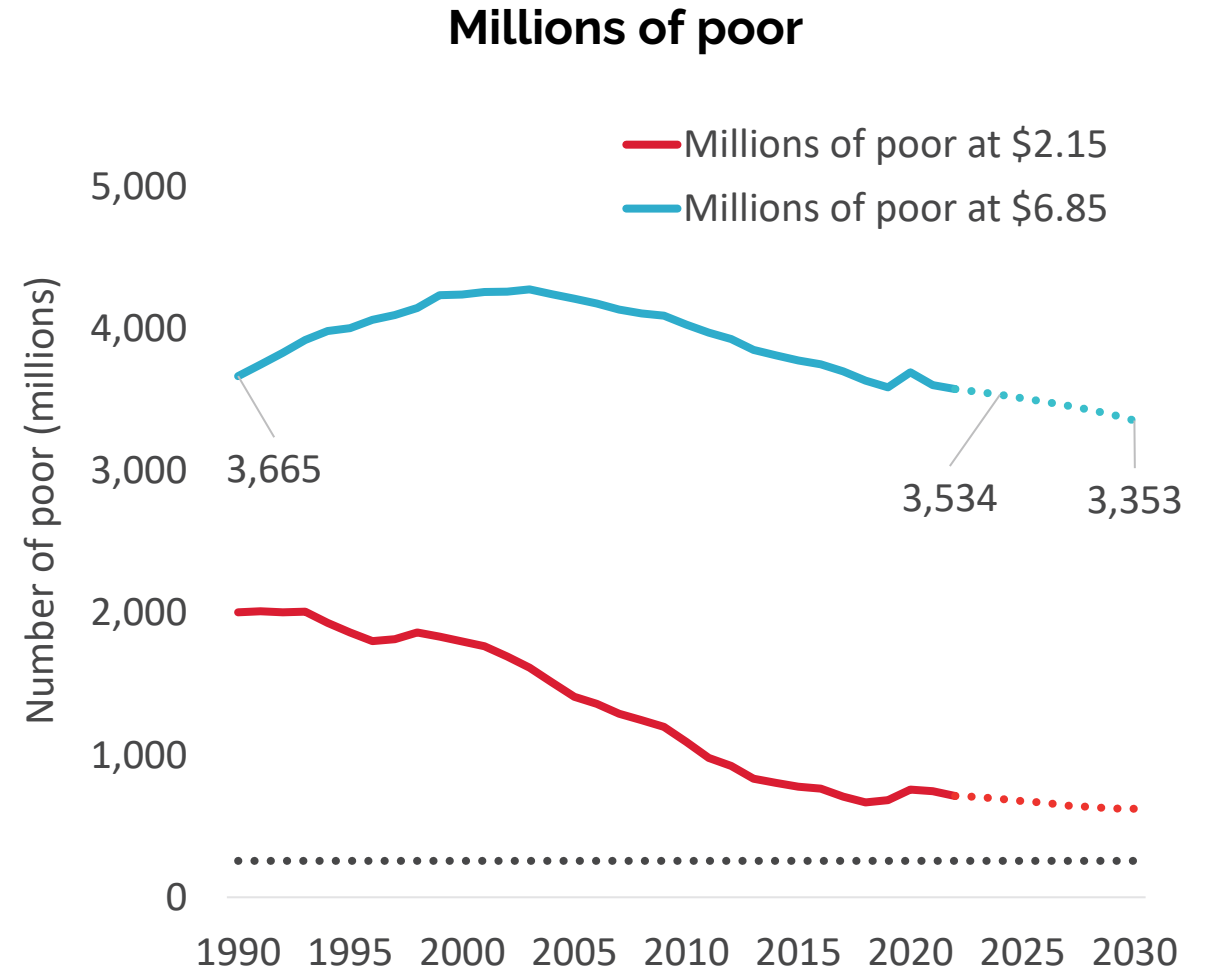
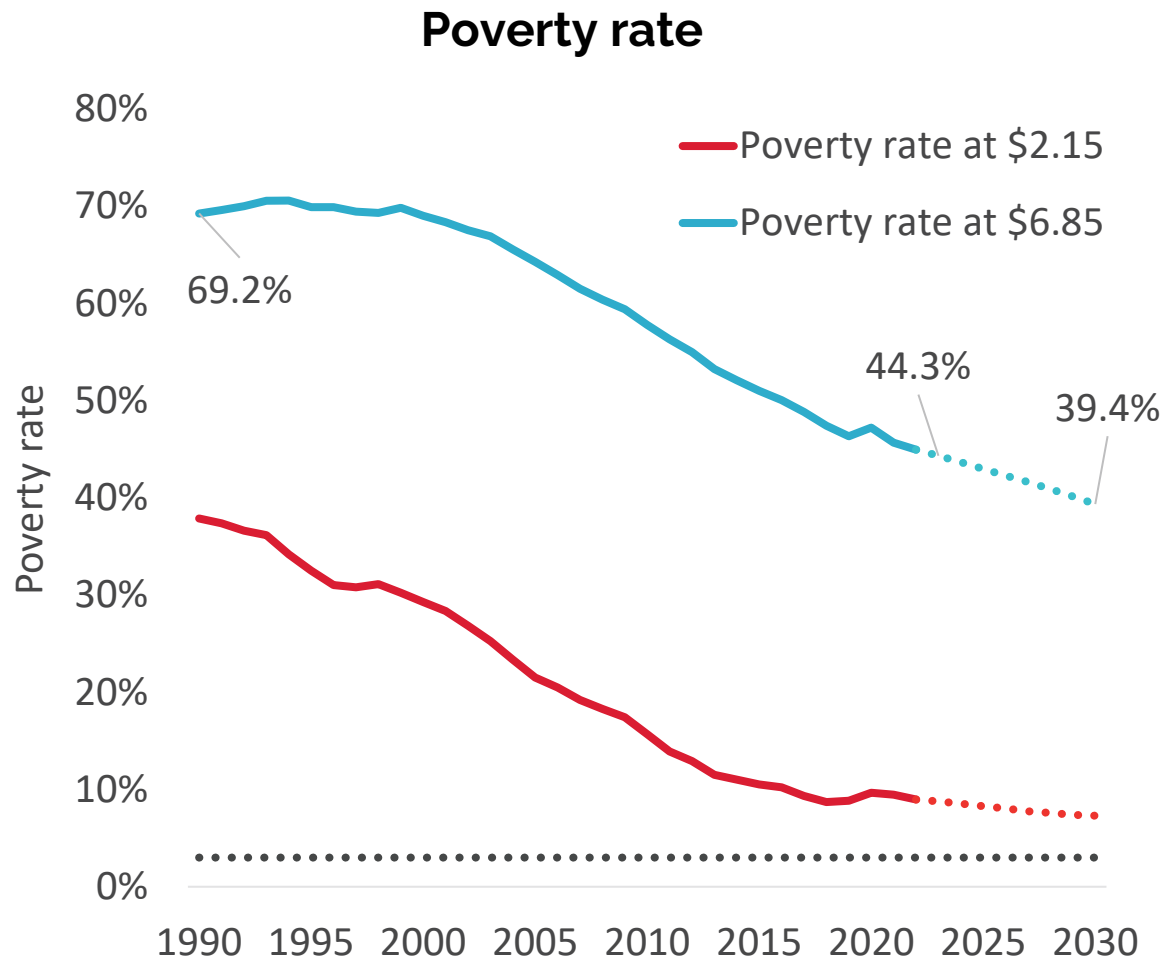
**GLOBAL POVERTY
REDUCTION AND
IMPROVEMENTS IN
SHARED PROSPERITY
HAVE STALLED**

EXTREME POVERTY REDUCTION HAS BEEN SIGNIFICANT, BUT RECENTLY THE PACE HAS SLOWED TO A NEAR HALT



Source: pip.worldbank.org; horizontal dotted line shows 3% or 3% of global population in 2030.

AT A HIGHER STANDARD MORE RELEVANT FOR MIDDLE-INCOME COUNTRIES, NUMBER OF POOR PEOPLE UNCHANGED SINCE 1990



Source: pip.worldbank.org; horizontal dotted line shows 3% or 3% of global population in 2030.

THE STAGNATION IN POVERTY REDUCTION REFLECTS VARIOUS FACTORS



Slowdown in economic growth (even before the pandemic)



A concentration of the poor in slow-growth settings

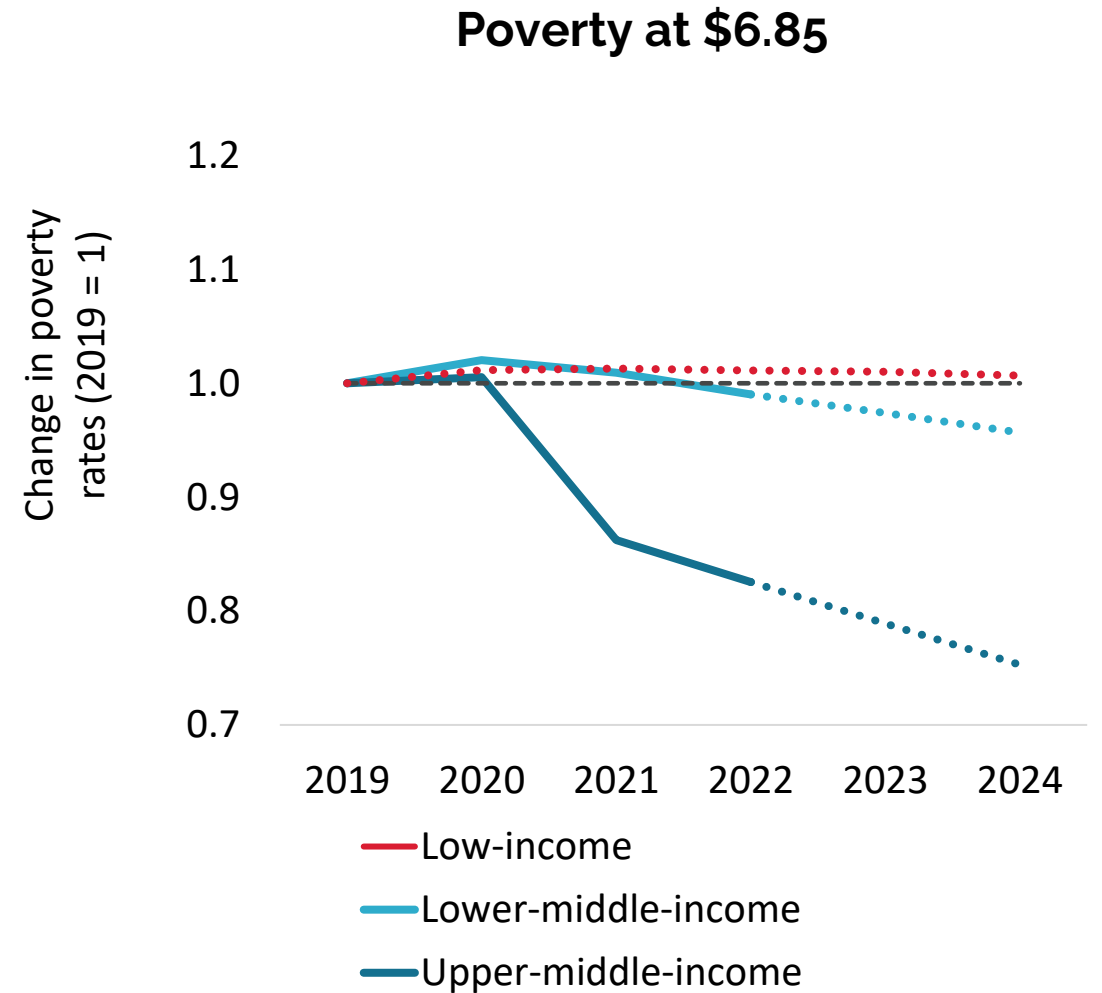
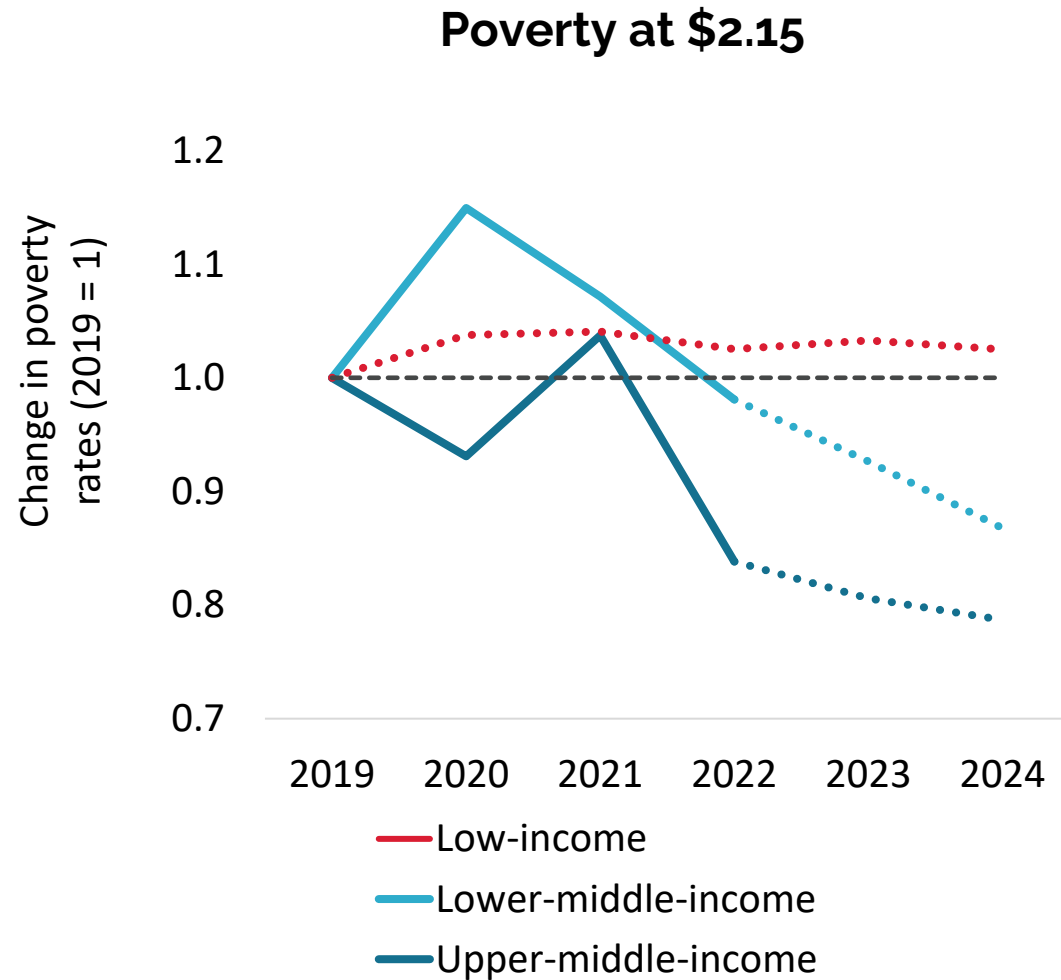


The scarring impacts of the pandemic and high inflation



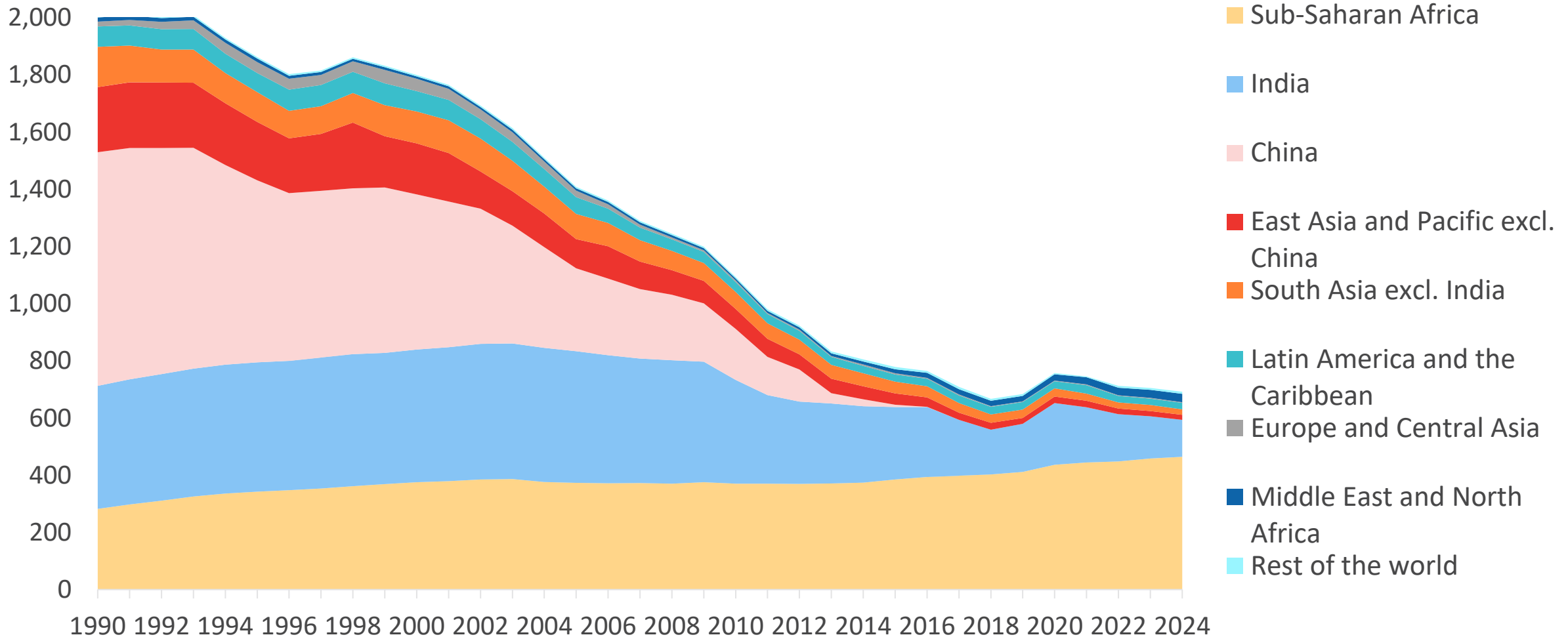
The increase in conflict and fragility

POVERTY RATES ARE STILL ABOVE PRE-PANDEMIC LEVELS IN LOW-INCOME COUNTRIES



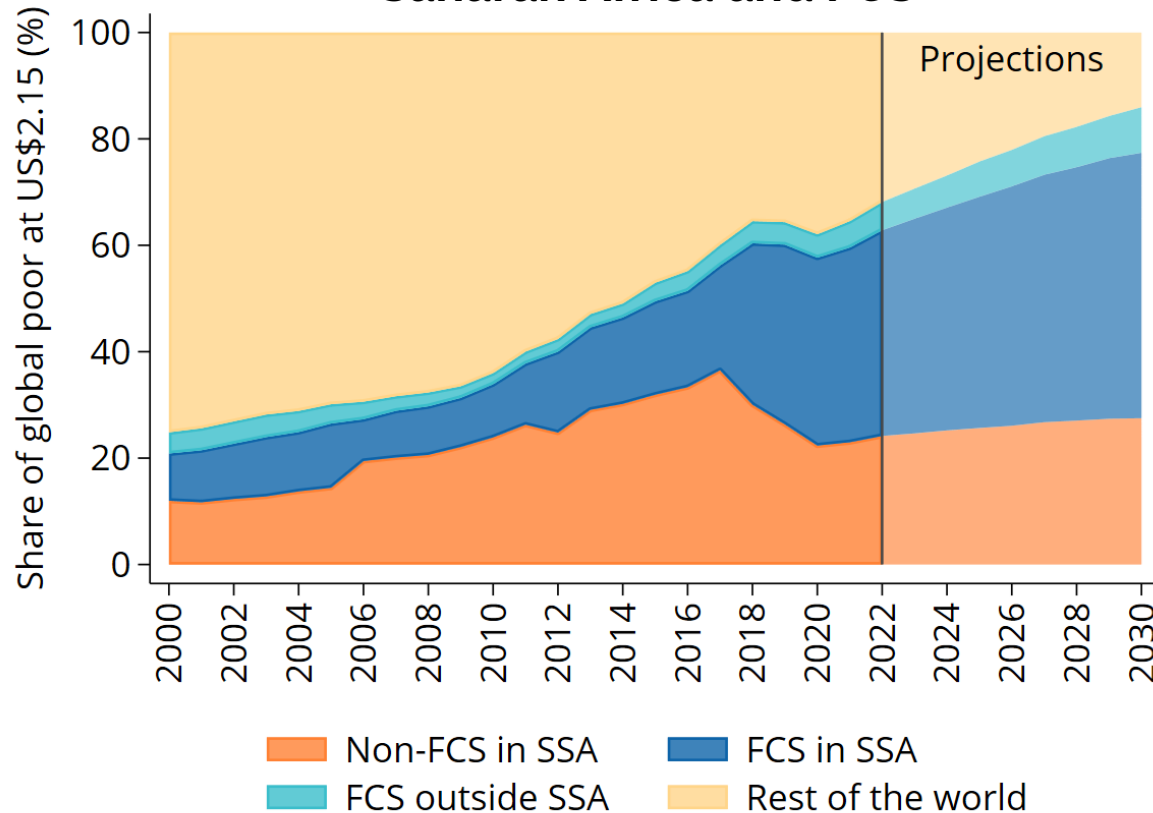
POVERTY HAS BEEN INCREASINGLY CONCENTRATED IN VERY POOR AND CHALLENGING SETTINGS

Millions of poor (less than \$2.15 per day)

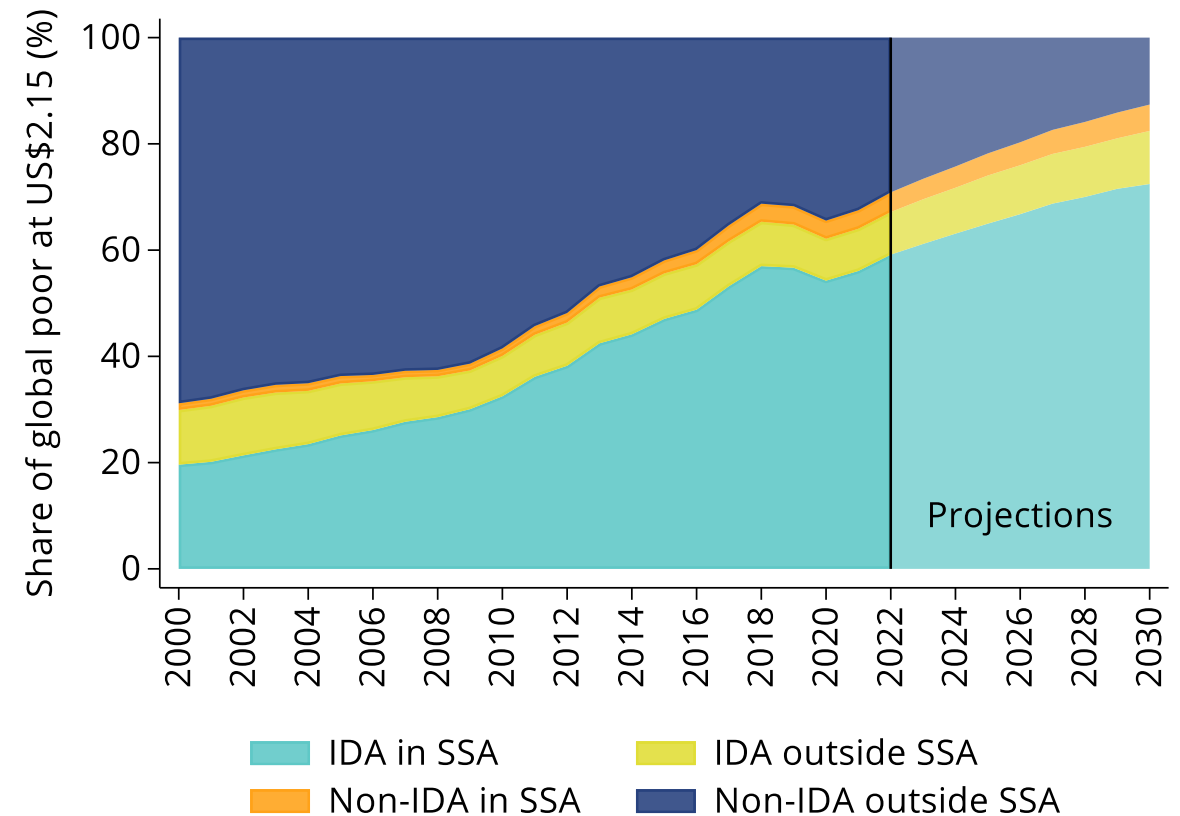


POVERTY WILL BE INCREASINGLY CONCENTRATED IN SSA AND FCV

Share of extreme poor in Sub-Saharan Africa and FCS



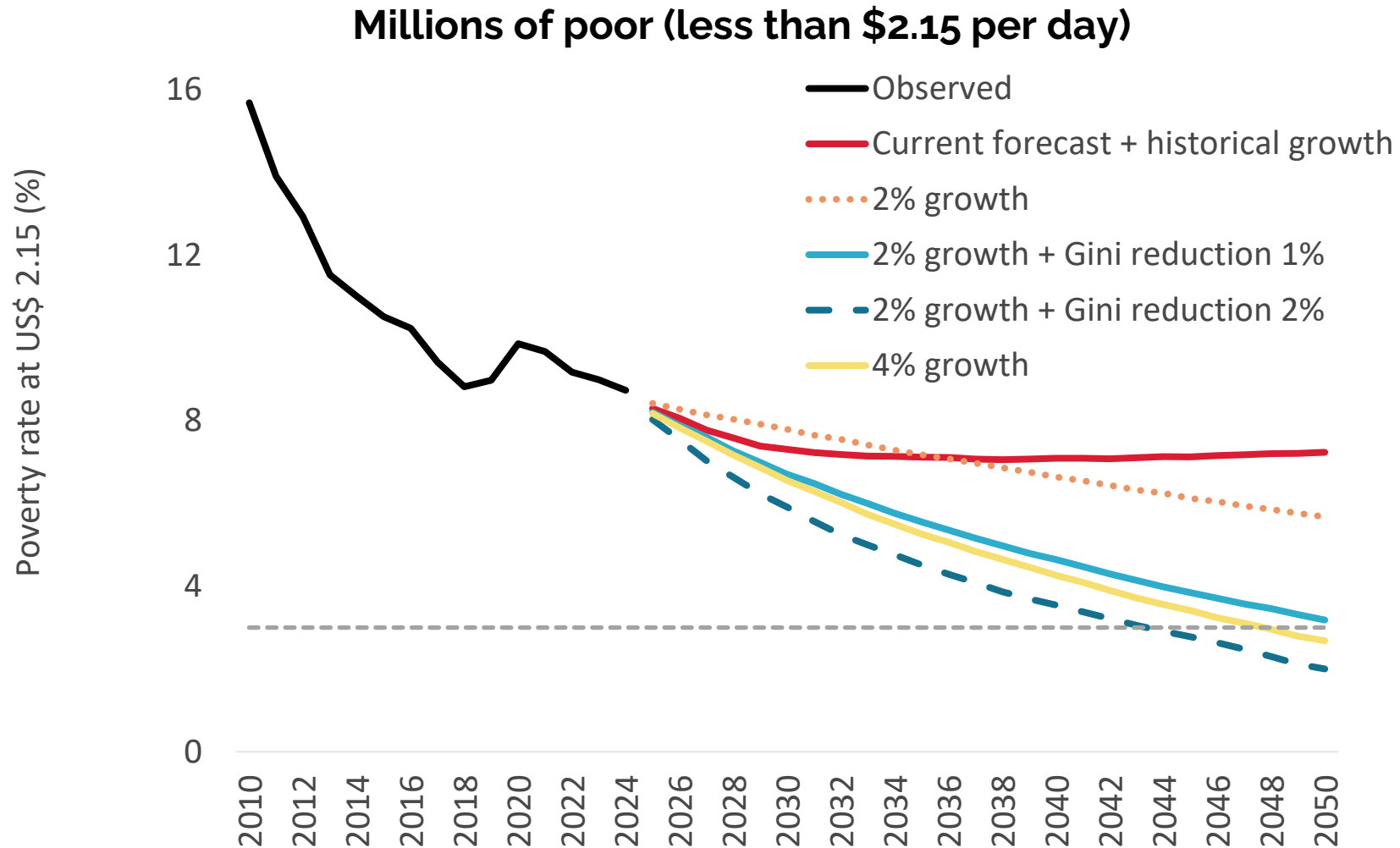
Share of extreme poor in Sub-Saharan Africa and IDA



Source: pip.worldbank.org.

Notes: FCS = Fragile and conflict affected situations; IDA = International Development Association; SSA = Sub-Saharan Africa. Countries in FCS and IDA are defined following the World Bank classifications for each year until 2022, and keeping the definition fixed in 2022 for the years after.

AT CURRENT LEVELS OF ECONOMIC GROWTH, POVERTY WILL NOT BE ERADICATED FOR DECADES



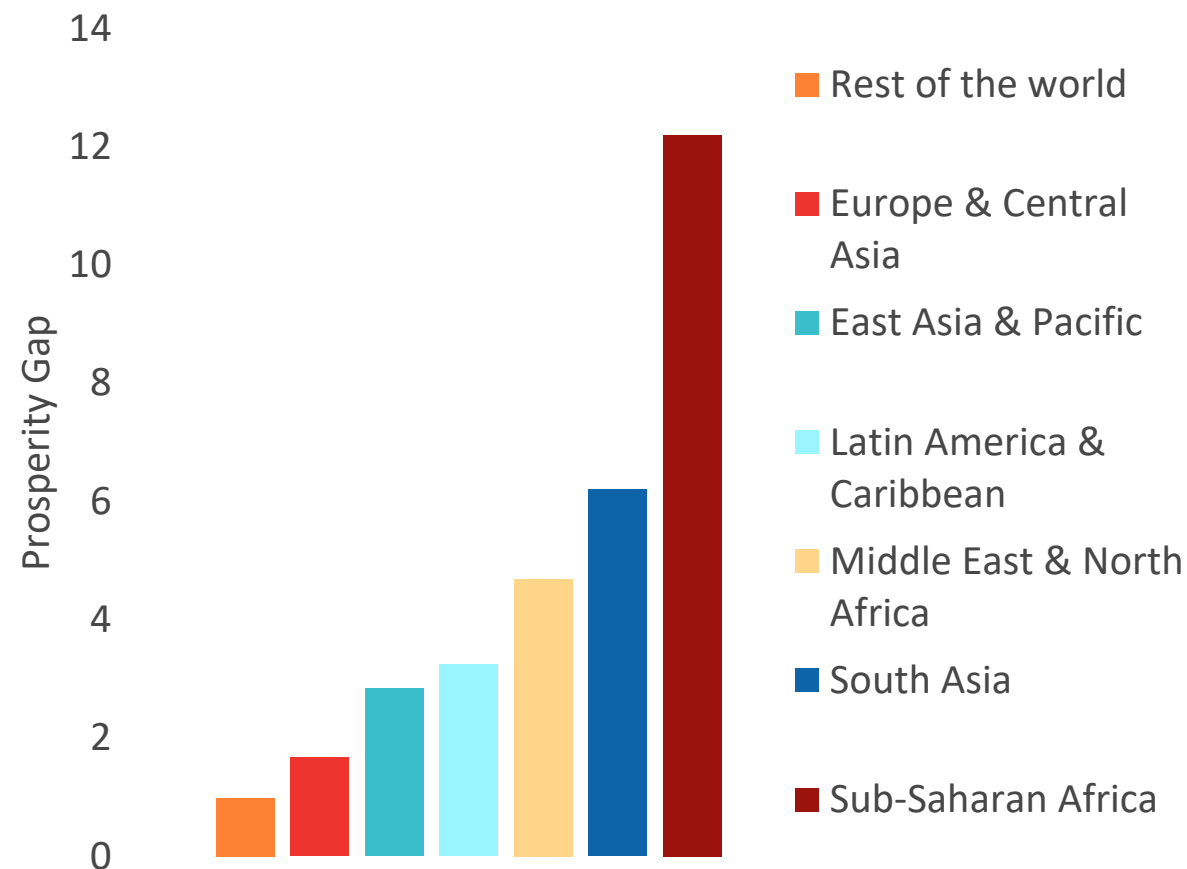
Source: World Bank calculations, pip.worldbank.org; horizontal dotted line shows 3% or 3% of global population in 2030.

There is a need to accelerate economic growth in an inclusive way, in other words boost Shared Prosperity

A NEW MEASURE OF SHARED PROSPERITY: THE PROSPERITY GAP

- The **Global Prosperity Gap** captures how far a society is from **\$25** per person per day
- The Prosperity Gap is defined as the **average factor** by which **incomes must be multiplied** to reach the \$25 standard for every member of that society.
- The smaller the Prosperity Gap, the **greater is shared prosperity**.

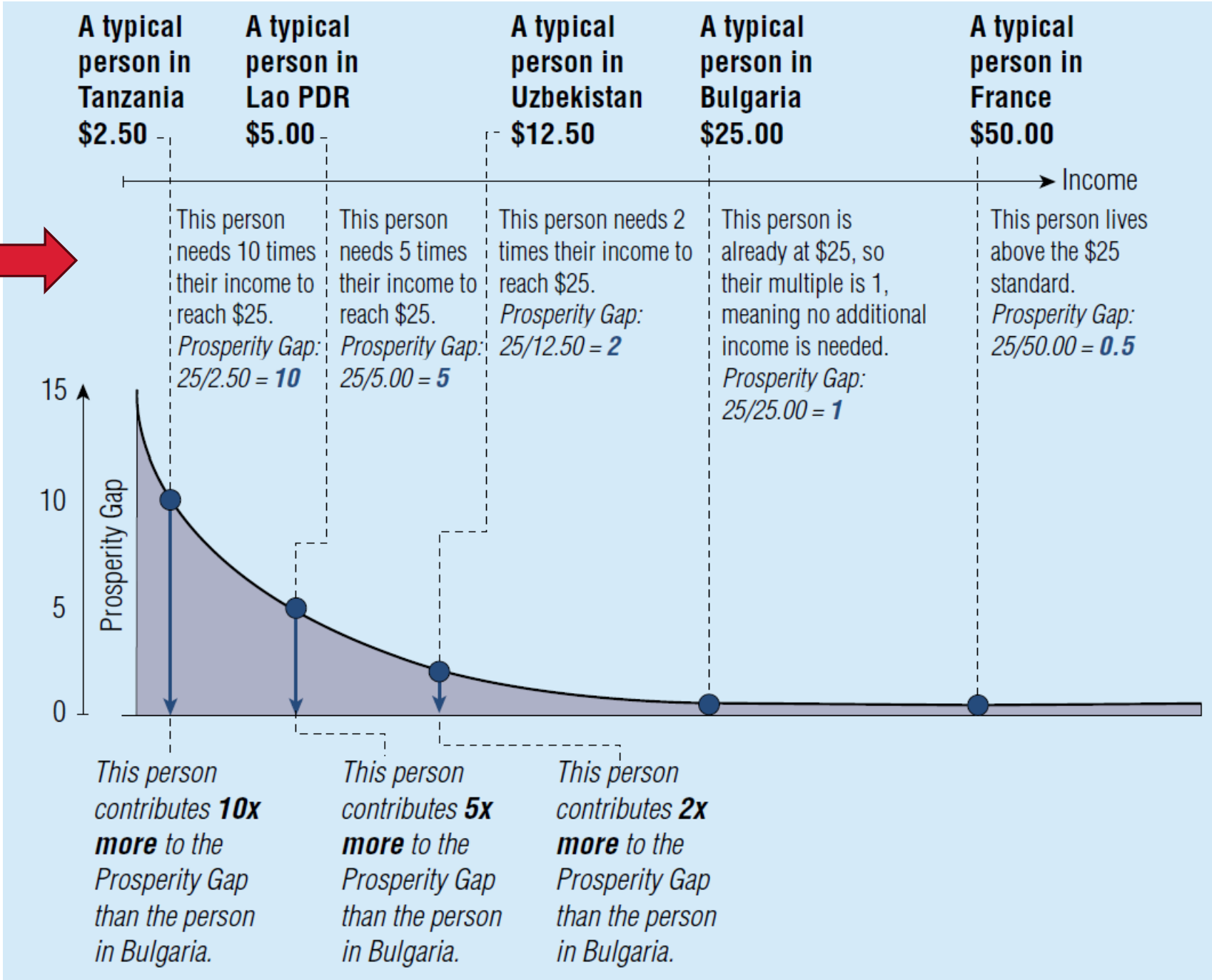
Prosperity Gap by region



Source: pip.worldbank.org.

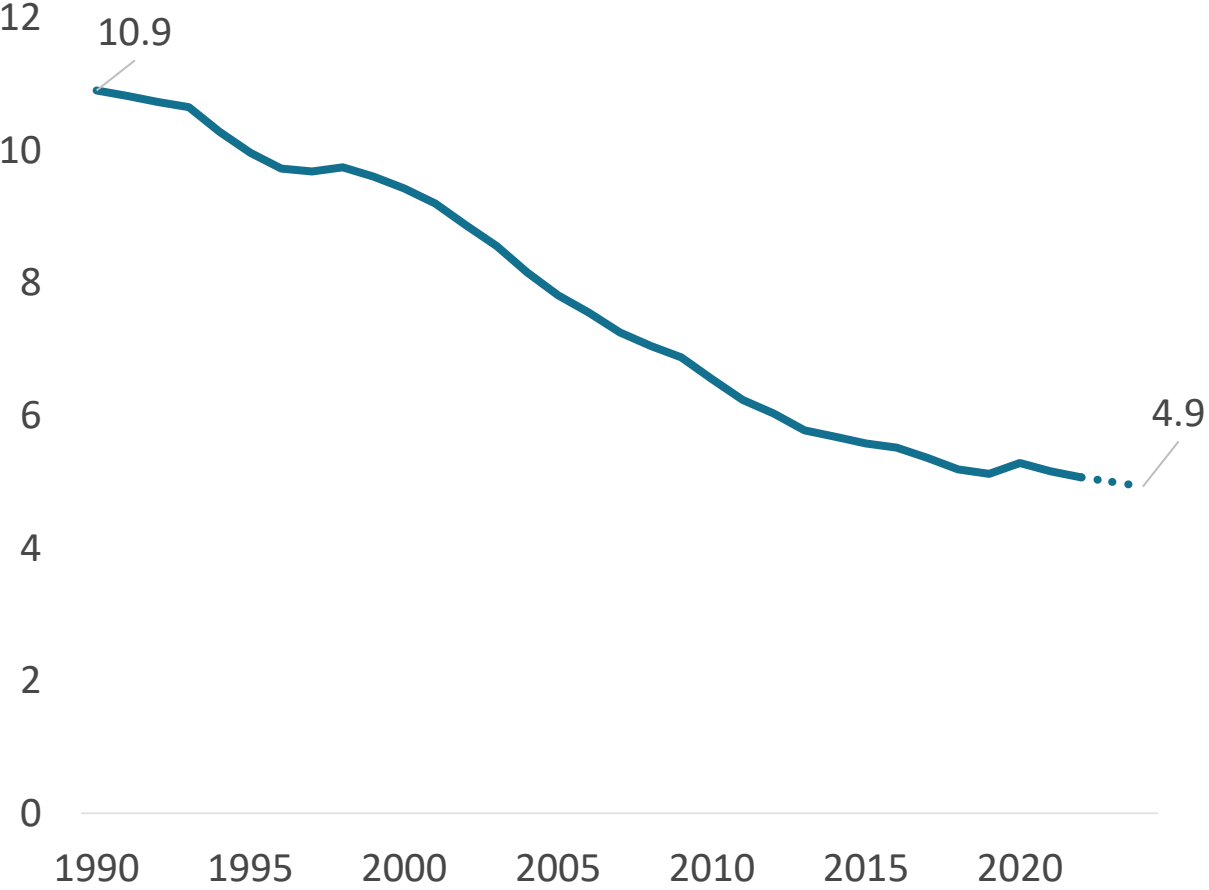
THE PROSPERITY GAP

- Let's say there are 5 individuals with the following levels of daily income
- To find the Prosperity Gap in this example, these numbers are averaged: Prosperity Gap = $(10 + 5 + 2 + 1 + 0.5)/5 = 18.5/5 = 3.7$
- This means that, on average, everyone's incomes need to be multiplied by 3.7 to reach the \$25 per day standard.



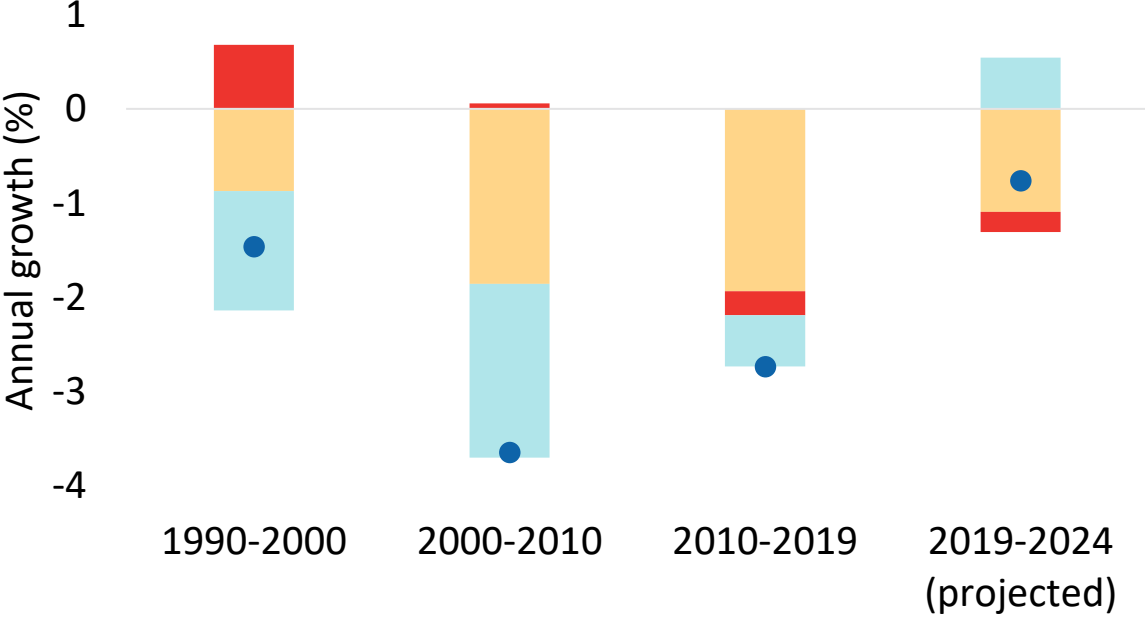
PROGRESS IN SHARED PROSPERITY ALSO SLOWED DOWN RECENTLY

Progress in reducing the Global Prosperity Gap



Source: pip.worldbank.org.

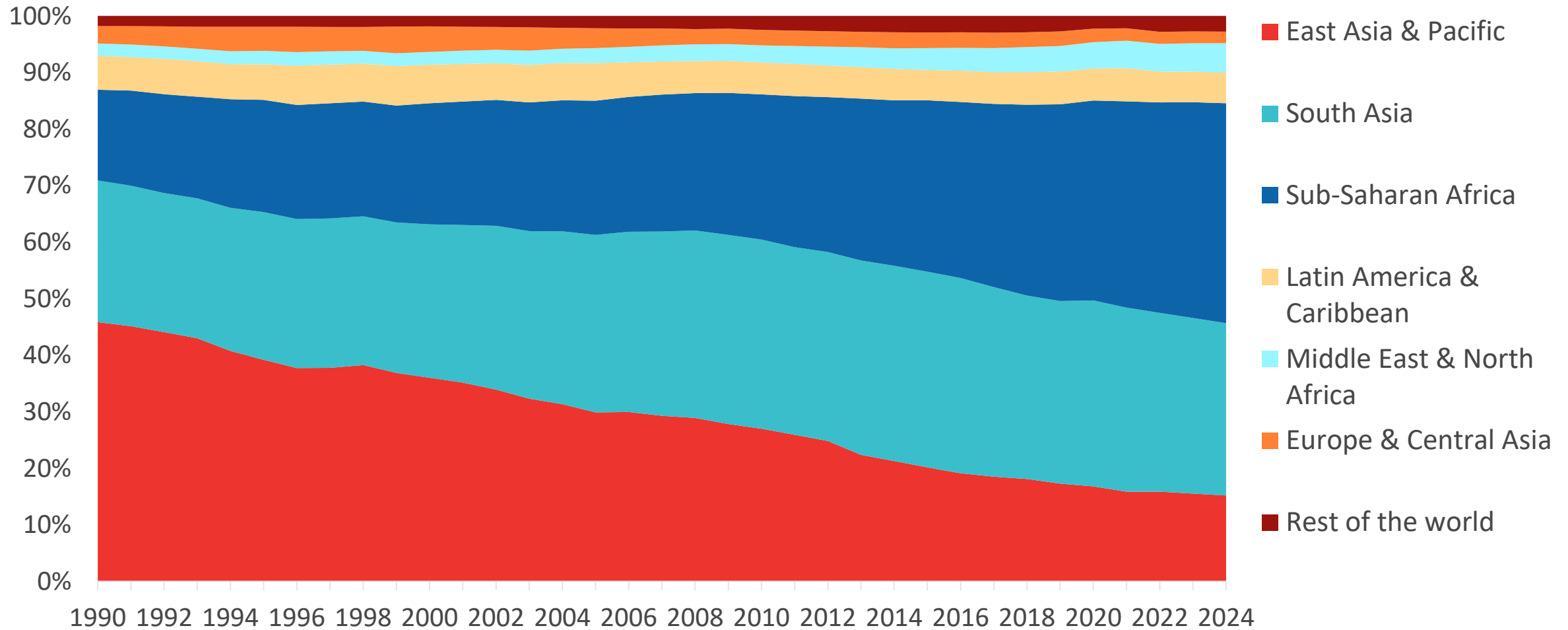
Drivers of changes in the Global Prosperity Gap



- Contribution of between-country inequality
- Contribution of within-country inequality
- Contribution of mean growth
- Global Prosperity Gap growth rate

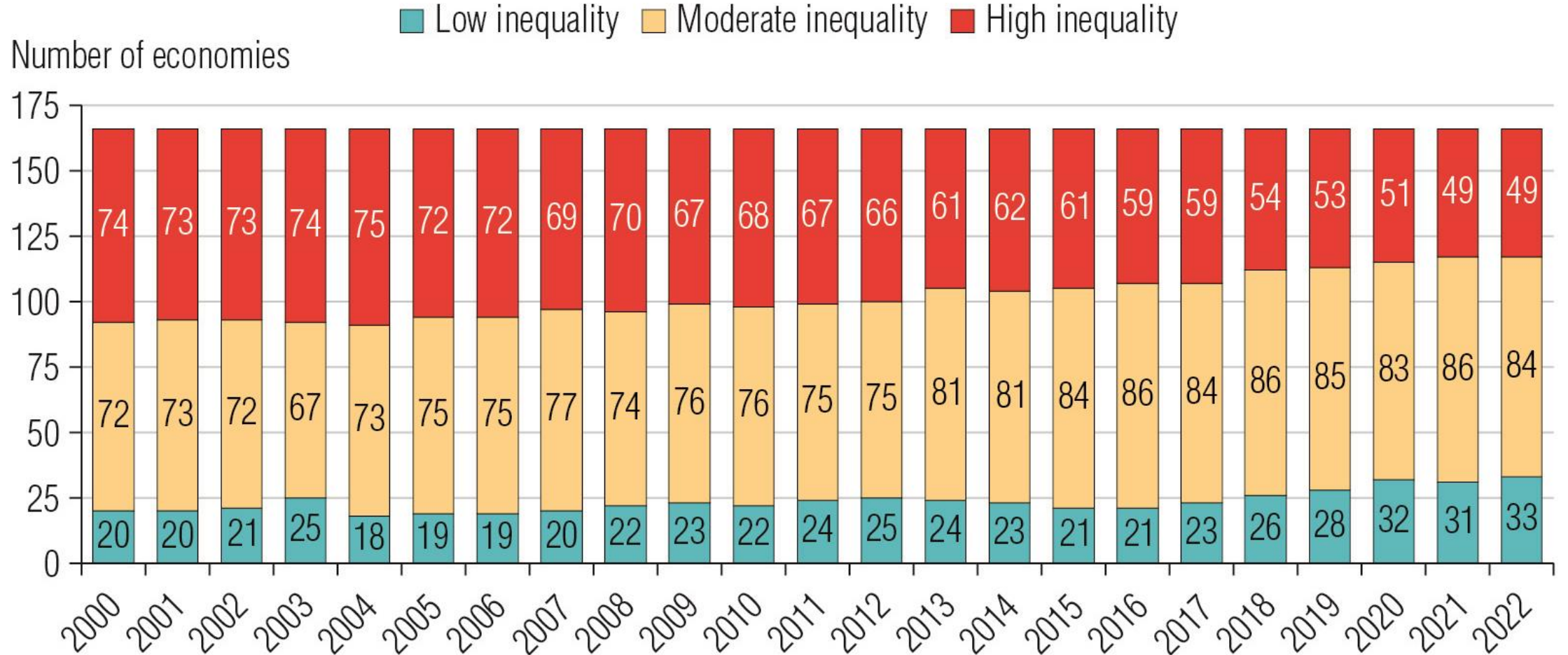
SUB-SAHARAN AFRICA AND SOUTH ASIA CONTRIBUTE MOST TO THE GLOBAL PROSPERITY GAP TODAY

Regional contributions to the Global Prosperity Gap

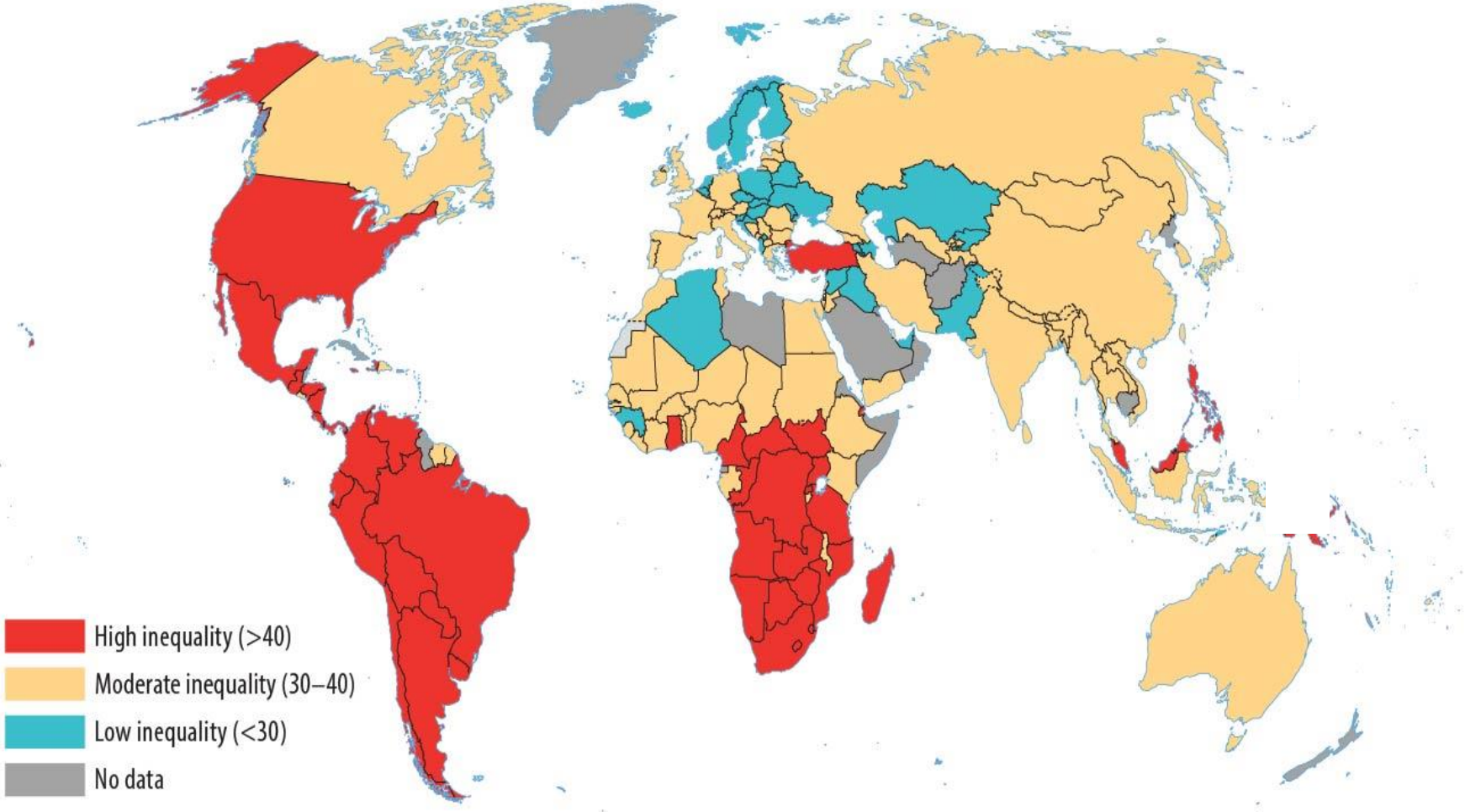


Reducing high inequality is key to enhance the impact of economic growth on poverty reduction

THERE IS A STEADY DECLINE IN THE NUMBER OF ECONOMIES WITH HIGH INEQUALITY SINCE 2000



NUMBER OF ECONOMIES WITH HIGH INEQUALITY HAS FALLEN, BUT REMAINS HIGH IN LATIN AMERICA AND SUB-SAHARAN AFRICA



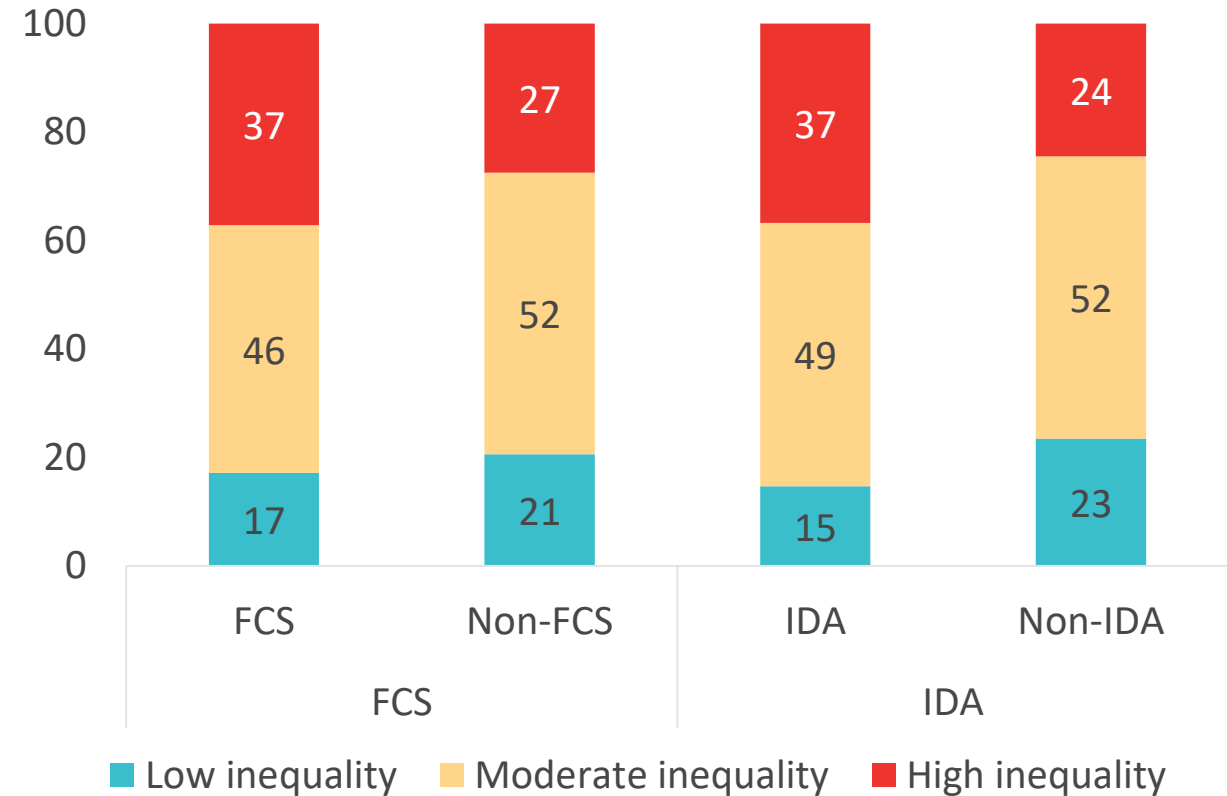
Source: pip.worldbank.org.

POORER AND CONFLICT-AFFECTED ECONOMIES TEND TO BE MORE UNEQUAL

Share of economies by income group (%)



Share of economies by FCS and IDA group (%)

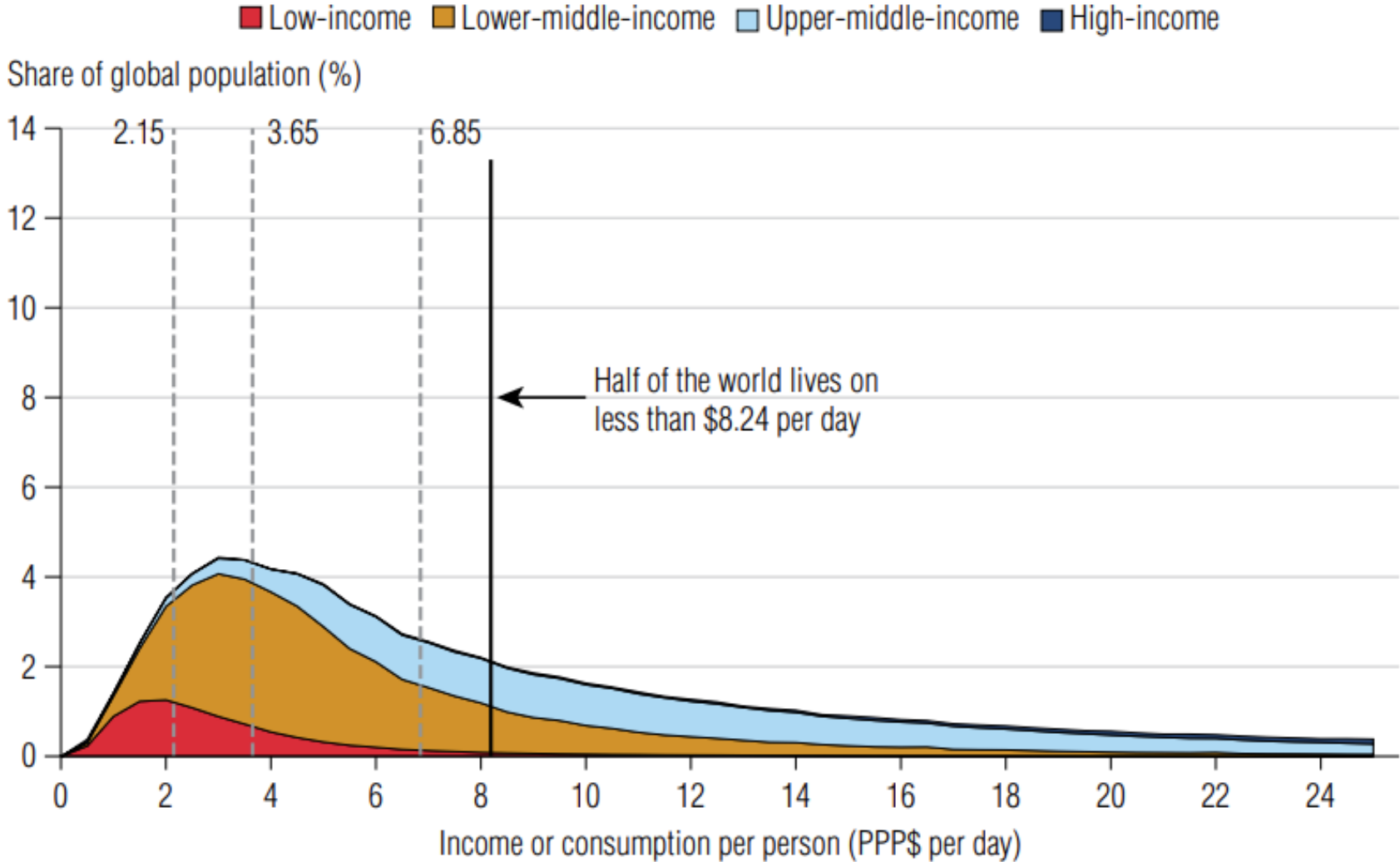


Source: pip.worldbank.org;

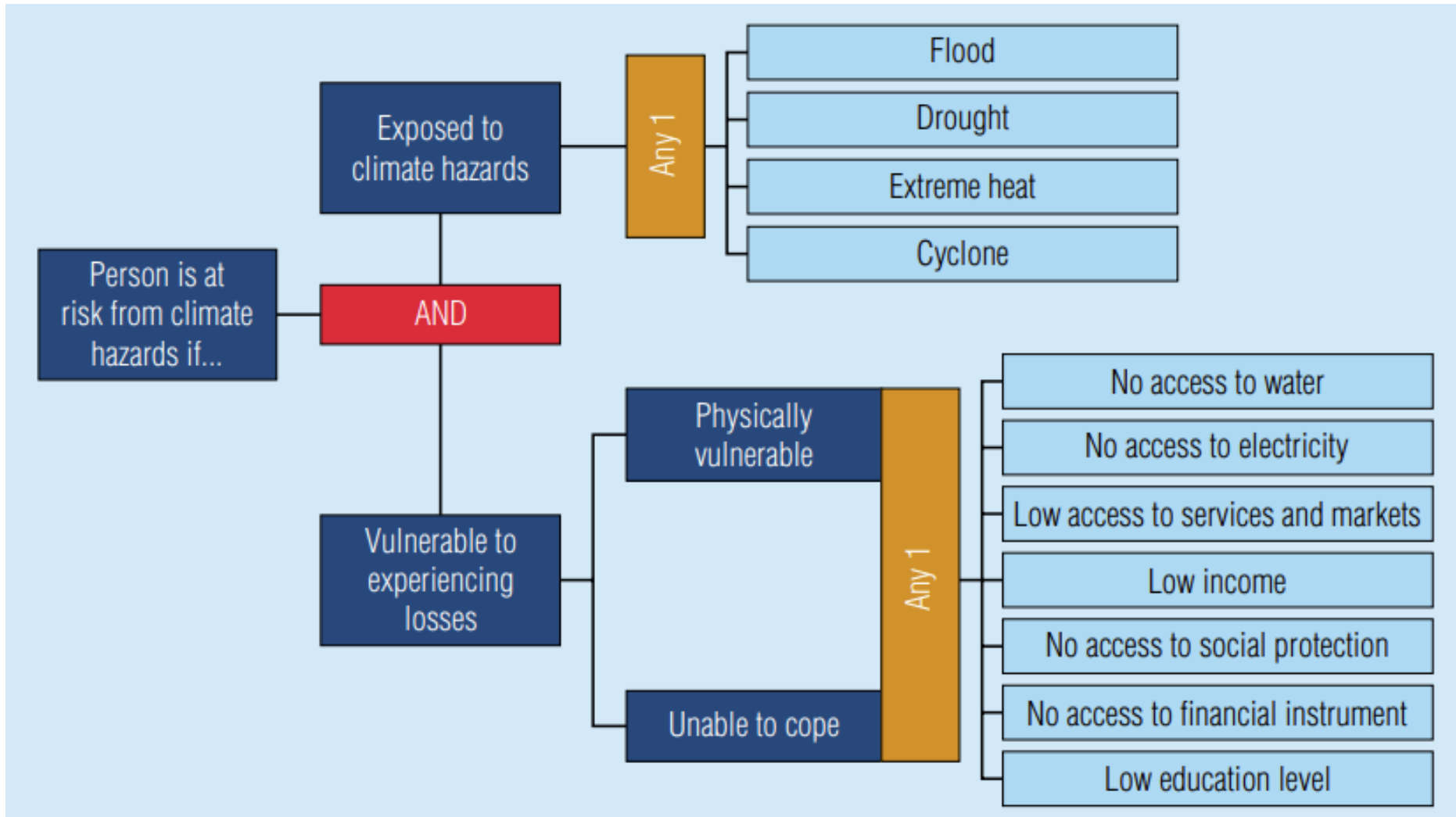
Notes: FCS = Fragile and conflict affected situations; IDA = International Development Association. Classifications are for the year 2022.

It is also fundamental to reduce vulnerability to shocks, such as those related to climate change

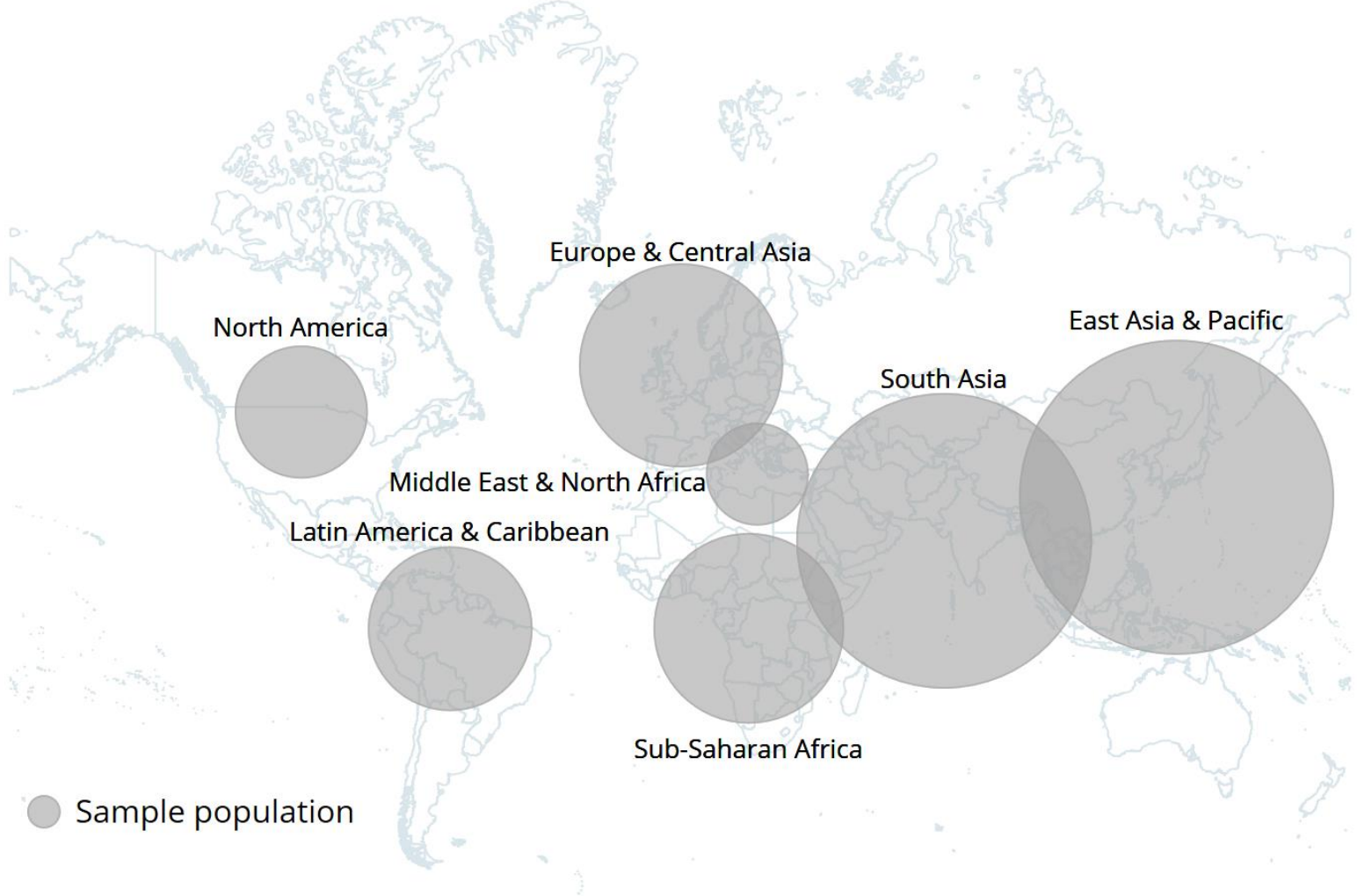
INCOME LEVELS IN THE WORLD HAVE GROWN BETWEEN 1990 AND 2024, BUT MANY PEOPLE REMAIN VULNERABLE TO FALLING BACK INTO POVERTY



MEASURING THE NUMBER OF PEOPLE AT HIGH RISK FROM CLIMATE-RELATED HAZARDS

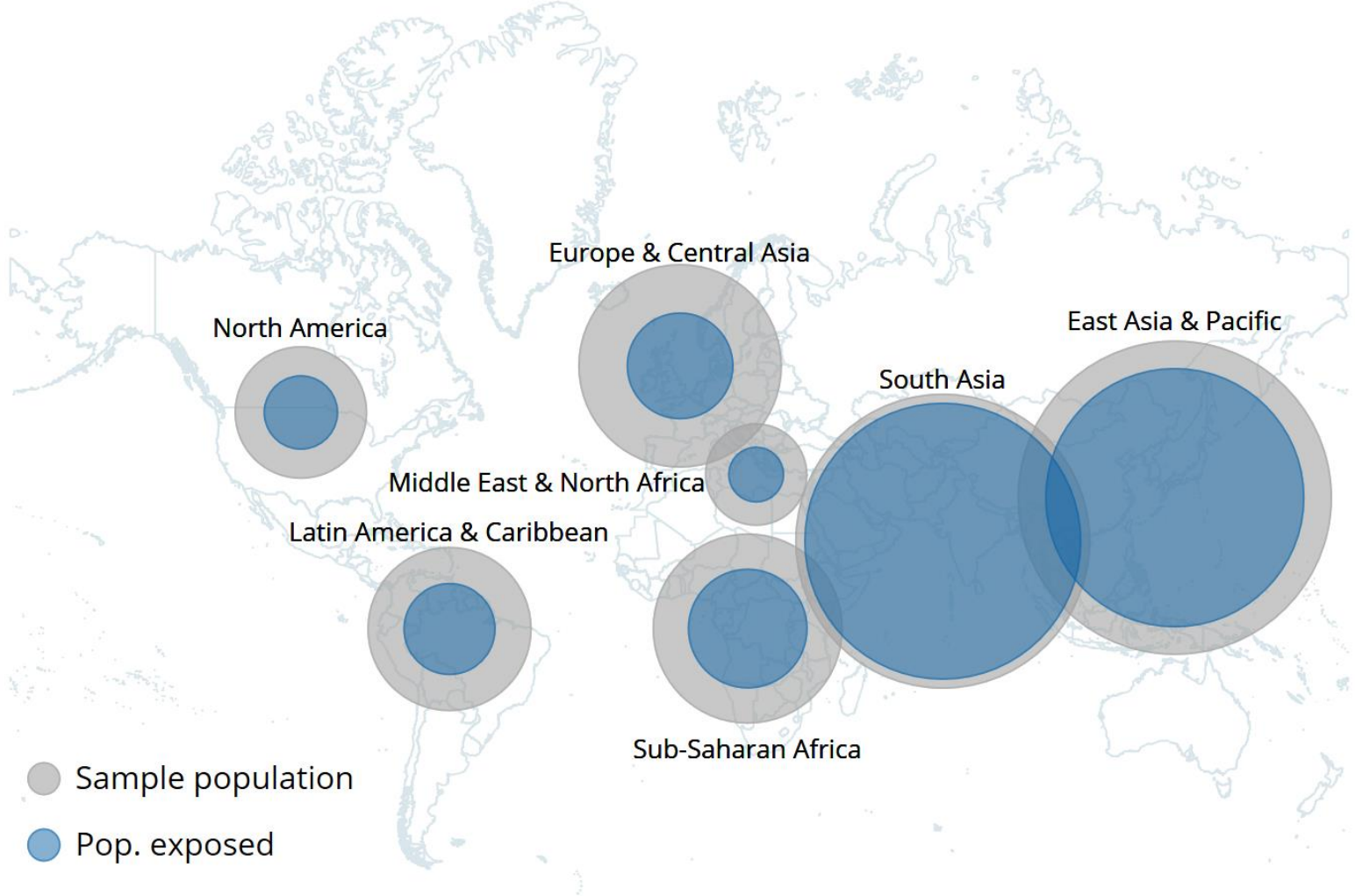


ONE IN FIVE PEOPLE ARE AT RISK OF EXPERIENCING WELFARE LOSSES DUE TO AN EXTREME WEATHER EVENT FROM WHICH THEY WILL STRUGGLE TO RECOVER



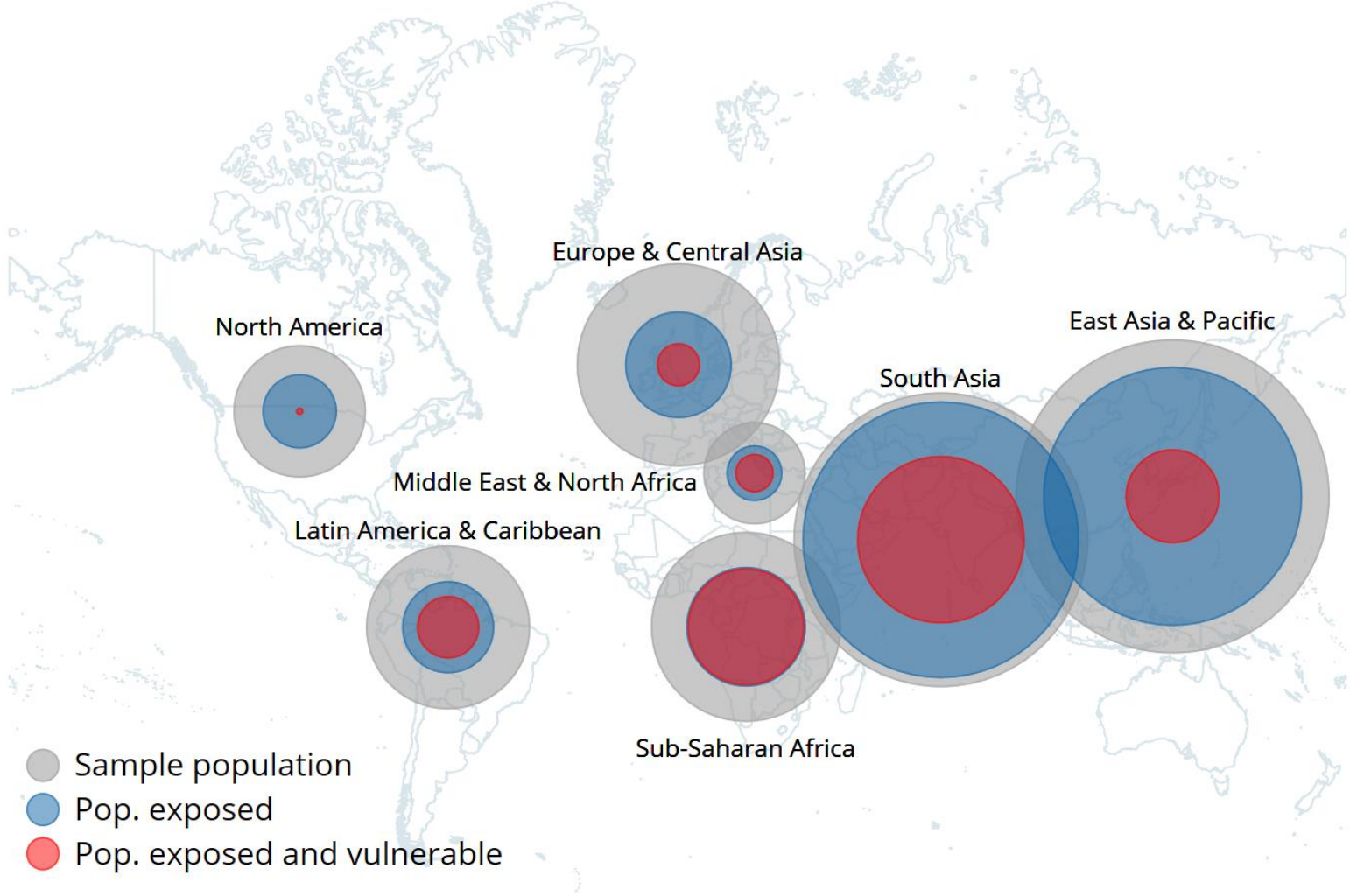
Source: World Bank Scorecard indicator: the percentage of people at high risk of climate-related hazards globally, <https://scorecard.worldbank.org/en/scorecard/home>.

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Pathways

**ERADICATING POVERTY AND
BOOSTING SHARED
PROSPERITY ON A LIVABLE
PLANET REQUIRES MANAGING
TRADE-OFFS**

PROGRESS ON THE THREE INTERLINKED GOALS REQUIRES FASTER AND INCLUSIVE GROWTH AND PROTECTING PEOPLE FROM EXTREME WEATHER EVENTS

Growing incomes for the poor

- Better-functioning labor markets
- Investments in the productive capacity of people
- Structural conditions that enable socioeconomic mobility

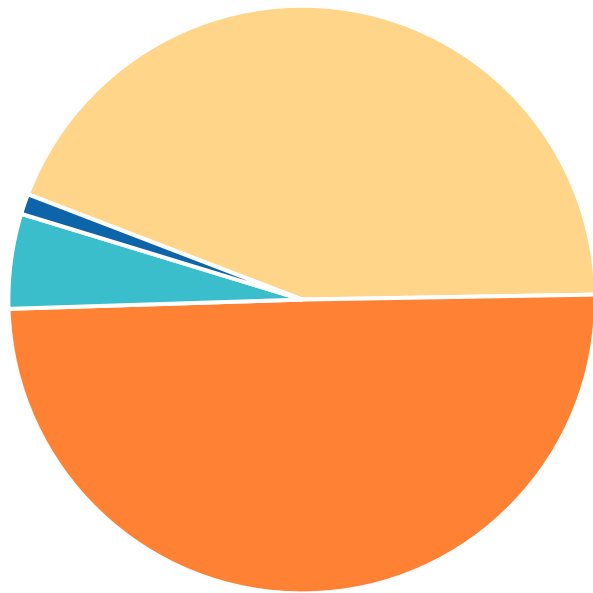


Protecting people from extreme weather events (and other shocks)

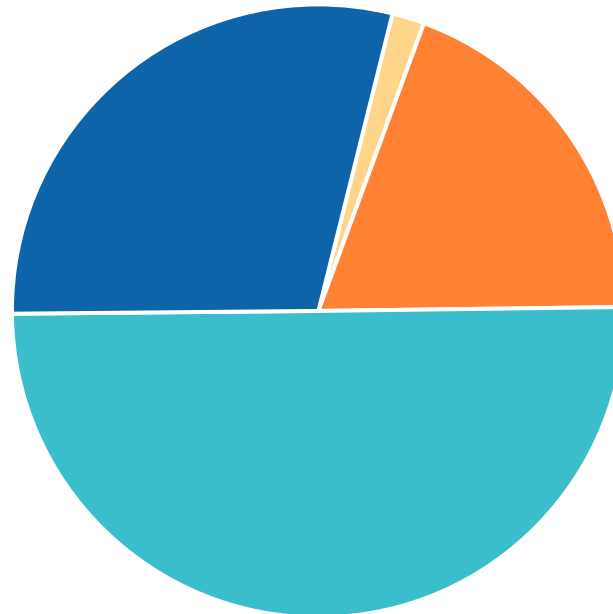
- Lowering vulnerability by enhancing risk management
- Preventing the escalation of future climate hazards by accelerating transformations to reduce the emissions intensiveness of growth

ACTIONS NEED TO CONSIDER WHERE THE POOR LIVE AND WHERE EMISSIONS COME FROM

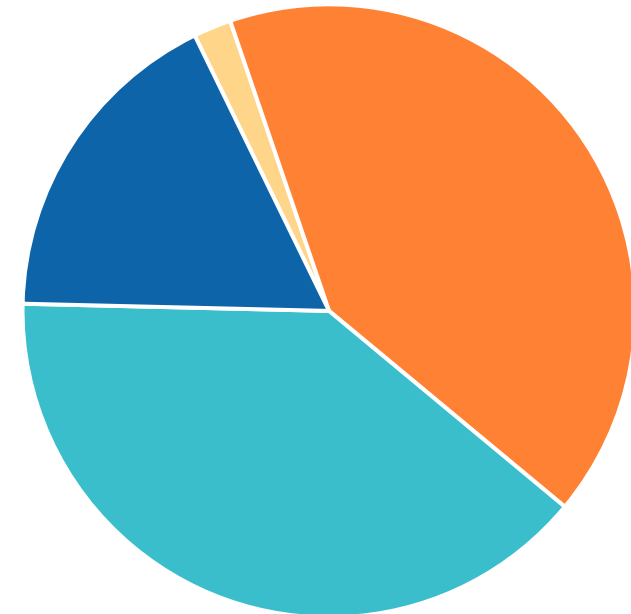
Extreme poor in 2024



GHG emissions in 2022



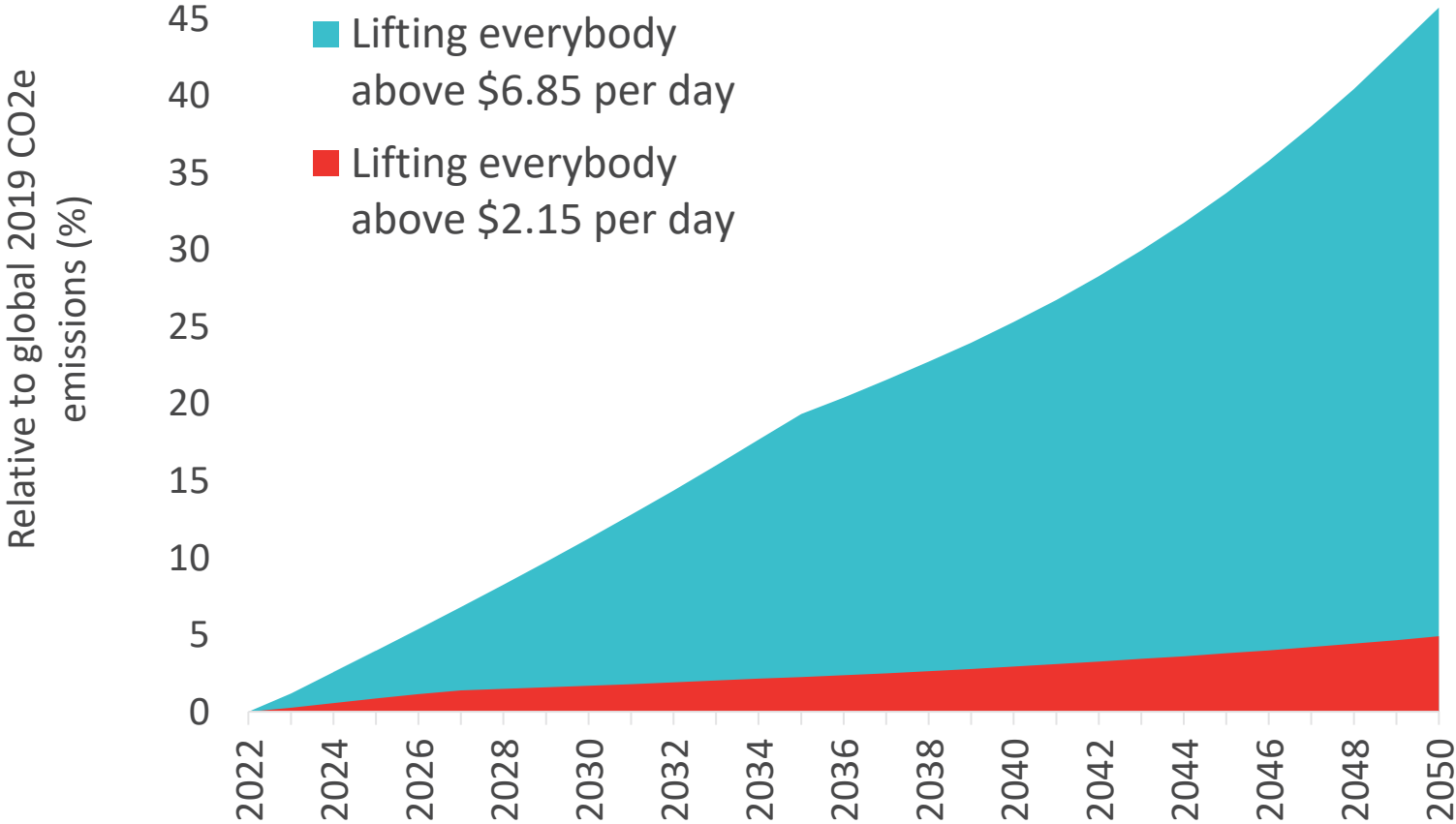
GHG emissions in 2050
(current policies)



■ Low-income ■ Lower-middle-income ■ Upper-middle-income ■ High-income

ADVANCING ON ERADICATION OF EXTREME POVERTY DOES NOT COME AT A BIG COST FOR THE PLANET

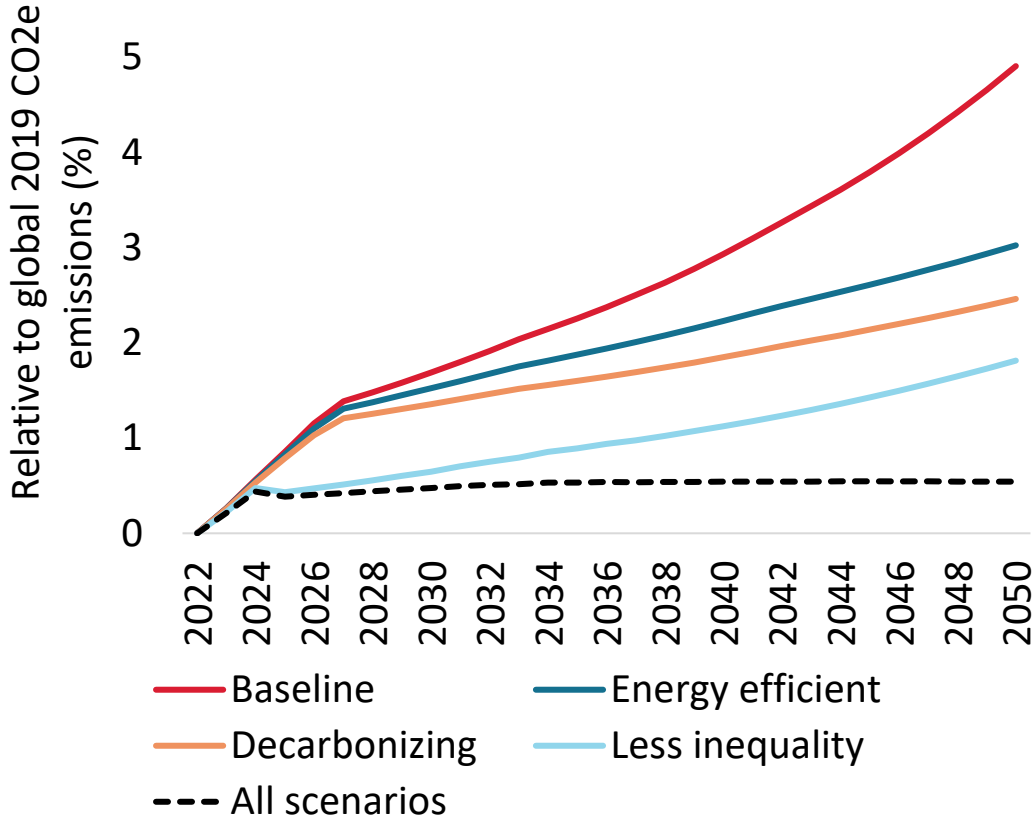
Additional emissions from poverty reduction



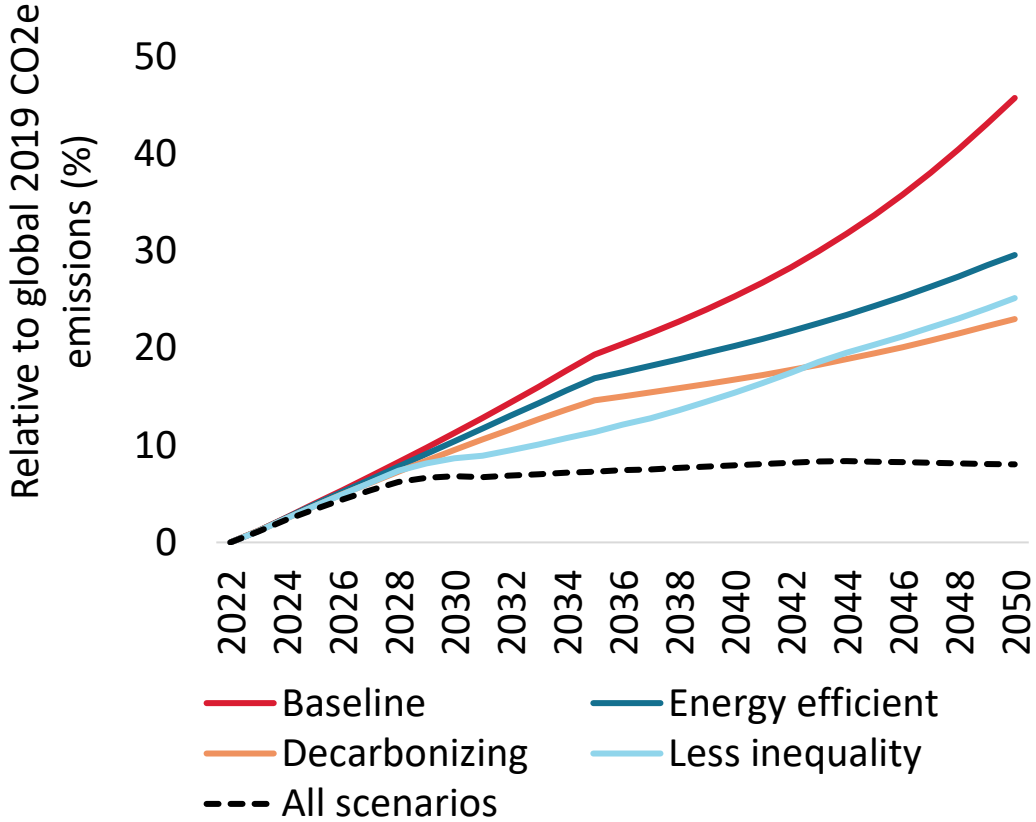
Source: [Wollburg et al. \(2023\)](#)

SYNERGISTIC POLICIES CAN REDUCE THE TRADE-OFFS

Emissions from eradicating poverty by 2050 at \$2.15

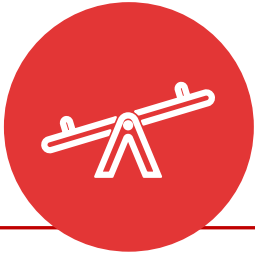


Emissions from eradicating poverty by 2050 at \$6.85



Source: [Wollburg et al. \(2023\)](#)

POLICY MAKERS MUST PRIORITIZE AND MAKE DIFFICULT CHOICES



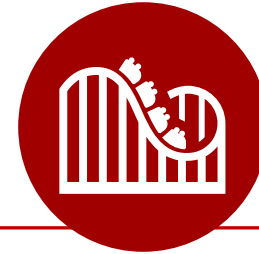
TRADE-OFFS

between growing incomes and lowering emissions



CONSTRAINTS

to scale up synergistic policies
(e.g., cut air pollution)



TRANSITION COSTS

and how to manage them varies by context

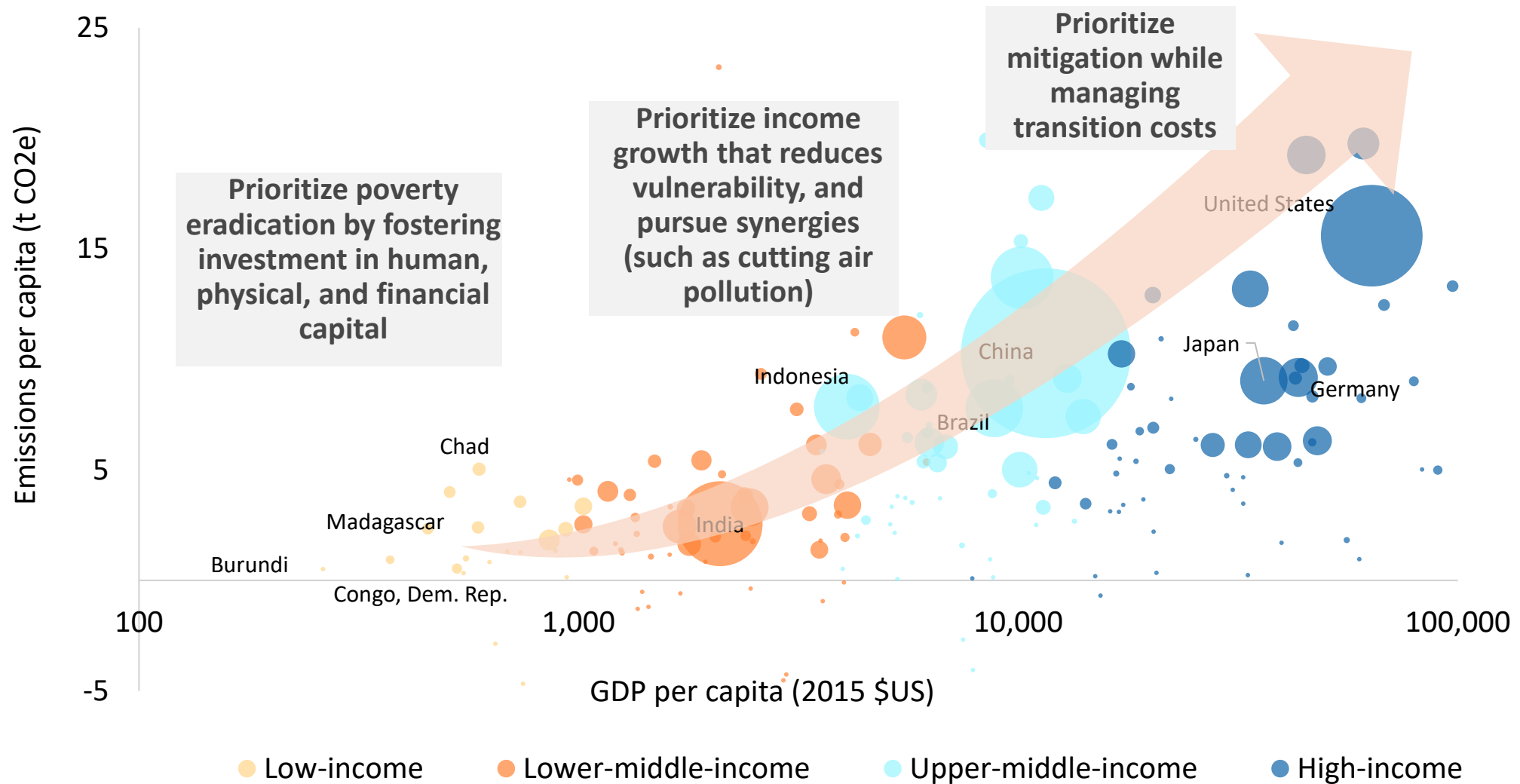


Priorities

**DOING WHAT MATTERS
WHERE IT MATTERS THE
MOST**

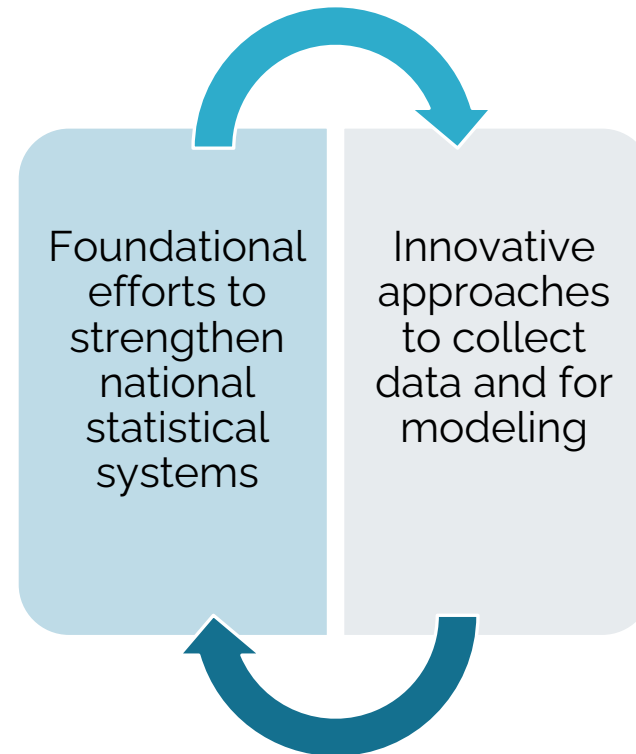


PRIORITIES TO ADVANCE ON THE INTERLINKED GOALS



ADVANCING ON THESE INTERLINKED GLOBAL CHALLENGES REQUIRES A SOLID FOUNDATION OF EVIDENCE

- More investment is needed to produce **reliable, granular, and timely data**.
- Bringing a **multidimensional lens** to poverty, shared prosperity, and the livable planet.



URGENT AND COORDINATED GLOBAL ACTION IS ESSENTIAL TO MEET THESE INTERLINKED GOALS

- The **financing gap for sustainable development is growing**, which hinders lower-income countries' ability to invest across multiple objectives.
- This constrained environment creates an urgent need to focus and **prioritize the actions that will have the highest return for development** and that can allow the world to make significant progress.
- It calls for **fundamental changes in how countries approach their national development strategies** and their contribution to global public goods.

Thank you!



www.worldbank.org/3pr