

Poverty, Prosperity and Planet Report 2024

Why in News?

World Bank has recently released the 'Poverty, Prosperity and Planet: Pathways out of the Polycrisis' report.

What is the global poverty situation?

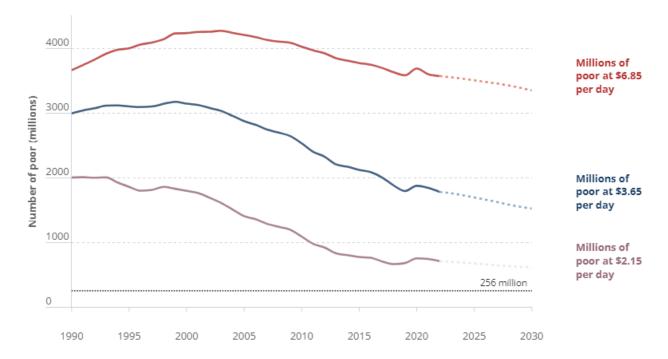
• Pathways out of the Polycrisis - The report released by World Bank provides the first post-pandemic global assessment of poverty and shared prosperity.

Polycrisis a complex situation where multiple, interconnected crises converge and amplify each other, resulting in a predicament which is difficult to manage or resolve.

- **Global Poverty Level** Almost half the global population(44%) around 3.5 billion people live today on less than \$6.85 per day, the poverty line for upper-middle-income countries.
- **Global Extreme Poverty** 8.5% of the global population (almost 700 million people) live today in extreme poverty, on less than \$2.15 per day.

According to World Bank, the people in extreme poverty is who live on less than **\$2.15 per day**.

- **Global Poverty Concentration** Extreme poverty in Sub-Saharan Africa and fragile countries is increased.
- In 2024, Sub-Saharan Africa accounted for 16 % of the world's population, but 67 % (2/3rd) of the people living in extreme poverty.



• **Poverty Level in India** - More Indians are living below the poverty line in 2024 than in 1990, primarily driven by 'population growth'.

Poverty threshold standard for middle-income countries is **\$6.85** (about Rs **576**) per day.

- Extreme Poverty in India <u>129 mn</u> Indians living in extreme poverty in 2024 down from 431 million in 1990.
- **Cessation of Poverty Reduction** Global poverty reduction had slowed to a near standstill, with 2020–2030 set to be a lost decade.
- **Poverty Forecast** At the current pace of progress, it would take decades to eradicate extreme poverty and more than a century to lift people above \$6.85 per day mark.
- Based on the current trajectory, 622 million people (7.3 % of the global population) are projected to live in extreme poverty in 2030.

Global poverty reduction target is 3 % by 2030.

- **Projection for India** India's contribution to global extreme poverty was projected to decline significantly over the next decade.
 - Extreme poverty rate in India will be 2030 to zero.
- Causes of Stagnant Poverty Interconnected Crisis of slow economic growth, conflict and fragility, and climate-related shocks.
- **Recommendation** It is critical to promote sustainable investments, mitigate climate risks, and create opportunities that foster inclusive growth.

What is the Global Prosperity Gap?

- **Shared prosperity** It is a measure of the inclusiveness of growth.
- **Global Prosperity Gap** It is a new indicator of shared prosperity used by the World Bank.
- It tracks how far the world is, on average, from a threshold of \$25 per person per day with a specific emphasis on the incomes of the poorest.
- **Slowdown in Inclusive Growth** Progress in reducing the Prosperity Gap stalled since the pandemic, highlighting a slowdown in inclusive income growth over this period.
- Impact High inequality can reflect a lack of opportunities for socioeconomic mobility, which can further hinder prospects for inclusive growth and poverty reduction over time.
- Level of Inequality Around one-fifth of the world's population lives in countries with high inequality.
- High levels of income or consumption inequality are concentrated among countries in Sub-Saharan Africa and in Latin America and the Caribbean.
- **Forecast** At current growth rates, a typical upper-middle-income country will need 100 years to close the Prosperity Gap.
- **Recommendation** Faster and more inclusive growth is needed to accelerate progress in achieving shared prosperity.

What are the climate change risk to poverty and inequality reduction?

• Climate Risk - One in five people are at risk of an extreme weather event in their lifetime and faces severe setbacks in their livelihoods, significantly hindering poverty reduction efforts.

Emissions per capita 60 40 20 -20 -40 0 10,000 20,000 30,000 40,000 50,000 60,000 70,000 80,000 90,000 100,000 GDP per capita, (2015 \$US)

- **Increasing threat** People's risks to climate hazards are expected to increase unless resilience is strengthened and greenhouse gas (GHG) emissions decline.
- Protecting people from extreme weather events requires acting on two fronts

Income group Low income Lower middle income Upper middle income

- Lowering vulnerability by enhancing risk management
- Preventing the escalation of future climate hazards by accelerating transformations to reduce the emissions intensiveness of growth.
- **Trade-offs** Eradicating poverty and boosting shared prosperity requires managing trade-offs between growing incomes and lowering GHG emissions.

Recommendations

- Low-income Countries Prioritize poverty reduction by delivering economic growth and reduce multidimensional poverty.
- \circ $\mathbf{Middle\text{-}income}$ $\mathbf{countries}$ Prioritize income growth that reduces vulnerability and synergies to reduce the carbon intensity of growth.
- **Upper-middle- and high-income countries** They account for four-fifths of global GHG emissions.
- These countries need to act fast in transitioning to low-carbon intense economies while managing transition costs.

What lies ahead?

- Faster and more inclusive growth is needed to accelerate progress in achieving shared prosperity.
- Fostering international cooperation and closing financing gaps for sustainable development is critical to enable the transition toward more sustainable, low-carbon,

and resilient economies.

• Achieving a world free of poverty on a liveable planet is possible but requires serious and immediate efforts.

References

- 1. Business Standard | 129 mn Indians living in extreme poverty in 2024
- 2. World Bank | Poverty, Prosperity, and Planet Report 2024

