



A Surprising Drop in Ultra-Poverty

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The Global State of Ultra-Poverty (GSUP) was published in 2017 by RESULTS Educational Fund (RESULTS) and Uplift in an effort to identify the distribution of ultra-poverty globally by putting forth a definition of ultra-poverty along multiple dimensions, beyond strictly household income, that would enable comparisons over time.

This brief does not constitute a full update of the GSUP but it does endeavor to provide that comparison, now 6 years later, of the overall scale of ultra-poverty globally and its distribution as compared to the 14 countries with the highest burdens of ultra-poverty originally identified in the 2017 report. This is part of an ongoing effort to update this important numerical analysis regularly.

Summary:

In the years preceding to the COVID-19 pandemic, ultra-poverty dropped globally between 41% and 52%. This is according to a comparison of data in the 2017 report against the latest data available in 2023. The bulk of this reduction stems from the dramatic changes in ultra-poverty in Ethiopia, India, and Bangladesh, the three countries with the largest scale economic inclusion programs.

| | Data Available in 2017 | Data Available in 2023* | Change |
|--|---|-------------------------|-------------------|
| Population living in ultra-poverty Globally | 395 million | 234 million | 161 million (41%) |
| Population living in ultra-poverty- countries with updated data | 302 million | 145 million | 159 million (52%) |
| Population living in ultra-poverty: 14 high-burden countries | 309 million | 163 million | 146 million (47%) |
| Population living in ultra-poverty: Ethiopia, India, Bangladesh | 159 million | 50 million | 109 million (68%) |
| Share of global burden of ultra-poverty: Ethiopia, India, Bangladesh | 40% | 21% | 19% |
| | *While this is the latest data available in 2023, it is important to note most of it pre-dates the pandemic | | |

This table is built with the latest data available which is data that pre-dates the pandemic, except in the cases of India (some of the data was collected during the pandemic) and Nigeria. All the newer data (especially relating to nutrition and education) points, however, to the fact that multidimensional poverty, including ultra-poverty may be on the increase, threatening these remarkable gains.

Background and Methodology

GSUP was published in 2017, using the latest available data in two areas: household survey data (to derive the proportion of households in ultra-poverty) and population data (to calculate the estimated number of people living in extreme poverty). The majority of the countries which formed part of the GSUP data benefitted from new survey information since then¹. In a sizeable minority of countries, however, surveys were not updated, or even in several cases, the data of an even earlier survey was now considered the authoritative reference, meaning that there were possibly methodological issues with the more recent one. In those instances, we simply took the data of the 2017 ultra-poverty report and updated it for population increases, assuming that the ranks of the households in ultra-poverty would increase at the same rhythm as the general population.

In GSUP, we used 2014 data for population, and in this update, we are using demographic data from 2019. It is important to reiterate that the numbers in most cases predate the COVID-19 pandemic.

How is ultra-poverty monitored?

Ultra-poverty was defined in GSUP using a multi-dimensional approach based on data from the Oxford Poverty and Human Development Initiative (OPHI), according to the methodology described in the box below (reprinted from GSUP). Information on household deprivations is collected by means of national surveys and these deprivations are attributed a weight; and for the purposes of GSUP, of all possible deprivations across the categories of health, education, and livelihoods, a household who experiences a weighted 60% of deprivations was considered as living in ultra-poverty. We use the same methodology for this update.

¹ In GSUP, most of the survey data was from 2011-15, in this update most is from 2015-19

What's the Difference Between Extreme Poverty and Ultra-poverty?

The World Bank uses a monetary measure to define extreme poverty, setting it as those who consume less than the equivalent of US\$1.90 per day, based on a formula for purchasing power parity across nations.

We use the Multidimensional Poverty Index methodology (MPI) developed by the Oxford Poverty and Human Development Initiative (OPHI) because it measures poverty across the many areas that affect those living in ultra-poverty. These areas include years of schooling, child school attendance, child mortality, nutrition, electricity, improved sanitation, improved drinking water, flooring, cooking fuel, and assets ownership. A

deprivation cutoff is set for each of these indicators and weights are assigned to each.

A household deprived in all 10 indicators would receive a score of 100 percent. The Index considers a household "poor" if they have a deprivation score of 33 percent or higher. (See <http://www.ophi.org.uk/multidimensional-poverty-index/> for an explanation of the MPI methodology, and our Methodological Notes for more details on its adaptation to define and measure ultra-poverty.)

We define ultra-poverty as having an MPI score of 60 percent or higher.

Findings: Prevalence of Ultra-Poverty

In 2017, GSUP concluded that there were 394 million people living in ultra-poverty, a number that was slightly revised shortly after publication to 395 million. The report identified through the data 14 countries with a high burden of ultra-poverty, i.e. countries that either had a very high prevalence of ultra-poverty (expressed as a percentage of total population) or an exceptionally large population living in ultra-poverty. Overall, the burden across these 14 countries represented nearly 80% of the total population living in ultra-poverty worldwide.

In 2023, the latest data show that the number of people living in ultra-poverty moved from 395 million to 234 million, and in the 14 high burden countries, from 309 million to 163 million. This represents significant drops of 41% and 47%, respectively. In Africa, the number of ultra-poor fell less drastically (28%). It is important to underscore that these decreases took place while the population was increasing by 8%, which could have led to increases in ultra-poverty instead.

The overall percentage is probably an underestimation of the rate of decrease of ultra-poverty, because of the methodology used: when there was no recent survey data, we assumed that ultra-poverty grew in the same proportion as the overall rate of growth of the population (the underlying conservative assumption is that countries that do not prioritize socio-economic household surveys are less likely to have pro-active anti-poverty policies; the inference that they will not see any reduction at all in their rates of ultra-poverty is probably too harsh).

If one only considers countries with recent survey data, the overall rate of decrease of ultra-poverty is 52%. This means that *prior to the COVID-19 pandemic, ultra-poverty, observed over an interval of six years, dropped globally by approximately one half*².

ULTRA-POVERTY BY THE NUMBERS – 2017 Vs. 2023*

| | Data available in 2017 | Data available in 2023* | Change |
|---|------------------------|--|-------------------|
| Population living in ultra-poverty globally | 395 million | 234 million | 161 million (41%) |
| Population in catastrophic ultra-poverty: globally | 182 million | 88 million | 94 million (52%) |
| Population living in ultra-poverty in Africa | 230 million | 165 million | 65 million (28%) |
| Population living in ultra-poverty – countries with updated data | 302 million | 145 million | 157 million (52%) |
| Population living in ultra-poverty - 14 high burden countries | 309 million | 163 million | 146 million (47%) |
| Populations living in ultra-poverty – Ethiopia-Bangladesh and India | 159 million | 50 million | 109 million (68%) |
| Share of global ultra-poverty borne by Ethiopia, Bangladesh and India | 40% | 21% | 19% |
| | | *While this is the latest data available in 2023, it is important to note that most of it pre-dates the pandemic | |

It is however important to underscore that since the beginning of the pandemic, there has been a deterioration in the areas of health, nutrition and education. For instance:

- The number of cases of [malaria](#) grew by 14 million during the pandemic with mortality increasing by 9%
- According to [Global Network Against Food Crises](#), an estimated 388 million people experienced “crisis” or “stressed” (one step away from “crisis”) levels of acute food insecurity in 2021, a 5% increase over the prior year. And as of August 2022, the [FAO Food Price Index](#) was 40% higher than two years earlier.
- As of the end of 2021, 200 days of schooling/child had been lost due to the pandemic. The learning losses of millions of children may never get addressed. See [We are losing a generation: The devastating impacts of COVID-19 \(worldbank.org\)](#)

² The six-year period refers to observations made six years apart; but the data observed in 2017 and 2023, had at least a two-year lag, and sometimes, a much longer lag; this means that the interval between the various observations can be more or less than six years, depending on the country.

These deprivations automatically increase the number of people in ultra-poverty, and may well erase part or all of the gains made prior to the pandemic. [Estimations](#) of monetary extreme poverty also show a trend of reversal of pre-pandemic advances. On the other hand, the examples of India and Nigeria do show that overall gains were observed well into the pandemic, and offer some cause for optimism.

Findings: the evolving intensity of ultra poverty

In the 2017 GSUP, we identified a way to track the intensity of ultra-poverty: we estimated the number of those living in what was termed “intense” ultra-poverty, defined by households experiencing 70% or more of possible deprivations, based on the OPHI standards. In 2017, there were 182 million people living in intense -- or catastrophic-- ultra-poverty, a figure now down to 88 million, which means a drop of nearly one half.

Another way to articulate this is to say that while six years ago, 47% of those facing ultra-poverty were facing a catastrophic level of deprivations, this has declined to 37%.

Not only did ultra-poverty become less prevalent, but it has also started to become less intense.

This suggests that in the 5 years since the GSUP, economic growth, CSO efforts and public policies have not exclusively benefitted the better off among the ultra-poor, but have made an important, and perhaps preponderant, difference for those confronting the harshest conditions of poverty.

Findings: Identifying the best performers

A first approach to identifying the best performers is to look at the rate of reduction of the national rates of ultra-poverty. By way of illustration, the table below shows countries that have achieved average reductions in their rates of ultra-poverty of more than 10%/year (i.e. reduced it in one year from 5% to 4.5%, for instance).

| Countries having reduced ultra-poverty prevalence rate by more than 10%/year | Latest Prevalence of ultra-poverty |
|--|------------------------------------|
| Philippines | 0.4% |
| Indonesia | 0.1% |
| Bolivia | 0.7% |
| Morocco | 0.6% |
| Nepal | 1.4% |
| Zimbabwe | 2.1% |
| Rep. Congo | 3.8% |
| India | 1.3% |
| Bangladesh | 1.7% |
| Lao Rep. | 4.2% |
| The Gambia | 7.7% |
| Timor Leste | 8% |
| Sierra Leone | 16% |
| Guinea | 28.1% |

Almost all the countries in the table above (with the exception of the last four) are countries with low levels of ultra-poverty. This stands to reason in two ways. First, in countries with high levels of ultra-poverty, a 10% reduction is a challenge of scale as it means moving a larger population out of ultra-poverty than in a country with a small ultra-poverty burden. Secondly, countries with a large prevalence of ultra-poverty are consistently countries with a limited revenue base, and face significant constraints to implementing the right kinds of interventions, a point that was highlighted in GSUP.

Another, perhaps more accurate, way of measuring a country's performance, is to measure the yearly decrease in the number of people living in ultra-poverty, as a proportion of a country's population.

The table below shows the countries that have managed to reduce the ranks of those living in ultra-poverty by an average annual number at least equivalent to 0.5% of their population/year (for instance, a country with a population of 10 million people would have had to reduce the number of people living in ultra-poverty by at least 50,000 per year), and the list is more diverse.

| Countries having reduced ultra-poverty numbers by at least an average of .5% of their total population each year | Latest Prevalence of ultra-poverty |
|---|---|
| Ethiopia | 25.6% |
| DRC | 20.2% |
| Uganda | 14.4% |
| Mali | 26.9% |
| Nepal | 1.4% |
| Haiti | 9.6% |
| Rep. Congo | 3.8% |
| India | 1.3% |
| Bangladesh | 1.7% |
| Lao Rep. | 4.2% |
| The Gambia | 7.7% |
| Timor Leste | 8% |
| Sierra Leone | 16% |
| Cote d'Ivoire | 13.3% |
| Nigeria | 11.2% |
| Guinea | 28.1% |

The Special cases of Ethiopia, India and Bangladesh

Three countries have been the global engines of the reduction in ultra-poverty: Ethiopia, India and Bangladesh. Together, they were responsible for two thirds of the reduction. With massive reductions in ultra-poverty, they now represent only one fifth of the global burden of ultra-poverty, down from over 40%.

Similarly, the number of people facing catastrophic deprivations decreased by 94 million, and nearly one half of this drop is due to a reduction of 44 million in our top three performers. This appears to show that, in their efforts to tackle ultra-poverty, the three high performers (their governments, their civil society or both) included the very bottom of their pyramids.

A quick look at the numbers shows that this drop is not the continuation of a similar trend from the past, at least for two countries. Despite the absence of older data, mathematically, we can say that for Bangladesh and Ethiopia to have sustained the same levels of reduction in ultra-poverty in 2012-2017, nearly all their population would have had to have been in ultra-poverty in 2012; and in India, the same rate of ultra-poverty reduction could not have applied for two decades unless 100% of the country was in ultra-poverty! The sharp reduction in 2017-2023 is therefore a new phenomenon and not a long term trend.

| | Ethiopia | India | Bangladesh |
|---|----------|-------|------------|
| Population in ultra-poverty (2017) in millions | 54 | 91 | 14 |
| Population in ultra-poverty (2022) in millions | 29 | 18 | 3 |
| Population in catastrophic ultra-poverty (2017) in millions | 20.5 | 36 | 5 |
| Population in catastrophic ultra-poverty (2022) in millions | 9 | 6 | 1 |

Links to Economic Inclusion Programs

A very legitimate question at this stage is trying to understand the factors that determine high performance in ultra-poverty-reduction.

A [study](#) recently co-published by Results Canada and Global Poverty Solutions offers interesting clues. The study looked at the number of people in “extreme”³ poverty reached by economic inclusion programs and the results speak for themselves. We notice that only 4 countries have an average or above average outreach to the portions of their populations living in “extreme” poverty (the case of Sudan is somewhat of an aberration, led by one government program, which apparently has had little impact on ultra-poverty).

³ The reader will have noted that while extreme poverty and ultra-poverty are distinct concepts, we are using the terms interchangeably in this section. We have put “extreme” poverty in brackets because the estimation of whether programs target the extreme poor is based on expert observations, which are not the result of assessing the income levels in comparison to the \$2.15/day threshold, but the result of a qualitative categorization of the clients closer to the multidimensional process of identifying ultra-poverty.

OUTREACH OF ECONOMIC INCLUSION PROGRAMS

| | Population in “Extreme Poverty” Reached by Economic Inclusion Programs (million) | Population in “extreme poverty” reached by economic inclusion programs as % of those living in extreme poverty |
|---|--|--|
| Bangladesh | 3.7 | 15.3% |
| Burkina Faso | 0.4 | 4.5% |
| Cameroon | 0.4 | 6.0% |
| Ethiopia | 4.5 | 22.7% |
| India | 25.5 | 8.3% |
| Nigeria | 1.4 | 1.8% |
| Sudan | 2.1 | 40.4% |
| Tanzania | 2.5 | 8.7% |
| Uganda | 1.1 | 6.0% |
| | | |
| TOTAL Top 9 countries reached by EI programs | 41.6 | 8.4% |

There are only three countries which were reaching both high numbers of people in “extreme poverty” and a high percentage of them. And they are the three countries that led the global reduction in ultra-poverty. The connection is hard to miss, but this remains an observed co-variation. In reality, in these three countries, there is more than twice as many people who left ultra-poverty than people in “extreme poverty” served by economic inclusion programs. It is probable (but remains to be corroborated) that governments who prioritize economic inclusion that intentionally captures the very poor are more likely to also prioritize access to education and health care for the same clientele, which reduces deprivations, and automatically, ultra-poverty. It is also worth noting that the other two countries with significant populations in extreme poverty reached by economic inclusion programs, and for whom we have updated ultra-poverty estimates, Uganda and Nigeria, also have a good performance in ultra-poverty reduction.

It is important to mention, that while it was governments that were overwhelmingly involved in implementing economic inclusion programming for the very poor in Ethiopia and India, in Bangladesh, most of the credit may be due to civil society as their presence is pre-ponderant in the economic inclusion field. The connection between economic inclusion programs that intentionally include very poor clienteles and the reduction of ultra-poverty is obviously a topic for further research.

Links to Economic Growth

The three top performers were also top performers in the area of GDP growth between 2014 and 2019, with annual growth rates between 5% and 10%. By way of comparison, GDP growth rates were between 4%/year and 6%/year in Lower Middle Income Countries (LMIC) and between 0%/year and 4%/year in Low Income Countries (LIC).

If we look at GDP expressed in current US dollars, to eliminate potential distortions due to currency fluctuations, Ethiopia, Bangladesh and India remain outliers, with 5-year cumulative growths between 40% and 100%. The corresponding average growths for LICs were 0% and for LMIC, 14%.

Using either measure, the following countries had a similar GDP growth: Nepal, Lao PDR, Mauritania, Timor Leste, the Gambia, Guinea and DRC. And all of these seven countries had higher-than-average reduction in ultra-poverty (i.e. are in at least one of the two preceding tables of good performers).

So the co-variation of GDP growth and ultra-poverty reduction is also strong. It is worth pointing out that Nigeria is an important counterfactual illustration: with negative growth, it was nevertheless able to be a top performer in ultra-poverty reduction (this may prove that a middle income country, even in difficult economic circumstances, can provide basic health and education to its poorest citizens, a clear way to reduce multidimensional poverty).

More work on the factors leading to reductions in ultra-poverty is obviously required. An important element to remember is that all our analysis is limited to countries which have recent household surveys, i.e. countries who have made it a priority to update their data on poverty, and this, in itself, might be an important predictor of a country's likelihood to see a drop in ultra-poverty.

Prospects for ultra-poverty

Most of the data on which the preceding analysis is based predates the pandemic. The natural question to ask, is: how will ultra-poverty evolve, facing overlapping crises?

In the absence of direct data, we can have a look at the prospects for real GDP growth, a factor which appears to have been associated with drops in ultra-poverty. Most [recent projections](#) call for annual GDP growth rates between 4% and 8% for the three top performers in 2022 and 2023. For the same two years, [recent projections](#) are nearly 4% for emerging markets and developing economies, and more than 5% for Low income Countries.

These positive notes should be tempered by various elements that automatically increase multidimensional measures of poverty like ultra-poverty:

- The number of children having received no vaccinations at all increased by 6 million between 2019 and 2021
- There was an increase of 145 million in the number of severely food insecure, a number not likely to recede with the [increases](#) in the prices of wheat, maize, barley and fertilizers
- The number of pregnancies in minors [increased by nearly half a million](#) in South Asia during the pandemic

Just as importantly, governments are now more indebted than before the pandemic. According to the [IMF](#), "on average, government revenues remained well below prepandemic projections as the decline in revenue mobilization—1½ percentage points of GDP — (...) was compounded by a severe output loss." With the generalized increase in interest rates, support for the ultra-poor may be more difficult to sustain.

This difficult fiscal situation also affects India and Bangladesh (with deficits higher than 3% and 5% of GDP, respectively). Ethiopia, who is dealing with the aftermath of a civil war, is facing even more serious fiscal challenges.

All of the above points to the need for external financing, in the form of Official Development Assistance, to preserve the gains and continue to support country-led efforts to reduce ultra-poverty.

The [end survey for BOMA's Rural Entrepreneurs Access Program](#), taken months into the COVID-19 pandemic indicates that the graduation program had increased incomes by 32% and cash savings by 509%. Similarly, the [findings](#) of the most recent Village Enterprise randomized controlled trial conducted during the pandemic suggest that drops in ultra-poverty may well have persisted throughout the pandemic and could take place even in the face of further shocks such as the Ukrainian and food crises, as long as funding support remains available.

Conclusion

A marked decline of one half in ultra-poverty has taken place in the years leading to the pandemic, a decline which appears to have benefitted the very bottom of the pyramid. The best estimate of total number of people living in ultra-poverty now stands at 234 million. This decline was propelled by the three countries with top GDP growth and who are also leading adopters of economic inclusion programs, Ethiopia, India and Bangladesh, although further research is required to determine whether economic inclusion programs or GDP growth are a cause of such a decline in ultra-poverty. Despite current economic uncertainty, encouraging GDP growth projections and evidence of resilience of economic inclusion programs seem to suggest that the advances made during the pandemic might be sustained in future with the proper support from donor countries.