

World Bank Goals on Eliminating Poverty and Boosting Shared Prosperity: Implications for Data and Policy

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In April 2013, the World Bank Group's Board of Directors agreed to establish two measurable goals to guide the strategic focus of the World Bank Group's work. The two goals are:

1. To end absolute, chronic poverty by 2030. In concrete terms this means bringing down the percentage of people below the poverty line of 1.25 (PPP) dollars a day to less than 3% of the world population.
2. To promote shared prosperity among people. In concrete terms this means fostering more rapid growth of the average income earned by the poorest 40% of each nation.

A lot of analysis went into the setting of these goals. They had to be simple but not simplistic. They had to be sophisticated but not for reasons of sophistry. We wanted to set goals that can be widely understood and communicated but at the same time captures our fundamental concerns for human well-being. The aim of this lecture is to explain the rationale behind these goals, their axiomatic properties and their practical implications. Goals mean little if they cannot be measured. Yet measuring these goals is not easy. The first goal has its problems but it has been with us in some form or the other for years and so to that extent its data challenges are well-known. This lecture will focus especially on the data needs and challenges for the goal of shared prosperity. These broad aims also decompose into several narrower targets. We set the target for absolute poverty at 3% because that is compatible with the end of chronic poverty. What the 3% gives room for is frictional and temporary poverty suffered by some people. However, a global poverty rate of 3% is compatible with some nations having 70 or 80 percent people being poor. That is unacceptable. Hence, we decided to pay attention to the distribution of poverty across nations. Conversely, the promotion of growth of income of the poorest 40% raises some tricky inter-country issues. The aim of this lecture is to acquaint the listener with the conceptual foundations, the data challenges and policy implications of these new goals of the World Bank group.