Despite significant progress in the reduction of extreme poverty over the last decades, we are off track to end poverty in all its forms everywhere by 2030. Global efforts to eradicate extreme poverty have faced significant setbacks in recent years amid slow economic growth and several overlapping crises. In 2022, an additional 23 million people were living in extreme poverty compared to 2019, in the wake of the COVID-19 pandemic and other global shocks that have severely impacted low-income countries. Today, around 700 million people live on less than USD 2.15 per day, the international extreme poverty line. Based on current trends, almost 600 million people will still live in extreme poverty by 2030.1 Extreme poverty is increasingly concentrated in Sub-Saharan Africa and in fragile and conflict-affected places, where it will be hardest to eradicate. Poverty remains a challenge also for many middle-income countries. In 2022, 3.6 billion people in upper-middle-income countries—close to half the global population—were living below the poverty line, on less than USD 6.85 per day.2

Global economic growth is projected to remain low and uneven, while many countries are also contending with high

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1 SDG Progress Report 2024 (forthcoming).
2 World Bank Poverty and Inequality Platform (2024).
levels of debt, the impacts of conflict and instability, and ever-increasing effects of climate change. Both developed and developing economies are projected to grow much more slowly in the coming years compared to the decade before the pandemic. Climate change will disproportionately impact the poorest regions and communities. Between 2015 and 2022, direct economic loss from disasters has been reported to exceed more than USD 115 billion per year worldwide, which amounted to 0.3 per cent of the GDP of the reporting countries (SDG 1.5). In this challenging context, the world needs a new playbook for getting back on track to achieve SDG 1.

Despite the challenges, opportunities exist to reignite progress toward achieving SDG 1. Greater investment in the productive capacity of people living in poverty in low- and middle-income economies can help them participate more in economic growth and reap the benefits. Policies aimed at increasing the resilience of households to climate shocks can help people move out of poverty and stay out of poverty. Transitioning towards a low-carbon and climate resilient economy while ensuring a just transition can create opportunities for many people living in poverty. Reforming fiscal policies and expanding social safety nets can help protect those most in need. Rethinking approaches to trade can ensure its benefits are shared more equitably. Scaling up international financing solutions for developing countries can accelerate domestic efforts that are critical to reducing poverty. It is important to recognize that achieving SDG 1 will not happen in isolation—it is deeply interlinked with other Goals. Thus, effective

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3 Ibid.
solutions must take into account potential synergies and trade-offs across objectives.

**Economic growth must become more inclusive.** World leaders at the SDG Summit in September 2023 agreed on the need to “go beyond” Gross Domestic Product (GDP). Economic growth alone does not guarantee that people will be lifted out of poverty; reducing inequality of income and opportunity is also critical. Poverty goes beyond income and has many dimensions. Policies must therefore aim to improve people’s well-being, including through more equitable access to health, education, social services, and basic infrastructure. Combined with these investments, countries need broad-based economic growth that creates more and better jobs, especially for women and youth. In addition, countries need to lift the constraints poor households face in accumulating assets, including natural, financial, human, physical, and social capital, and help them use those assets to earn higher incomes.

**Building resilience to climate shocks is critical.** A significant share of people living in poverty are vulnerable to climate shocks and reside in areas that are highly exposed to extreme weather events, such as floods, cyclones, drought, or extreme heat. In addition, millions of people are vulnerable to falling into poverty as a result of extreme weather events. Policy action for climate change and poverty reduction must go hand in hand. When possible, countries should aim for “double” and “triple win” policies that simultaneously work to improve the livelihoods of

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5 Political declaration of the high-level political forum on sustainable development convened under the auspices of the General Assembly, adopted by the UN General Assembly on 29 September 2023, UN Doc. A/RES/78/1, para. 30.
people living in poverty today, reduce their vulnerability to climate risks tomorrow, and/or help to mitigate future climate hazards. Investing in resilience-building technologies and a focus on nature-based solutions offer much potential, as well as rethinking institutional arrangements to address vulnerability and resilience. In countries most impacted by climate change, it is especially important to integrate both climate adaptation and poverty reduction strategies.

**Reforming fiscal policy can accelerate poverty reduction.** Fiscal policies helped mitigate the impacts of the pandemic on poverty levels – without which, the average poverty rate in developing countries would have been 2.4 percentage points higher. Nevertheless, fiscal policies can often lead to lower incomes for poor households in low-and middle-income countries. It is important to reform fiscal policy in ways that protect household incomes and accelerate poverty reduction. For example, public spending can be reoriented away from subsidies towards more targeted support of poor and vulnerable households. One-half of spending on energy subsidies in low- and middle-income countries currently goes to the richest 20 percent of the population. Cutting these subsidies can free up significant fiscal space for policies that are more effective in reducing poverty.

**Social protection plays a pivotal role.** In recent decades, evidence has emerged demonstrating the effectiveness of social protection in reducing poverty and inequality, as well as improving access to essential services like nutrition, education, and healthcare. In the face of the climate crisis and ongoing societal transitions, social protection becomes indispensable for mitigating

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6 World Bank Poverty and Shared Prosperity Report 2022.
7 Ibid.
adverse impacts and enhancing resilience. A key lesson from the COVID-19 pandemic is the importance of well-targeted social protection measures to prevent people from falling into poverty. The social protection floor financing gap, which refers to the cost needed to achieve universal social protection for all low and middle-income countries, averages at 3.3 per cent of GDP per year. Closing this financing gap would require an increase of 32 per cent in current social protection expenditure among low and middle-income countries. To ensure the resilience of social protection systems against sudden shocks and crises, it is crucial to consider appropriate means of financing. Sovereign debt is not a permanent source of financing for closing the social protection financing gap, but better management of debt could unlock resources to expand fiscal space for social protection.

**Trade can be a powerful driver of economic development and poverty reduction.** International trade is key to stimulating growth and creating jobs, and tremendous development gains can be reaped from deeper and broader regional trade agreements. For example, the African Continental Free Trade Area, if fully implemented, could raise incomes by nine per cent by 2035 and lift 50 million people in Africa out of extreme poverty.\(^8\) Trade leads to faster productivity growth, especially for sectors and countries engaged in global value chains, which in turn can facilitate access to technology, know-how, and investment. Foreign direct investment is important because, in addition to technology, it brings fresh capital and the skills needed to raise living standards. The effectiveness of trade in poverty reduction is contingent, however, upon a supportive policy environment. People living in

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\(^8\) Making the Most of the African Continental Free Trade Area: Leveraging Trade and Foreign Direct Investment to Boost Growth and Reduce Poverty (World Bank, 2022).
poverty in rural areas are typically less connected to international trade because they lack proper access and services. Digital infrastructure and connectivity could be strengthened to enable more communities to tap into the efficiencies and opportunities of digital trade.

**Policies must put a greater focus on women and children.** Overall trends in poverty reduction can obscure that progress is often uneven across the population, especially for women and children. Global poverty rates are systematically 0.5 percentage points higher for women than for men. Fertility and child-rearing years are closely related to female poverty. Moreover, the burden of care contributes to poverty, as women dedicate more time and effort to unpaid work than men. Policies that improve gender equality are thus an essential tool in reducing poverty. Access to family planning, adolescent health, maternity benefits and care are some of the most crucial services that can have multiplier affects for households’ wellbeing and build higher productive capacity. Investing in the care economy presents an opportunity to create jobs, while addressing pressing social needs. Children comprise more than half of those living in extreme poverty, while their share of the population is less than one-third. In 2023, only 28.2 per cent of children globally received child cash benefits, compared to 22.1 per cent in 2015, leaving 1.4 billion children aged 0-15 without coverage (SDG 1.3). Countries must put a greater policy focus on children and youth, for whom even short-term deprivations in nutrition, health or education can lead to long-term deficits in their development.

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Coordinated action is needed on long-term financing. Low-income countries today often face prohibitive borrowing costs and limited access to finance. Financial constraints and debt servicing limit their fiscal space and ability to invest in areas that are essential for sustained poverty reduction, such as education, infrastructure, and health care. Official Development Assistance (ODA) from high-income countries plays a critical development role for recipient countries, yet only USD 27 billion out of a total of USD 224 billion in ODA goes to anti-poverty interventions. Delivering on existing commitments of 0.7 per cent of donors’ gross national income for ODA would help provide a much-needed boost to poverty eradication. The catalyzing role of multilateral and development banks to leverage ODA financing for sustainable development is extremely important. Other solutions include delivering on the UN Secretary-General’s SDG Stimulus, which includes recommendations on tackling the high cost of debt; massively scaling up affordable long-term financing for development; and expanding contingency financing to countries in need.

Governance is the bedrock for successful policy implementation. Finance is an enabler, but effective governance and leadership are also necessary for sustained growth and poverty reduction. Effective governance ensures accountability, efficiency, and inclusiveness, without which even well-designed policies and programmes may fail to reach their objectives. Participatory approaches in policy making are crucial to ensure that policies are adapted, responsive and likely to address the needs of people who are often excluded. Institutions play a key role in providing the right infrastructure and basic services to help

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people accumulate assets and use them to earn income. Governance influences the stability and attractiveness of countries as destinations for foreign investment. Moreover, effective governance is critical for building the foundations for peace and stability, which is a precondition for sustained poverty reduction.

**Data provides the infrastructure for policy.** Data systems and poverty statistics, including disaggregated data, are critical for monitoring progress on poverty reduction and motivating governments to maintain poverty reduction as a policy priority.\(^\text{11}\) Statistical evidence about the extent and nature of poverty has heavily influenced political action in the last few decades. It is essential to continue investing in the statistical capacity of governments to build accurate and robust data systems. A welcome initiative is the updated systems of national accounts in 2025, where data will, for the first time, be treated as a productive asset. The last decade has shown the need for digitized data systems to power social change and economic development. Going forward, data will increasingly matter for motivating, monitoring and shaping policy aimed at eradicating poverty.

**Proposed Questions for Discussion**

- What changes in the global landscape are most likely to impact the pace or distribution of poverty reduction going forward? How can we best account for these changes? In the current context, what needs to be done differently (or perhaps with renewed emphasis) in the quest to “end poverty, in all its forms, everywhere” by 2030?

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\(^{11}\) Reference to 2017 Atkinson Commission on “Monitoring Global Poverty”.
• How can we develop more integrated strategies for poverty reduction that take into account its interlinkages with other Goals? How can we better take advantage of potential synergies? How can we develop effective strategies to manage potential trade-offs?

• How can advances in SDG 1 be protected in the face of macroeconomic shocks, climate shocks and other disasters? What are some promising strategies for ensuring that measures to promote resilience are built in preemptively? How do we need to adapt these strategies to ensure the burden of risk is not disproportionately borne by the poorest?

• What roles can the international community play to accelerate domestic efforts for poverty reduction? What are some innovative solutions to ensure developing countries have access to long term financing for sustained poverty reduction? How can international actors support this agenda through other means such as knowledge generation and exchange?

• What needs to be done to ensure that the gains of poverty reduction reach all groups in society? What are some win-win solutions for reducing horizontal inequalities and reducing poverty? How can domestic and international policy dialogue on poverty reduction better incorporate the needs and perspectives of these groups?