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New estimates of the cost of ending poverty and its global distribution

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WIDER Working Paper 2024/46

New estimates of the cost of ending poverty and its global distribution

Andy Sumner¹ and Arief Anshory Yusuf²

July 2024

Abstract: This paper makes new estimates of the cost of ending poverty and the global distribution of both the cost and poverty itself. First, the paper discusses definitions of ‘ending’ poverty, arguing that there is an overemphasis (e.g. SDG 1) on the extreme poverty line which is insufficient for multiple reasons. Second, we turn to the question of the location of global poverty. Although it is commonly noted that global poverty is increasingly located within sub-Saharan Africa and in fragile and conflict-affected states (FCAS), there is a less discussed distribution of global poverty between countries where official development assistance (ODA) matters substantially, and those countries where ODA is no longer financially significant relative to the recipient countries’ growing economic size. A new typology of countries is presented based on the intersection of ODA importance vis-à-vis national resources and FCAS/non-FCAS countries. Finally, new estimates are made for the cost of ending global poverty and for the global distribution of that cost and of poverty itself. The paper concludes that (i) the goal of ending poverty ought to be set at least at the \$3.65 poverty line if not higher; (ii) approximately half of global extreme monetary poverty, half of global multidimensional poverty, and two thirds of global absolute monetary poverty are located in countries where the importance of ODA is low; (iii) the direct costs of ending extreme and absolute monetary poverty are not prohibitive, respectively \$67.1bn and \$324.1bn per year in current dollars or 0.12% and 0.56% of the gross national income (GNI) of advanced nations; and (iv) the cost of ending global extreme and absolute monetary poverty is split respectively 50/50 between FCAS and non-FCAS countries; and split respectively 45/55 between countries where ODA matters financially versus countries where ODA is less important. The headline implication for development cooperation is that policy coherence is as important as ODA to ending global poverty.

Key words: global poverty, SDGs, aid, development finance

JEL classification: I30, I32

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1 Introduction

This paper makes new estimates of the cost of ending poverty and the global distribution of both the cost and poverty itself. In doing so the paper challenges three postulates of development policy debates. First, the paper questions, as others have (e.g. Kenny 2024), the use of the extreme poverty line. Thus, it questions frequently used definitions of ‘ending’ poverty, such as the United Nations’ Sustainable Development Goal (SDG) 1.1 that equates ending poverty to ending extreme monetary poverty or the World Bank’s ending of extreme poverty at 3% of the global population. Second, although it is commonly noted that global poverty is increasingly concentrated in sub-Saharan Africa and in fragile and conflict-affected states (FCAS) (e.g. Tetteh Baah and Lakner 2023; Hoogeveen et al. 2024), the paper argues there is a further difference that receives much less attention. This is the distribution of global poverty between countries where official development assistance (ODA) matters financially and those countries where ODA is no longer financially significant due to domestic resources replacing ODA in importance as economies have grown. Third, the paper shows that the cost of ending poverty is not prohibitively high relative to global gross national income (GNI) or the GNI of high-income countries (HICs) that are members of the Organisation of Economic Co-operation and Development (OECD), even in fiscally constrained times.

The paper does the following: (i) discusses definitions of ‘ending’ poverty; (ii) considers the location of global poverty and presents a new typology which shows that about half of global extreme monetary poverty, half of global multidimensional poverty, and two thirds of global absolute monetary poverty are accounted for by countries where ODA is less than 1% of their GNI; (iii) estimates that the cost of ending extreme and absolute monetary poverty are not prohibitive but amount to, respectively, \$67bn and \$324bn per year (or, respectively, 0.12% and 0.56% of OECD HICs’ GNI); (iv) presents the costs’ global distribution, noting differences between extreme and absolute monetary poverty; and (v) considers the implications of all the above for development cooperation.

The paper is structured as follows: Section 2 discusses the meaning of ending poverty. Section 3 then focuses on the location of global poverty. Section 4 makes new estimates of the cost of ending monetary poverty and the global distribution of the cost and poverty itself. Section 5 concludes with implications.

2 Defining the end of poverty

The first stage to costing the end of poverty is defining the meaning of the end of poverty. Ending global poverty is often equated with ending extreme poverty. For example, SDG 1 to ‘end poverty in all its forms everywhere’ is measured, in target 1.1, indicator 1.1.1, using extreme monetary poverty. Further, SDG 1, target 1.2 is potentially even less ambitious in the sense that indicators 1.2.1 and 1.2.2 aim to reduce by 50% poverty measured using the national poverty line and multidimensional poverty (according to national definitions), respectively.

In short, ‘ending’ poverty tends to be defined as ending extreme monetary poverty. Even then there is a difference between whether ending extreme poverty equates to zero extreme poverty or not. The World Bank’s goal to end extreme poverty differs from SDG target 1.1 in that the World Bank’s goal is to reduce extreme poverty to less than 3% of the global population. Ravallion (2020: 1) stressed the significance of this ‘little-noticed’ difference between the SDG goal of ‘eradicating’

poverty by 2030 and the World Bank's goal of reducing poverty to under 3% which amounts to 250m people in 2030.

Ending poverty can of course be thought of as ending monetary or non-monetary dimensions of poverty. The former is often defined as the World Bank's \$2.15 income line, or 'extreme poverty'. This line sits alongside a \$3.65 income line or 'absolute monetary poverty' henceforth (though it is questionably referred to as 'moderate' poverty by the World Bank), and a \$6.85 a day per person line (in 2017 PPP\$). These are respectively the median of harmonized national poverty lines in low-, lower-middle-, and upper-middle-income countries (LICs, LMICS, and UMICs), respectively (see, for details, Joliffe et al. 2022).

For comparison with advanced nations, the average poverty line in high-income countries (HICs) is about \$25 per day (though generally relative poverty lines are used in HICs rather than absolute poverty lines). Additionally, there is a \$14 income line, which is used by the World Bank in Latin America. Living above this threshold is associated, in longitudinal studies, with a low risk of falling into absolute poverty in Latin America, which is measured at the upper-middle-income country poverty line of \$6.85 per day (in 2017 PPP\$) (see López-Calva and Ortiz-Juarez 2014; Fernandez et al. 2023).

Additionally, there are non-monetary dimensions of poverty, which can be assessed individually or aggregated in the global Multidimensional Poverty Index (MPI) developed by the United Nations Development Programme (UNDP) and the Oxford Poverty and Human Development Initiative (OPHI). The MPI is a composite of ten indicators across three dimensions: health (nutrition and mortality), education (years of schooling and attendance rate), and living standard (access to electricity, sanitation, potable water, adequate flooring, cooking fuel, and household assets) (see methodology in Alkire et al. 2015 and history in Robles and Sumner 2020). Though the MPI does not consider all the dimensions of poverty identified by people living in poverty (see discussion in Narayan et al. 2000), it does show what is possible in terms of measuring non-monetary dimensions of poverty with data available across a large set of developing countries.¹

Critiques of the extreme poverty line are widespread and long standing, especially for its precursors (the poverty lines from the dollar-a-day onwards expressed in older PPP\$; see Sumner et al. 2022). Several points (some of which are less well known) are worth flagging:

First, most of the world's extreme poor do not live in the poorest countries, LICs, the basis of the \$2.15 line. Instead, the majority lives in LMICs, so the \$3.65 poverty line is more relevant to most of the world's extreme poor, as well as to the world's absolute poor.

Second, it is not clear if having an income of \$2.15 per day would be sufficient to ensure access to basic health care and basic education. In fact, if we consider the number of people in poverty across LICs and MICs, the correlations between headcounts for monetary poverty (ranging from \$2.15, every 10 cents, up to \$10 per day) and non-monetary poverty (using the UNDP/OPHI Multidimensional Poverty Indicator) are stronger at the \$3.65 line (Pearson correlation coefficient = 0.820) than at the \$2.15 line (coefficient = 0.714) (see Figure 1). The strongest correlation is above the \$3.65 line at \$4.45 per day. However, some caveats are necessary. Monetary and multidimensional measures may capture different people without complete overlap; and

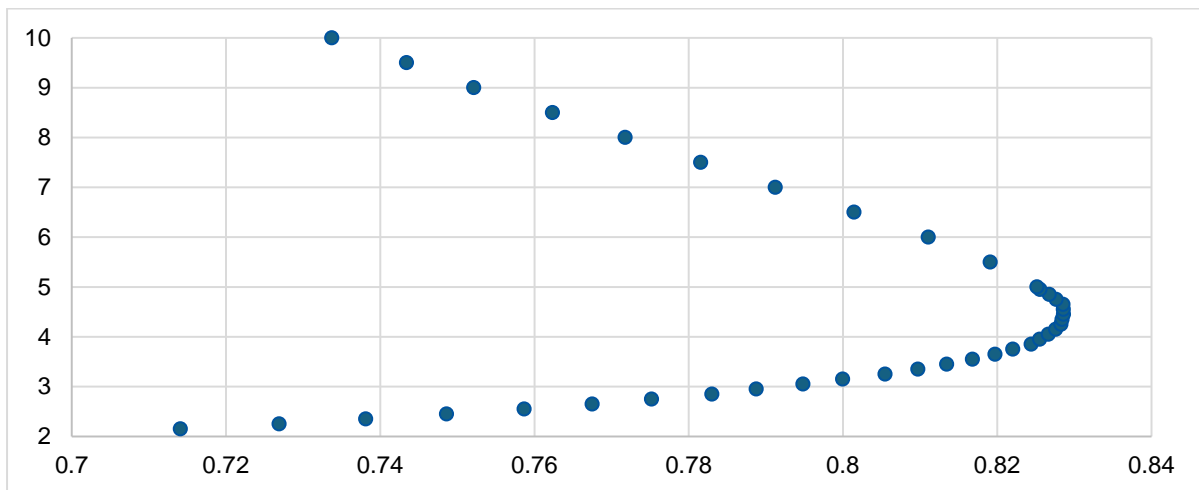
¹ There is also the World Bank's 'Multidimensional Poverty Measure' (MPM) that includes income as one of the dimensions of poverty.

multidimensional poverty data is based on its survey year without extrapolation, whilst monetary poverty is extrapolated from the survey year to the reference year used here (2022).

Third, relatedly, countries that have successfully reduced extreme poverty, and may even end extreme poverty by 2030, have surprisingly high levels of non-monetary poverty. For example, in a set of countries with extreme poverty at or below 10% in Southeast Asia, child stunting remains stubbornly high. About one in three or four children under five years old are stunted in Indonesia and the Philippines (both UMICs) and one in four or five under-five year-olds in Vietnam (almost a UMIC) and Malaysia (a UMIC) (see Figure 2).

Further, the occurrence of stunting is projected to decline very slowly. Stunting is insightful as a measure of poverty as its causes cover a range of areas of deprivation. Specifically, poor maternal nutrition during pregnancy, poor infant nutrition in early years, repeated infections or recurrent diarrhoea, and poor sanitation and hygiene. Moreover, stunting in childhood has long-run impacts on physical and cognitive development, thus poverty in childhood impacts an adult life even if the adult does not live in poverty.

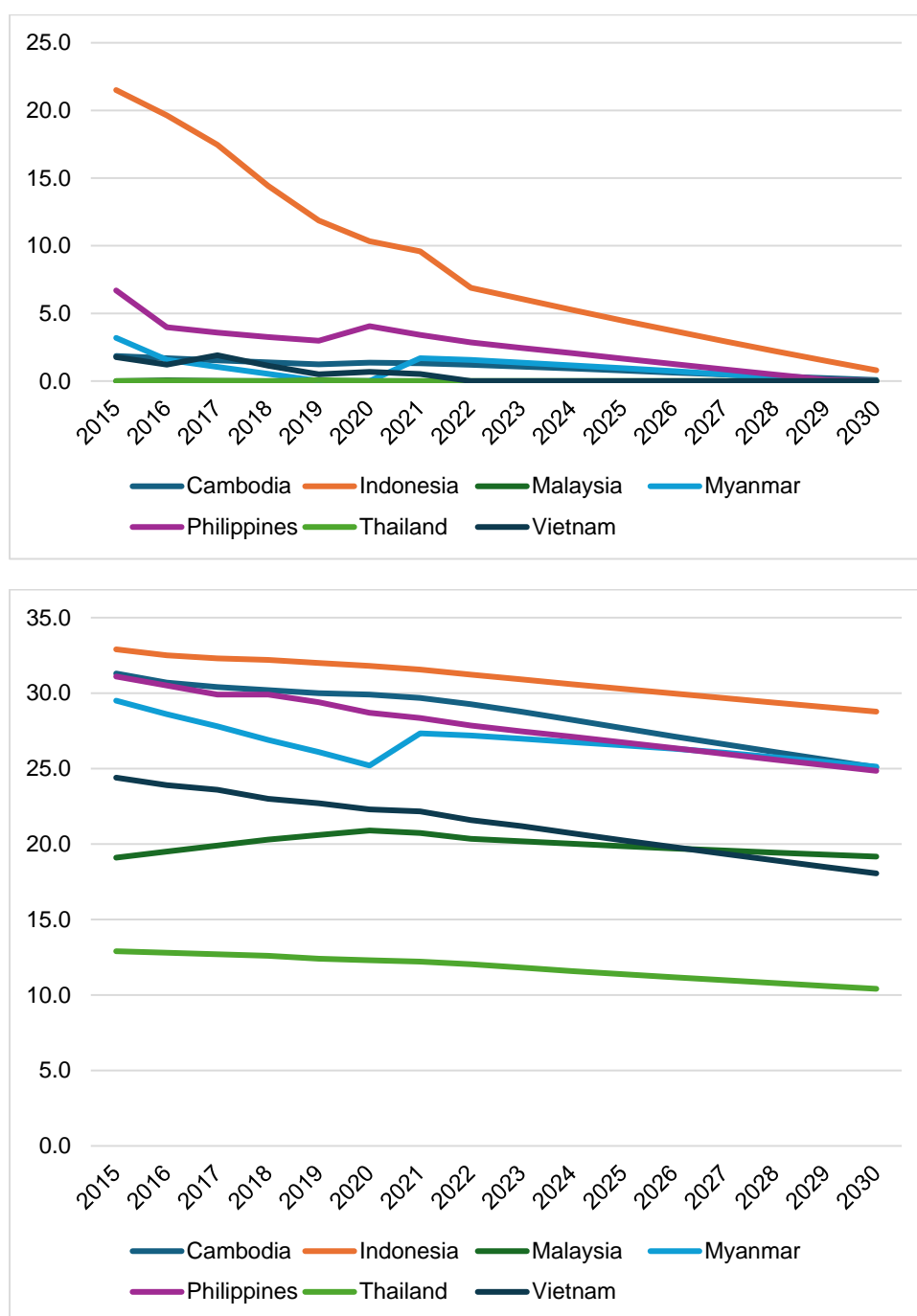
Figure 1: Pearson correlation coefficient (horizontal axes) of the monetary poverty headcount at different daily income values (vertical axis) and the UNDP/OPHI multidimensional poverty headcount, share of population, 2022



Note: estimates based on LICs and MICs with a population of 1m or more.

Source: authors' estimates based on World Bank (2024a) and UNDP/OPHI (2023).

Figure 2: Extreme monetary poverty (% of population) (top) and stunting prevalence (prevalence in children under 5 years) (bottom) in Southeast Asian countries, 2015–30 (projections from 2022)



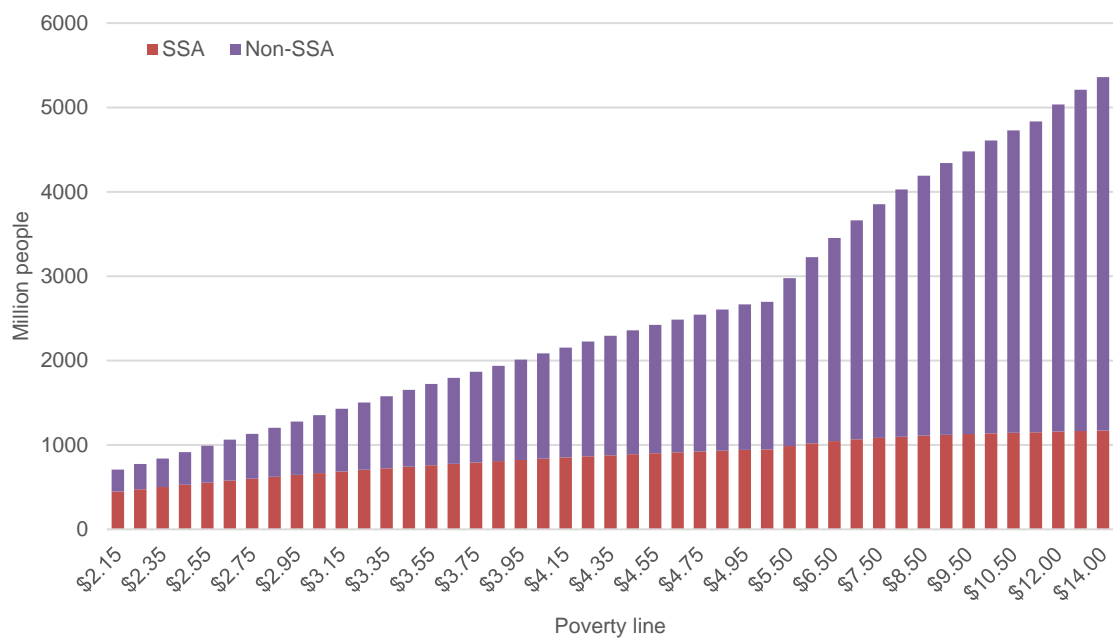
Source: authors' elaboration based on data from World Bank (2024a) and projections of Yusuf et al. (2023) based on IMF's World Economic Outlook (WEO) April 2023 growth forecasts.

In comparison to the approximate 700m people living in extreme monetary poverty globally in 2022 (see Figure 3 below), over a billion people live in multidimensional poverty (UNDP/OPHI 2023). This is another flag that the \$2.15 line is potentially too low a line to achieve a basic standard of living (i.e., being well nourished, having schooling, being in reasonable health, able to access basic water and sanitation, and owning minimal household assets).

There is also an issue of hypersensitivity of estimates (see Figure 3). Millions of people globally live barely above the \$2.15 and \$3.65 lines and are at risk of falling into poverty due to

stressors/shocks (see Sumner et al. 2022). This clustering of people around the poverty lines underlines how hypersensitive estimates of global poverty are to the precise value of the poverty line used. In fact, the global poverty count increases on average by around 150m additional people for every 20 cents that are added on top of the \$2.15-threshold estimate of 700m people (see Figure 3). Further, more than an *additional* billion or so people live above that line of extreme poverty but still in ‘absolute’ poverty, i.e. under the \$3.65 line. So, even if SDG 1.1 were to be met, and the income of 700m rose above the \$2.15-per-day line, a billion people may still be living just above the \$2.15 line. This also illustrates that lower poverty lines ‘Africanize’ global poverty and slightly higher lines ‘Asianize’ poverty counts (a point originally raised by Deaton 2010) (see Figure 3). The same is the case for FCAS in the sense that lower poverty lines shift global poverty towards countries classified as FCAS, and slightly higher lines shift global poverty away from countries classified as FCAS.

Figure 3: Global monetary poverty headcount, 2022



Note: to fill missing data, regional population-weighted averages were used. SSA = sub-Saharan Africa.

Source: authors' elaboration based on World Bank (2024a).

It is also worth noting that the basis of the World Bank poverty lines—countries in each income grouping (LICs, LMICs, UMICs, HICs)—may change every year (i.e. countries move from LIC to LMIC for example). As a result, the median of any of the income groups may change too, which can in principle change the poverty line as it is based on the median. For example, if some countries exit the LIC country group, this could change the median of the remaining countries in the LIC group. However, the World Bank keeps the same poverty lines regardless of changes in the country income groups year-to-year. Furthermore, given the hypersensitivity of the headcount of global poverty to the precise line taken, this could change the headcount, perhaps substantially (see Table 1 which shows the min/max/median and standard deviation for each country income group and the basis of each poverty lines and Figure 4 which shows the national poverty lines and the median across the set of LICs).

Table 1: Value of national poverty lines by country income group, in 2017 PPP\$

	Minimum	Maximum	Median	Standard deviation
LICs	0.91	4.88	2.15	0.93
LMICs	1.61	10.46	3.63	1.77
UMICs	2.27	18.74	6.85	2.82
HICs	7.15	37.80	24.36	8.93

Source: authors' elaboration based on data derived from annex of Jolliffe et al. (2022).

In sum, there is a need to move the prevailing idea about ending global poverty beyond ending global extreme monetary poverty. Ending poverty should include ending global absolute poverty (as a minimum). However, the idea that ending global poverty equals ending global extreme poverty is embedded in the international development architecture through the SDGs and the World Bank's goals. In this paper we will take ending poverty to mean ending absolute poverty at \$3.65 per day. However, we also use extreme poverty because of its dominance in the global poverty discourse noted.

3 Where do the world's poor and poorest live? The global distribution of poverty

A second stage to the costing of the end of poverty is discussing the global distribution of poverty. It is oft noted that global poverty is increasingly focused within sub-Saharan Africa and in fragile and conflict-affected states (FCAS) (e.g. Tetteh Baah and Lakner 2023; Hoogeveen et al. 2024).

Extreme poverty accounted for by FCAS is forecasted to continue to increase from the current levels of about 45% of global extreme monetary poverty to approaching 60% in 2030 (see projections of Yusuf et al. 2023). A notable share of FCAS poverty will be in FCAS MICs, not just FCAS LICs, thus adding a further layer of complexity (see Yusuf et al. 2023).

While it is the case that global poverty is becoming more concentrated in FCAS and SSA, at least when the lower poverty lines are used (note the point previously made about 'Africanizing' global poverty with lower lines), there is a further differentiation that receives less attention than it warrants. This is the distribution of global poverty between those countries where ODA is financially significant relative to domestic resources and those countries where it is not. This is driven not by people moving but by domestic resources replacing ODA in significance as economies grow.

In fact, in the last 20 to 30 years, there have been two bifurcations within the Global South which intersect: first, there is the oft referred-to differentiation between countries in fragile and conflict-affected situations (FCAS) and those countries which are not FCAS. As noted, the LIC-vs-MIC binary does not necessarily help differentiate, as some FCAS are MICs. Second, a less frequently highlighted is the differentiation between countries where ODA is essential for the government to function well and to deliver basic services and countries where ODA is much less significant due to growing domestic resources (see Figure 4).

Figure 4: Different types of country contexts for development cooperation

	Significance of ODA relative to recipient's GNI	
	High	Low
FCAS	I <i>High ODA/GNI & FCAS</i>	III <i>Low ODA/GNI & FCAS</i>
Non-FCAS	II <i>High ODA/GNI & non-FCAS</i>	IV <i>Low ODA/GNI & non-FCAS</i>

Note: ODA/GNI = net ODA received as a percentage of gross national income (GNI).

Source: authors' elaboration.

That yields four different contexts:

- (i) High ODA/GNI and FCAS = countries where ODA is significant that are in conflict/post-conflict situations.
- (ii) High ODA/GNI and non-FCAS = countries where ODA is significant that are not in conflict/post-conflict situations.
- (iii) Low ODA/GNI and FCAS = countries that are FCAS but where ODA is less significant.
- (iv) Low ODA/GNI and non-FCAS = countries that are not FCAS and ODA is less significant.

Traditional ODA caters for two of the four contexts—those where ODA is significant—but these are home to only half of the global extreme poor (see Table 2).

It is important to note that there is no accepted definition of aid dependency. The latter is measured here by the authors using the ratio of ODA to gross national income (GNI) and is defined as high if this ratio is greater than the median which is 2.265% ODA/GNI in 2022 in the sample of countries used (which is developing countries with a population of 1m or more—used to avoid a small-country bias). In fact, the cumulative plots show that a cut-off at just 1% of ODA/GNI would capture half of extreme poverty and multidimensional poverty as well as over half of global absolute poverty (see Figure 5).

There are various other ODA indicators which could be used, but the ODA/GNI measure has been employed for both simplicity and data availability. Potentially a better measure—though with a lack of data for a number of countries and recent years as well as some questions over comparability—would be ODA as a share of government spending.

Table 2: Shares of extreme poverty, absolute poverty, multidimensional poverty, and total population by country typology, 2022

	Share of extreme monetary poverty	Share of absolute monetary poverty	Share of multi-dimensional poverty	Share of population	Share of countries
FCAS	44.0	29.8	38.5	14.7	27.5
Non-FCAS	56.0	70.2	61.5	85.3	72.5
	100.0	100.0	100.0	100.0	100.0
High ODA/GNI	53.4	34.7	46.9	16.9	49.5
Low ODA/GNI	46.6	65.3	53.1	83.1	50.5
	100.0	100.0	100.0	100.0	100.0
FCAS & high ODA/GNI	33.6	21.3	29.8	9.7	22.9
FCAS & low ODA/GNI	10.4	8.5	8.7	5.0	4.6
Non-FCAS & high ODA/GNI	19.8	13.4	17.1	7.2	26.6
Non-FCAS & low ODA/GNI	36.2	56.8	44.4	78.1	45.9
	100.0	100.0	100.0	100.0	100.0

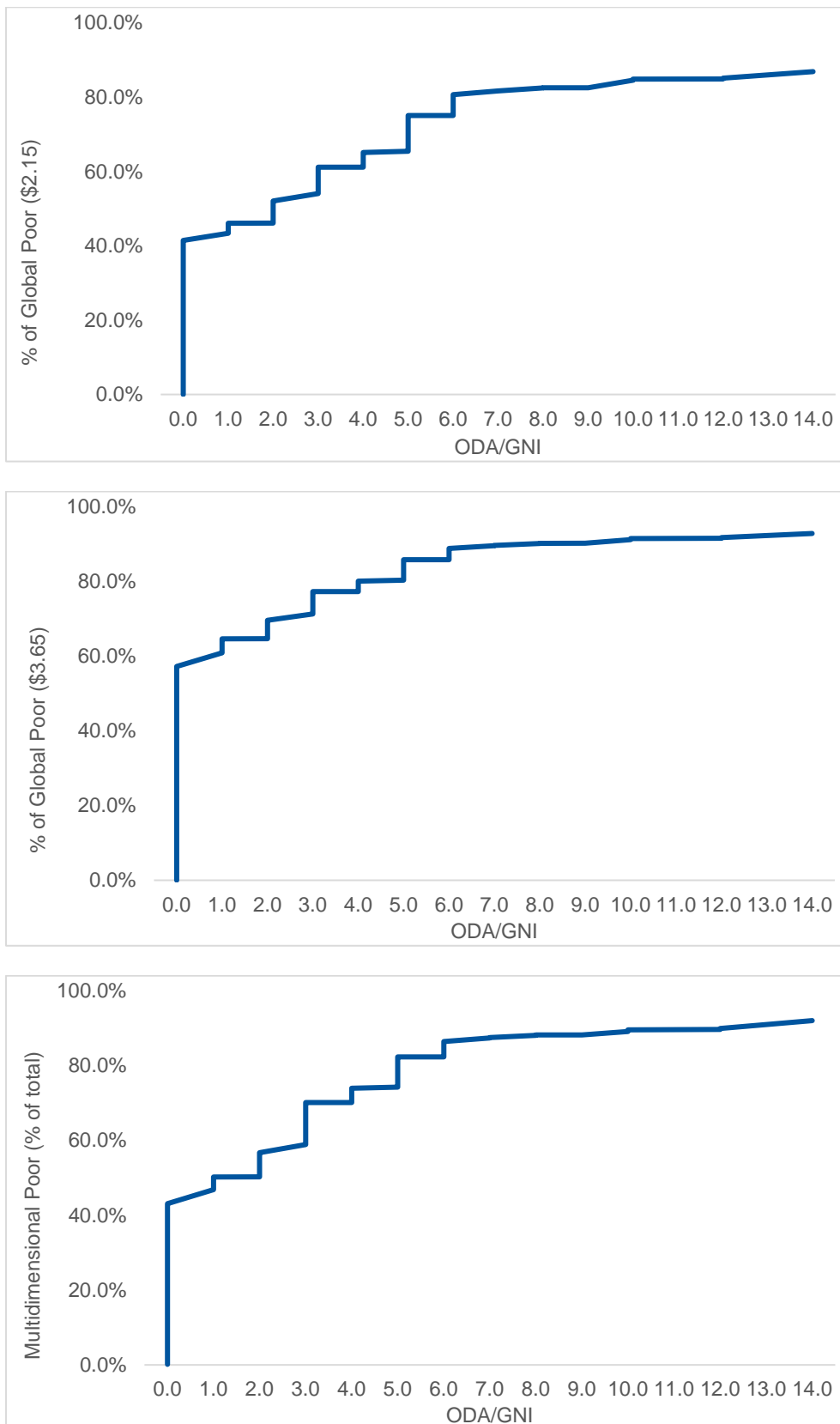
Note: the threshold distinguishing between a low and high ODA/GNI ratio is set at the median (2.265%). The table includes LICs and MICs with a population of 1m or more (109 countries).

Source: authors' elaboration based on data from World Bank (2024a; 2024b). FCAS status according to the World Bank's Classification of Fragile and Conflict-Affected Situations (2024).

The remaining half of global extreme poverty, of the world's multidimensional poverty, two thirds of the world's absolute poverty, and almost 85% of the population of LICs and MICs is situated in countries where ODA is less significant in the sense that its share of GNI is less than the median of the dataset used (thus a relative measure).

How sensitive is the snapshot presented in Table 2 to the setting of the ODA/GNI threshold? It is worth considering the cumulative distribution of global poverty at the monetary lines and the UNDP/OPHI multidimensional poverty measure. Figure 5 shows that approaching half of global extreme monetary poverty, half of global multidimensional poverty, and approximately 60 per cent of global absolute poverty is accounted for by countries where ODA/GNI is 1% ODA/GNI or less.

Figure 5: Cumulative distribution of \$2.15 poverty, \$3.65 poverty, and multidimensional poverty versus net ODA/GNI, 2022



Sources: authors' elaboration based on World Bank (2024a; 2024b) and UNDP/OPHI (2023).

4 New estimates of the cost of ending poverty and its global distribution

The final step to costing the end of poverty is an estimate of the value of the monetized poverty gap. The poverty headcount (used above) measures the number of people in poverty but not their distance from the poverty line. Estimates of the poverty gap and its global distribution are—in principle—estimates of the cost of ending poverty in the sense that they are the annual monetized poverty gap. This is the cost of raising those below the poverty line to a consumption level equivalent to the poverty line. Thus, it is a *minimum* cost as there would be other costs (i.e. administration and logistics), for example to deliver any transfer.

Overall, the estimate of the cost of ending extreme monetary poverty (\$2.15) is just over \$67bn in current 2022 dollars per year or 0.07% of the global GNI or 0.12% of OECD HICs' GNI.²

For absolute (\$3.65) monetary poverty, the estimate is inevitably a larger amount. It is just above \$324bn in current 2022 dollars per year or 0.32% of the global GNI or 0.56% of OECD HICs' GNI. The annual cost per person in poverty measured at the two monetary lines is small, as it is the total cost divided by the number of people living in poverty at each line. Thus, the current dollar cost per person in 2022 is almost \$100 per year per person living in extreme monetary poverty and slightly more than \$180 per year per person living in absolute monetary poverty (based on poverty counts respectively of 708m and 1.795bn in 2022).

What is the global distribution of the total costs? First, for extreme monetary poverty, the cost splits evenly between FCAS and non-FCAS. However, not surprisingly, high ODA/GNI countries have a higher share of the total cost than low ODA/GNI countries (60% and 40%, respectively). Overall, over a third of the cost is accounted for by high ODA/GNI, FCAS countries. Surprisingly though, low ODA/GNI, non-FCAS countries account for a quarter of the total cost. High ODA/GNI, non-FCAS for a quarter of the cost. In short, the FCAS lens does not cover all the poorest countries. Low ODA/GNI, FCAS account for 15% of the cost of ending global extreme poverty (see Table 3).

² For comparison, our estimate in 2017 PPP dollars is \$171.28bn at the extreme monetary poverty line (and \$836.57bn at the absolute monetary poverty line) which is close to that of Watkins et al. (2024: 22).

Table 3: Annual cost of ending poverty (monetized poverty gap), at the \$2.15 and \$3.65 poverty lines, 2022

	\$2.15 poverty line	\$3.65 poverty line
Global annual cost, current US\$bn	67.09	324.08
Annual cost per person in poverty, current US\$	94.76	180.55
Global cost as a share of:		
Global GNI	0.07	0.32
OECD HIC GNI	0.12	0.56
OECD GNI	0.11	0.54
Share of annual cost by country type:		
Low ODA/GNI & FCAS (%)	14.6	13.9
Low ODA/GNI & non-FCAS (%)	25.5	41.1
High ODA/GNI & FCAS (%)	35.5	25.9
High ODA/GNI & non-FCAS (%)	24.4	19.0
FCAS (%)	50.1	39.9
Non-FCAS (%)	49.9	60.1
High ODA/GNI (%)	59.9	44.9
Low ODA/GNI (%)	40.1	55.1

Note: estimates based on countries with more than 1 million population.

Source: authors' estimates based on World Bank (2024a; 2024b).

The global distribution of the cost to ending absolute monetary poverty is different. FCAS countries account for about 40% and non-FCAS for 60%. High ODA/GNI countries account for 45% and low ODA/GNI countries for 55%. Surprisingly, almost over 40% of the total cost of ending absolute poverty is concentrated in low ODA/GNI, non-FCAS countries. Only a quarter of the cost is accounted for in high ODA/GNI, FCAS countries. Low ODA/GNI, FCAS countries account for 14% and high ODA/GNI, non-FCAS for almost a fifth.

To reiterate, these values are only the monetized poverty gap, while administrative costs of any scheme to channel the funds to those in poverty are not considered (that said most countries do already have cash transfer schemes of some sort in place, which reduces the cost of setting up new or additional transfers). These estimates seek to illustrate that ending global poverty is not financially prohibitive vis-a-vis global GNI or OECD HICs' GNI.

This paper does not make new estimates of ending multidimensional poverty, as estimates of addressing multidimensional poverty are fraught. Some estimates are available in components (each dimension of poverty), but are dated, and typically pre-pandemic estimates. Generally, comparability across estimates is limited and estimates highly contentious due to the numerous assumptions necessary to estimate costs of ending each dimension of poverty across countries (see discussion in Kenny and Snyder 2017; Manuel et al. 2018; Watkins et al. 2024). This is an important area for future work.

5 Conclusion

This paper has done the following: First, it has argued that prevailing definitions of ending poverty—the SDGs and the World Bank's goal—have defined ending poverty as ending extreme poverty or halving poverty by national measures. It was argued these are insufficient for multiple

reasons. Most notably, the correlation of monetary poverty headcount rates with multidimensional poverty rates is stronger at poverty lines higher than the \$2.15 threshold.

Second, the global distribution of poverty was discussed, and a new typology presented at the intersection of high/low ODA/GNI and FCAS/non-FCAS. It was estimated that half of global extreme monetary poverty and two thirds of global absolute monetary poverty are accounted for by countries where ODA is low as a share of GNI. The cumulative plots showed that the threshold to split poverty 50/50 is not far from 1% of ODA/GNI. An implication for development cooperation is that policy coherence—trade policy, action on tax havens, and so forth—is as important as ODA to ending global poverty.

Third, the paper presented estimates of what could be called the ‘minimum’ cost of ending extreme and absolute poverty based on the monetized poverty gap. It was found that the total global values are not prohibitive, respectively \$67bn and \$324bn per year (or, respectively, 0.12% and 0.56% of OECD HIC’s GNI). The cost of ending global extreme poverty was found to be located 50/50 in FCAS/non-FCAS and 60/40 in high/low ODA/GNI. A third of the total annual cost is in high ODA/GNI and FCAS countries. However, low ODA/GNI and non-FCAS countries account for a quarter of the total cost.

Furthermore, the global distribution of absolute monetary poverty cost is different, in the sense it is distributed 40/60 FCAS/non-FCAS and 45/55 high/low ODA/GNI. Unexpectedly, 40% of the total cost of ending absolute poverty is in low ODA/GNI, non-FCAS countries and only a quarter is in high ODA/GNI, FCAS countries.

So what? The implications of the above are three-fold. First, the definition of ending poverty ought to be at a minimum the \$3.65 poverty line for numerous reasons. Most importantly, if extreme monetary poverty was ended, a billion or so people would probably live just above that line and still under the absolute poverty threshold.

Second, the typology presented argues that the narrative that extreme and absolute poverty is largely located in FCAS or high ODA/GNI countries could be misleading given the empirical split of global poverty between FCAS and non-FCAS and high and low ODA/GNI countries. Substantial amounts of extreme and absolute poverty remain in countries that are not FCAS or where ODA is less important or even not important at all. This implies a need for emphasis not only on ODA but also on policy coherence in development cooperation. There is a lot that development cooperation can do and already does in places where ODA matters less. Potential avenues are policy coherence (e.g., trade policies or supporting new global tax rules), but also supporting more open policy processes (though this can look like political meddling), widening the evidence base in policy making by bringing evidence from other contexts and supporting national think tanks, technical assistance, as well as co-financing global and regional public goods.

Third, the global costs of ending extreme and absolute poverty are not prohibitive, even in fiscally constrained times, in terms of global GNI or OECD HICs’ GNI, given that annual ODA spending amounted to \$224bn in 2023 (or 0.37% of OECD members’ GNI), of which in-donor refugee costs are \$31bn, leaving \$193bn of remaining ODA (OECD 2024).

In other words, if we take the 2022 poverty data in this paper and the 2023 estimates of ODA (rather than going back to the ODA 2022 data), the cost of ending extreme monetary poverty annually is about a third of the annual global ODA spend. Global ODA is about 60% of the annual cost of ending global absolute poverty.

Of course it is not that simple. Getting the funds to those living in poverty can be incredibly difficult logistically and administratively, especially so for extreme poverty. However, these estimates do point towards the fact that, at a global level, the necessary funds to end global extreme monetary poverty (and perhaps 60% of absolute monetary poverty) are already available. On the other hand, if OECD member countries delivered what they committed to—0.7% of GNI in ODA—this would equal \$424.32bn in 2023, much more than the cost of the end of absolute poverty.

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