



June 2026

The Success We Shouldn't Overlook: The Decline of Extreme Poverty Worldwide

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Summary

The long-term decline in extreme poverty is one of the greatest achievements of the modern global economy. Over the past few decades, hundreds of millions of people have escaped extreme poverty, mainly thanks to economic growth, investment in human capital, better access to healthcare and education, and the gradual integration of developing countries into the global economy. However, this progress should not be taken for granted. Since 2019, the pace of poverty reduction has slowed significantly. The remaining pockets of extreme poverty are increasingly concentrated in countries with weak institutions, ongoing conflicts, and high vulnerability to external shocks.

Key Takeaways

- The share of people living in extreme poverty has fallen from historically very high levels to less than one-tenth of the world's population, transforming the lives of hundreds of millions of people.
- Since the COVID-19 pandemic, progress has slowed considerably, while the poorest countries remain highly vulnerable to conflict, weak institutions, and external economic shocks.
- The fight against poverty is shifting from a broad global trend to targeted support for Sub-Saharan Africa and other vulnerable regions, where future progress will depend on economic growth, stronger institutions, and investment in human capital.

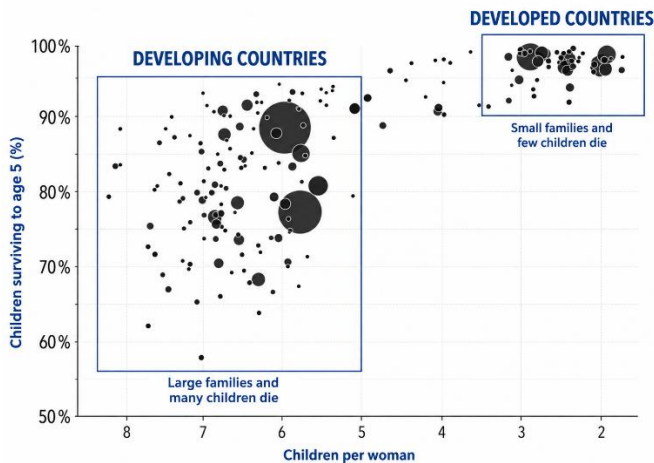
Over the past few decades, extreme poverty has declined dramatically. Without exaggeration, this can be seen as one of the greatest achievements of the modern global economy. In the early 1980s, nearly half of the world's population lived in extreme poverty. Today, that share has fallen to less than one in ten people worldwide (World Bank, 2024a, 2024b).

Despite its importance, this remarkable achievement often receives little attention in public debate. Yet its impact is profound. The numbers alone are impressive, but what truly matters is how they have changed people's daily lives. Extreme poverty means worrying every day about having enough food, lacking access to clean drinking water, basic healthcare, education for children, or even proper footwear. It means cooking over an open fire, sleeping on the ground instead of a mattress, and living without electricity. Above all, it means living in constant uncertainty and being highly vulnerable to any external shock (World Bank, 2024a).

In his book *Factfulness* (2018), Hans Rosling explains why so many people fail to recognize this extraordinary progress and why they often have a distorted view of the world. One reason is that the media naturally focus on negative events and conflicts. As a result, long-term positive trends receive far less attention, even when the data clearly show that living conditions around the world have improved dramatically.

Rosling tested the knowledge of the general public, students, and even experts by asking multiple-choice questions about global development. The results were striking: around 80% of respondents had a highly inaccurate view of the world. In fact, people often performed worse than if they had simply guessed the answers at random. According to Rosling, this gap between reality and perception is caused by several factors. Media coverage plays a major role, but so does the human brain, which has evolved to focus on threats rather than positive developments. Outdated knowledge and overly simple ways of thinking—such as dividing the world into "rich" and "poor" countries—also contribute to this distorted picture. Together, these factors lead people to see the world as far worse than it actually is (Rosling et al., 2018).

Figure 1: The Relationship Between the Number of Children per Woman and Child Survival to Age Five in the Traditional View of the World



Source: Adapted from Rosling et al. (2018); data sources: UN IGME and the UN Population Division.

A good example is the figure above, which illustrates how most people still imagine the world. It shows the relationship between the number of children per woman and the share of children who survive to the age of five. Each bubble represents a country, and its size reflects the country's population.

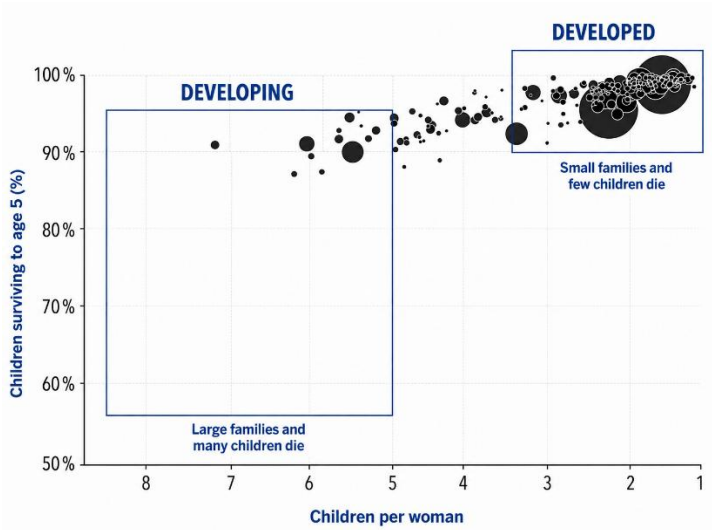
On the left side of the chart are countries with high fertility and lower child survival rates. Most people would probably describe these as developing countries. On the right are countries with low fertility and very high child survival, which most people would consider developed countries. In other words, this chart closely matches the parameters of how many people picture the world today.

The problem is that it is no longer accurate. The data comes from 1965, making the chart nearly 60 years old (Rosling et al., 2018).

When we look at more recent data from the end of the last decade (see the figure below), a very different picture emerges. Most countries have moved toward the upper-right corner of the chart, meaning they now have lower fertility rates and much higher child survival. In other words, they have shifted from what we traditionally think of as developing countries toward the characteristics of developed ones.

This reflects major progress in economic development, healthcare, and overall living standards. The gap between the developing and developed world has narrowed considerably, and today most of the world's population lives under conditions that would have been almost unimaginable just a few decades ago (Rosling et al., 2018; United Nations Department of Economic and Social Affairs, Population Division, 2024; United Nations Inter-agency Group for Child Mortality Estimation, n.d.).

Figure 2: Countries Moving Toward Lower Fertility and Higher Child Survival, Based on More Recent Data



Source: Adapted from Rosling et al. (2018); data sources: UN IGME and the UN Population Division.

Current Situation

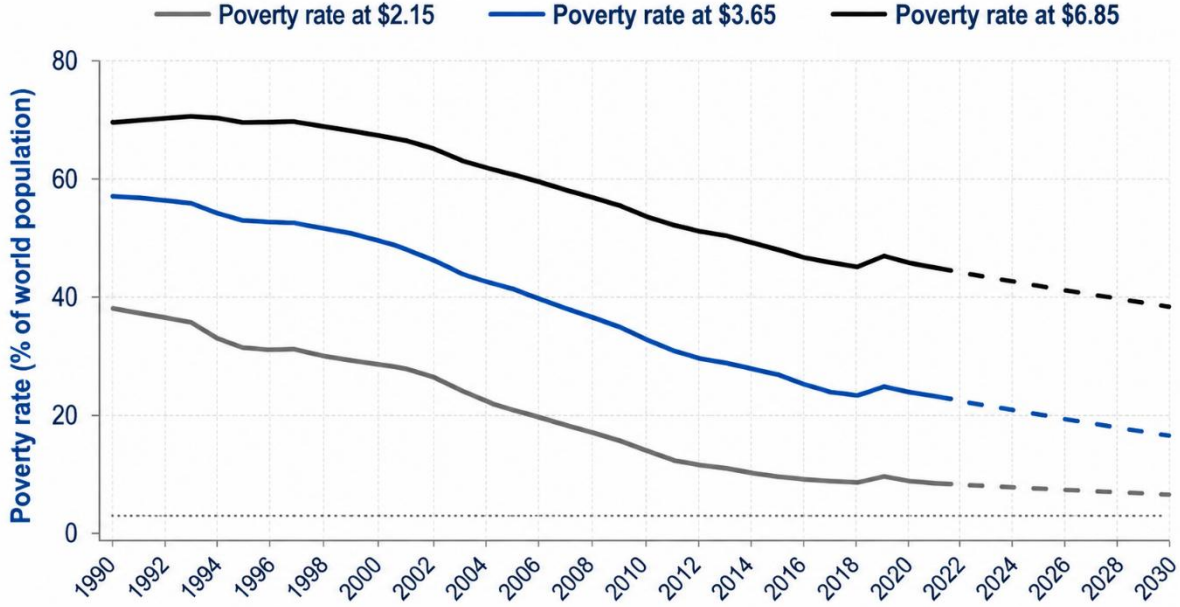
From a long-term perspective, the trend is clearly positive. The share of people living in extreme poverty has fallen from about 40% of the world's population in 1981 to less than 10% in recent years. This means that more than 1.5 billion people have escaped extreme poverty. In other words, the living standards of more than 1.5 billion people—mainly in China and India—have improved dramatically. Never before in human history have such a large number of people experienced such a rapid rise in living standards as they have over the past few decades (Rosling et al., 2018; World Bank, 2024a, 2024b).

Extreme poverty is defined as living below the minimum income needed to meet basic human needs. In its Poverty, Prosperity, and Planet Report 2024, the World Bank used an international poverty line

of US\$2.15 per person per day, measured in 2017 purchasing power parity (PPP). In 2025, this threshold was updated to US\$3.00 per person per day, based on 2021 PPP. Depending on the poverty line and dataset used, the number of people living in extreme poverty is estimated to be in the hundreds of millions (World Bank, 2024a, 2024b, 2025).

At the same time, it is important to note that progress has slowed significantly since 2019 because of a series of external shocks, most notably the COVID-19 pandemic. Today, the global extreme poverty rate is only slightly lower than it was before the pandemic, and in many countries it remains higher than it was five years ago. The poorest countries are especially vulnerable to external shocks. Many countries in Sub-Saharan Africa and conflict-affected regions have weak healthcare systems, underdeveloped social safety nets, and economies that lack diversification, making it much harder for them to recover from crises (World Bank, 2024a).

Figure 3: Global Poverty Rates by the International Poverty Lines of US\$2.15, US\$3.65, and US\$6.85 per Person per Day (2017 Purchasing Power Parity)



Source: World Bank (2024a), Figure O.1, based on the Poverty and Inequality Platform, September 2024 edition.

Using the higher poverty line of US\$3.65 per person per day, around 1.7 billion people are living in poverty, representing about 21.4% of the world's population. Using the even higher threshold of US\$6.85 per person per day, approximately 43.6% of the global population falls below the poverty line. This threshold is typically used for upper-middle-income countries.

Although the number of people living in poverty is expected to continue declining, the pace of progress has slowed. As poverty rates fall, reaching the remaining poor becomes increasingly difficult. Those still living in poverty are often concentrated in regions affected by conflict, weak institutions, and political instability, where development is much harder to achieve (World Bank, 2024a).

One of the defining features of today's global poverty landscape is its strong regional concentration. Sub-Saharan Africa is home to about 16% of the world's population, yet it accounts for 67% of all people living in extreme poverty. In countries such as the Democratic Republic of the Congo and South Sudan, more than half of the population lives in extreme poverty (World Bank, 2024a, 2024b).

By contrast, East Asia provides one of the world's greatest success stories in poverty reduction. In China alone, the extreme poverty rate fell from around 88% in 1981 to less than 1% by 2015. More than 800 million people escaped extreme poverty in China during this period (World Bank, 2024a).

Causes of Poverty

Global poverty is not determined by geography, natural resources, or population size. Many countries rich in natural resources are still among the poorest in the world. This phenomenon is known as the resource curse. It shows that having valuable natural resources does not automatically lead to economic growth or lower poverty levels (Sachs & Warner, 2001). In fact, much of the world's extreme poverty is concentrated in Sub-Saharan Africa, a region rich in oil, diamonds, and valuable minerals (World Bank, 2024a).

Ironically, natural resources can actually help keep countries poor. One reason is weak institutions and widespread corruption. In countries with large revenues from natural resources, wealth is often concentrated in the hands of a small elite. Instead of being invested in public goods such as education and healthcare, these revenues are frequently mismanaged or used inefficiently.

A second major factor is conflict over the control of natural resources. Valuable resources often become a source of competition between armed groups and political elites, leading to instability and violence. Research shows that extreme poverty is increasingly concentrated in countries affected by conflict. In such environments, economic activity declines, investment falls, and living conditions continue to deteriorate (Sachs & Warner, 2001; World Bank, 2024a).

Another important issue is the failure to invest resource revenues in human capital. Even when governments receive substantial income from natural resources, they often fail to invest in education, healthcare, or technological development. As a result, labor productivity remains low, educational attainment suffers, and access to better-paying jobs is limited. This creates what is often called the poverty trap, in which low incomes, poor health, and limited education reinforce one another. Poverty is then passed from one generation to the next because people lack the opportunities needed to improve their economic situation (Acemoglu & Robinson, 2012; World Bank, 2024a).

Today, extreme poverty is heavily concentrated in countries with weak states and ineffective institutions. The quality of political institutions and political stability are essential for creating an environment that encourages long-term investment and economic growth. In unstable political systems, frequent changes in government policy reduce predictability and discourage investment. In the worst cases, instability can lead to conflict and violence, making poverty even more difficult to overcome (Acemoglu & Robinson, 2012; World Bank, 2024a).

Tools for Reducing Poverty and the Challenges Ahead

The most important tool for reducing poverty remains economic growth. Historical evidence shows that sustained economic growth—and the spread of market economies—has been the main driver of poverty reduction, especially across Asia. For growth to have a lasting impact, however, its benefits must reach a broad share of the population. This type of inclusive growth depends heavily on strong institutions and political stability.

A second key pillar is investment in human capital. Spending on education and healthcare has consistently delivered high returns by improving productivity and creating better economic opportunities. Access to the internet is also becoming an increasingly important investment. It gives people greater access to information, even in the world's poorest regions. Never before in history has

knowledge been so widely available. While the gap between rich and poor countries remains large, internet access allows people in developing countries to gain information and skills that were once out of reach. By 2024, 41% of Nigeria's population, 28% of Somalia's population, and 19% of Malawi's population were using the internet (World Bank, 2024c). In this sense, internet access has the potential to be a true game changer

Social transfers are another important tool. Many of the poorest regions in Sub-Saharan Africa rely on some form of financial assistance. However, the effectiveness of these programs is crucial. They should not only reduce poverty in the short term but also help people increase their incomes over time. It is equally important that most of the funding reaches the intended recipients. Corruption and weak institutions can significantly reduce the impact of both social transfers and international development aid.

Another challenge is the risk of creating long-term dependence on aid. Although research generally does not show that social transfers reduce people's willingness to work, poorly designed programs have sometimes created dependency without improving long-term incomes. This suggests that, alongside financial assistance, many countries in Sub-Saharan Africa would also benefit from greater access to European markets, allowing them to export more goods and generate sustainable economic growth.

Conclusion

The decline in extreme poverty is one of the greatest success stories of the modern world, supported by strong and reliable evidence. However, this progress should not be taken for granted. Future gains will depend on a combination of sustained economic growth, stronger institutions, and continued investment in human capital. Just as importantly, the benefits of growth must reach a broad share of the population.

At the same time, extreme poverty is becoming increasingly concentrated in a small number of regions. As a result, the fight against poverty will rely less on broad global trends and more on targeted policies aimed at the world's most vulnerable countries.

It is also important to recognize that the decline in extreme poverty has created a growing group of people who no longer struggle to meet their most basic needs but whose living standards are still far below those in developed countries. This new reality will bring important challenges in the years ahead. It may influence global migration, increase pressure on public services, accelerate urbanization, and reshape the global distribution of economic opportunities.

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Martin Zeman graduated from the Faculty of Economics and the Faculty of Business Administration at the University of Economics in Prague. He also defended his dissertation at the University of Economics. He specializes in economic policy, fiscal policy and public finance. He is the author of several professional articles, speaks at international conferences and publishes commentaries in the media. For several years, he worked as an advisor to the Minister and in other institutions dealing with public finance.

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