

Poverty and inequality

Among the many determinants of hunger, poverty is one of the most important. But like hunger, poverty too is multifaceted. Not simply a lack of income or consumption, poverty includes deprivation in health, education, nutrition, security, empowerment and dignity. Vulnerability constitutes a further dimension of poverty. Without effective coping mechanisms, excessive exposure to shocks – such as drought and sudden price swings – creates the risk of future poverty. All of these dimensions interact with and reinforce one another. However, to facilitate international comparison, poverty indicators are usually confined to measuring the proportion of a population whose **income is below a particular threshold**.

Whereas poverty metrics tend to be absolute, **inequality**, on the other hand, looks at the distribution of the metric (e.g. income) in a population. For example, a high-inequality country might need twice as much economic growth as low-inequality countries to meet a poverty target.

Furthermore, a major reason that people may not have access to food even when enough is produced is that there is no guarantee that a market economy will generate a distribution of income that provides enough for all to purchase the food needed. Fighting hunger also helps reduce poverty, as undernourishment reduces labour productivity, increases susceptibility to illness, worsens school performance, reduces the willingness to undertake risky but more profitable investments and transmits itself from one generation to the next.

Although in the past three decades, tremendous progress has been achieved in reducing **income poverty** in certain parts of the world – notably in China and other parts of East Asia where poverty incidence dropped from 78 to 17 percent – there remains an estimated 1.44 billion people who still live on less than **US\$1.25** a day (the present internationally accepted poverty line). Progress in poverty reduction has been very uneven. Sub-Saharan Africa, for example, has registered only a marginal decline. From a headcount perspective, the number of poor people living in the region nearly doubled and its share of the world's poor increased from 11 to 27 percent during this thirty year period.

The monetary poor are particularly vulnerable to rising prices of food, with some groups spending over 80 percent of their income to meet sustenance needs. From a broader perspective, roughly 1.75 billion people in the 104 countries covered by the United Nations Development Programme's (UNDP) MPI (Multidimensional Poverty index), representing one-third of their population, live in **multidimensional poverty**, which is indicated by acute deprivation in health, education and the standard of living.

Map 27:



Source: World Bank

Metalink: [P2.HUN.WBK.WDI.POV.P125](https://data.worldbank.org/P2.HUN.WBK.WDI.POV.P125), p. 169 

- Around 1.4 billion people have less than USD 1.25 per day
- Despite being high, the proportion of the world's poor has fallen by half in recent decades
- Progress is particularly driven by China

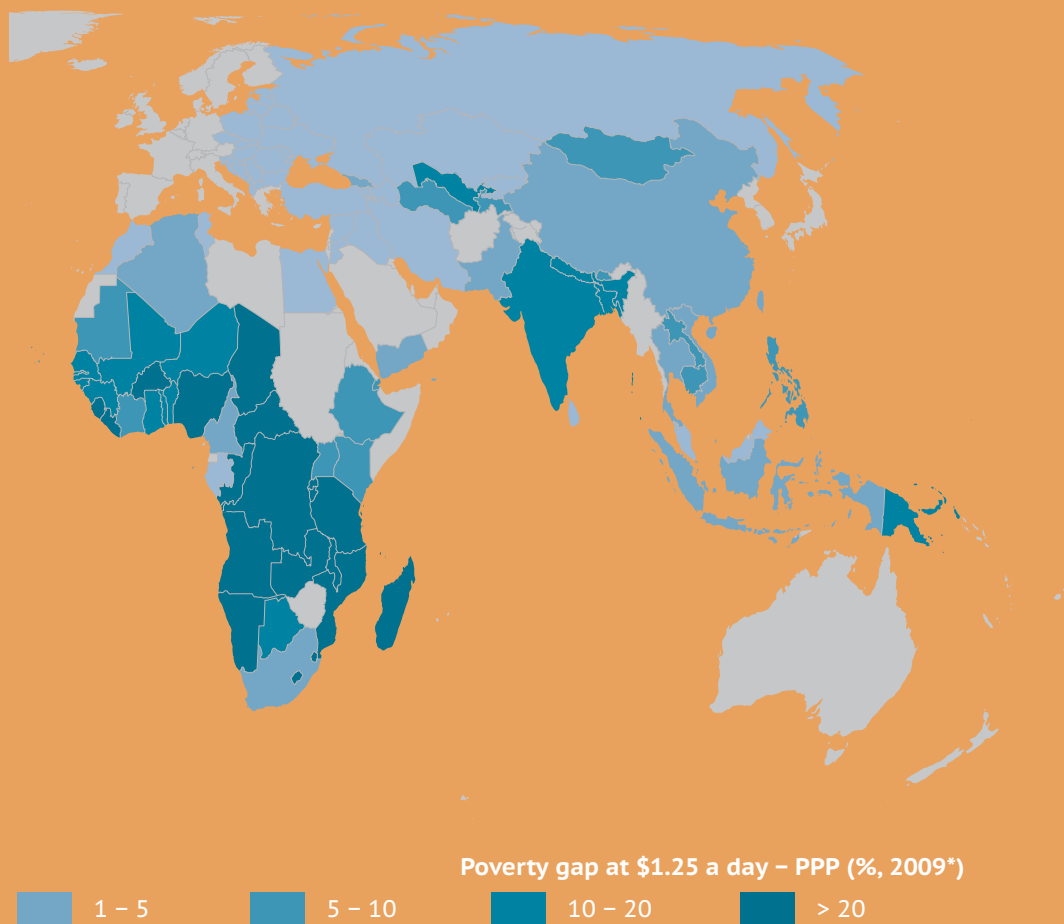
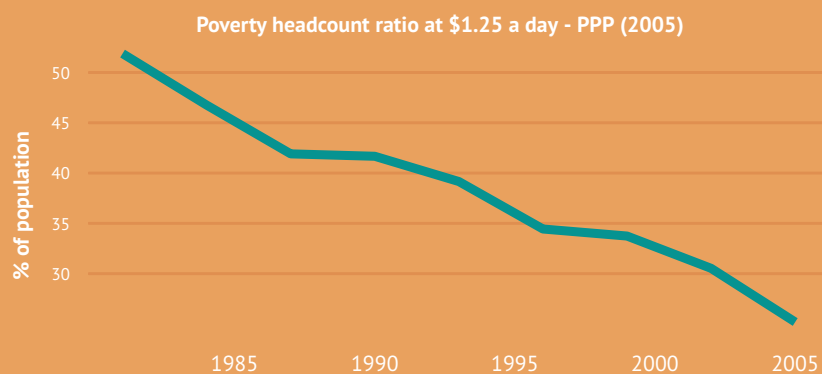


Chart 58: As a share of world population, poverty is decreasing



Source: World Bank
 Metalink: P2.HUN.WBK.WDI.POV.AGG, p. 168

According to the agency, over half the world’s multidimensionally poor live in South Asia (844 million people), and more than a quarter live in Africa (458 million), which also has the highest incidence of multidimensional poverty.

In many societies there are groups, especially rural women, youth, indigenous peoples and ethnic minorities that face deeply rooted **inequalities**. Gender inequalities are very pronounced in sub-Saharan Africa, South Asia and the Near East and North Africa. The agricultural sector is a case in point. **Women** in agriculture and rural areas have one thing in common across regions: they have less access than men to productive resources and opportunities. The gender gap is found in the case of many assets, inputs and services – land, livestock, labour, education, extension and financial services, and technology – and it imposes costs on the sector, the broader economy and society, as well as on the women themselves.

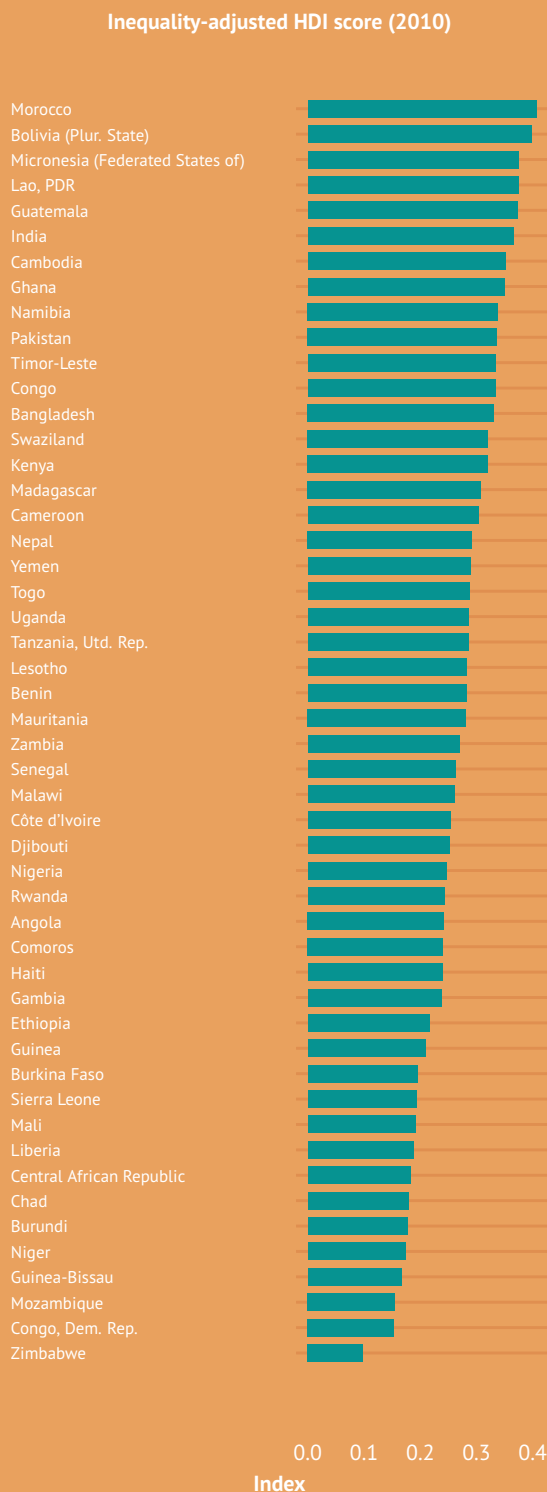
Around the world, rising income inequality is the norm: more countries have a higher **Gini coefficient** now than in the 1980s. For each country where inequality has fallen in the last 20 to 30 years, it has worsened in more than two others. The majority of countries in East Asia have rising income inequality. To an extent, this can be explained by widening disparities between rural and urban populations, owing to rapid industrialization and increasing returns to higher levels of schooling. In sub-Saharan Africa, inequality has substantially improved, coinciding with the period of economic growth that began more than a decade ago.

Latin America and the Caribbean, traditionally a region of high inequality related to unequal land distribution, regressive public spending and uneven access to education, has made rapid progress in recent decades. This is especially true of Brazil, Ecuador and Paraguay. Greater equality is associated with structural economic changes that have brought women into employment and to affirmative measures designed to equalize access to education. The challenge is to create conditions that allow the poor to escape poverty and, in doing so, ensure that opportunities are inclusive.

Further reading

- UNDP - Human Development Report 2010. The Real Wealth of Nations: Pathways to Human Development (hdr.undp.org/en/reports/global/hdr2010/)
- IFAD Rural Poverty Report. New realities, new challenges, new opportunities for tomorrow’s generation (www.ifad.org/rpr2011/)
- World Bank Poverty Reduction and Equity Group (www.worldbank.org/poverty)

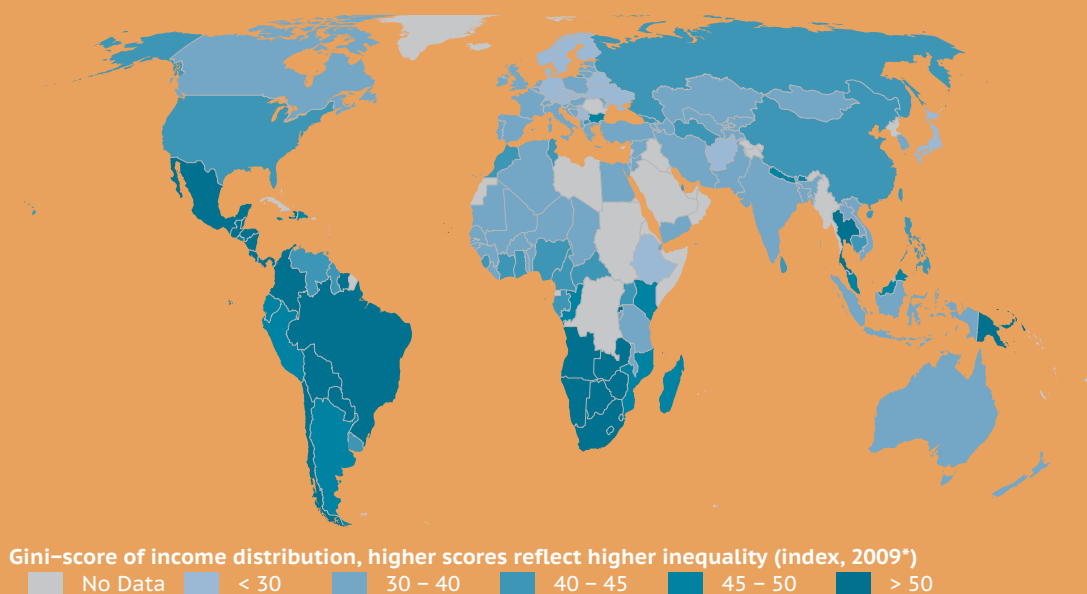
Chart 59: Countries in sub-Saharan Africa have the lowest human development index adjusted for inequality



Source: UNDP-HDR

Metalink: P2.HUN.UNDP.HDR.POV.HDIi, p. 166

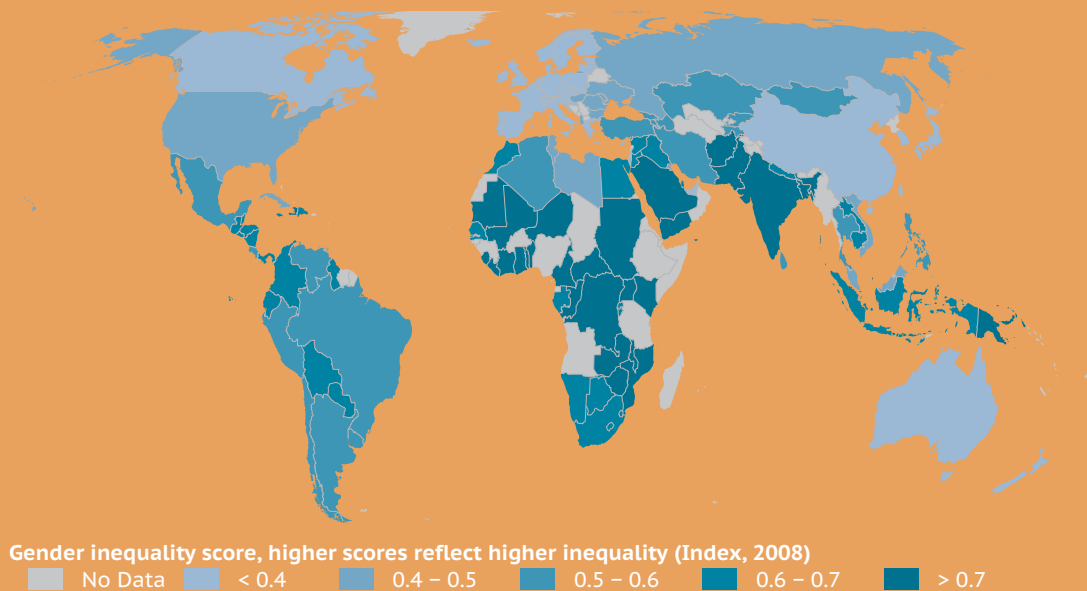
Map 28: Income inequality prevalent throughout the world



Source: World Bank

Metalink: [P2.HUN.WBK.WDI.POV.GINI](https://data.worldbank.org/indicator/P2.HUN.WBK.WDI.POV.GINI), p. 168 

Map 29: ... and so is gender inequality



Source: World Bank

Metalink: [P2.HUN.UNDP.HDR.POV.GEI](https://data.worldbank.org/indicator/P2.HUN.UNDP.HDR.POV.GEI), p. 166 

Good governance

Former UN Secretary General Kofi Annan once said “good governance is perhaps the single most important factor in eradicating poverty and promoting development”. Efforts to promote agricultural development and food security in countries where they are most needed are often hindered by a lack of good governance.

Simply put, “governance” means the process of decision-making and how decisions are implemented (or not implemented). According the World Bank, the concept of good governance consists of many dimensions including political stability, rule of law, voice and accountability, government effectiveness, regulatory quality and control of corruption. All of these dimensions matter for agriculture. Political stability, the absence of violence and the rule of law are essential preconditions for agricultural development. Violent conflicts are often linked to unequal access to land and other natural resources. In political systems that lack voice and accountability, the rural poor face acute difficulties when attempting to influence the political agenda, resulting in low political attention in using agriculture for development.

Although **governance** is difficult to measure, the evidence from cross-country analysis is unambiguous: governance is instrumental for affecting progress towards development. For instance, better governance is positively associated with higher investment and growth rates. Government effectiveness, an efficient bureaucracy and an equitable rule of law are associated with increased economic performance, adult literacy and lower infant mortality. High levels of corruption, on the other hand, are linked with poor development prospects.

In developing countries, where agriculture plays an important role in the economy, there is a tendency toward poor governance. This is of particular concern when the public sector is most needed to provide guidance in realizing rural development. Moreover, many large donors concerned with aid effectiveness employ good governance indicators when they select countries that qualify for Official Development Assistance (ODA). This presents a dilemma for agricultural-based countries, as they are often less eligible for assistance because of poor performance in terms of good governance.

With the world increasingly turning its attention to issues of governance, there are grounds for optimism towards change. However, success cannot be taken for granted given the often complex and sizeable challenge of improving governance.

Further reading

- World Bank - The Worldwide Governance Indicators (WGI) project (info.worldbank.org/governance/wgi/)

Map 30:



Source: World Bank

Metalink: [P2.HUN.WBK.POV.GOV](https://p2.hun.wbk.pov.gov), p. 167 

- Efforts to combat poverty and food security are often hindered by a lack of effective governance
- The lack of effective governance is rife in developing countries, and is especially acute in Central Asia and Central Africa

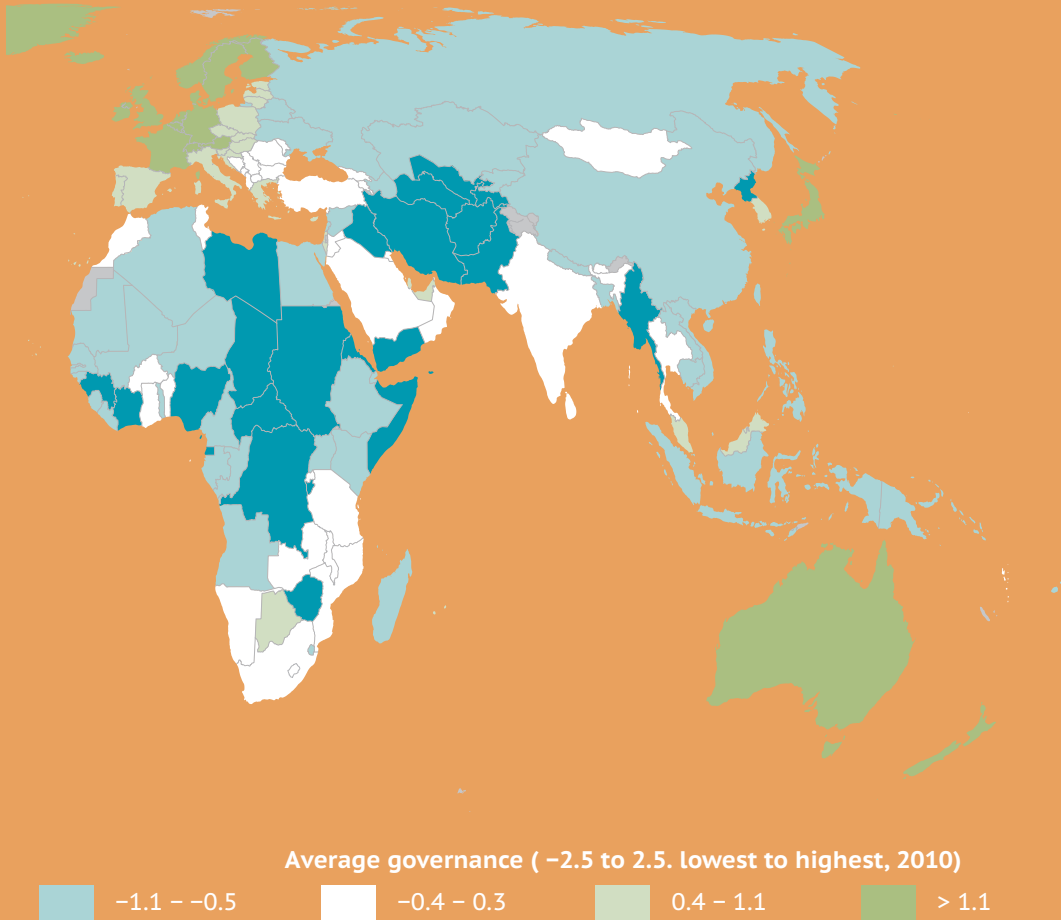
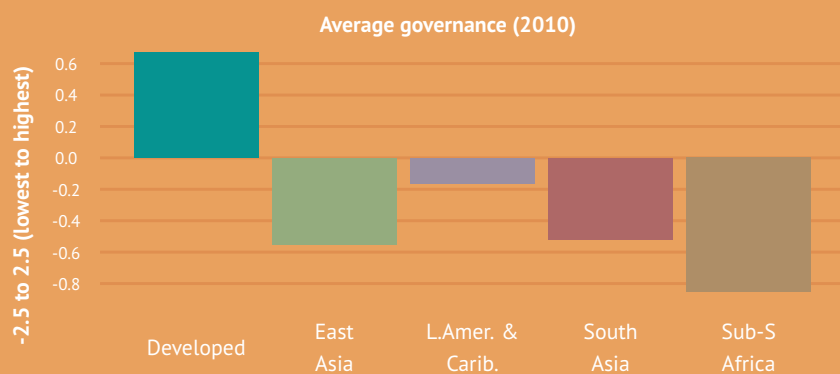


Chart 60: Governance, including the degree of voice and accountability, political stability and absence of violence and terrorism, government effectiveness, regulatory quality, rule of law and control of corruption, is poor in food-insecure regions



Source: World Bank

Metalink: [P2.HUN.WBK.POV.GOV](#), p. 167 