



Contested New Geographies of Poverty and Aid

Bernd Steimann, November 2012

“How many poor people are there in the world, based on how poverty is defined where those people live?” Starting from this simple question, Andy Sumner and Ugo Gentilini of IDS have set out to revisit global geographies of poverty and aid. Challenging some fundamental assumptions of the global aid industry, their working paper (2) and a related policy brief (7) have stirred an intriguing and still ongoing debate.

Building on earlier analyses by Sumner (6) and looking at national poverty lines in 160 countries (covering about 92% of world population), Gentilini and Sumner (2) estimate that 1.5 billion people live in poverty worldwide; from these, two thirds would live in middle-income countries, and 10% in high-income countries. Consequently, only about a quarter of the world's poor live in the world's poorest countries. According to Sumner (6) this comes as a *“dramatic change from just two decades ago when 93% of poor people lived in low-income countries”*. And the situation is not likely to change in the near future. Sumner predicts that even by 2030, the share of the world's poor living in LICs might not exceed one-third.

The results are interesting from two points of view. First, they once more invalidate the still popular myth that economic growth would automatically trickle down to the poor and disadvantaged, thus helping to reduce poverty. Instead, the analysis shows that growth often goes hand in hand with rising inequality, because the poor get increasingly disconnected from new socioeconomic dynamics and opportunities. Second, Sumner's analyses suggest that the bulk of global ODA is not spent where most of the world's poor live, i.e. in middle income countries such as China, India, Pakistan, Indonesia and Nigeria. Instead, the global aid industry continues to focus on low income countries. In a related background note, Jonathan Glennie of ODI finds that around 75% of poor people have long lived in countries that receive very little aid (3).

So is ODA to low income countries really the best and most effective way to fight global poverty? Kanbur and Sumner (2011) have demanded for instance that international ODA shift its focus from poor countries to poor people, wherever they live. Sumner (2010) has argued that in MICs, domestic resource mobilisation through equitable taxation and redistribution has far more potential than ODA. Consequently, donors should increasingly work with local governments in MICs to make sure that economic growth gets equitably distributed and poverty gets addressed in the most effective way.

As usual, however, figures are contested and can be interpreted in many different ways. Thus, Homi Kharas and Andrew Rogerson argue that Sumner's new geography of aid was but a momentary phenomenon, and that by 2025, LDCs and fragile countries would again host the majority of the world's poor (5). Largely building on IMF data, they assume that MICs will do away with poverty soon, and that the main dividing line between the poor and the non-poor will not be between MICs and LICs anymore, but between fragile and non-fragile states instead.

Obviously, the debate has just begun – with the potential for an *“epic nerdwar on poverty numbers”*, as [Duncan Green](#) has nicely put it.

References

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