



# Economic Growth and (possible) Poverty Reduction

Tanzania and Zambia

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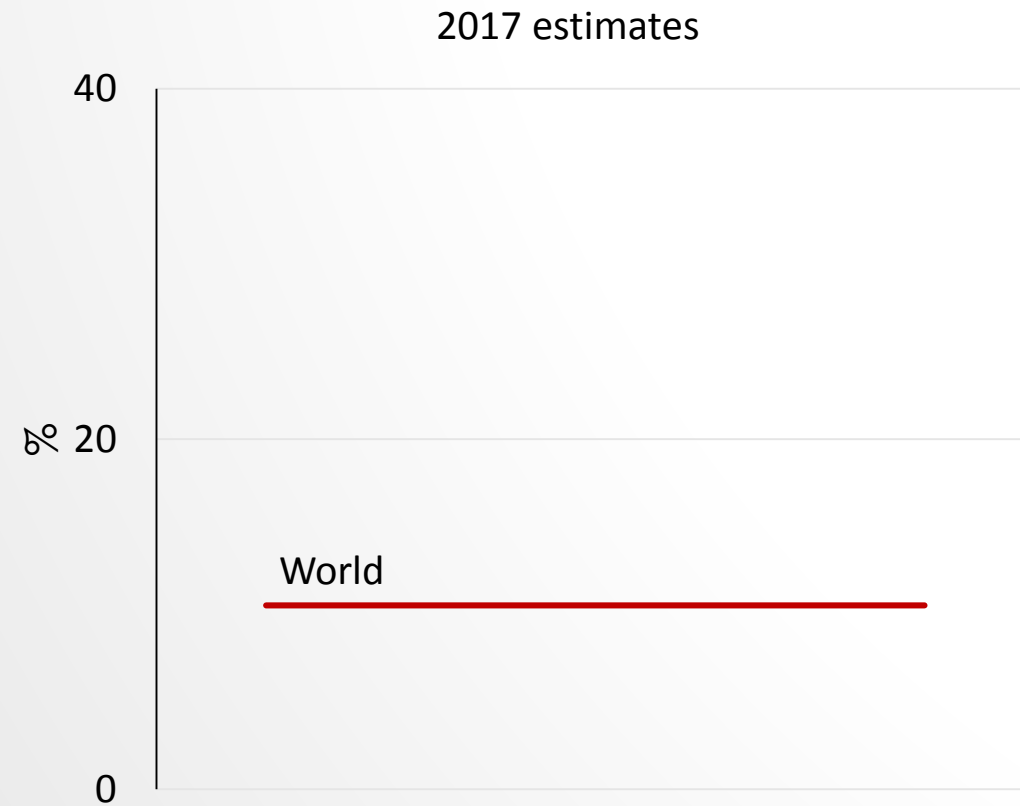
From research on extreme poverty by:  
**Ingo Pitterle and Michał Podolski**

United Nations, Department of Economic and Social Affairs  
Economic Analysis and Policy Division  
Global Economic Monitoring Branch

Project LINK  
June 2019

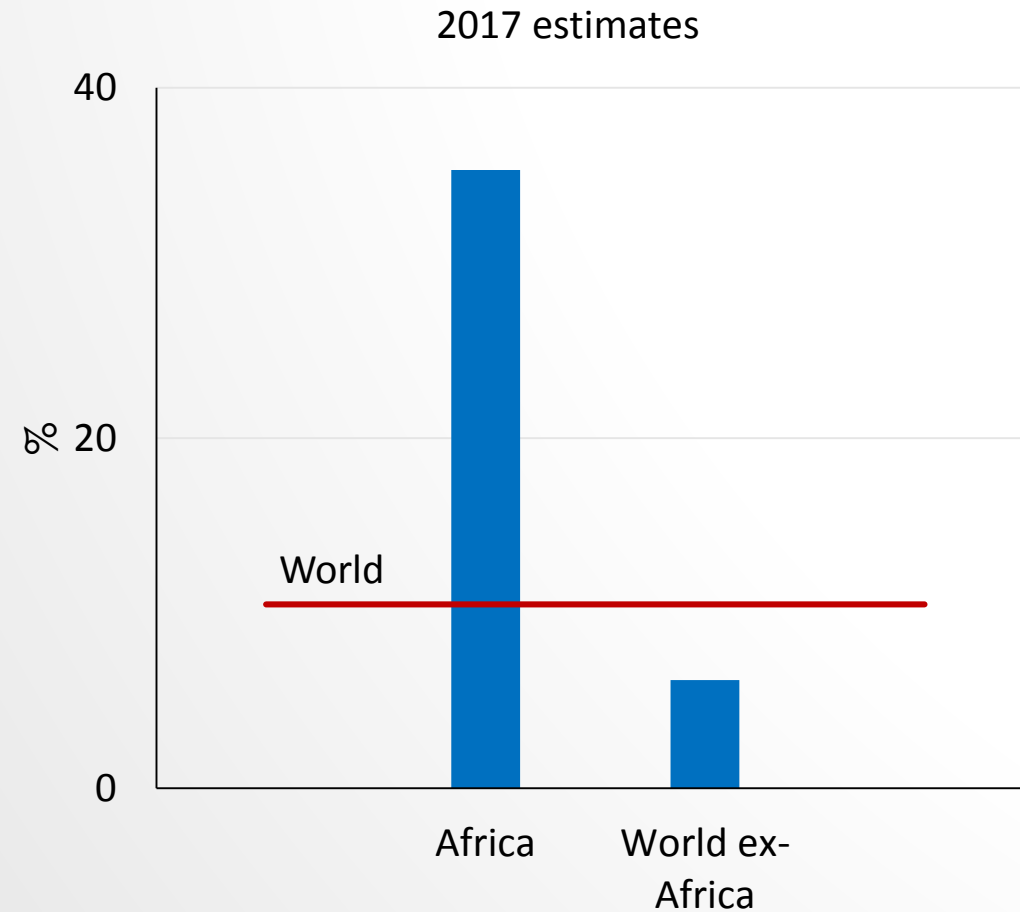
# Extreme poverty headcount, \$1.90/day (2011 PPP)

## Increasingly an African Phenomenon



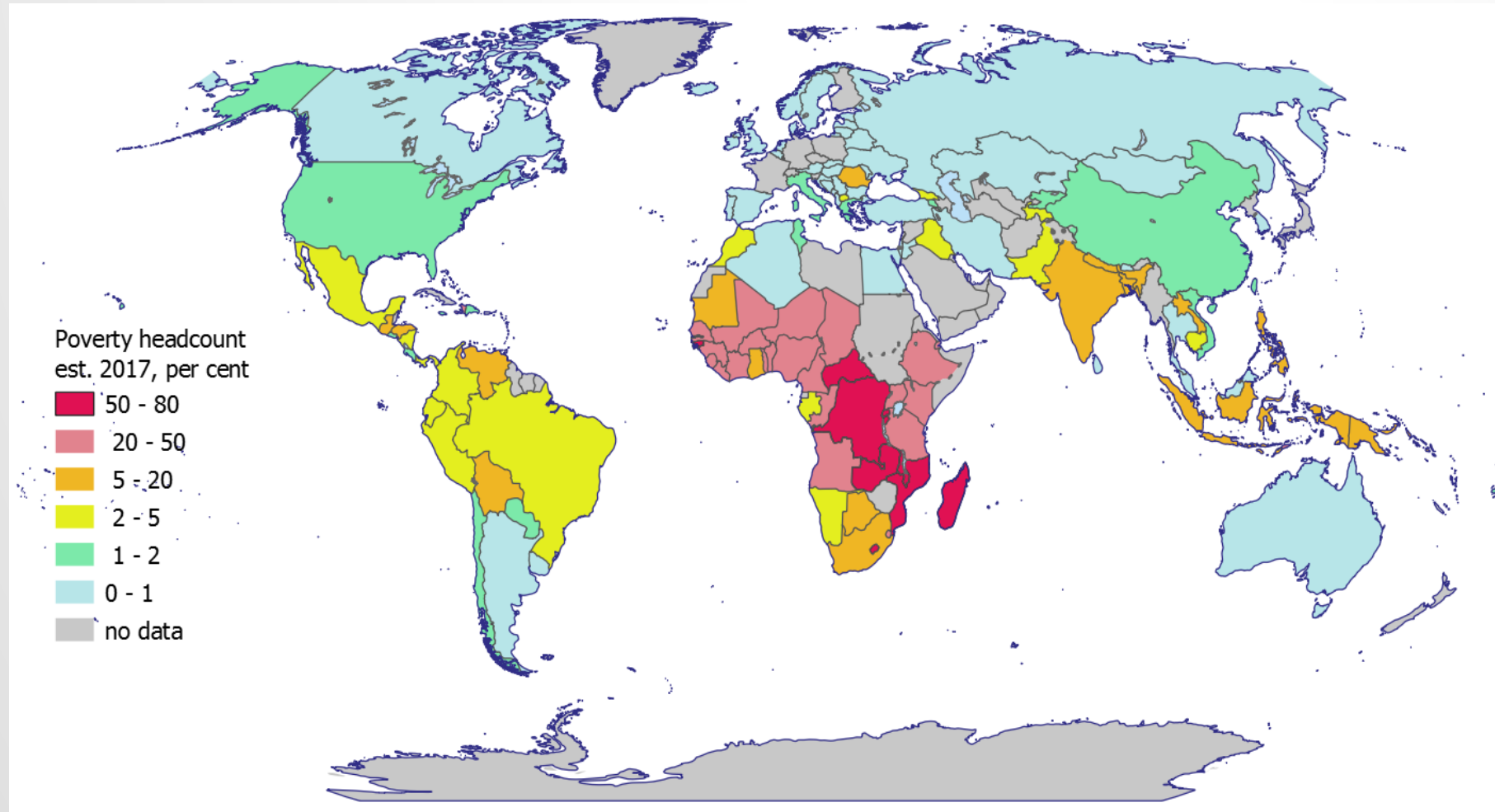
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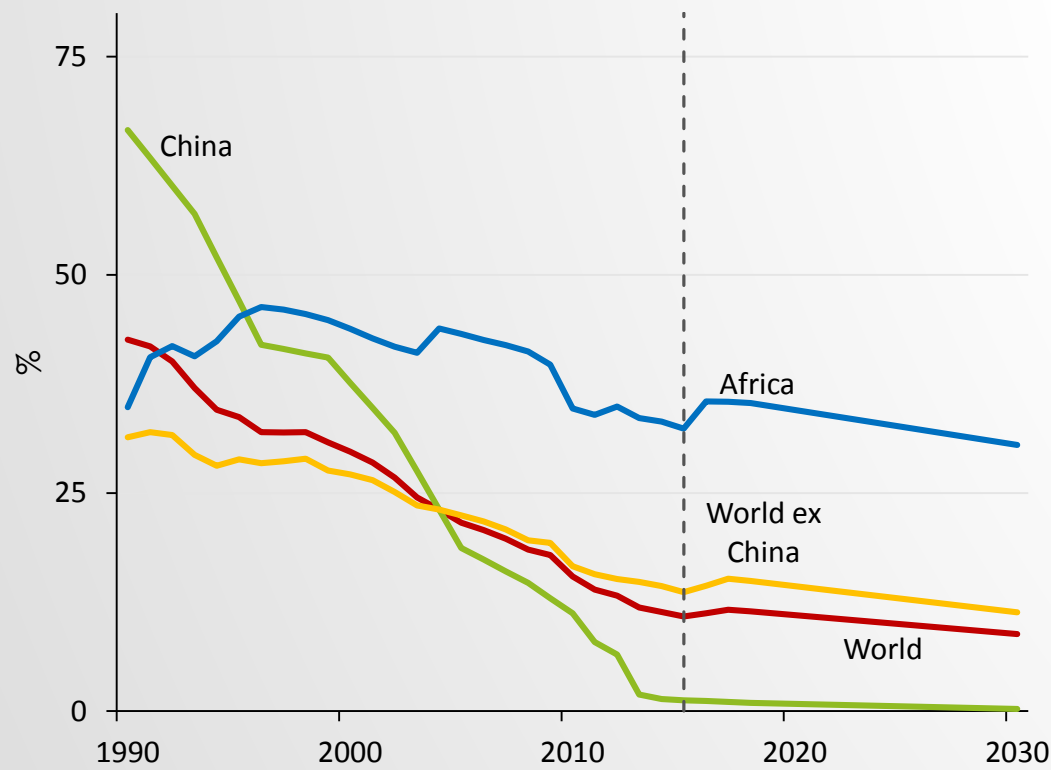


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Increasingly an African Phenomenon

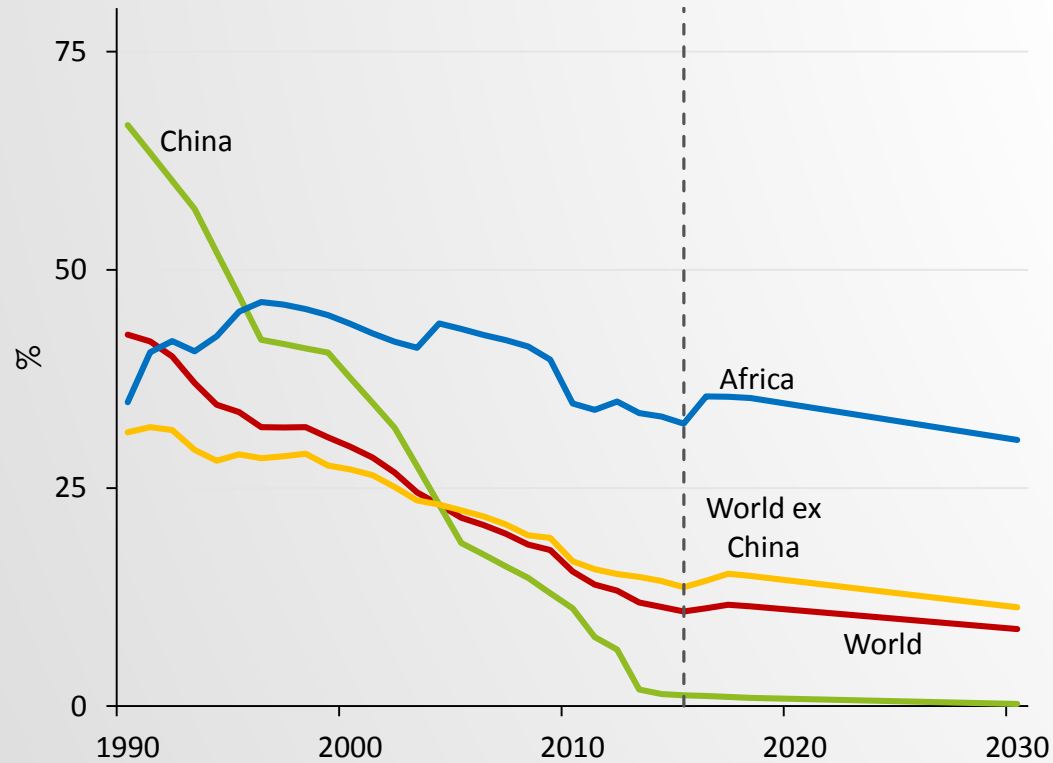


# Global extreme poverty headcounts fall consistently

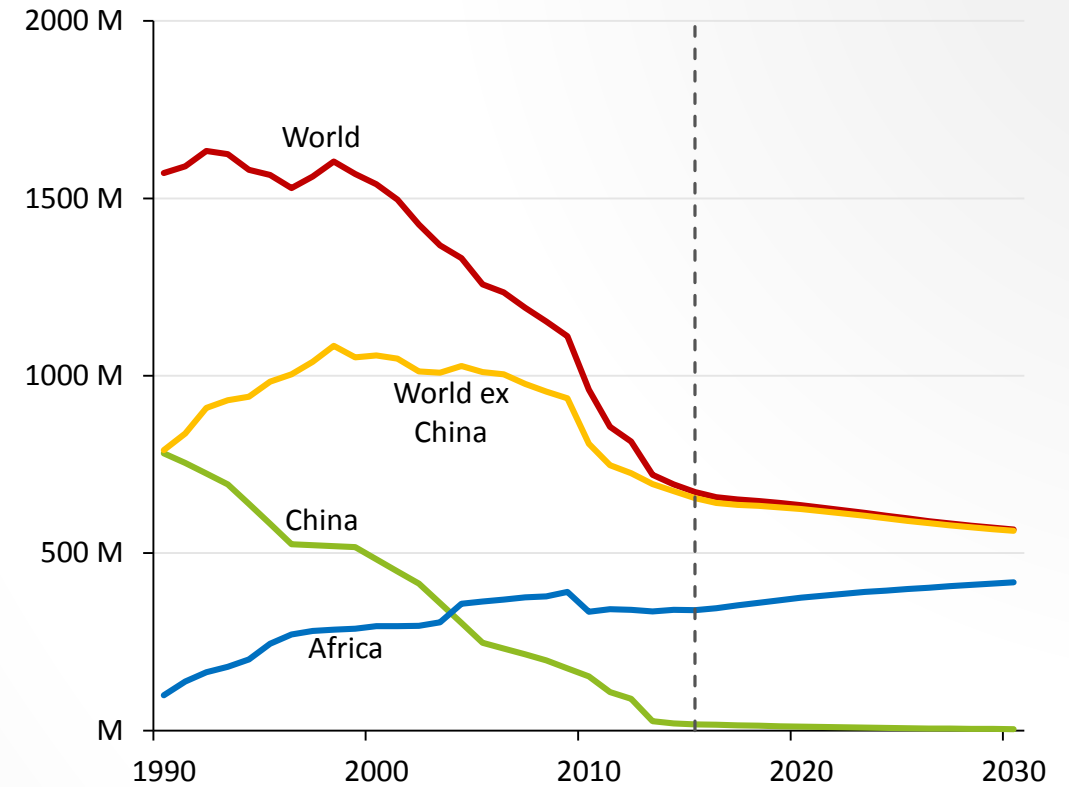


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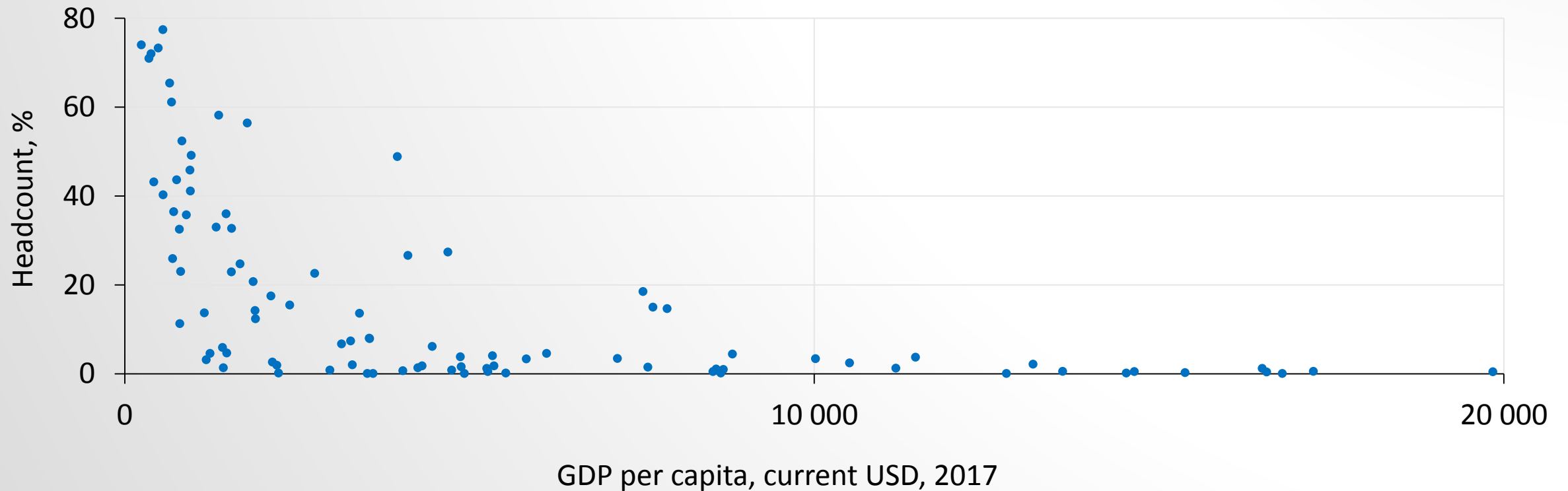


...unlike the total numbers in certain regions

# GDP – Poverty nexus

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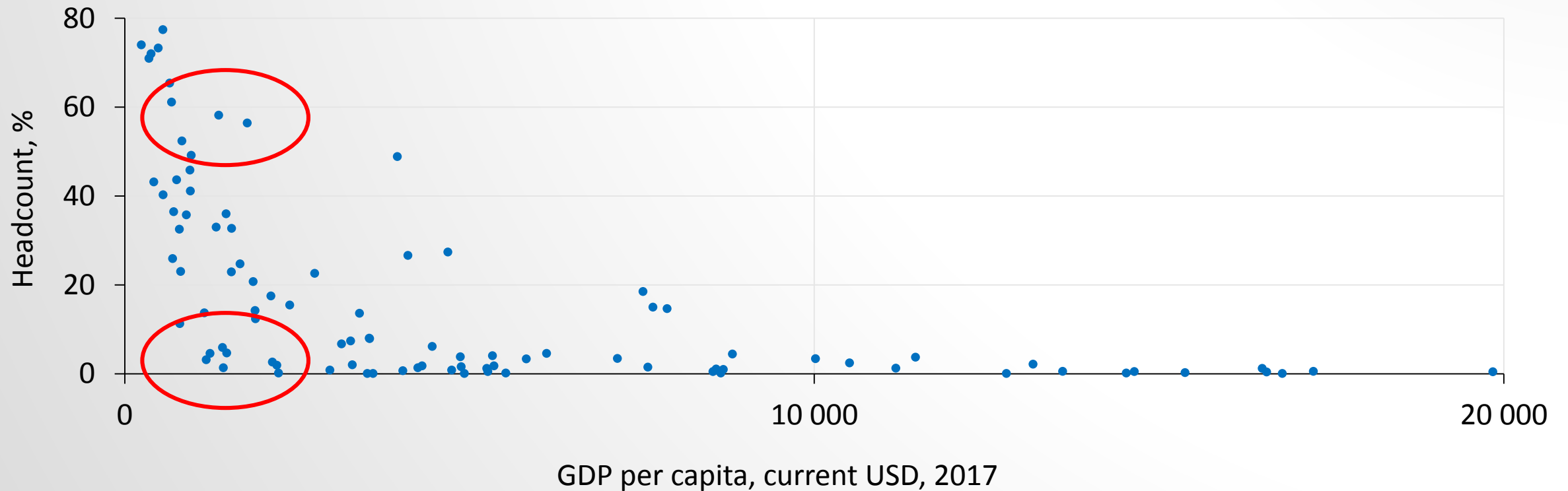
Almost no extreme poverty in countries with high GDP per capita



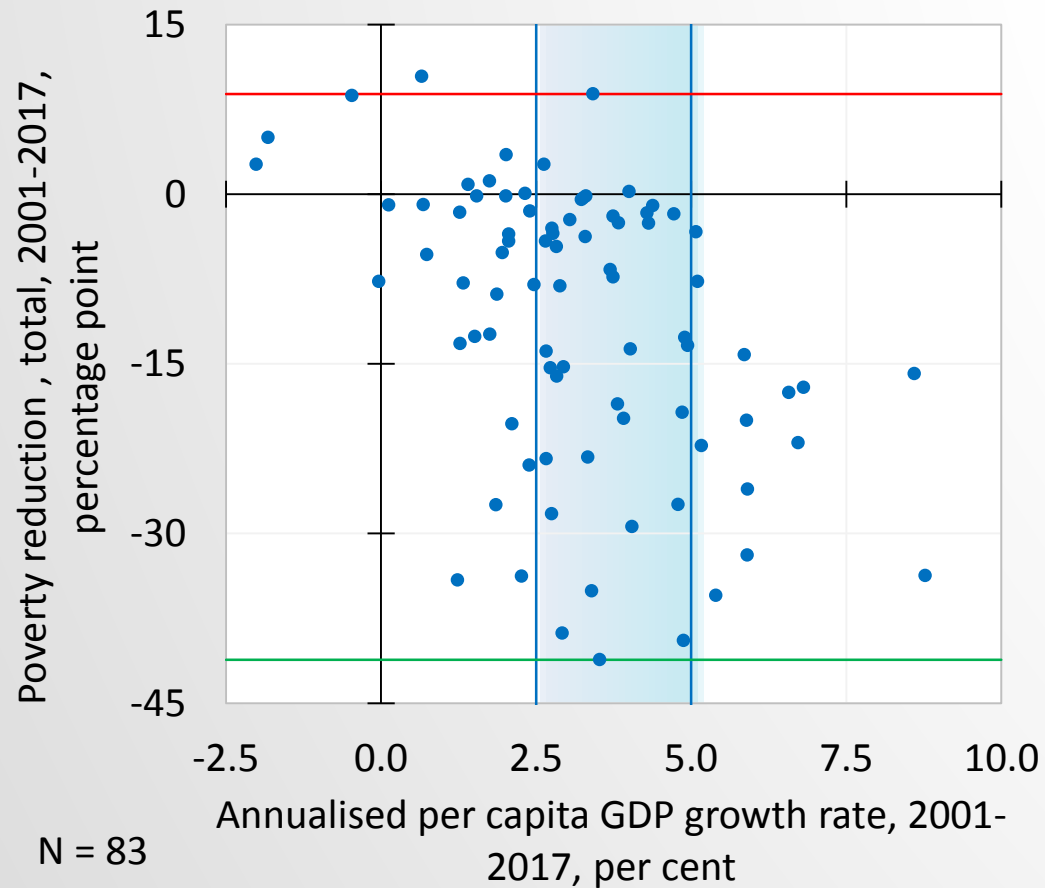


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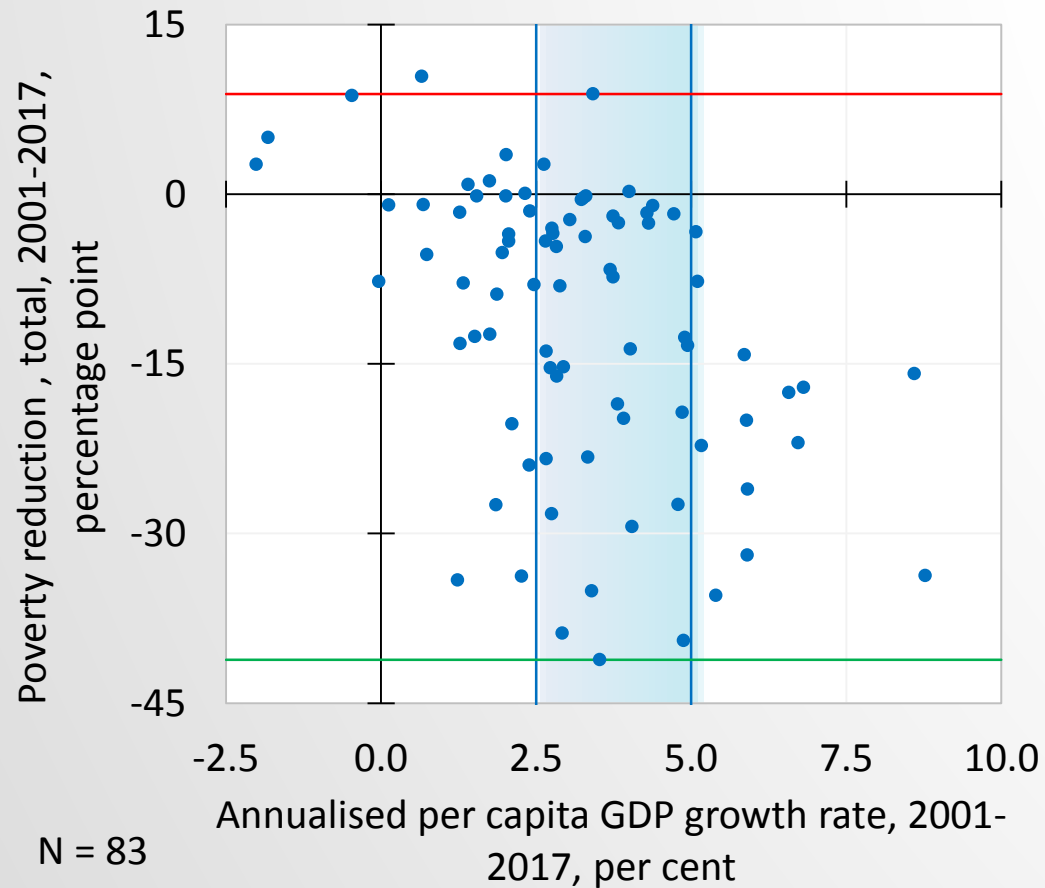
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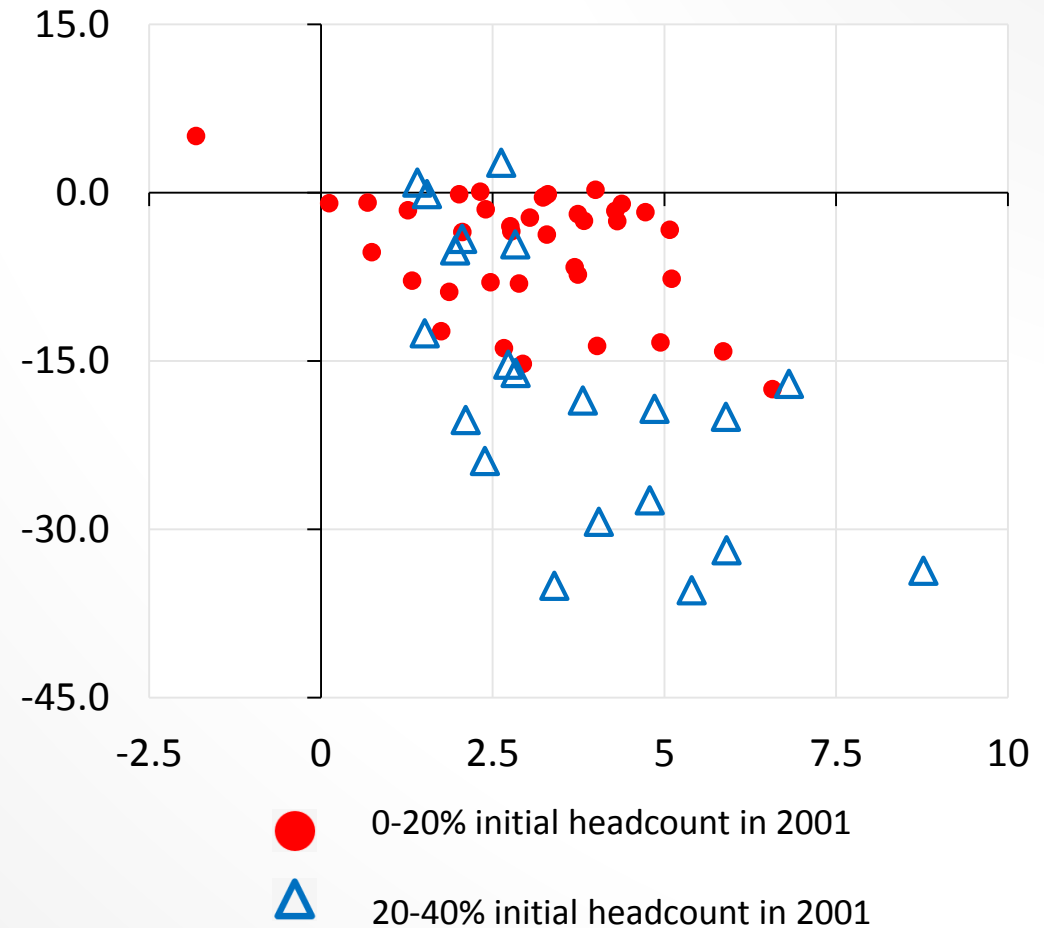
- GDP growth **does not always** imply poverty reduction
- And definitely not to the same extent



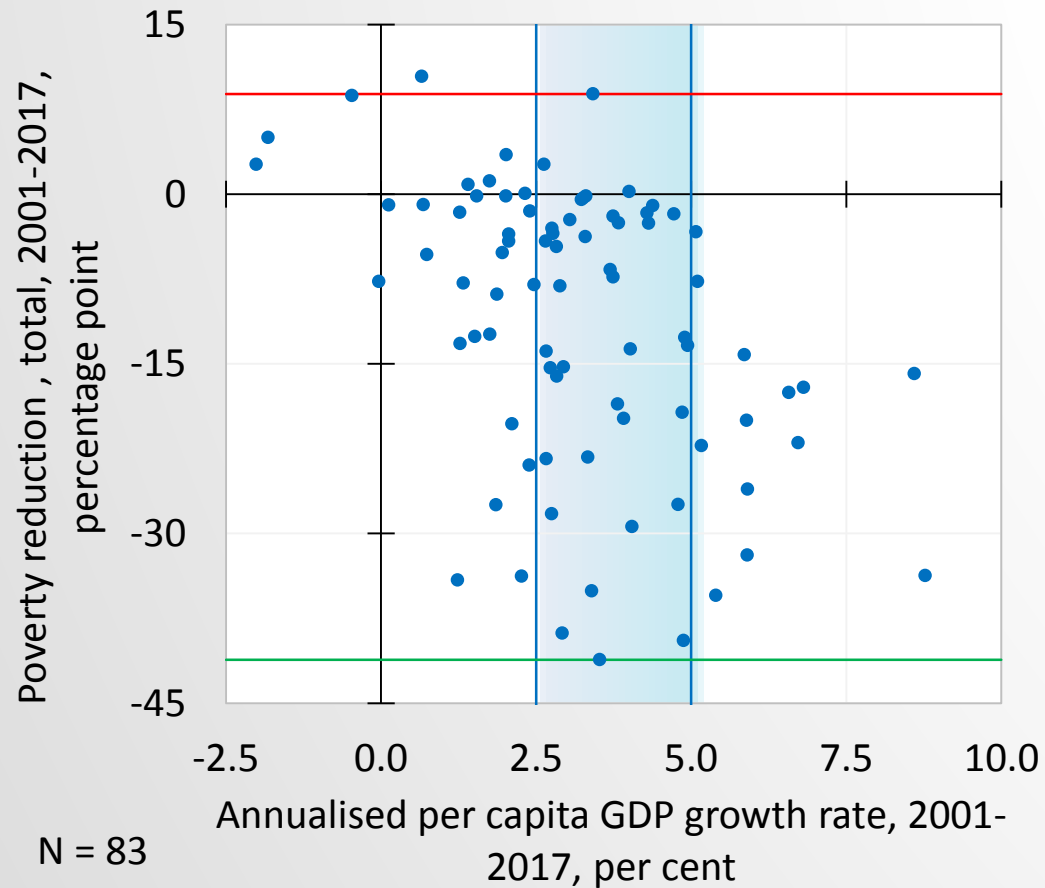
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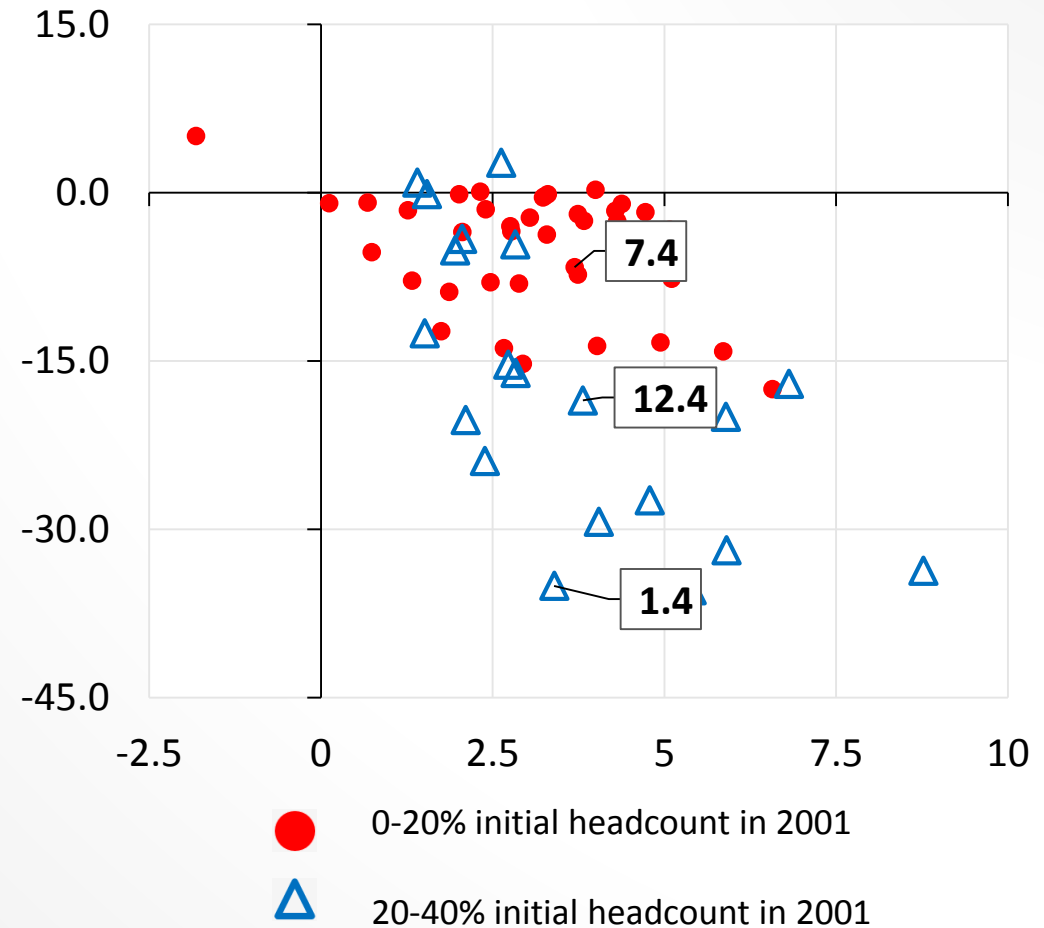
- Even in country groups with narrower initial extreme poverty headcounts



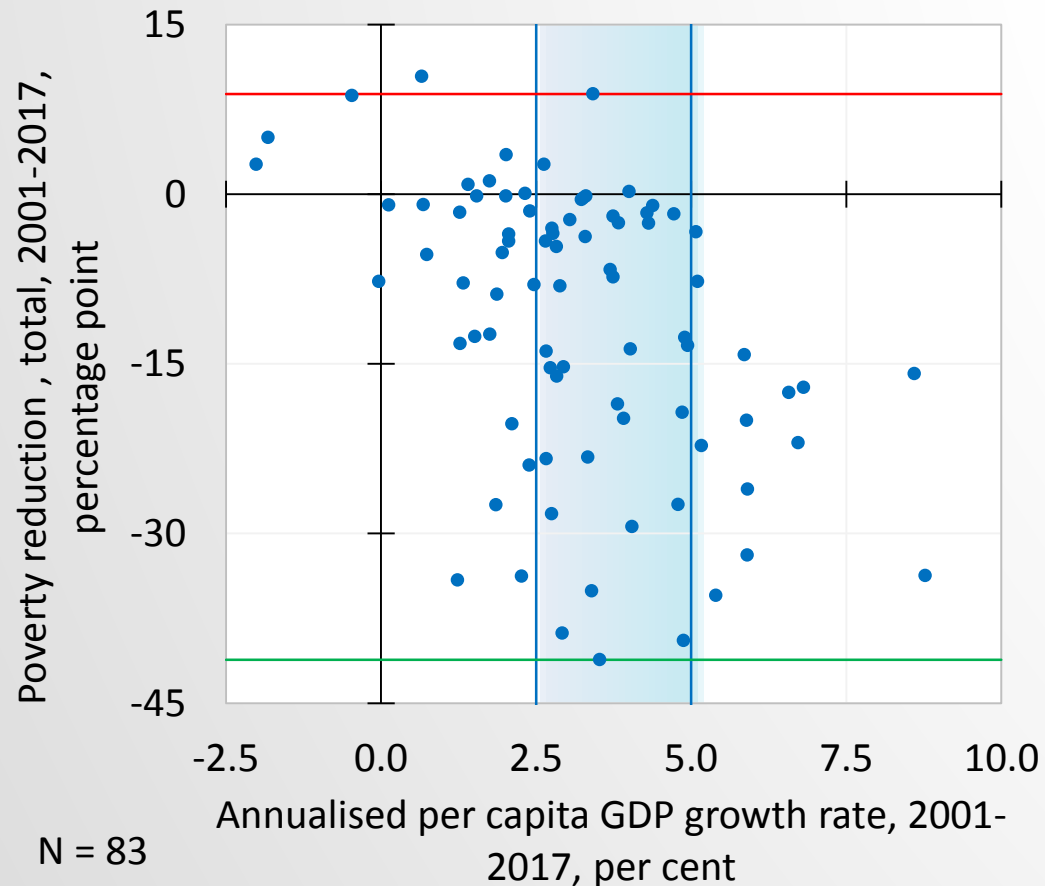
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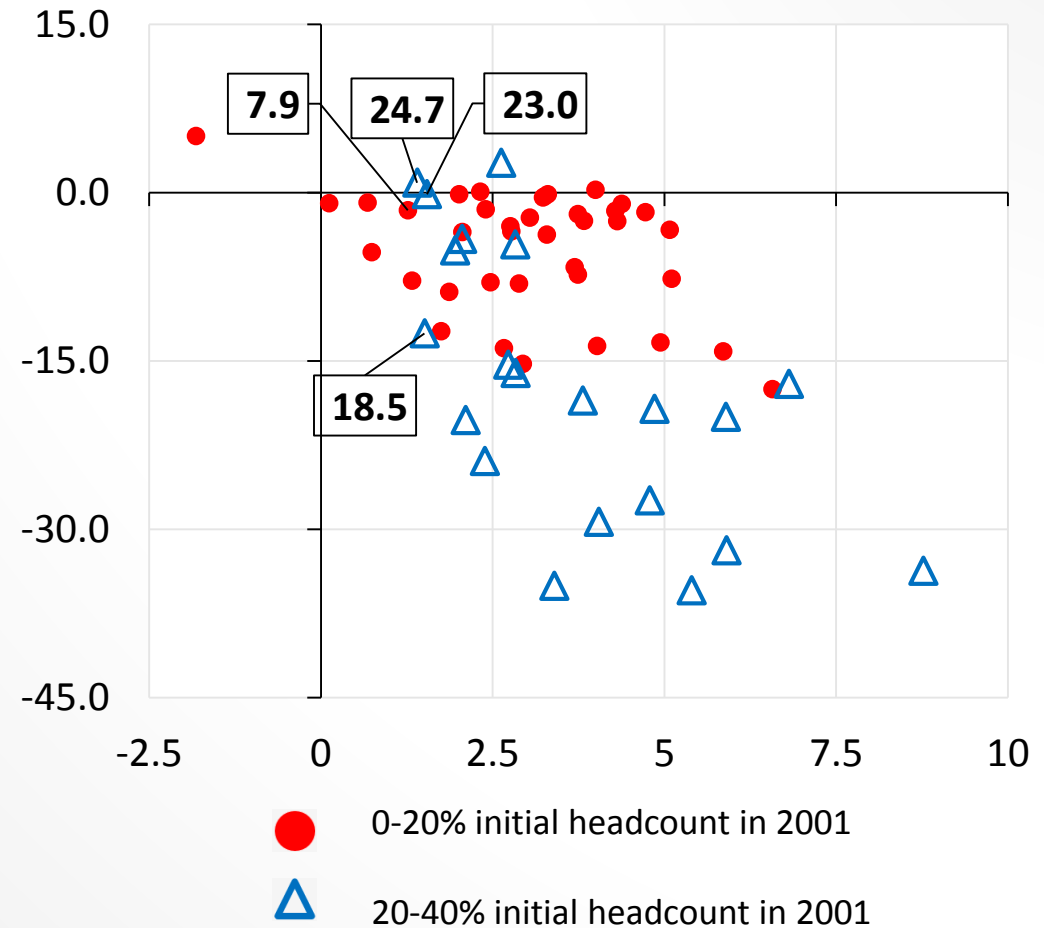
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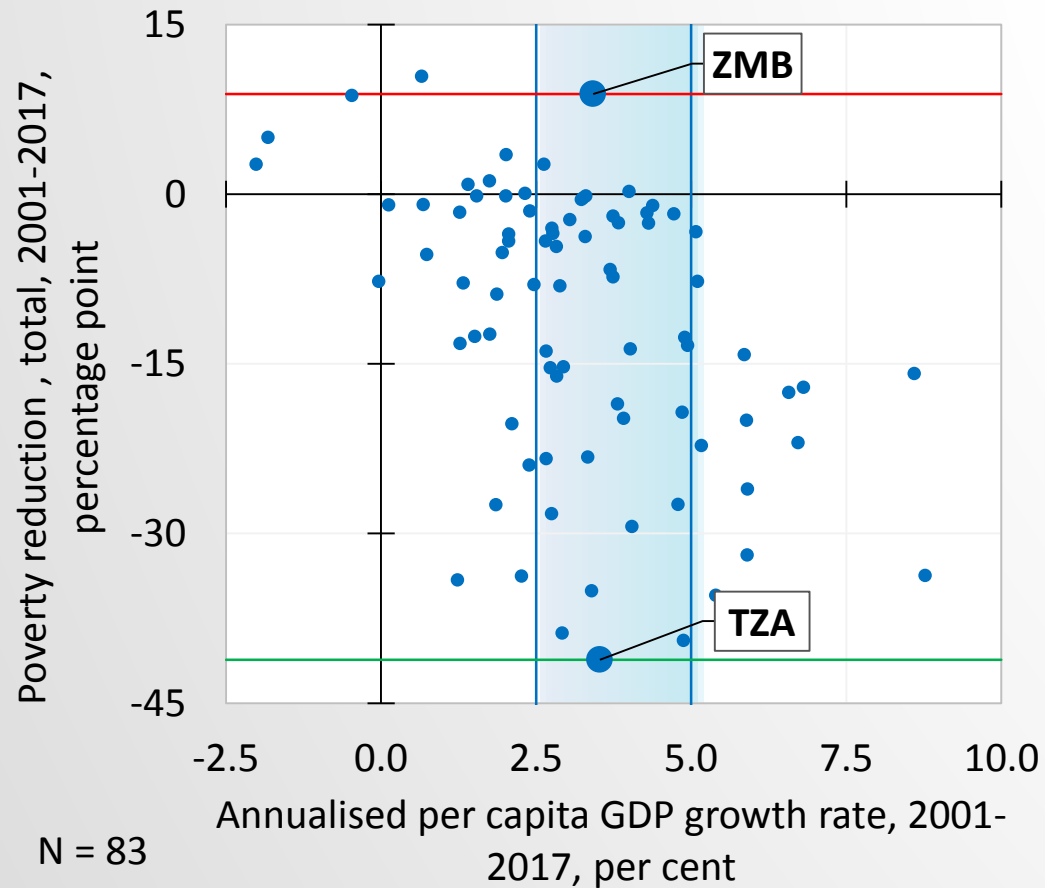
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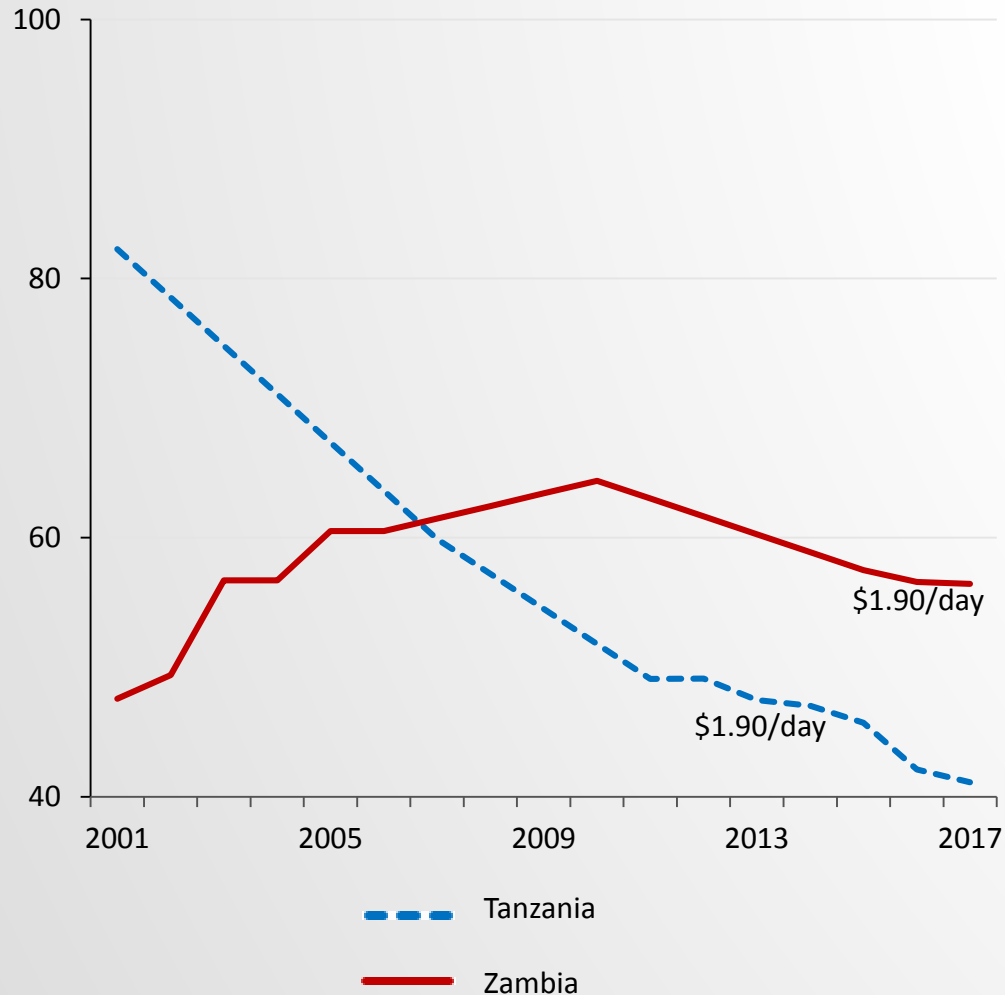


# Changes in poverty headcounts at different thresholds

## Poverty headcount at \$1.90/day:

Tanzania: from **82%** to **41%**

Zambia: from **48%** to **56%**



\*WDI/WD data; and UN/DESA estimates for Tanzania (post-2011), Zambia (post-2015) at \$1.90 per day

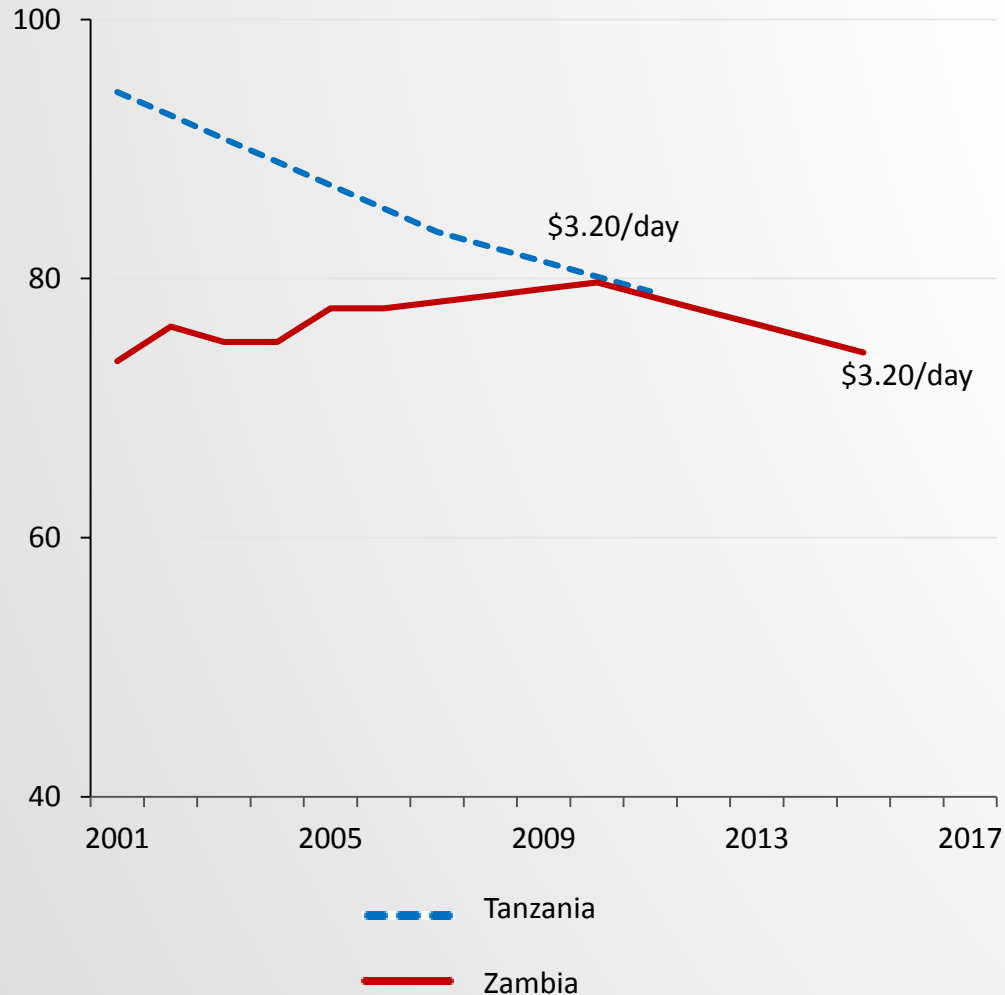
Source: UN/DESA estimates based on WB data

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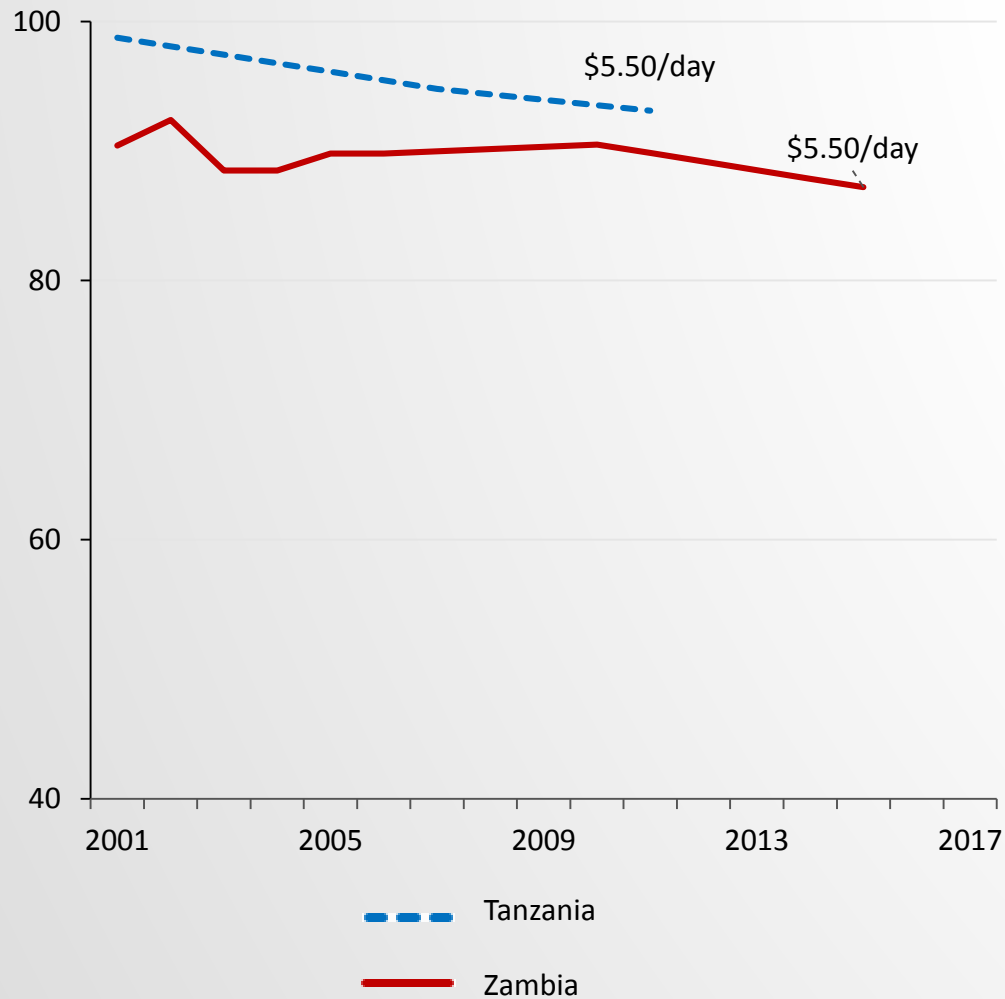


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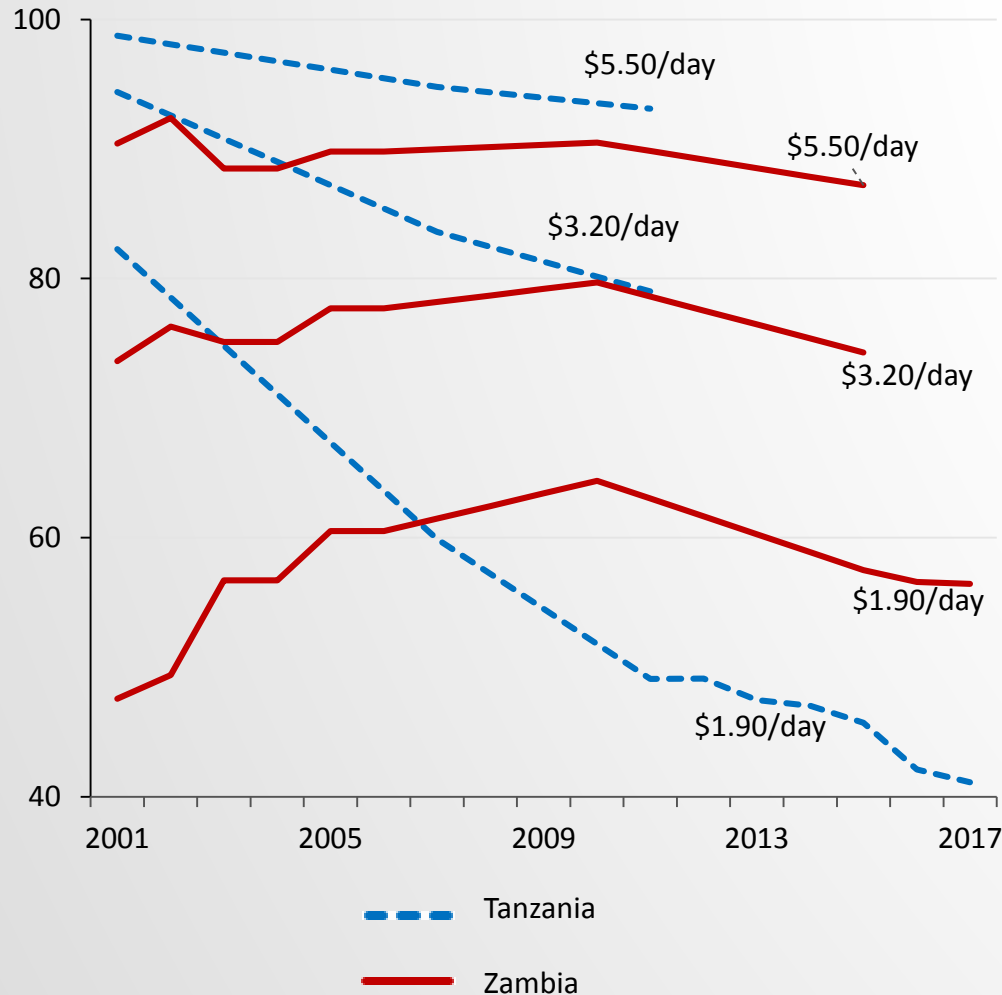
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**WHY?**

**IF**

GDP real growth per capita 2001-2017

**3.5%** Tanzania

**3.4%** Zambia

\*WDI/WD data; and UN/DESA estimates for Tanzania (post-2011), Zambia (post-2015) at \$1.90 per day

Source: UN/DESA estimates based on WB data

# *It matters where the growth happens*

	Income distribution group	2000	2011	Change, 2000-11
Tanzania	91 - 100%	28.9	31.0	2.1
	81 - 90%	15.8	14.8	-1.0
	61 - 80%	21.9	20.7	-1.2
	41 - 60%	15.4	14.9	-0.5
	21 - 40%	11.3	11.1	-0.2
	11 - 20%	4.1	4.3	0.2
	0 - 10%	2.7	3.1	0.4

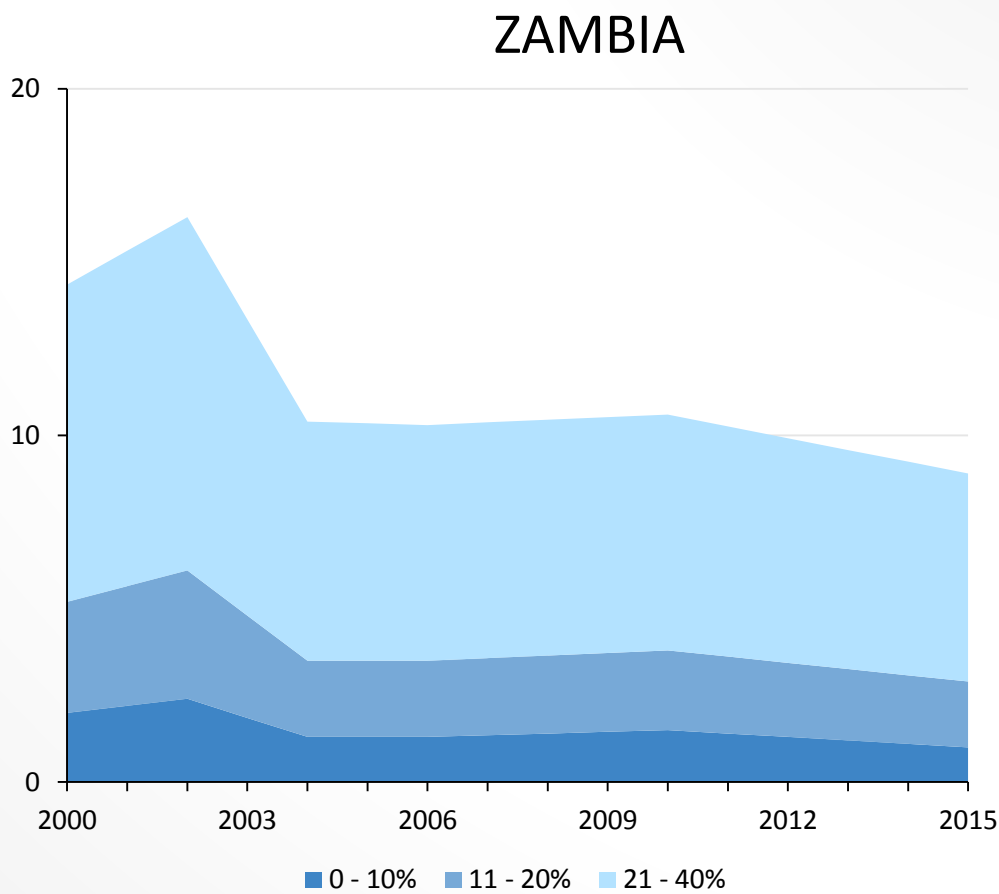
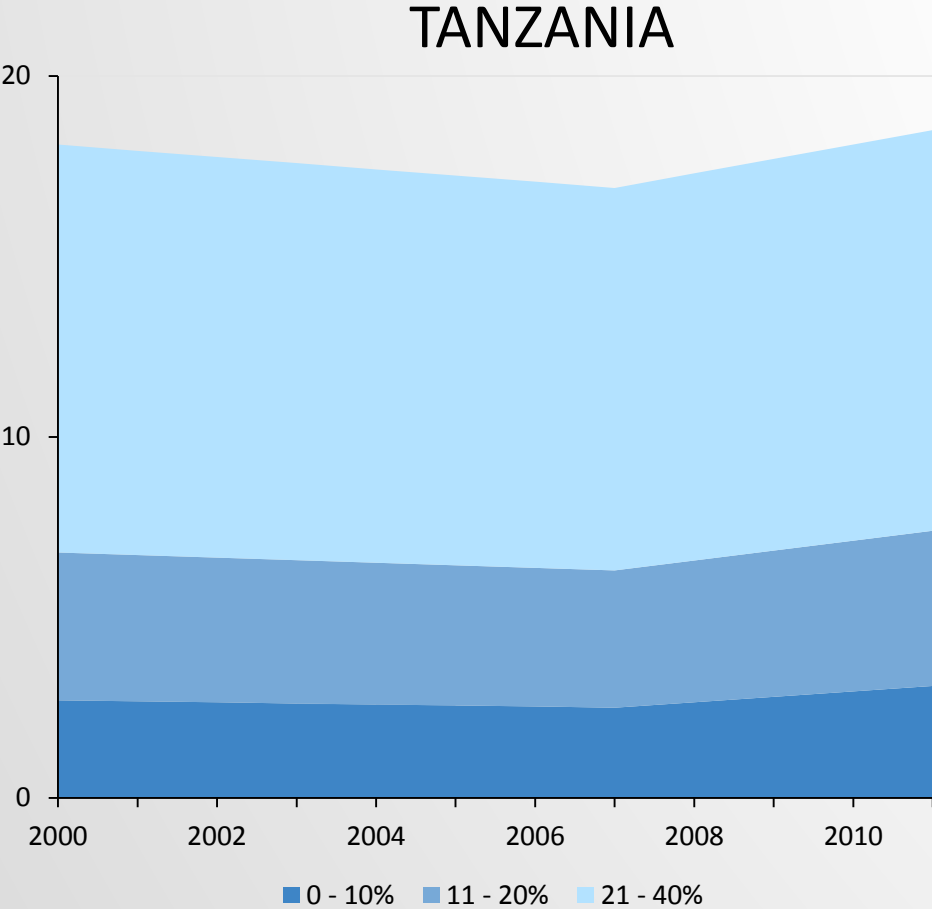
	Income distribution group	2000	2015	Change 2000-15
Zambia	91 - 100%	36.0	44.4	8.5
	81 - 90%	15.6	16.9	1.4
	61 - 80%	20.6	19.3	-1.3
	41 - 60%	13.5	10.6	-2.9
	21 - 40%	9.2	6.0	-3.2
	11 - 20%	3.2	1.9	-1.3
	0 - 10%	2.0	1.0	-1.0

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# *It matters where the growth happens*

*Income share by income distribution group, per cent*



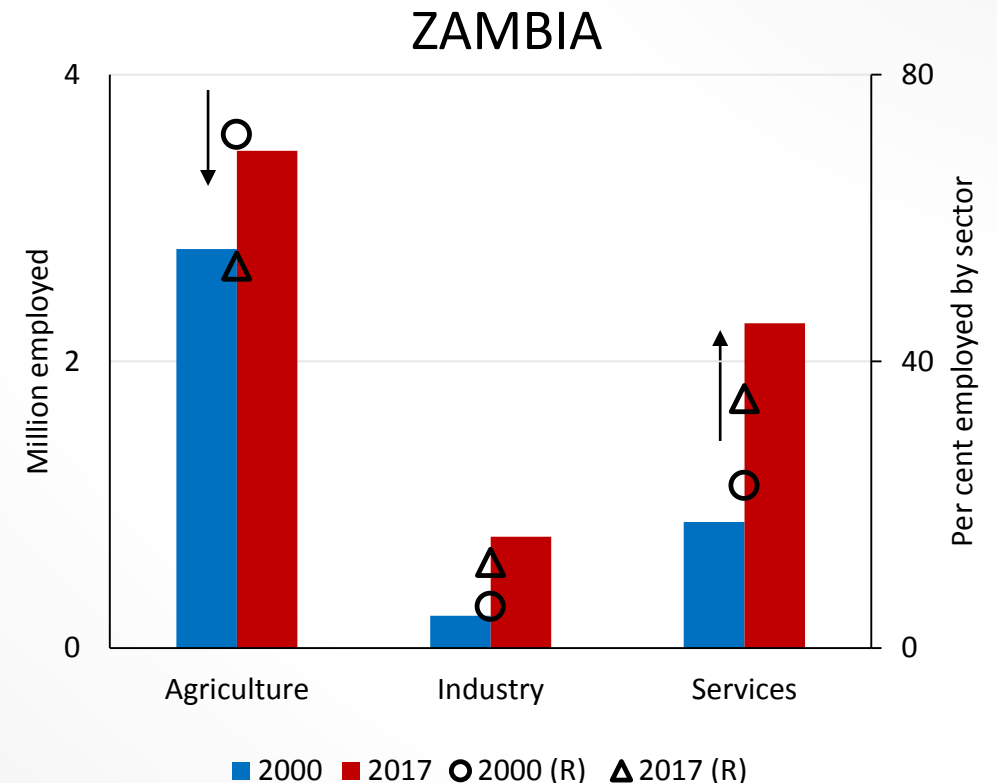
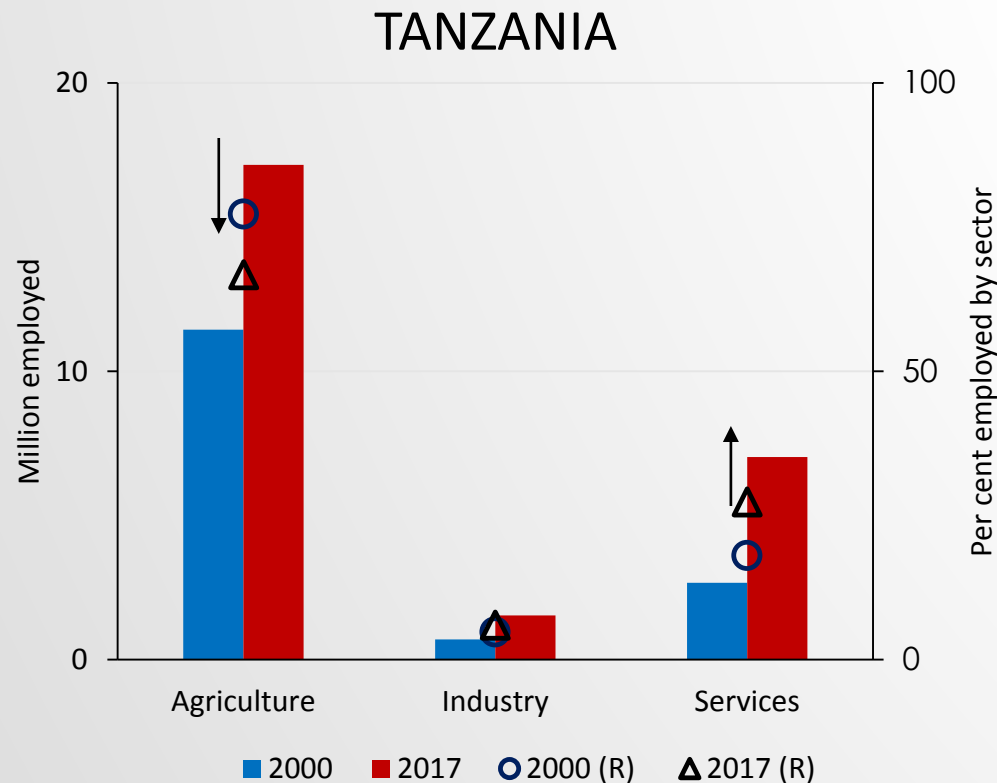
# Gross National Income per capita total growth, constant 2010 USD, by income group\*

GNI per capita change, constant 2010 US\$		
Income distribution group	2000-11	2000-15
	Tanzania	Zambia
91 - 100%	55%	119%
81 - 90%	35%	93%
61 - 80%	37%	66%
41 - 60%	40%	39%
21 - 40%	42%	16%
11 - 20%	52%	5%
0 - 10%	66%	-11%

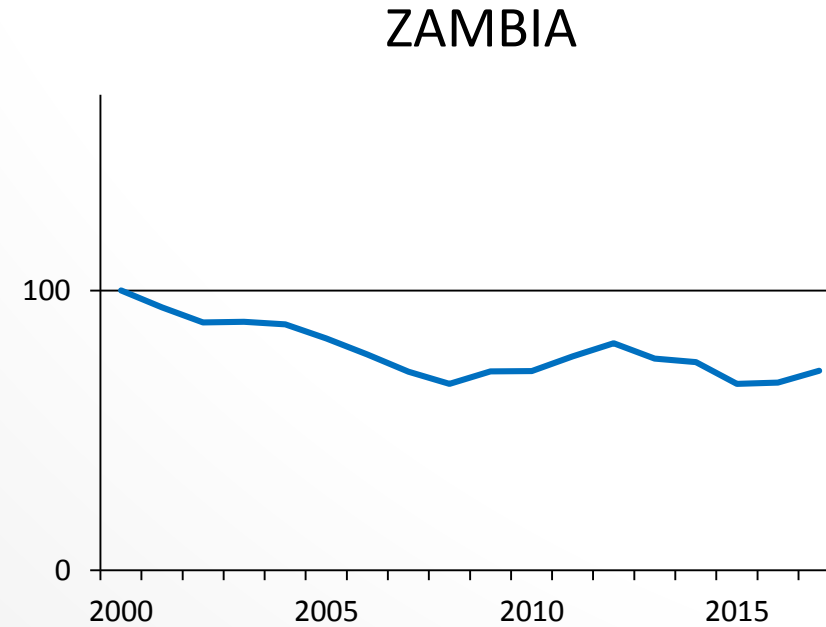
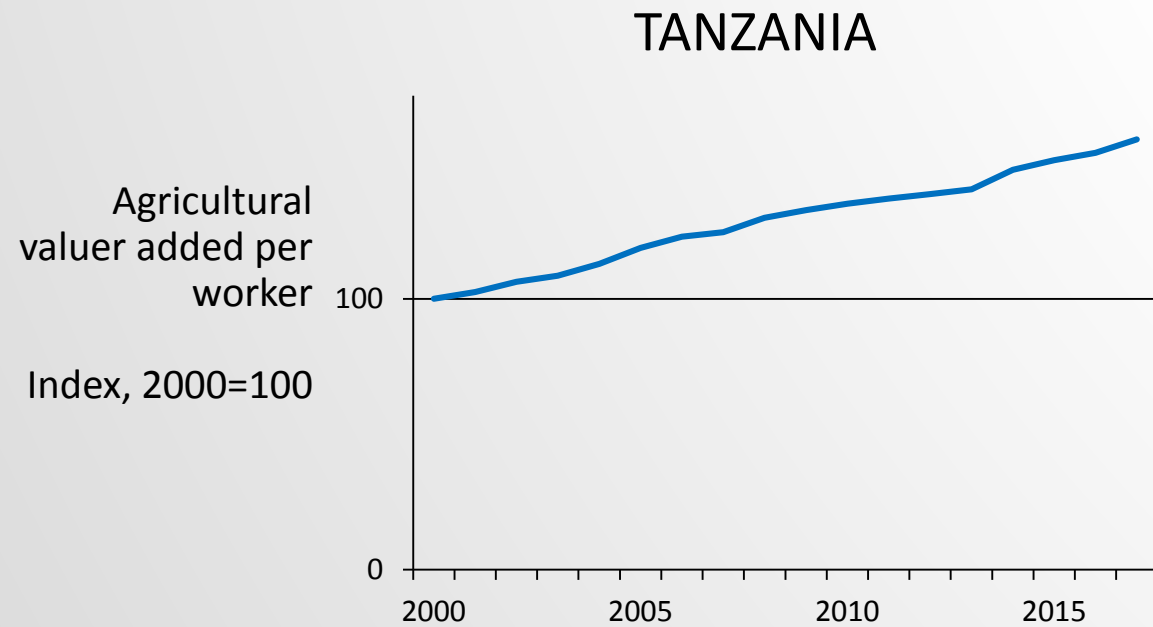
\*Gross National Income per capita total growth, constant 2010 USD, proportional to the income share of each respective income group (WDI), divided by population of each respective income group.

# Labour Markets

- There is a structural shift as agricultural share falls
- Although agriculture still remains the largest employer

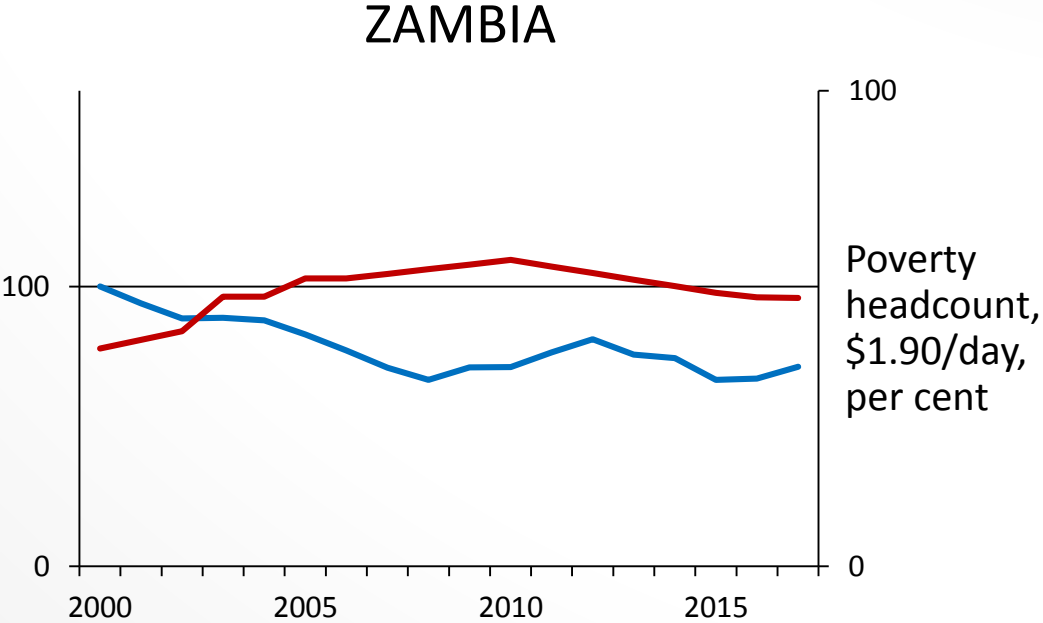
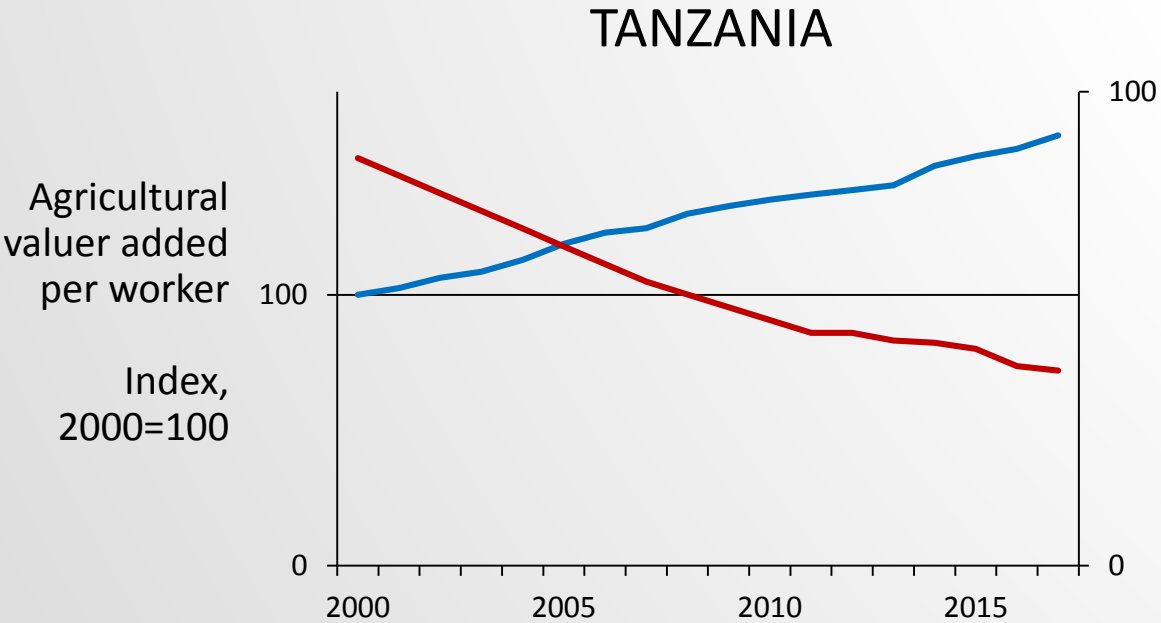


# Agricultural, forestry, and fishing, value added per worker



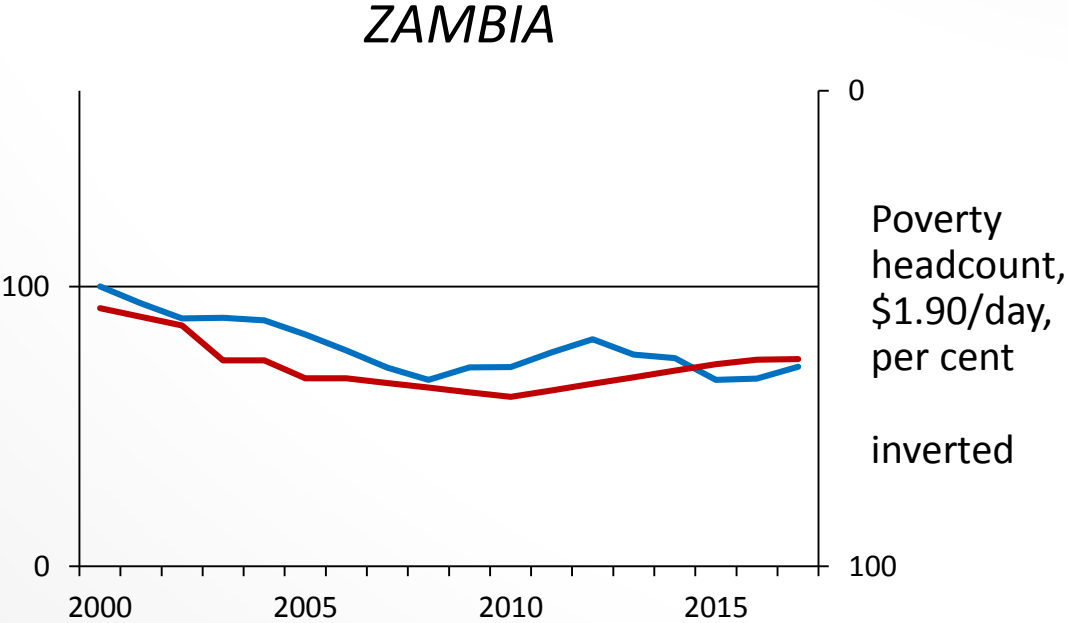
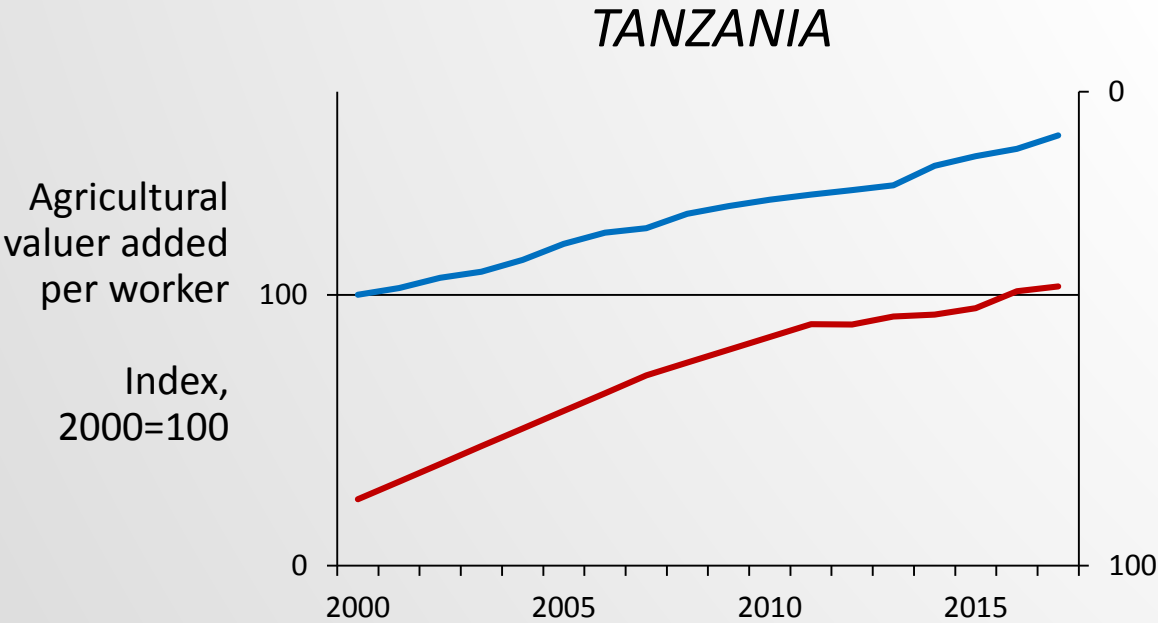


# Agricultural, forestry, and fishing, value added per worker



Source: UN/DESA estimates; World Development Indicators, World Bank.

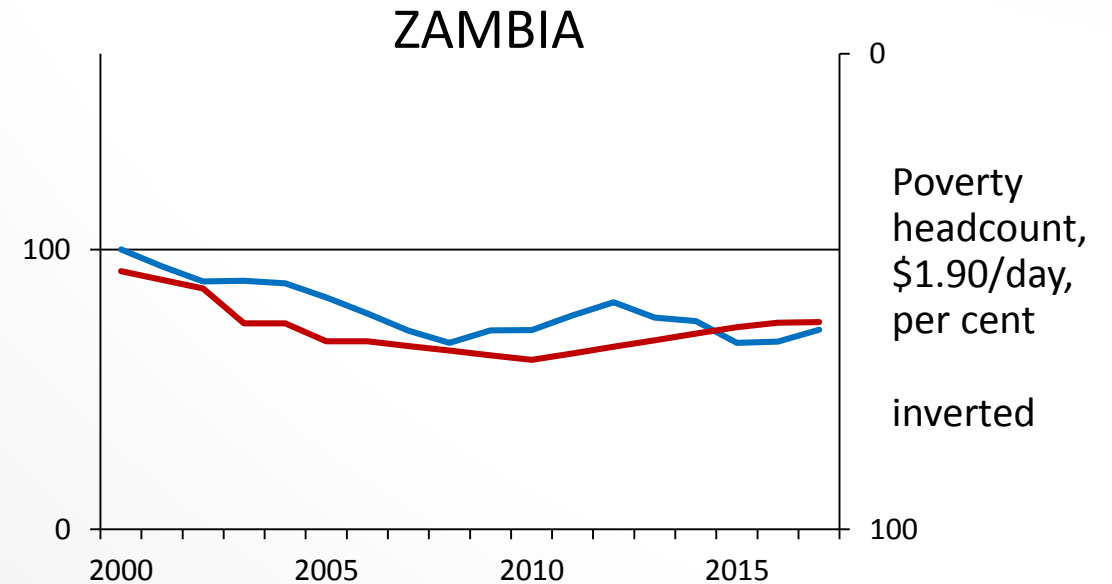
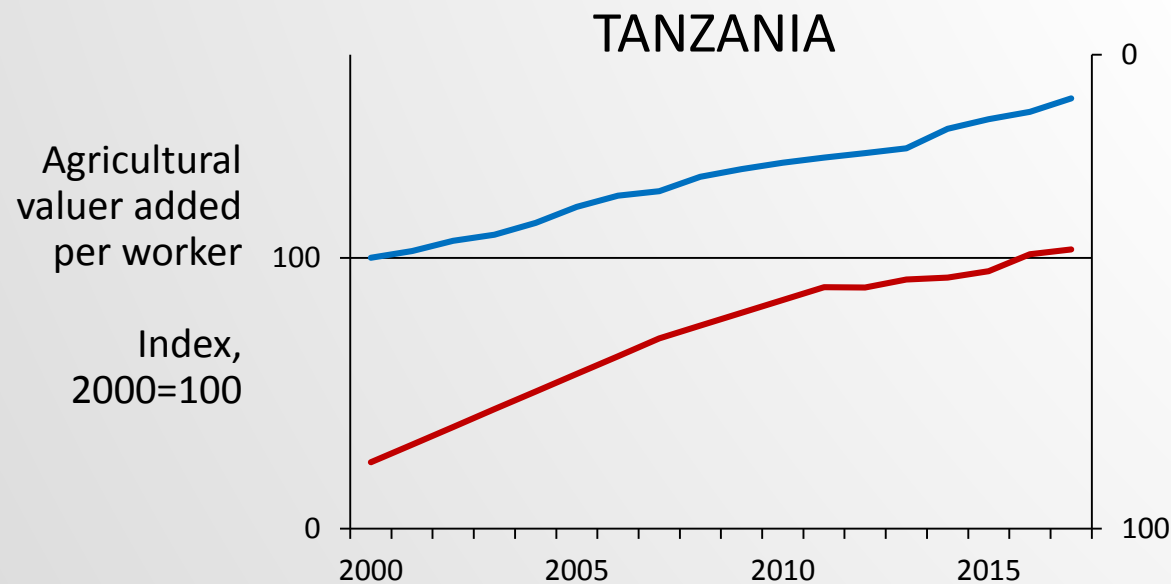
# Agricultural, forestry, and fishing, value added per worker



Source: UN/DESA estimates; World Development Indicators, World Bank.

## Growth of agricultural value added per worker points to:

- a) Increase in the income of the poorest, and, consequently
- b) Decrease in poverty
- c) Decrease in inequality



- d) Growth must reach people in the **bottom of income distribution**
- e) As **agriculture** remains the largest employer in many poor countries
- f) **Agricultural productivity** remains crucial for poverty eradication

