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**Measuring global poverty**

Whose problem now?

Awkward questions about how best to help the poor

Sep 30th 2010 | From the print edition

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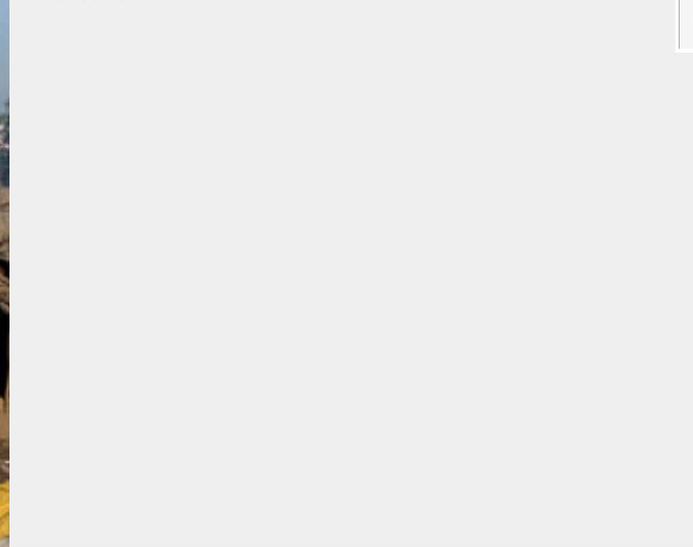
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Panos

Send Western taxpayers' money, quickly

POOR people—the destitute, disease ridden and malnourished “bottom billion”—live in poor countries. That has been the central operating assumption of the aid business for a decade.

The thesis was true in 1990: then, over 90% of the world's poor lived in the world's poorest places. But it looks out of date now.

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Andy Sumner of Britain's Institute of Development Studies\* reckons that almost three-quarters of the 1.3 billion-odd people existing below the \$1.25 a day poverty line now live in middle-income countries. Only a quarter live in the poorest states (mostly in Africa).

This change reflects the success of developing countries in hauling themselves out of misery. In 1998 the World Bank classified 61 countries (out of 203) as low-income (meaning an annual income per head of less than \$760, in money of that era). In 2009 the number had shrunk to 39 out of 220. India, Pakistan, Indonesia and Nigeria all moved to middle-income status during that time (China passed the threshold earlier). But even excluding China and India, the share of global poverty accounted for by other middle-income countries tripled between 1990 and 2008, to 22%. Other figures support Mr Sumner's finding. Of the world's undersized children (a good indicator of malnutrition), 70% live in middle-income countries.

In one sense it hardly matters to a destitute Nigerian or Indian that his country has been reclassified by some distant development bank. But it raises hard questions about whether foreign aid should be for poor people or poor countries. Britain, for example, has a rule that 90% of aid is supposed to go to the poorest countries. Aid charities strongly support that focus. The result, as taxpayers' money runs scarce, is that donors have consigned programmes in middle-income countries to a "bonfire" says Alex Evans, a former adviser at Britain's Department for International Development. Yet these are the countries where the vast majority of the poor live.

On September 29th, Bob Zoellick of the World Bank called for a profound "change [in] how we conduct development research". President Barack Obama wants a rethink of America's muddled aid programme. Mr Sumner's data make that look overdue. Poverty, he says, may be turning from being an international distribution problem into a national one. Most middle-income countries, through national conditional-cash-transfer schemes such as Brazil's Bolsa Família, have proved better at helping their own poor than anything invented and financed by the international aid industry. Giving is easy. Thinking can be a lot harder.

\* "Global poverty and the New Bottom Billion". By Andy Sumner. Institute of Development Studies. From the print edition: International

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