



# Dynamics of Economic Growth and Poverty Reduction

## The Divergent Paths of Tanzania and Zambia

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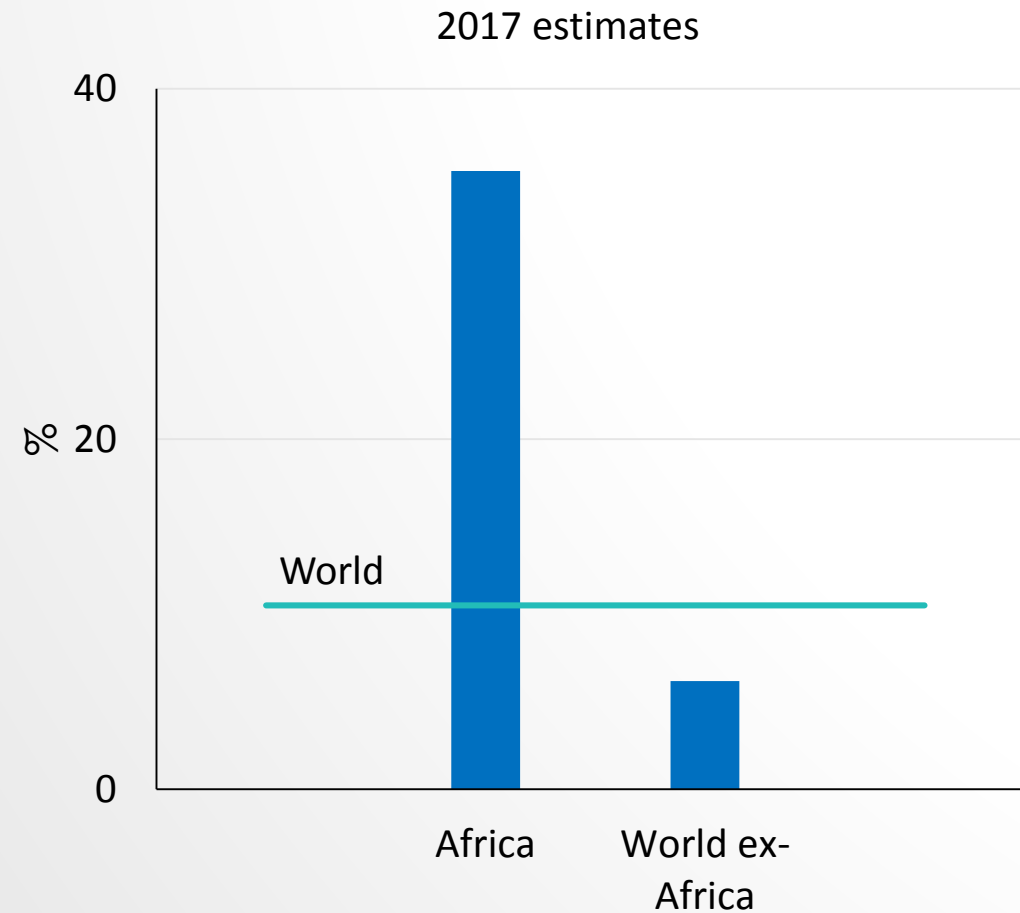
Ingo Pitterle and Michał Podolski

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

UN-WIDER & UNESCAP  
Bangkok, 11-13 September 2019

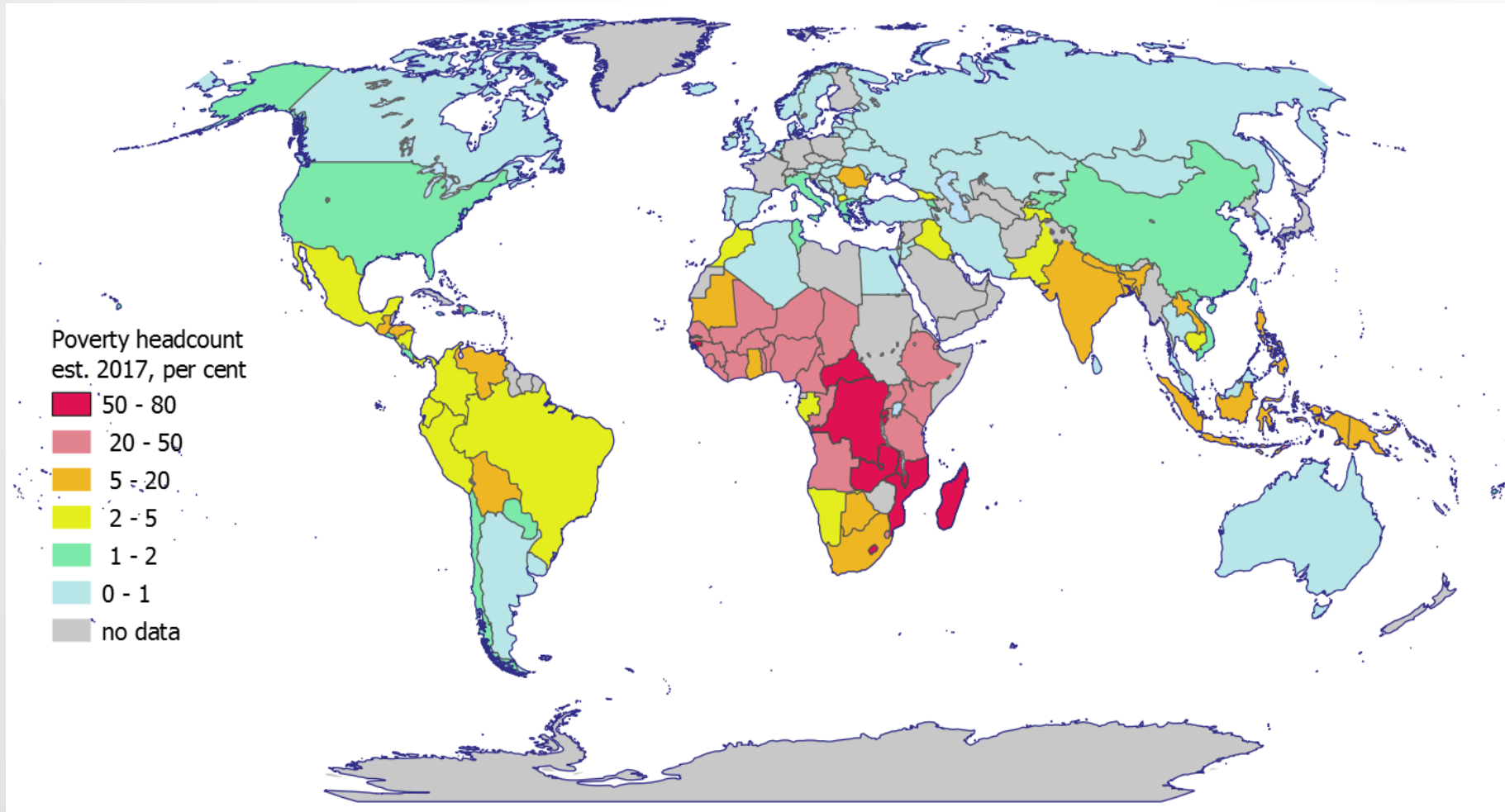
# Extreme poverty headcount, \$1.90/day (2011 PPP)

## Increasingly an African Phenomenon

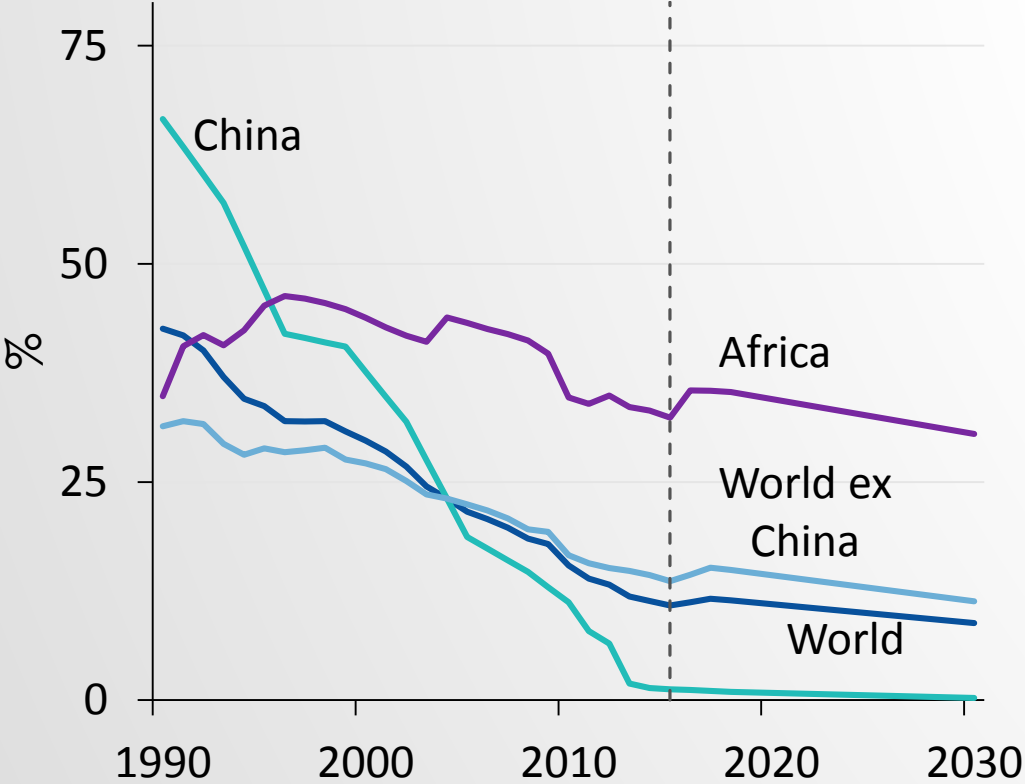


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Increasingly an African Phenomenon

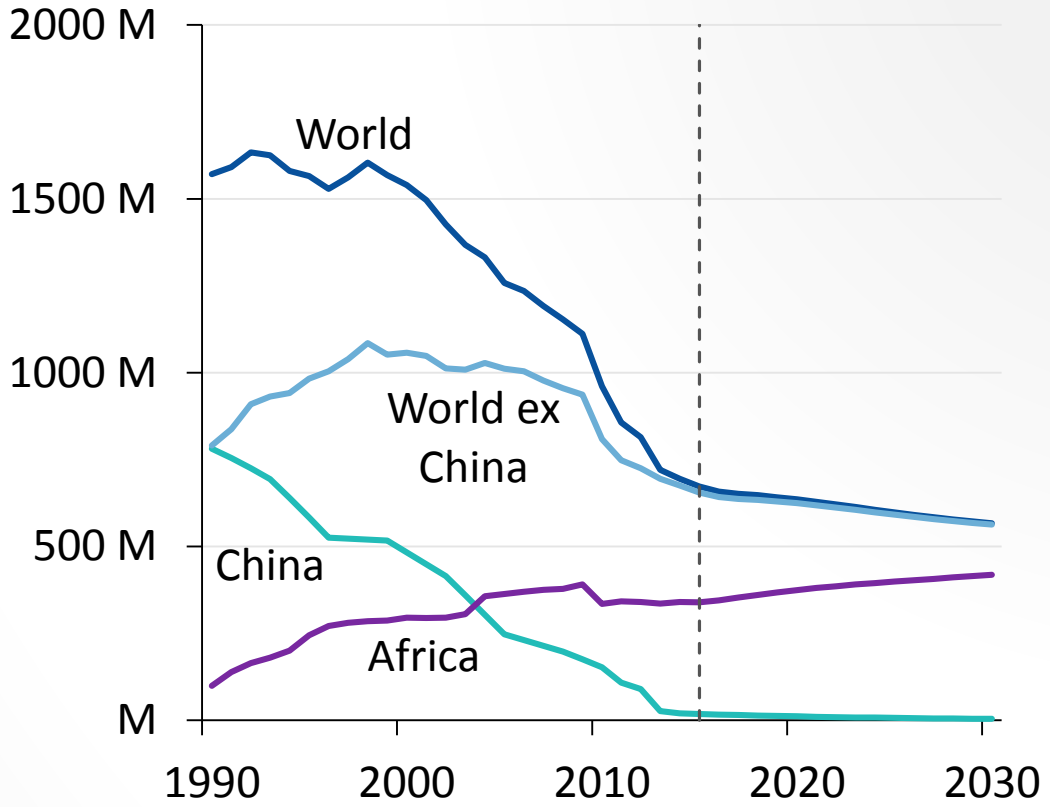
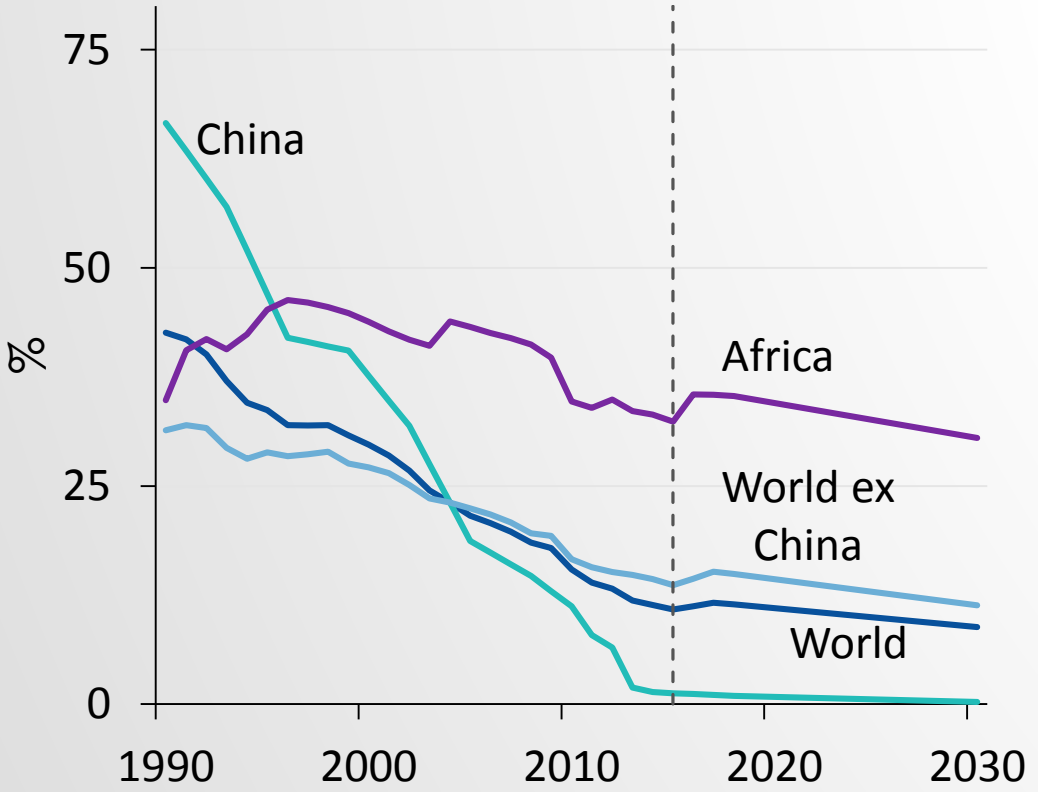


# Global extreme poverty headcounts fall consistently...



\*estimates "around" and to the right from the dashed line

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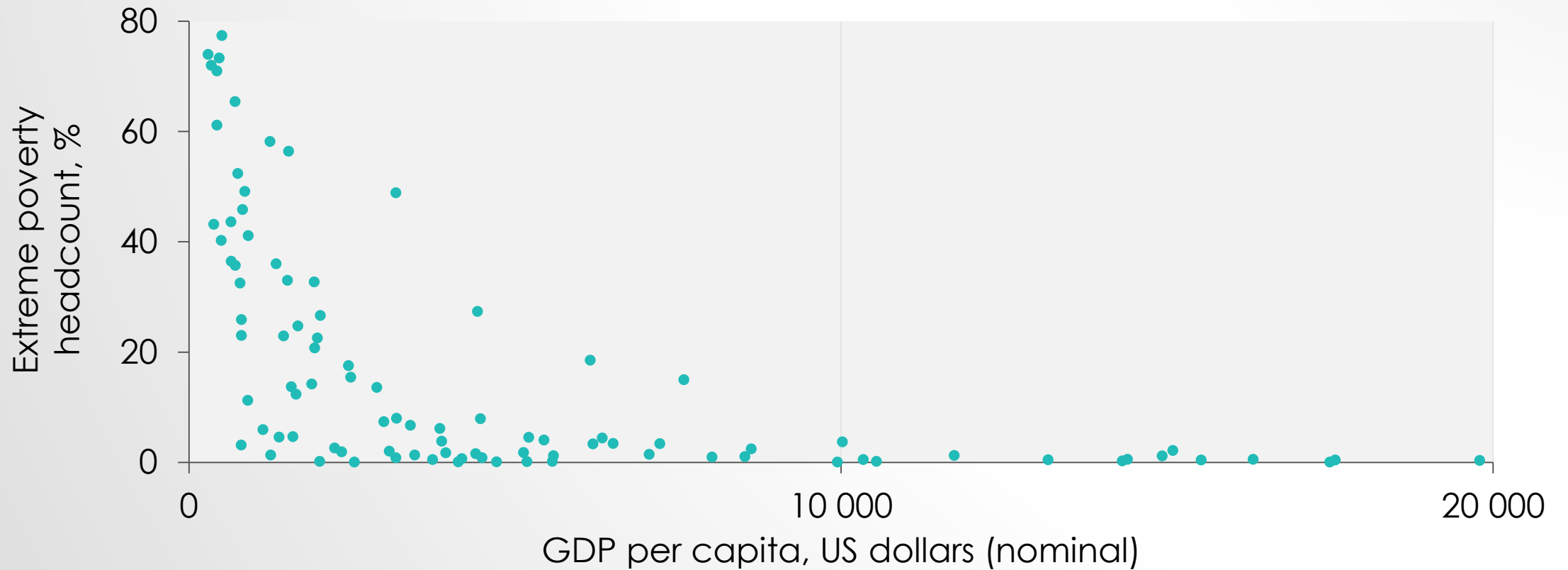
...unlike the total numbers in certain regions

\*estimates "around" and to the right from the dashed line

# GDP – Poverty nexus

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Almost no extreme poverty in countries with high GDP per capita



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Almost no extreme poverty in countries with high GDP per capita

- in “very” long-term, GDP growth should indeed eradicate poverty
- what might mean many decades

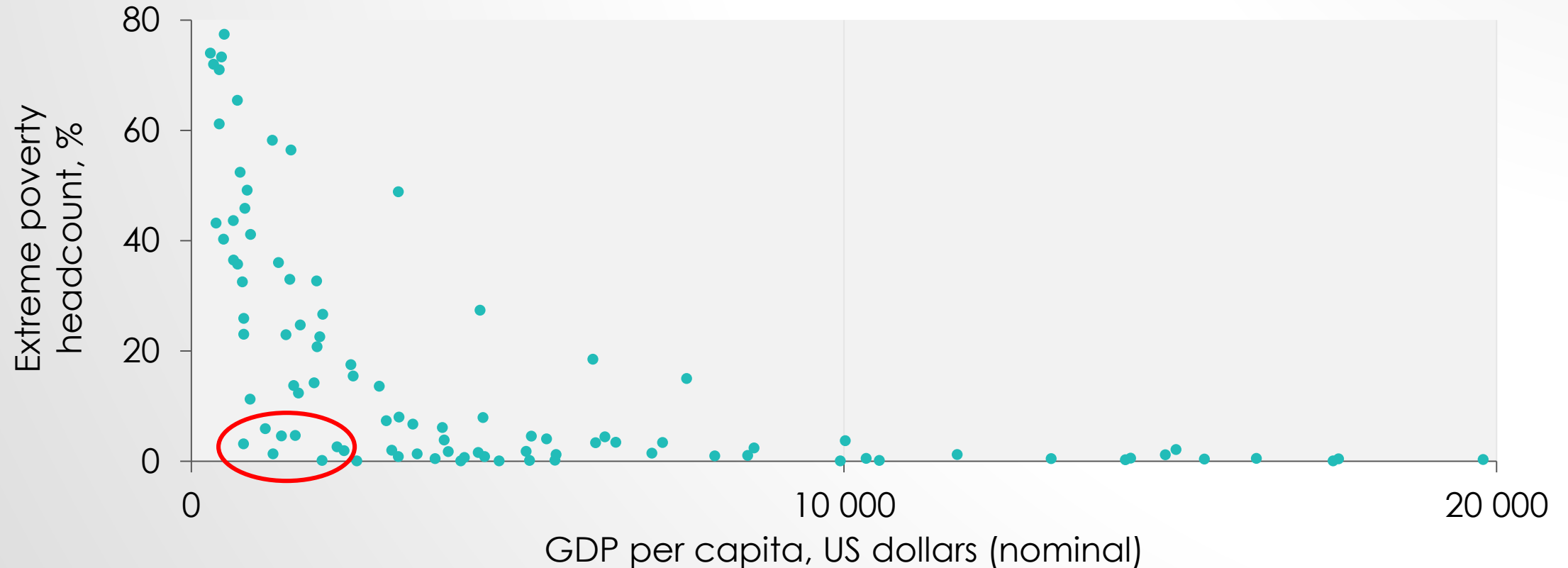
	Growth rate			
Year	4%	6%	8%	10%
<b>1</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<b>10</b>	1,423	1,689	1,999	2,358
<b>20</b>	2,107	3,026	4,316	6,116
<b>30</b>	3,119	5,418	9,317	15,863
<b>1</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
<b>10</b>	2,847	3,379	3,998	4,716
<b>20</b>	4,214	6,051	8,631	12,232
<b>30</b>	6,237	10,837	18,635	31,726



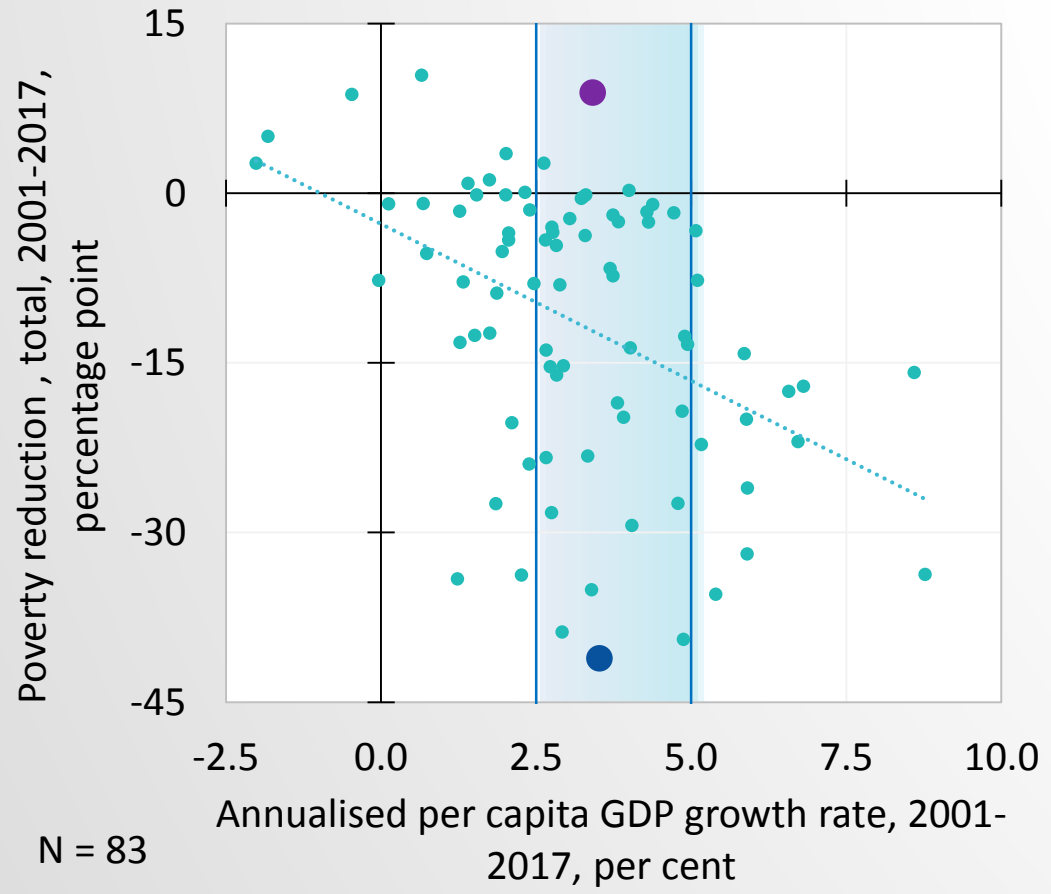
# GDP – Poverty nexus

Almost no extreme poverty in countries with high GDP per capita

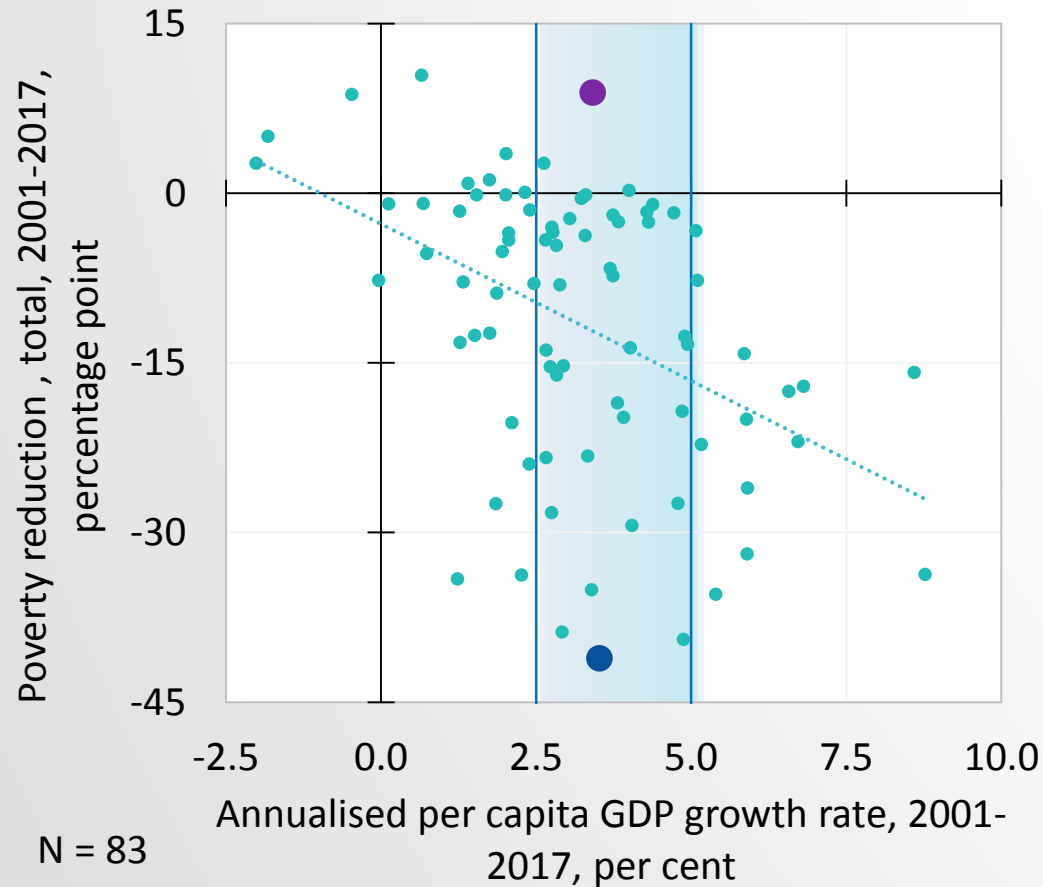
- in “very” long-term, GDP growth should indeed eradicate poverty



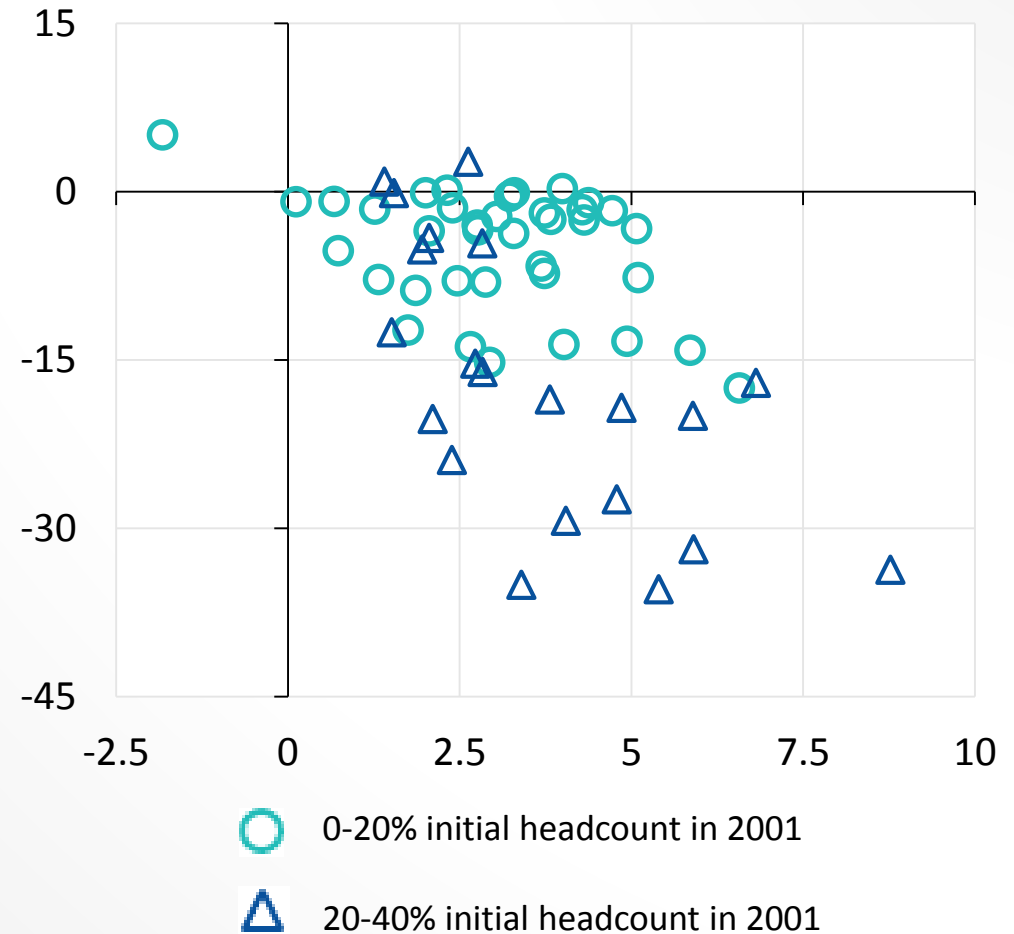
- GDP growth **does not always** imply poverty reduction
- And definitely not to the same extent



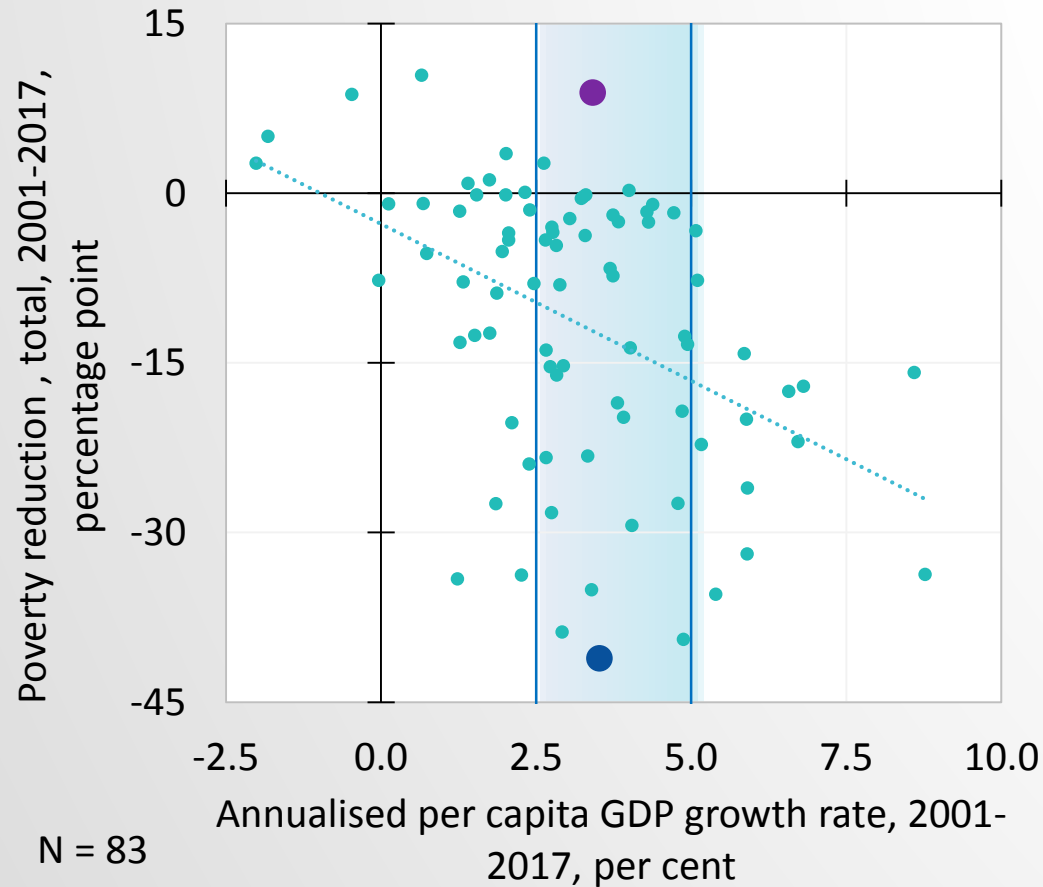
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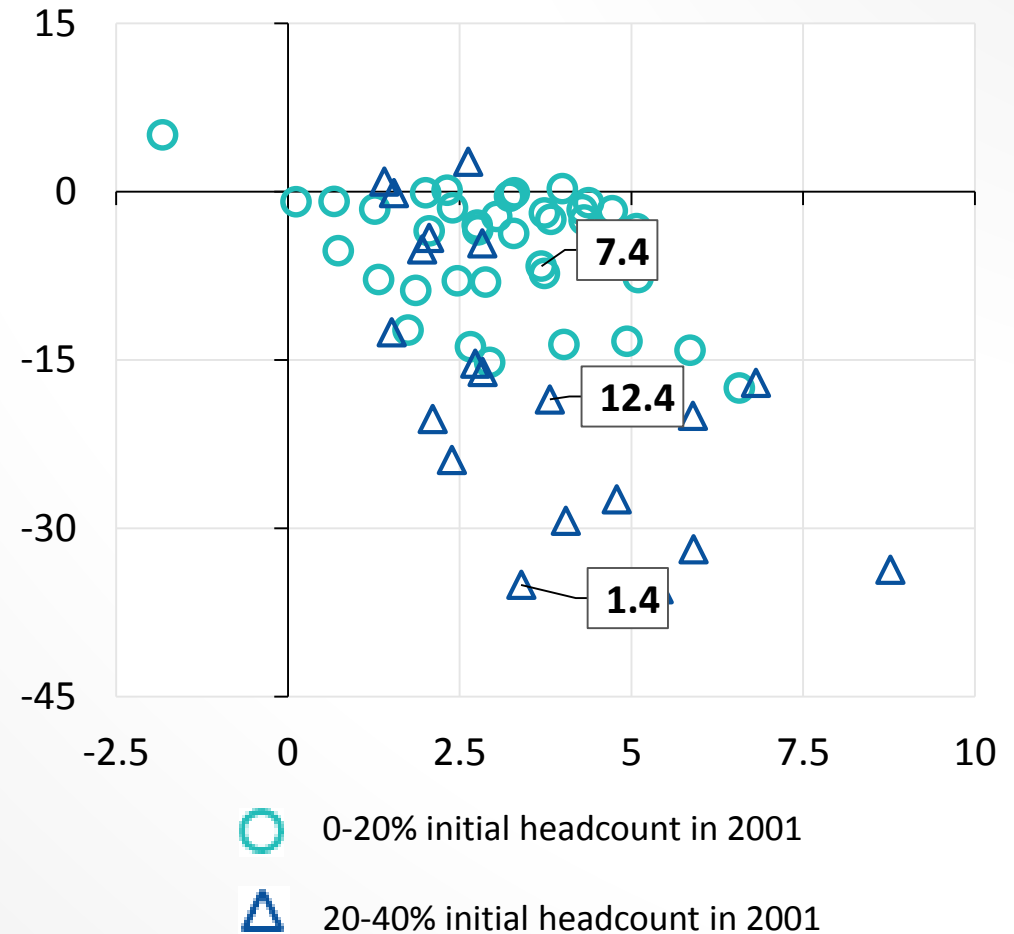
- Even in country groups with narrower initial extreme poverty headcounts



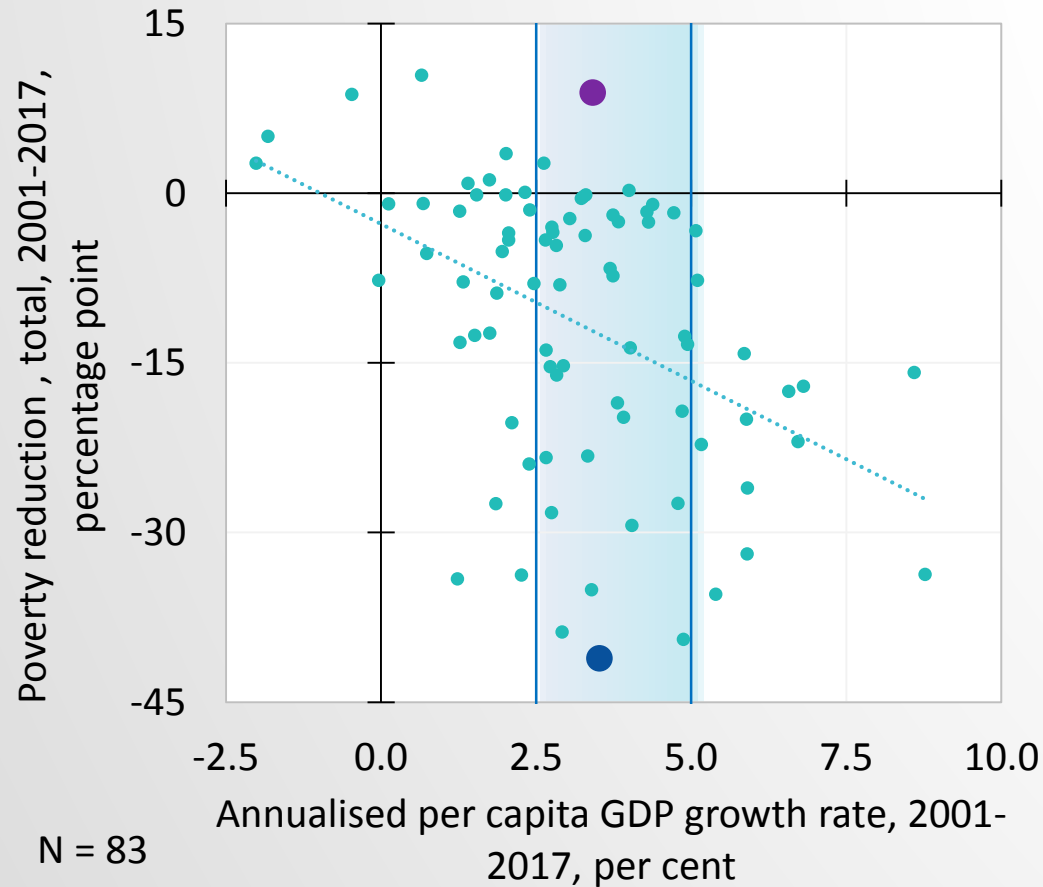
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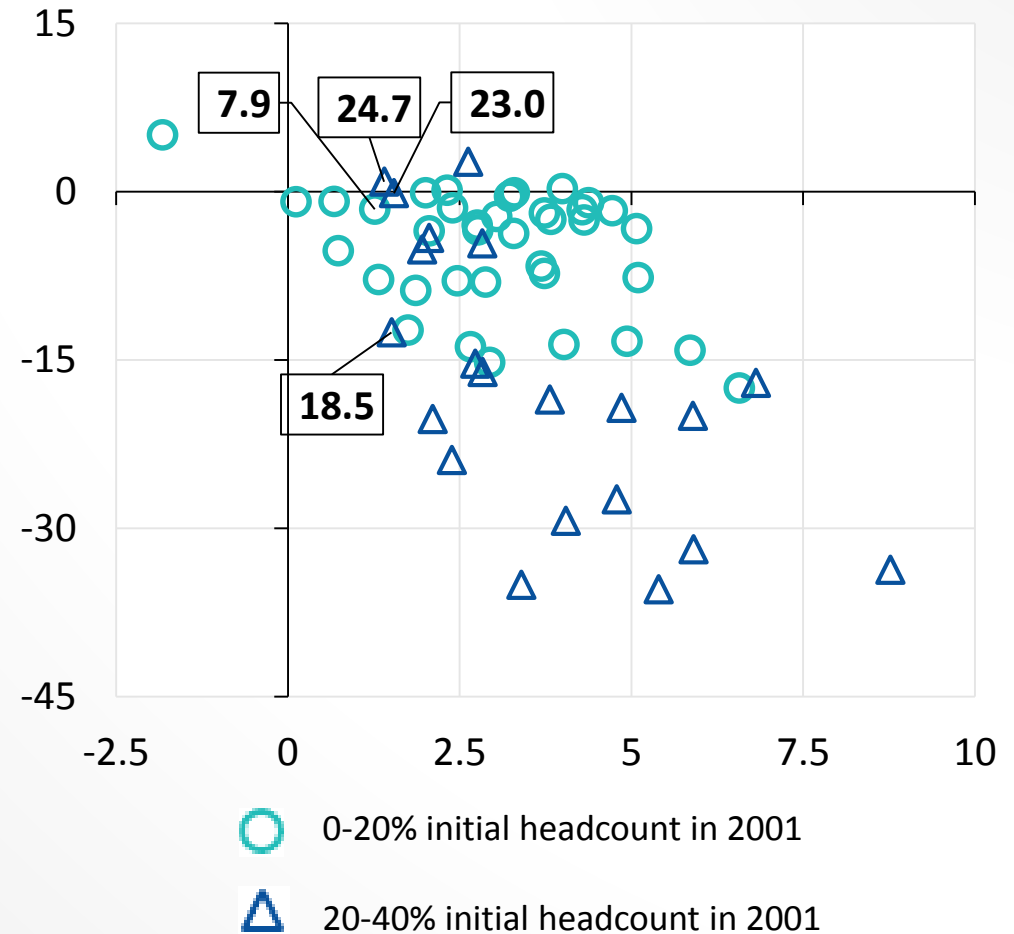
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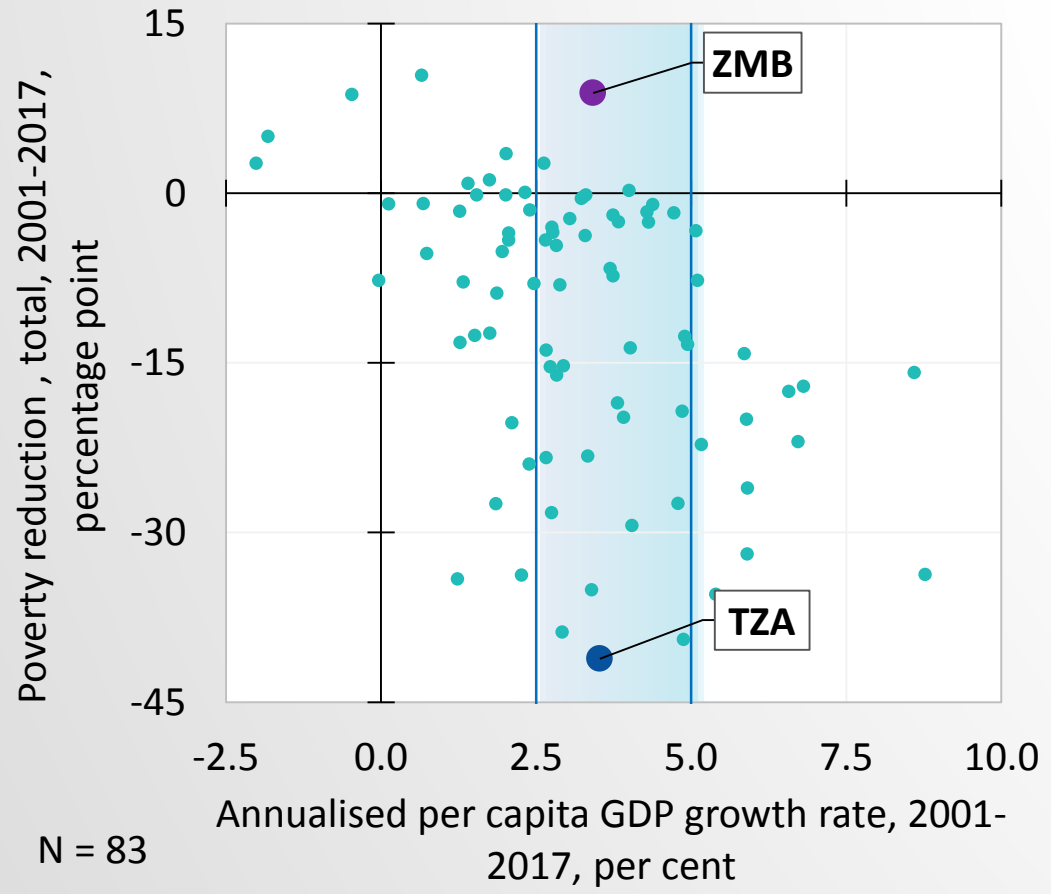
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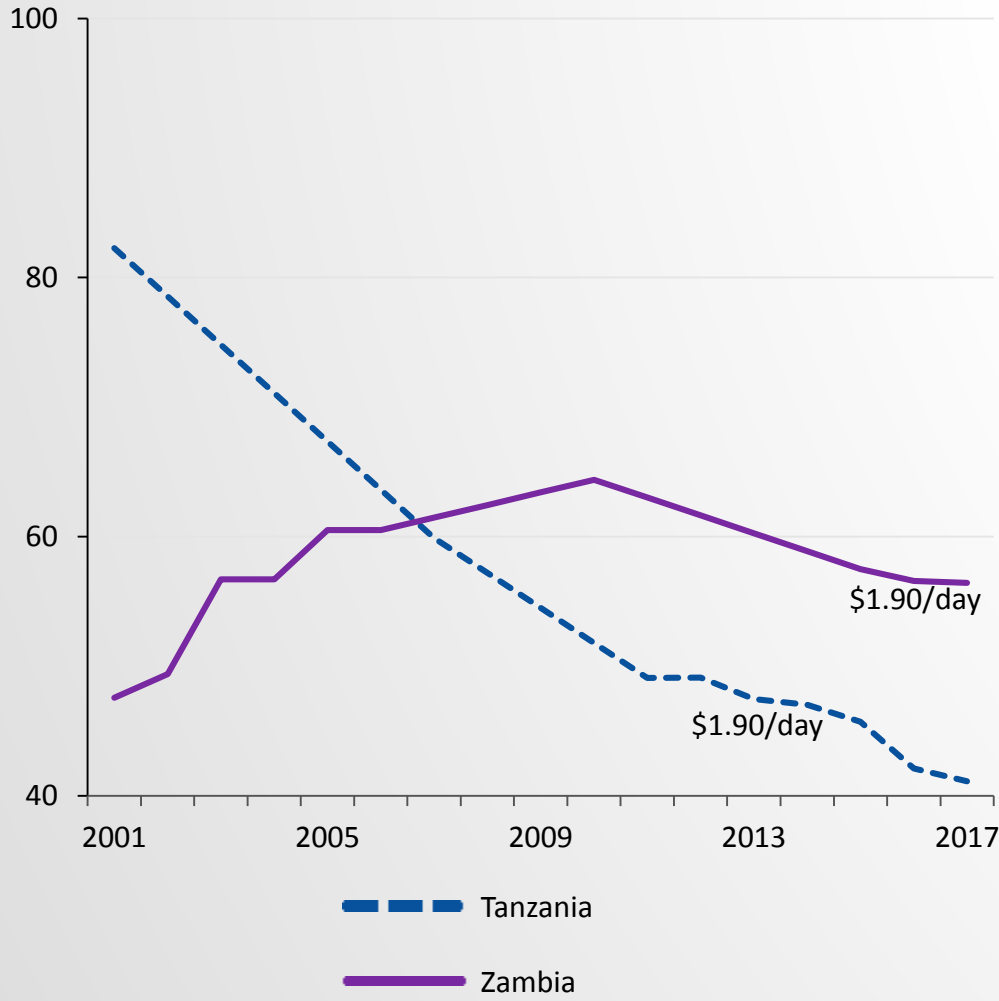
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# Changes in poverty headcounts at different thresholds

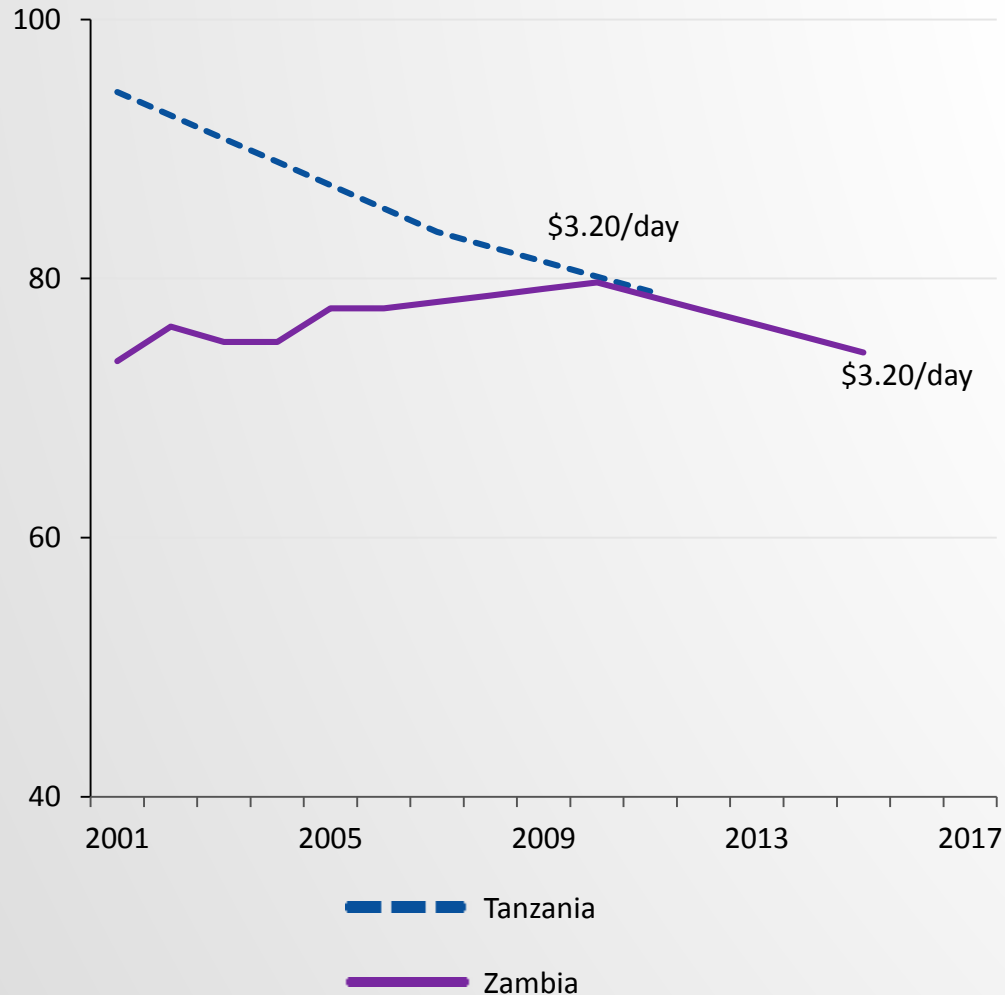
## Poverty headcount at \$1.90/day:

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

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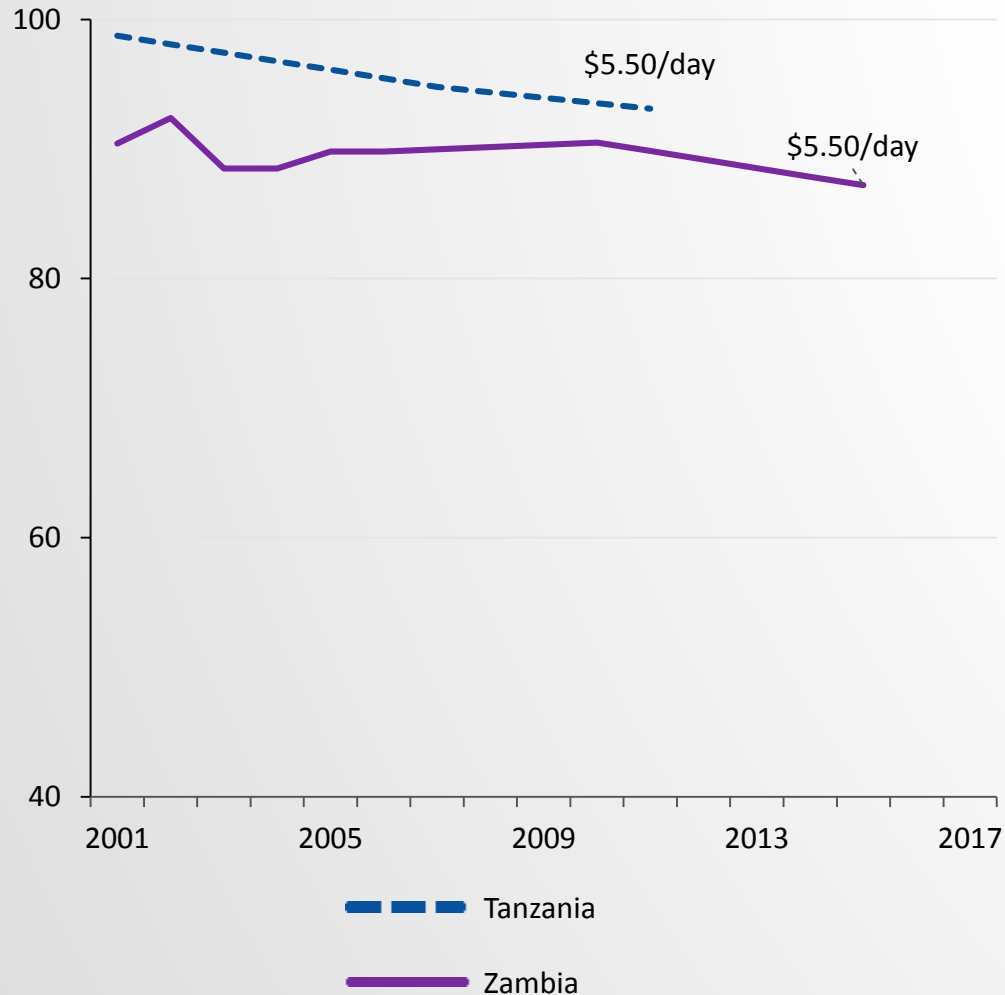
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Source: UN/DESA estimates based on WB data



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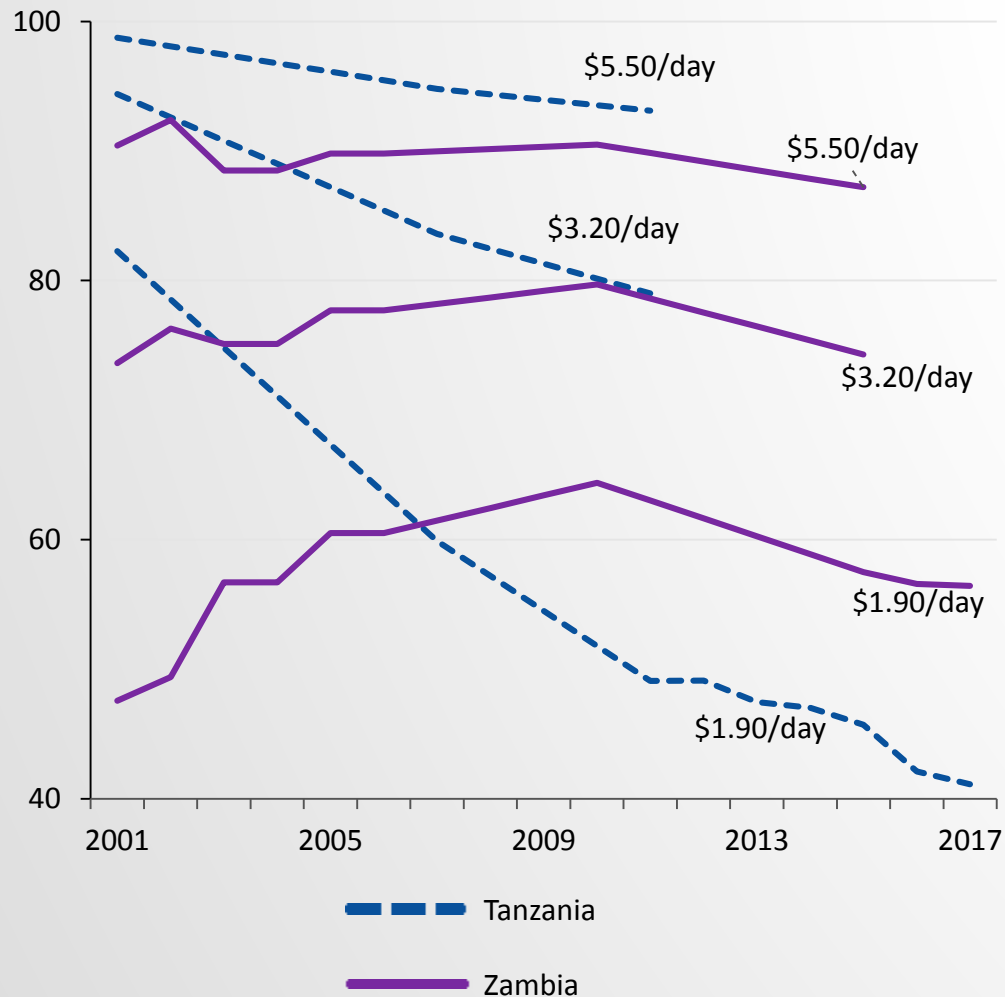
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# Changes in poverty headcounts at different thresholds



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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

# *It matters where the growth happens*

	Income distribution group	2000	2011	Change, 2000-11
<b>Tanzania</b>	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

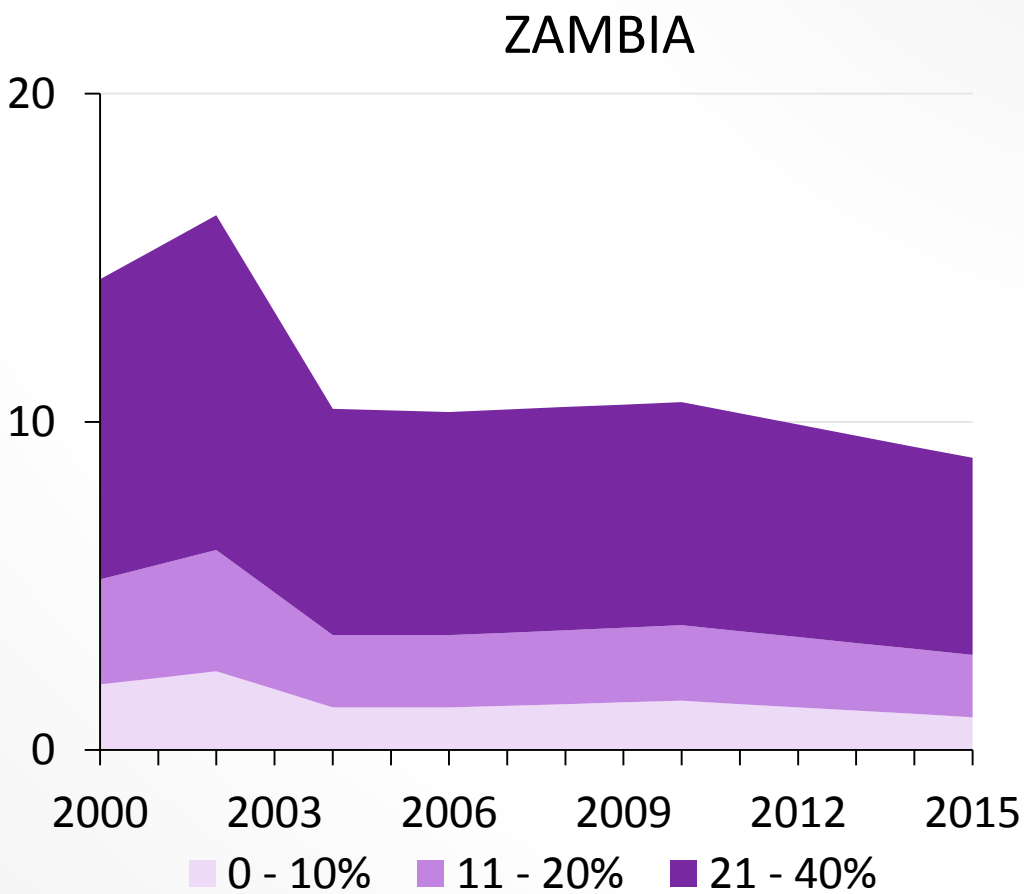
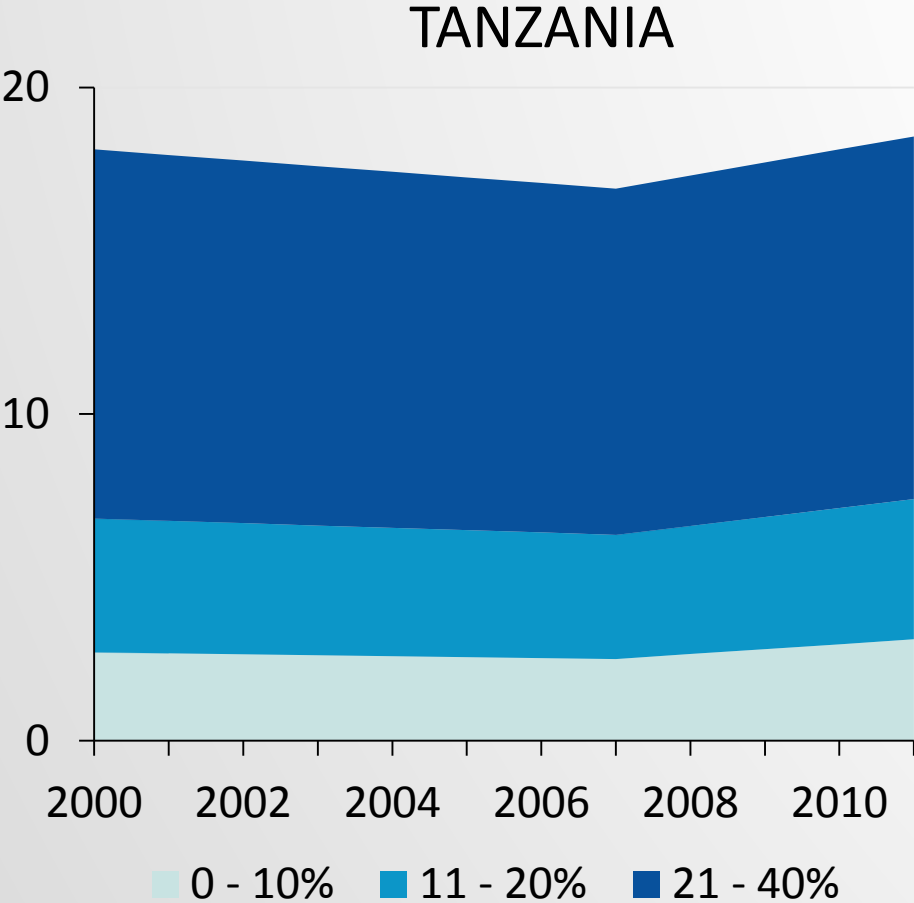
	Income distribution group	2000	2015	Change 2000-15
<b>Zambia</b>	91 - 100%	36.0	44.4	8.5
	81 - 90%	15.6	16.9	1.4
	61 - 80%	20.6	19.3	-1.3
	41 - 60%	13.5	10.6	-2.9
	21 - 40%	9.2	6.0	-3.2
	11 - 20%	3.2	1.9	-1.3
	0 - 10%	2.0	1.0	-1.0

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	Income distribution group	2000	2011	Change, 2000-11		Income distribution group	2000	2015	Change 2000-15
<b>Tanzania</b>	91 - 100%	28.9	31.0	2.1	<b>Zambia</b>	91 - 100%	36.0	44.4	8.5
	81 - 90%	15.8	14.8	-1.0		81 - 90%	15.6	16.9	1.4
	61 - 80%	21.9	20.7	-1.2		61 - 80%	20.6	19.3	-1.3
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	0 - 10%	2.7	3.1	0.4		0 - 10%	2.0	1.0	-1.0

# *It matters where the growth happens*

*Income share by income distribution group, per cent*



Source: UN/DESA estimates based on WB data

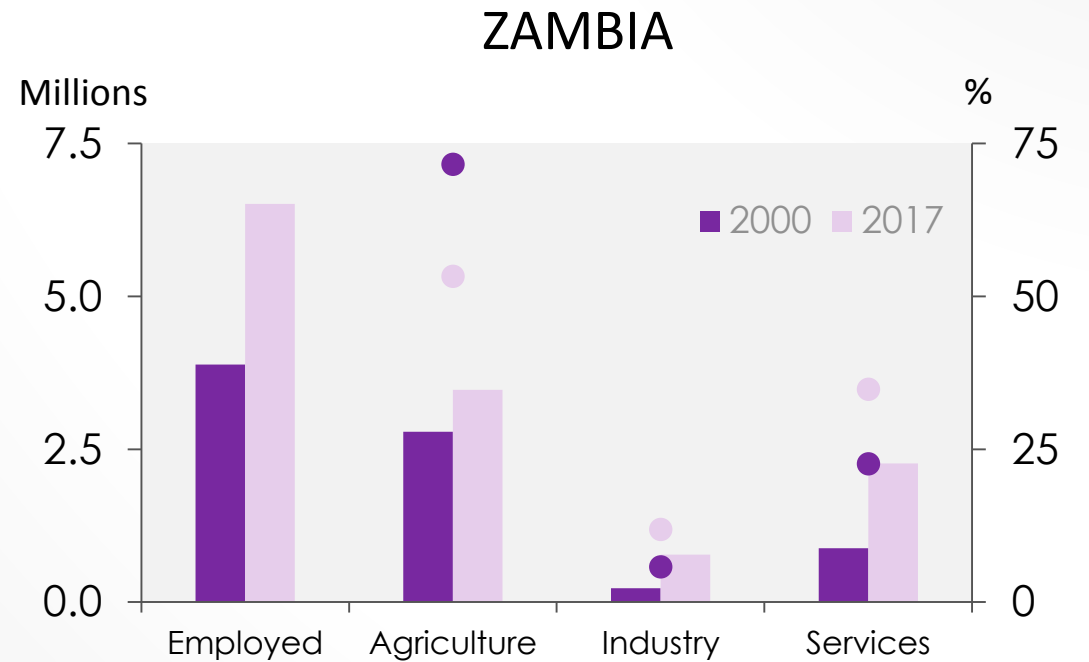
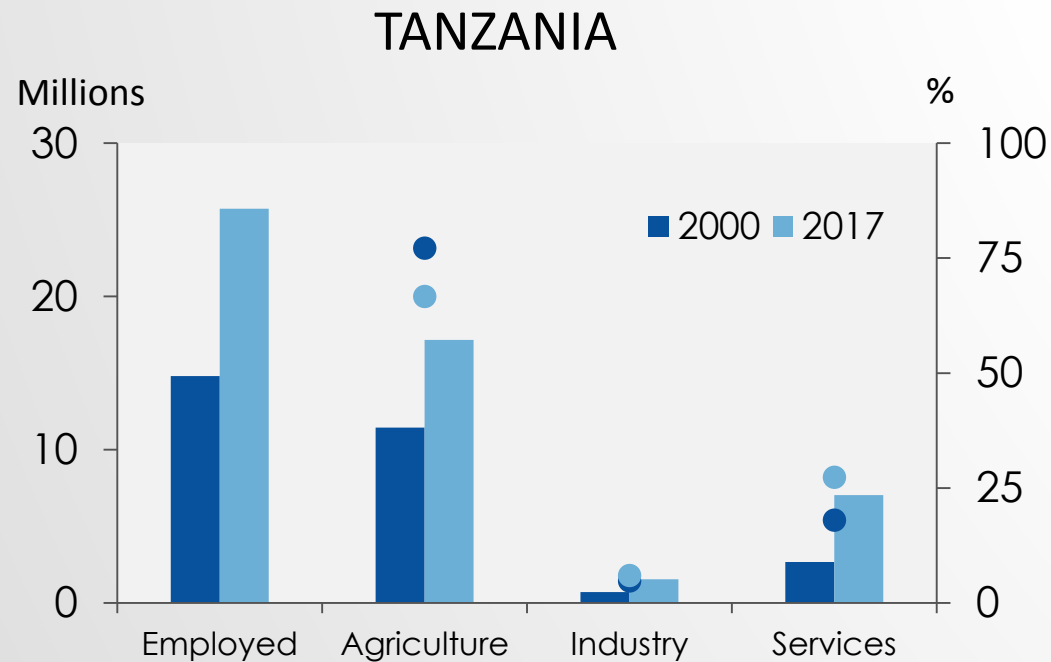
## Gross National Income per capita total growth, constant 2010 USD, by income group\*

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%	<b>-11%</b>

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

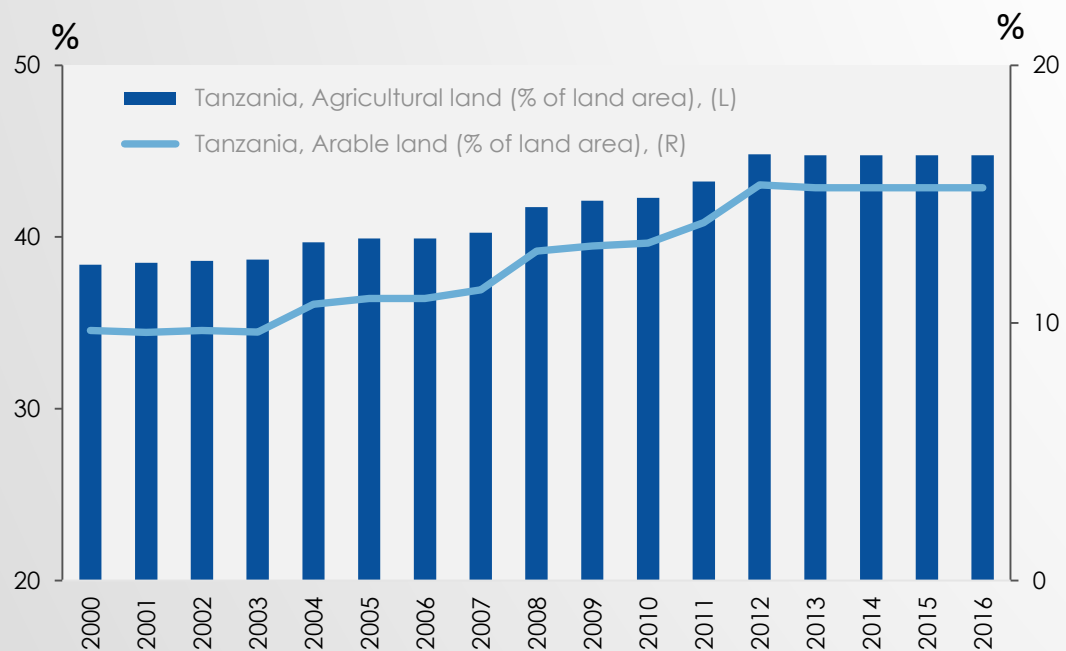
# Labour Markets

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

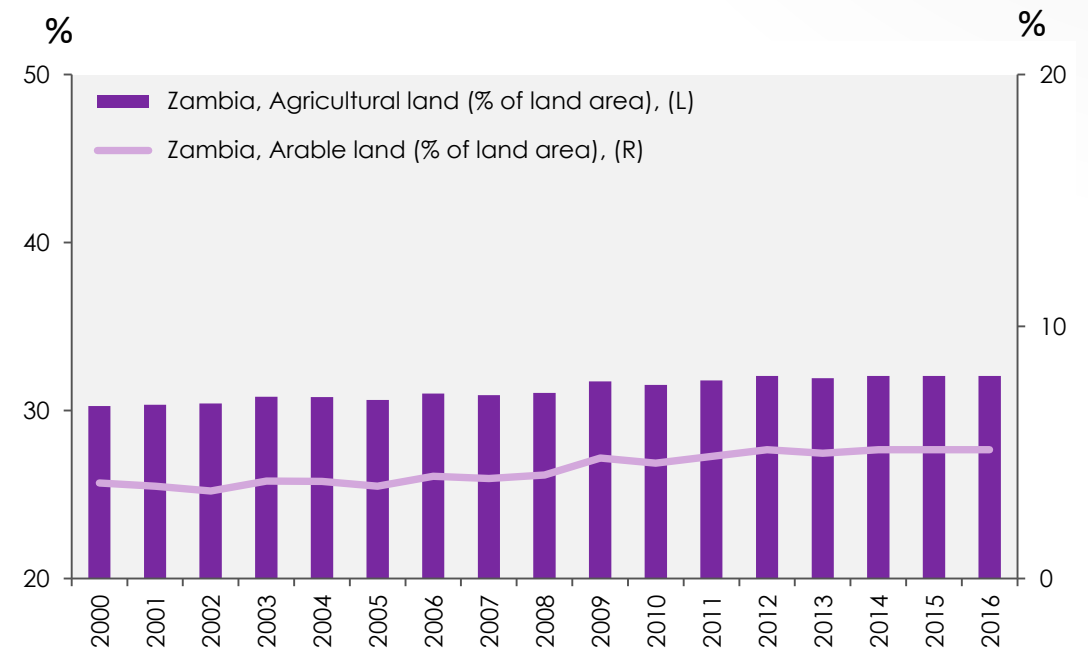


# Agricultural and arable land expansion

## TANZANIA

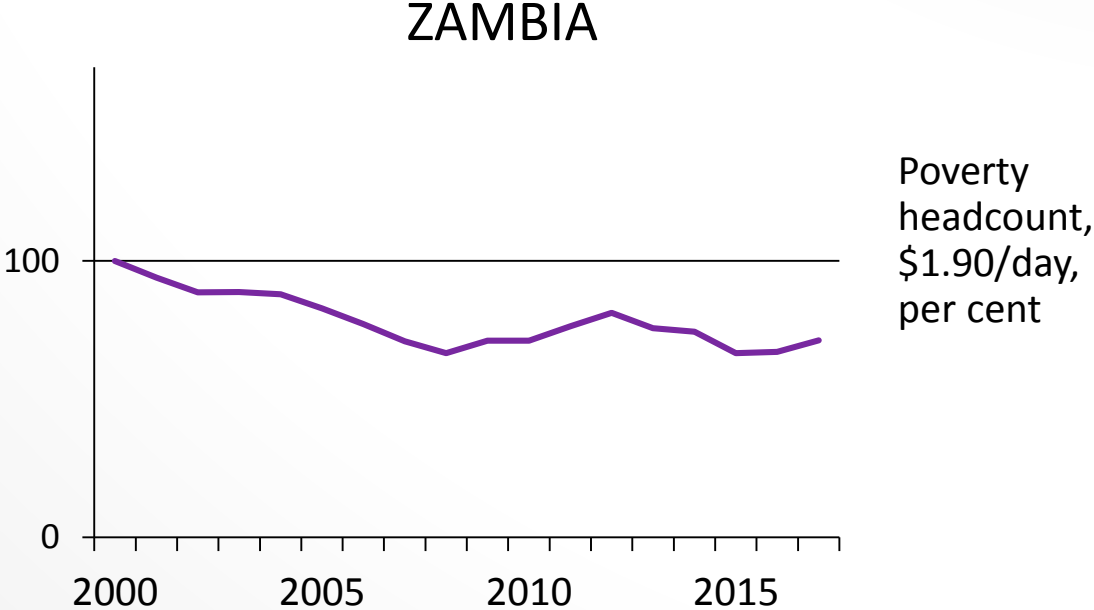
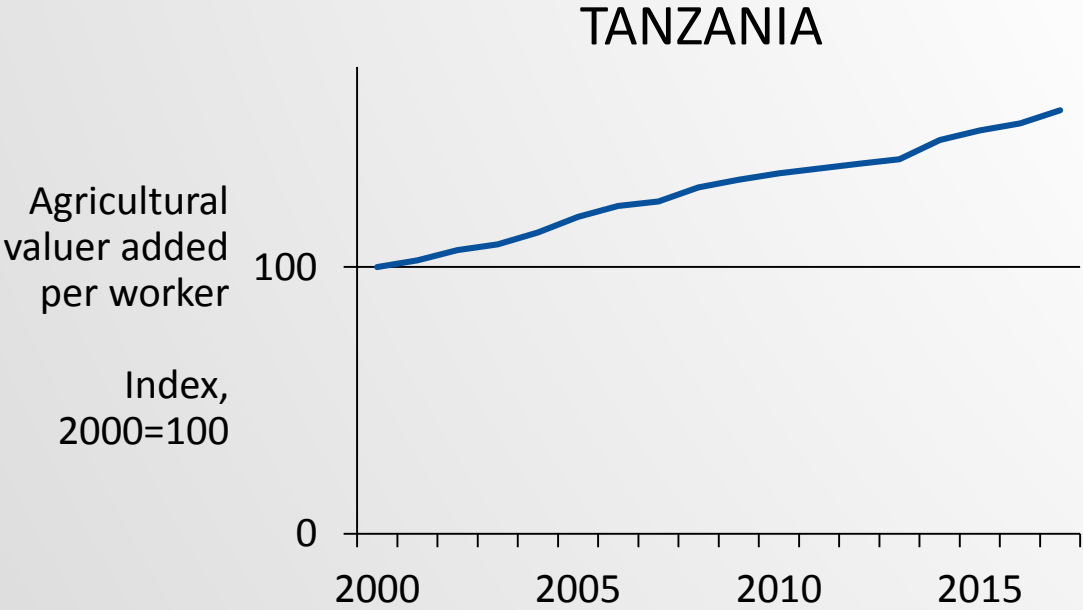


## ZAMBIA



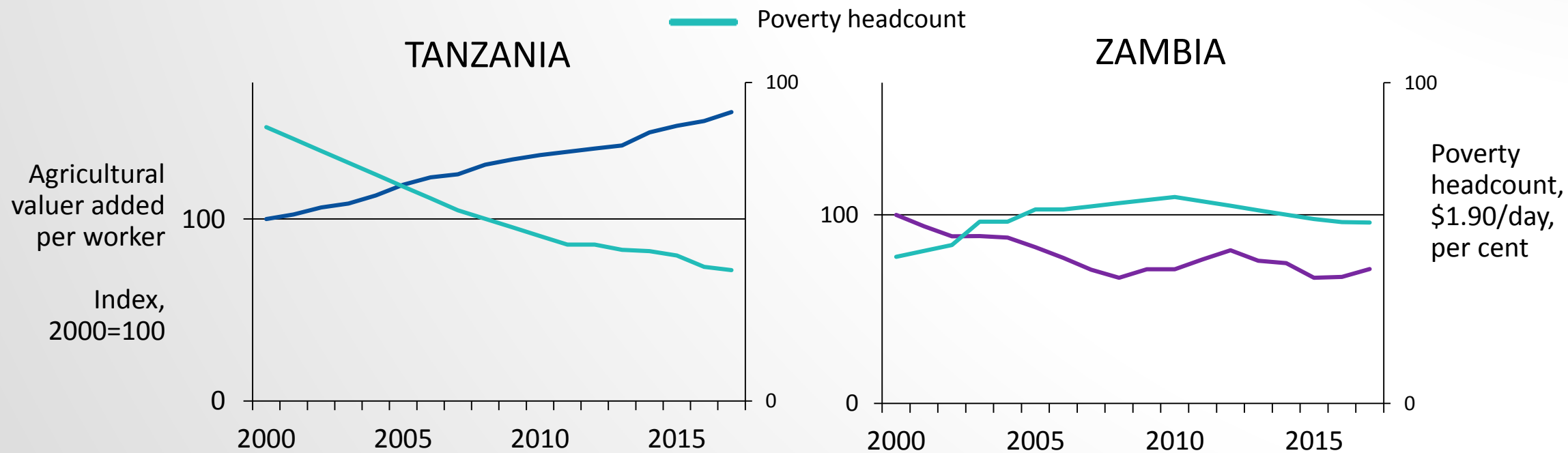


# Growth of agricultural value added per worker points to:

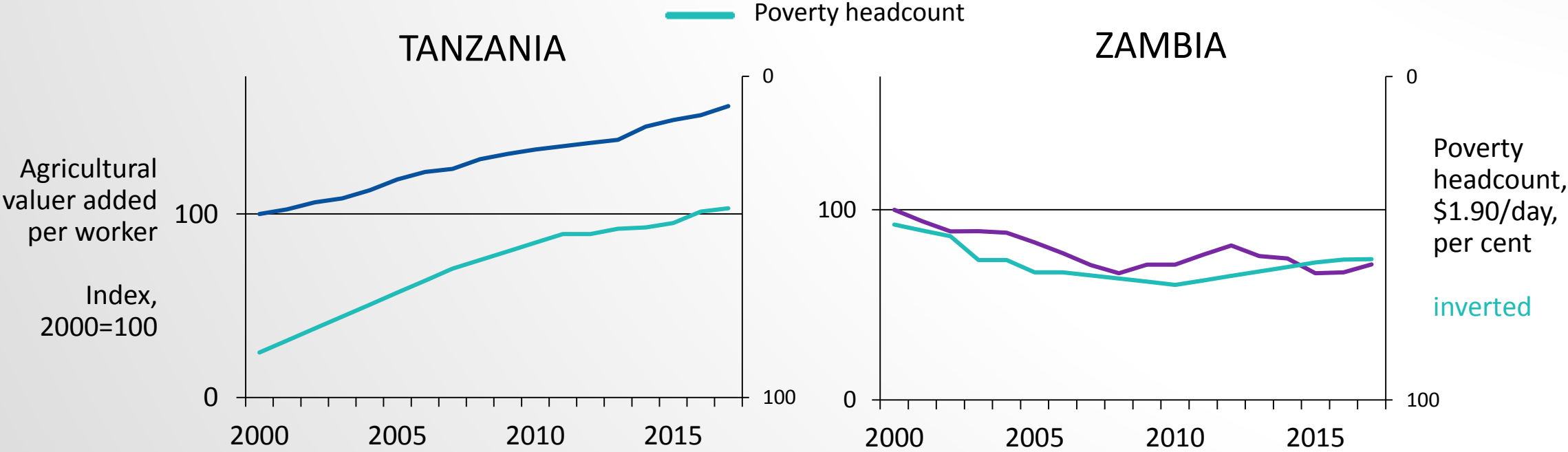


Source: UN/DESA estimates; World Development Indicators, World Bank.

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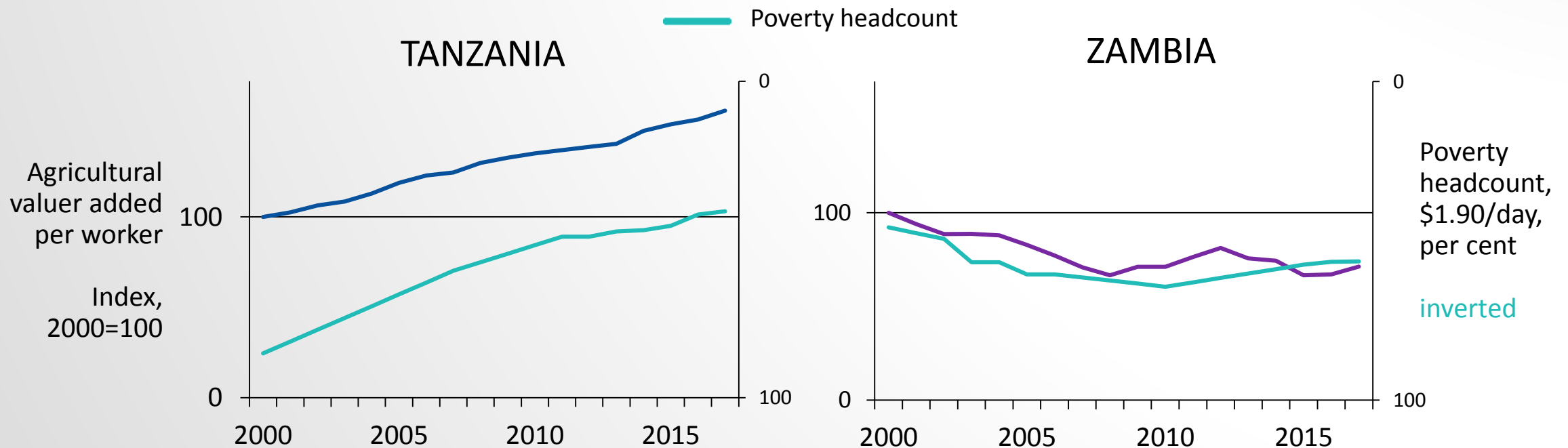
# Growth of agricultural value added per worker points to:



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

