

World Poverty - Challenges and Solutions

This article aims to address some of the challenges of world poverty and the measures being taken to fight it globally.

Throughout recent decades, it has been said that the world is enjoying an “economic boom.” As developing nations such as India and China industrialize, new money permeates global markets. This time of widening financial circles and liberalized trade is commonly referred to as globalization. Though this economic shift is often seen as an opportunity for greater prosperity for the world’s people, profits are still not equally shared, if shared at all. The age-old saying “the rich get richer and the poor get poorer” is proven again, as literally billions of people are left behind.

Today, the economic status quo has so tightly concentrated wealth that half of all the goods and capital in the world belongs to the richest two percent of people. At the other end of the spectrum, the three billion people who make up the poorer half of the human population collectively own barely one percent. This translates into severe poverty for over a billion people who live on a dollar a day or less. Commodities such as motor vehicles, medicine or even running water – all things that the wealthy take for granted—are inaccessible or nonexistent for the majority of the world’s people.

With international business thriving, why are income disparity and world poverty so great? One explanation is that the growth of jobs is not proportionate to the growth of the global economy; for every percentage point of economic growth, employment in the formal sector only rises by 0.3 percent. Many expanding industries rely on machinery or intellectual property rather than human labor, concentrating wealth in the hands of few, while the majority of world citizens are left untouched. As competition for natural resources rises, the poor have an increasingly difficult time securing basic necessities.

The evidence of growing world poverty is powerful. Throughout the 1990s, as globalization was taking flight, the number of documented chronically hungry people rose by 18 million. That figure continues to grow at a pace of 4 million each year, and every day, 25,000 people die from causes related to hunger and poverty – including starvation, malnutrition or preventable diseases. We may not acknowledge this ongoing tragedy as a war in the traditional sense, but in essence, a war is being waged on the world’s poor, and it is many times more destructive than the conflicts we see on the nightly news. For example, the Iraq conflict, which has received abundant attention from the media and the political world, has killed roughly the same number of people in five years as poverty kills in four days.

For those at the very bottom of the pyramid, who suffer poor health or the possibility of death from causes related to their economic condition, immediate aid is necessary. The wealthy citizens of the developed world can share their resources with those less fortunate in order to save lives or relieve suffering people. However, as critical as direct aid is in alleviating immediate circumstances, it is not a long-term solution to poverty. A poverty alleviation model is needed that will give the poor access to the resources they need to be self-sufficient. The world economy needs systemic and sustainable change.

The United Nations, as well as many governments, non-governmental organizations and experts in international development have asserted that microfinance is a powerful tool for creating such change. [Microfinance](#) is a system of providing financial services – such as loans, insurance or

savings – to individuals in impoverished nations who do not have access to formalized employment and therefore own and operate their own tiny enterprises. Whether it's selling vegetables in a market, sewing clothes or running a salon, access to financial services makes the endeavor more profitable and efficient. And every client touched by microfinance can improve the lives of family members, employees and neighbors in fundamental ways. For millions, this results in better nutrition, children who can stay in school, a roof that doesn't leak and a more secure future.

If we are to solve the crisis of world poverty, all of the world's people must embrace an economic system that promotes equality and empowerment for the poor. The transition will not be simple and it will require all of us to act, but through ingenuity and compassion, a brighter future is possible. ACCION is working to secure that future by pioneering effective and efficient strategies for improving and expanding microfinance to the world's poor.

For more information on microfinance and how ACCION works to help millions help themselves, [please visit our FAQs page](#).