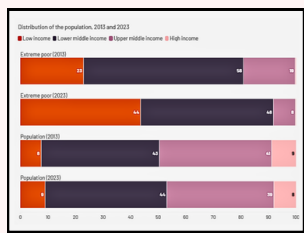


“Economics is behind everything”



Explained

Global Poverty Shifts: Africa, Children Bear Brunt of Extreme Poverty



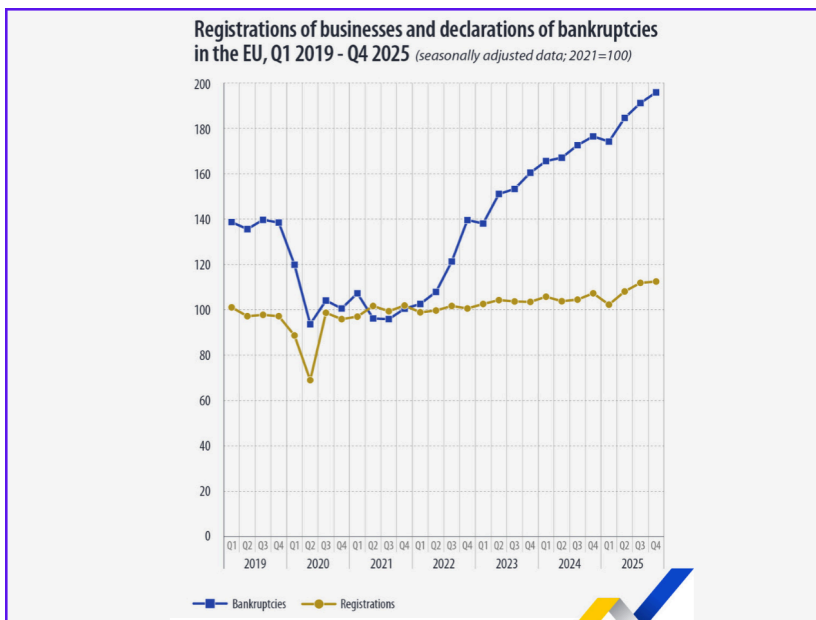
Global News

Cybersecurity: The New Frontier in Economic Development

Global News

EU Business Activity Shows Resilience Amid Uncertainty

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EU Business Activity Shows Resilience Amid Uncertainty

Recent statistics on Eurostat indicated a rather sporadic but quite robust trend in business activity in the European Union in the fourth quarter of 2025. Incorporations of new businesses and bankruptcy filings were also growing, meaning that there was additional economic churning in the industries. Registrations of new businesses increased by 0.5% in the fourth quarter of 2025 as compared to the third quarter. Even though the growth is small, it is an indicator that, despite the prevailing economic uncertainty, activity among the entrepreneurs is not decreasing. At the same time, the volume of bankruptcy announcements grew even faster, by 2.5 percent quarter-to-quar-

ter, which means that the business of certain firms continues to be under a budget. Differences are quite prominent within sectoral trends. The number of registered businesses had grown in five out of the eight sectors that were being monitored. The best growth was registered in the information and communication sector, whereby the number of new companies formed shot up by 6.4%. Industry was next with a strong 4.9% growth, and at the same time, accommodation and food services registered a lower growth of 1.3%. Registrations were, however, reporting a slight fall in trade (-0.3%), construction (-0.1%), and transport (-0.1%), indicating dissimilar momentum in all of the business economy. The bankruptcy statistics create a much more diversified picture, but with larger expansions. There was an increase in insolvency declarations in six of the eight sectors. There was the highest increase in accommodation and food services (8.6%), which shows a constant cost and demand pressure in the hospitality segment. The information and communication sector had the largest number of bankruptcies at 7.9 percent, and transport registered 5.6 percent. In comparison, trade (-3.4%) and finance (-0.7%) have shown small improvements. Altogether, recent data indicate that the business environment of the EU is evolving and volatile, at the same time, with new companies being formed regularly, and with the increasing insolvency rates in some of the most stable sectors.



Cybersecurity: The New Frontier in Economic Development

Digital technologies are rapidly changing the ways economies operate and delivering many essential public services, but they are also increasing the number of vulnerabilities that will likely disrupt these essential services and erode public confidence. The ransomware attack that was conducted globally in 2021 and the crisis that occurred in Costa Rica in 2022 are examples of the serious risk that countries face, both economically and institutionally, as a result of weak cyber-resilience. Cybersecurity has evolved from being solely a technical issue that required information technology specialists to being a critical enabler of economic development, national security, and inclusive digital development in today's world.

The World Bank Group has clearly stated that systems that meet the criteria of being secure and trustworthy are prerequisites for a country that is committed to the successful digital transformation of its economy. The World Bank Group has also assisted countries in developing long-term, coordinated strategies, including supporting reforms in Ghana to create a national cybersecurity authority and improve its ability to respond to security incidents, allowing the country to be viewed as a regional leader. In addition, the World Bank Group's investments in the Philippines are seeking to increase the resilience of broadband infrastructure by supporting early identification of threats and providing faster response time. Deploy

ed stand-alone technical solutions and fragmented policy frameworks are clearly inadequate when operating in a connected digital realm. A national cybersecurity strategy allows governments to establish their top priorities and appropriate resource allocation and institutional role clarity, as well as alignment between cybersecurity and larger development objectives. This trend of developing national strategies is increasingly being recognized around the globe, as evidenced by the growing number of countries deploying such strategies, as tracked by the International Telecommunications Union. This new edition of the Guide to Developing a National Cybersecurity Strategy builds on lessons learned globally and emphasizes risk management, the protection of critical services, sustainable funding, and skills development as key elements of an effective National Cybersecurity Strategy. Ultimately, while strategies help guide the overall approach to achieving cyber resilient development, it is the effective leadership, provision of financing, and implementation of these strategies that will determine whether cyber resiliency programs achieve sustainable development.



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Global Poverty Shifts: Africa, Children Bear Brunt of Extreme Poverty

Explained

The World Bank article describes how features of extreme poverty have changed in the last ten years, utilizing the recently updated Global Monitoring Database. The GMD is the world's largest harmonized household survey database, including data from over 150 countries. Unfortunately, while worldwide poverty levels have declined overall, the new data demonstrate that there have been dramatic changes in both where the concentrated areas of poverty are and who is most affected by said poverty. This information will be of great value when policymaking has to be created or when programs must be developed in the future. One of the key findings revealed through this analysis is how the concen-

-tration of extreme poverty has been rising rapidly in low-income countries when compared to the overall global extreme poor population being located elsewhere throughout the world.

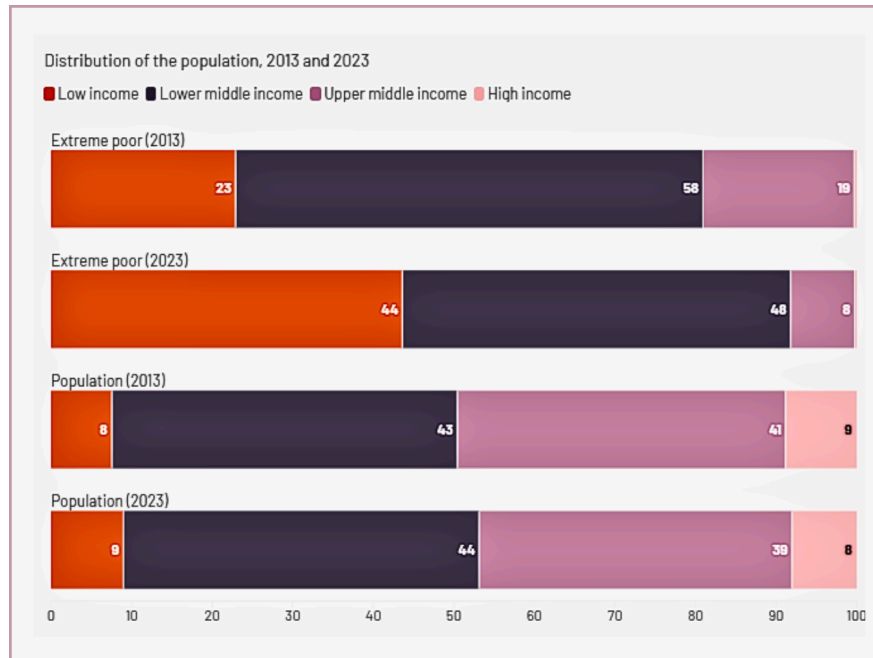
Even though the share of the global population living in low-income countries has only grown from approximately 8% of the global population in 2013 to an estimated 9% of the global population in 2023, there has been a near doubling of the proportion of the global extreme poor residing in low-income countries (from 23% in 2013 to 44% in 2023). In the

past, large numbers of the world's extreme poor resided in lower-middle-income countries, but now, poverty is more concentrated in the very poorest economies around the world. This trend is reflective of greater poverty reduction progress being made by middle-income countries relative to low-income countries (which continue to face numerous structural and environmental challenges, as well as the speed of economic growth). A significant change in poverty trends has been the rise in geographical concentration of poverty in Sub-Saharan Africa. In the last decade, poverty rates fell globally across all regions; however, they generally increased or remained stagnant both in Africa and in the Middle East/North Africa. The vast majority (approximately 50 percent) of people living in extreme poverty globally were located in South Asia and East Asia/Pacific as of 2013. By 2023, this number decreased to approximately 15 percent of the world's population.

Conversely, Africa's share of the global extremely poor population increased from 40 percent of the global extremely poor population to 70 percent of the global extremely poor population today. Thus, a majority of the world's extreme poor today live in Sub-Saharan Africa, making Sub-Saharan Africa the primary area of emphasis in the global effort to eliminate extreme poverty. Even though we are seeing great strides in the global community regarding poverty, it still predominantly exists in rural areas. Both urban and rural areas have seen a decline in their respective rates of poverty, but the largest improvement was seen in rural areas. Extreme poverty in rural areas fell from 26.7% in 2013 to 17.4% in 2023. Although urban poverty declined, the decline was smaller than in rural areas, from 7.6% down to 6%. Today's population is split evenly between rural and urban areas due to the trend toward global urbanization; however, nearly 75% of people living in extreme poverty still live in rural areas. The rural-urban divide is very evident in Africa, and approximately five out of every seven individuals who are classified as poor live in rural communities within the continent of Africa. Additionally, Africa is unique because both rural and urban poverty rates have grown over the last ten years. While other areas have seen declines in their respective rates of urban poverty, urban poverty in the African continent increased by approximately four percentage points, resulting in approximately 50 million additional people living in poverty in urban areas of Africa. Rural areas in sub-Saharan Africa make up only approximately 10 percent of the global population, but more than half of all people living in extreme poverty around the world reside there. The percentage of people living in extreme poverty in rural areas of sub-Saharan Africa increased dramatically from 33 percent in 2013 to 53 percent as of 2023. The percentage of the world's total poor

who reside in urban areas of Africa has more than doubled since 2013, despite urban areas of Africa comprising a small proportion of the global population. There is, therefore, an imbalance between where people live (urban versus rural), the level of poverty among those people (made even more apparent by the rapid growth of the percentage of poor living in urban areas), and the availability of resources (e.g., infrastructure, economic opportunity, etc.) to support those people. There has been a significant change in terms of who makes up the population that falls below the poverty line today. More than half (or 46%) of those living in extreme poverty today are less than 15 years of age. This means over 50% of all people living in extreme poverty are children. Despite overall decreases in poverty rates for all age groups, there has been less of a decrease when it comes to youth (age 15 to 24) than with adults (over age 25).

Therefore, once again, children continue to have the highest rates of poverty and generally have rates that are significantly greater than rates for adults (over 25). With this being a trend that raises issues relating to generational poverty, children who are raised in poverty will very likely receive a limited level of education and health care, resulting ultimately in fewer opportunities for future earnings, thus



causing their parents to continue to live in generational poverty. The last decade has shown a mixed record of progress as well as an enduring set of challenges. While there has been great success in reducing global poverty levels, including achieving significant positive change by many countries, especially in the middle-income category, the continuing concentration of poverty in the world's least developed nations, in rural areas, particularly in Africa, and among children and youth, shows that even though legitimate and sustainable economic growth has contributed to reducing global poverty, not all areas and groups have benefited equally from this growth.

As a result, the findings point to an urgent need for greater targeting of interventions. Policies must be developed that target areas of highest poverty, notably, low-income countries and Sub-Saharan Africa, while at the same time addressing rural development issues, education, child welfare, and job opportunities for youth. If such interventions are not made, the next generation will likely remain in poverty, due in large part to structural inequalities associated with their geographic, demographic, and resource-disadvantaged circumstances. Finally, the article highlights the importance of high-quality data for understanding the issue of poverty. Comprehensive household surveys are necessary, but most often, the sample of surveyed households fails to contain complete records of demographic characteristics or contain responses. Nevertheless, through improved data systems such as the Global Monitoring Database, researchers have made great progress in generating sound and useful information that will help develop more evidence-based, effective public policy. Overall, global extreme poverty has decreased, but it is being concentrated in certain geographical areas and among vulnerable populations. The primary areas of the global poverty challenge will be in rural Africa, low-income countries, and children. Addressing these differences will be essential for making progress toward meaningful and inclusive poverty reduction in the years ahead.

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