



# 2.7

## Poverty

	National poverty line								International poverty line				
	Population below the poverty line				Population below the poverty line				Survey year	Population below \$1 a day %	Poverty gap at \$1 a day %	Population below \$2 a day %	Poverty gap at \$2 a day %
	Survey year	Rural %	Urban %	National %	Survey year	Rural %	Urban %	National %					
Afghanistan	..	..	..	..	..	..	..	..	..	..	..	..	
Albania	2002	29.6	19.8	25.4	..	..	..	..	2002 <sup>a</sup>	<2	<0.5	11.8	2.0
Algeria	1988	16.6	7.3	12.2	1995	30.3	14.7	22.6	1995 <sup>a</sup>	<2	<0.5	15.1	3.8
Angola	..	..	..	..	..	..	..	..	..	..	..	..	..
Argentina	1995	..	28.4	..	1998	..	29.9	..	2003 <sup>b</sup>	7.0	2.0	23.0	8.4
Armenia	1998–99	50.8	58.3	55.1	2001	48.7	51.9	50.9	2003 <sup>a</sup>	<2	<0.5	31.1	7.1
Australia	..	..	..	..	..	..	..	..	..	..	..	..	..
Austria	..	..	..	..	..	..	..	..	..	..	..	..	..
Azerbaijan	1995	..	..	68.1	2001	42.0	55.0	49.0	2002 <sup>a</sup>	<2	<0.5	<2	<0.5
Bangladesh	1995–96	55.2	29.4	51.0	2000	53.0	36.6	49.8	2000 <sup>a</sup>	36.0	8.1	82.8	36.3
Belarus	2000	..	..	41.9	..	..	..	..	2002 <sup>a</sup>	<2	<0.5	<2	<0.5
Belgium	..	..	..	..	..	..	..	..	..	..	..	..	..
Benin	1995	25.2	28.5	26.5	1999	33.0	23.3	29.0	2003 <sup>a</sup>	30.9	8.2	73.7	31.7
Bolivia	1997	77.3	53.8	63.2	1999	81.7	50.6	62.7	2002 <sup>b</sup>	23.2	13.6	42.2	23.2
Bosnia and Herzegovina	2001–02	19.9	13.8	19.5	..	..	..	..	..	..	..	..	..
Botswana	..	..	..	..	..	..	..	..	1993 <sup>a</sup>	23.5	7.7	50.1	22.8
Brazil	1996	54.0	15.4	23.9	1998	51.4	14.7	22.0	2003 <sup>b</sup>	7.5	3.4	21.2	8.5
Bulgaria	1997	..	..	36.0	2001	..	..	12.8	2003 <sup>a</sup>	<2	<0.5	6.1	1.5
Burkina Faso	1998	61.1	22.4	54.6	2003	52.4	19.2	46.4	2003 <sup>a</sup>	27.2	7.3	71.8	30.4
Burundi	1990	36.0	43.0	36.4	..	..	..	..	1998 <sup>a</sup>	54.6	22.7	87.6	48.9
Cambodia	1997	40.1	21.1	36.1	1999	40.1	13.9	35.9	1997 <sup>a</sup>	34.1	9.7	77.7	34.5
Cameroon	1996	59.6	41.4	53.3	2001	49.9	22.1	40.2	2001 <sup>a</sup>	17.1	4.1	50.6	19.3
Canada	..	..	..	..	..	..	..	..	..	..	..	..	..
Central African Republic	..	..	..	..	..	..	..	..	1993 <sup>a</sup>	66.6	38.1	84.0	58.4
Chad	1995–96	67.0	63.0	64.0	..	..	..	..	..	..	..	..	..
Chile	1996	..	..	19.9	1998	..	..	17.0	2000 <sup>b</sup>	<2	<0.5	9.6	2.5
China	1996	7.9	<2	6.0	1998	4.6	<2	4.6	2001 <sup>a</sup>	16.6	3.9	46.7	18.4
Hong Kong, China	..	..	..	..	..	..	..	..	..	..	..	..	..
Colombia	1995	79.0	48.0	60.0	1999	79.0	55.0	64.0	2003 <sup>b</sup>	7.0	3.1	17.8	7.7
Congo, Dem. Rep.	..	..	..	..	..	..	..	..	..	..	..	..	..
Congo, Rep.	..	..	..	..	..	..	..	..	..	..	..	..	..
Costa Rica	1992	25.5	19.2	22.0	..	..	..	..	2001 <sup>b</sup>	2.2	0.8	7.5	2.8
Côte d'Ivoire	..	..	..	..	..	..	..	..	2002 <sup>a</sup>	14.8	4.1	48.8	18.4
Croatia	..	..	..	..	..	..	..	..	2001 <sup>a</sup>	<2	<0.5	<2	<0.5
Cuba	..	..	..	..	..	..	..	..	..	..	..	..	..
Czech Republic	..	..	..	..	..	..	..	..	1996 <sup>b</sup>	<2	<0.5	<2	<0.5
Denmark	..	..	..	..	..	..	..	..	..	..	..	..	..
Dominican Republic	1992	49.0	19.3	33.9	1998	42.1	20.5	28.6	2003 <sup>b</sup>	2.5	0.8	11.0	3.6
Ecuador	1995	56.0	19.0	34.0	1998	69.0	30.0	46.0	1998 <sup>b</sup>	15.8	6.3	37.2	15.8
Egypt, Arab Rep.	1995–96	23.3	22.5	22.9	1999–2000	..	..	16.7	1999–2000 <sup>a</sup>	3.1	<0.5	43.9	11.3
El Salvador	1992	55.7	43.1	48.3	..	..	..	..	2002 <sup>b</sup>	19.0	9.3	40.6	17.7
Eritrea	1993–94	..	..	53.0	..	..	..	..	..	..	..	..	..
Estonia	1995	14.7	6.8	8.9	..	..	..	..	2003 <sup>a</sup>	<2	<0.5	7.5	1.9
Ethiopia	1995–96	47.0	33.3	45.5	1999–2000	45.0	37.0	44.2	1999–2000 <sup>a</sup>	23.0	4.8	77.8	29.6
Finland	..	..	..	..	..	..	..	..	..	..	..	..	..
France	..	..	..	..	..	..	..	..	..	..	..	..	..
Gabon	..	..	..	..	..	..	..	..	..	..	..	..	..
Gambia, The	1992	..	..	64.0	1998	61.0	48.0	57.6	1998 <sup>a</sup>	59.3	28.8	82.9	51.1
Georgia	2002	55.4	48.5	52.1	2003	52.7	56.2	54.5	2003 <sup>a</sup>	6.5	2.1	25.3	8.6
Germany	..	..	..	..	..	..	..	..	..	..	..	..	..
Ghana	1992	..	..	50.0	1998–99	49.9	18.6	39.5	1998–99 <sup>a</sup>	44.8	17.3	78.5	40.8
Greece	..	..	..	..	..	..	..	..	..	..	..	..	..
Guatemala	1989	71.9	33.7	57.9	2000	74.5	27.1	56.2	2002 <sup>b</sup>	13.5	5.5	31.9	13.8
Guinea	1994	..	..	40.0	..	..	..	..	..	..	..	..	..
Guinea-Bissau	..	..	..	..	..	..	..	..	..	..	..	..	..
Haiti	1987	..	..	65.0	1995	66.0	..	..	2001 <sup>b</sup>	53.9	26.6	78.0	47.4

	National poverty line								International poverty line				
	Survey year	Population below the poverty line			Survey year	Population below the poverty line			Survey year	Population below \$1 a day %	Poverty gap at \$1 a day %	Population below \$2 a day %	Poverty gap at \$2 a day %
		Rural %	Urban %	National %		Rural %	Urban %	National %					
Honduras	1997	58.0	35.0	47.0	1999	58.0	37.0	48.0	1999 <sup>b</sup>	20.7	7.5	44.0	20.2
Hungary	1993	..	..	14.5	1997	..	..	17.3	2002 <sup>a</sup>	<2	<0.5	<2	<0.5
India	1993-94	37.3	32.4	36.0	1999-2000	30.2	24.7	28.6	1999-2000 <sup>a</sup>	34.7	8.2	79.9	35.3
Indonesia	1996	..	..	15.7	1999	34.4	16.1	27.1	2002 <sup>a</sup>	7.5	0.9	52.4	15.7
Iran, Islamic Rep.	..	..	..	..	..	..	..	..	1998 <sup>a</sup>	<2	<0.5	7.3	1.5
Iraq	..	..	..	..	..	..	..	..	..	..	..	..	..
Ireland	..	..	..	..	..	..	..	..	..	..	..	..	..
Israel	..	..	..	..	..	..	..	..	..	..	..	..	..
Italy	..	..	..	..	..	..	..	..	..	..	..	..	..
Jamaica	1995	37.0	18.7	27.5	2000	25.1	12.8	18.7	2000 <sup>a</sup>	<2	<0.5	13.3	2.7
Japan	..	..	..	..	..	..	..	..	..	..	..	..	..
Jordan	1991	..	..	15.0	1997	..	..	11.7	2002-03 <sup>a</sup>	<2	<0.5	7.0	1.5
Kazakhstan	1996	39.0	30.0	34.6	..	..	..	..	2003 <sup>a</sup>	<2	<.5	16.0	3.8
Kenya	1994	47.0	29.0	40.0	1997	53.0	49.0	52.0	1997 <sup>a</sup>	22.8	5.9	58.3	23.9
Korea, Dem. Rep.	..	..	..	..	..	..	..	..	..	..	..	..	..
Korea, Rep.	..	..	..	..	..	..	..	..	1998 <sup>b</sup>	<2	<0.5	<2	<0.5
Kuwait	..	..	..	..	..	..	..	..	..	..	..	..	..
Kyrgyz Republic	2000	56.4	43.9	52.0	2001	51.0	41.2	47.6	2003 <sup>a</sup>	<2	<0.5	21.4	4.4
Lao PDR	1993	48.7	33.1	45.0	1997-98	41.0	26.9	38.6	2002 <sup>a</sup>	27.0	6.1	74.1	30.2
Latvia	..	..	..	..	..	..	..	..	2003 <sup>a</sup>	<2	<0.5	4.7	1.2
Lebanon	..	..	..	..	..	..	..	..	..	..	..	..	..
Lesotho	..	..	..	..	..	..	..	..	1995 <sup>a</sup>	36.4	19.0	56.1	33.1
Liberia	..	..	..	..	..	..	..	..	..	..	..	..	..
Libya	..	..	..	..	..	..	..	..	..	..	..	..	..
Lithuania	..	..	..	..	..	..	..	..	2003 <sup>a</sup>	<2	<0.5	7.8	1.8
Macedonia, FYR	..	..	..	..	..	..	..	..	2003 <sup>a</sup>	<2	<0.5	<2	<0.5
Madagascar	1997	76.0	63.2	73.3	1999	76.7	52.1	71.3	2001 <sup>a</sup>	61.0	27.9	85.1	51.8
Malawi	1990-91	..	..	54.0	1997-98	66.5	54.9	65.3	1997-98 <sup>a</sup>	41.7	14.8	76.1	38.3
Malaysia	1989	..	..	15.5	..	..	..	..	1997 <sup>b</sup>	<2	<0.5	9.3	2.0
Mali	1998	75.9	30.1	63.8	..	..	..	..	1994 <sup>a</sup>	72.3	37.4	90.6	60.5
Mauritania	1996	65.5	30.1	50.0	2000	61.2	25.4	46.3	2000 <sup>a</sup>	25.9	7.6	63.1	26.8
Mauritius	..	..	..	..	..	..	..	..	..	..	..	..	..
Mexico	1996	52.4	26.5	37.1	2002	34.8	11.4	20.3	2002 <sup>a</sup>	4.5	1.2	20.4	6.5
Moldova	2001	64.1	58.0	62.4	2002	67.2	42.6	48.5	2001 <sup>a</sup>	22.0	5.8	63.7	25.1
Mongolia	1995	33.1	38.5	36.3	1998	32.6	39.4	35.6	1998 <sup>a</sup>	27.0	8.1	74.9	30.6
Morocco	1990-91	18.0	7.6	13.1	1998-99	27.2	12.0	19.0	1999 <sup>a</sup>	<2	<0.5	14.3	3.1
Mozambique	1996-97	71.3	62.0	69.4	..	..	..	..	1996 <sup>a</sup>	37.9	12.0	78.4	36.8
Myanmar	..	..	..	..	..	..	..	..	..	..	..	..	..
Namibia	..	..	..	..	..	..	..	..	1993 <sup>b</sup>	34.9	14.0	55.8	30.4
Nepal	1995-96	43.3	21.6	41.8	2003-04	34.6	9.6	30.9	2003-04 <sup>a</sup>	24.1	5.4	68.5	26.8
Netherlands	..	..	..	..	..	..	..	..	..	..	..	..	..
New Zealand	..	..	..	..	..	..	..	..	..	..	..	..	..
Nicaragua	1993	76.1	31.9	50.3	1998	68.5	30.5	47.9	2001 <sup>a</sup>	45.1	16.7	79.9	41.2
Niger	1989-93	66.0	52.0	63.0	..	..	..	..	1995 <sup>a</sup>	60.6	34.0	85.8	54.6
Nigeria	1985	49.5	31.7	43.0	1992-93	36.4	30.4	34.1	2003 <sup>a</sup>	70.8	34.5	92.4	59.5
Norway	..	..	..	..	..	..	..	..	..	..	..	..	..
Oman	..	..	..	..	..	..	..	..	..	..	..	..	..
Pakistan	1993	33.4	17.2	28.6	1998-99	35.9	24.2	32.6	2002 <sup>a</sup>	17.0	3.1	73.6	26.1
Panama	1997	64.9	15.3	37.3	..	..	..	..	2002 <sup>b</sup>	6.5	2.3	17.1	6.9
Papua New Guinea	1996	41.3	16.1	37.5	..	..	..	..	..	..	..	..	..
Paraguay	1991	28.5	19.7	21.8	..	..	..	..	2002 <sup>b</sup>	16.4	7.4	33.2	16.2
Peru	1994	67.0	46.1	53.5	1997	64.7	40.4	49.0	2002 <sup>b</sup>	12.5	4.4	31.8	13.4
Philippines	1994	53.1	28.0	40.6	1997	50.7	21.5	36.8	2000 <sup>a</sup>	15.5	3.0	47.5	17.8
Poland	1993	..	..	23.8	..	..	..	..	2002 <sup>a</sup>	<2	<0.5	<2	<0.5
Portugal	..	..	..	..	..	..	..	..	1994 <sup>b</sup>	<2	<0.5	<2	<0.5
Puerto Rico	..	..	..	..	..	..	..	..	..	..	..	..	..

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		Rural %	Urban %	National %		Rural %	Urban %	National %					
Romania	1994	27.9	20.4	21.5	..	..	..	2003 <sup>a</sup>	<2	0.5	12.9	3.0	
Russian Federation	1994	..	..	30.9	..	..	..	2002 <sup>a</sup>	<2	<0.5	12.1	3.1	
Rwanda	1993	..	..	51.2	1999–2000	65.7	14.3	60.3	1999–2000 <sup>a</sup>	51.7	20.0	83.7	45.5
Saudi Arabia	..	..	..	..	..	..	..	..	..	..	..	..	..
Senegal	1992	40.4	23.7	33.4	..	..	..	1995 <sup>a</sup>	22.3	5.7	63.0	25.2	
Serbia and Montenegro	..	..	..	..	..	..	..	..	..	..	..	..	..
Sierra Leone	1989	..	..	82.8	2003–04	79.0	56.4	70.2	1989 <sup>a</sup>	57.0	39.5	74.5	51.8
Singapore	..	..	..	..	..	..	..	..	..	..	..	..	..
Slovak Republic	..	..	..	..	..	..	..	1996 <sup>b</sup>	<2	<0.5	2.9	0.8	
Slovenia	..	..	..	..	..	..	..	1998 <sup>a</sup>	<2	<0.5	<2	<0.5	
Somalia	..	..	..	..	..	..	..	..	..	..	..	..	..
South Africa	..	..	..	..	..	..	..	2000 <sup>a</sup>	10.7	1.7	34.1	12.6	
Spain	..	..	..	..	..	..	..	..	..	..	..	..	..
Sri Lanka	1990–91	22.0	15.0	20.0	1995–96	27.0	15.0	25.0	2002 <sup>a</sup>	5.6	0.8	41.6	11.9
Sudan	..	..	..	..	..	..	..	..	..	..	..	..	..
Swaziland	..	..	..	..	..	..	..	..	..	..	..	..	..
Sweden	..	..	..	..	..	..	..	..	..	..	..	..	..
Switzerland	..	..	..	..	..	..	..	..	..	..	..	..	..
Syrian Arab Republic	..	..	..	..	..	..	..	..	..	..	..	..	..
Tajikistan	..	..	..	..	..	..	..	2003 <sup>a</sup>	7.4	1.3	42.8	13.0	
Tanzania	1991	40.8	31.2	38.6	2000–01	38.7	29.5	35.7	2000–01 <sup>a</sup>	57.8	20.7	89.9	49.3
Thailand	1990	..	..	18.0	1992	15.5	10.2	13.1	2002 <sup>a</sup>	<2	<0.5	25.2	6.2
Togo	1987–89	..	..	32.3	..	..	..	..	..	..	..	..	..
Trinidad and Tobago	1992	20.0	24.0	21.0	..	..	..	1992 <sup>b</sup>	12.4	3.5	39.0	14.6	
Tunisia	1990	13.1	3.5	7.4	1995	13.9	3.6	7.6	2000 <sup>a</sup>	<2	<0.5	6.6	1.3
Turkey	1994	..	..	28.3	2002	34.5	22.0	27.0	2003 <sup>a</sup>	3.4	0.8	18.7	5.7
Turkmenistan	..	..	..	..	..	..	..	..	..	..	..	..	..
Uganda	1999–2000	37.4	9.6	33.8	2002–03	41.7	12.2	37.7	..	..	..	..	..
Ukraine	2000	34.9	..	31.5	2003	28.4	..	19.5	2003 <sup>b</sup>	<2	<0.5	4.9	0.9
United Arab Emirates	..	..	..	..	..	..	..	..	..	..	..	..	..
United Kingdom	..	..	..	..	..	..	..	..	..	..	..	..	..
United States	..	..	..	..	..	..	..	..	..	..	..	..	..
Uruguay	1994	..	20.2	..	1998	..	24.7	..	2003 <sup>b</sup>	<2	<0.5	5.7	1.6
Uzbekistan	2000	30.5	22.5	27.5	..	..	..	..	..	..	..	..	..
Venezuela, RB	1989	..	..	31.3	..	..	..	2000 <sup>b</sup>	8.3	2.8	27.6	10.2	
Vietnam	1998	45.5	9.2	37.4	2002	35.6	6.6	28.9	..	..	..	..	..
West Bank and Gaza	..	..	..	..	..	..	..	..	..	..	..	..	..
Yemen, Rep.	1998	45.0	30.8	41.8	..	..	..	1998 <sup>a</sup>	15.7	4.5	45.2	15.0	
Zambia	1996	82.8	46.0	69.2	1998	83.1	56.0	72.9	2002–03 <sup>a</sup>	75.8	36.4	94.1	62.2
Zimbabwe	1990–91	35.8	3.4	25.8	1995–96	48.0	7.9	34.9	1995–96 <sup>a</sup>	56.1	24.2	83.0	48.2

a. Expenditure base. b. Income base.

## 2.7a

## Regional poverty estimates

Region	1981	1984	1987	1990	1993	1996	1999	2002 <sup>a</sup>
<b>People living on less than \$1 a day (millions)</b>								
East Asia & Pacific	796	562	426	472	415	287	282	214
China	634	425	308	375	334	212	223	180
Europe & Central Asia	3	2	2	2	17	20	30	10
Latin America & Caribbean	36	46	45	49	52	52	54	47
Middle East & North Africa	9	8	7	6	4	5	8	5
South Asia	475	460	473	462	476	461	429	437
Sub-Saharan Africa	164	198	219	227	242	271	294	303
<b>Total</b>	<b>1,482</b>	<b>1,277</b>	<b>1,171</b>	<b>1,218</b>	<b>1,208</b>	<b>1,097</b>	<b>1,096</b>	<b>1,015</b>
Excluding China	848	852	863	844	873	886	873	835
<b>Share of people living on less than \$1 a day (%)</b>								
East Asia & Pacific	57.7	38.9	28.0	29.6	24.9	16.6	15.7	11.6
China	63.8	41.0	28.5	33.0	28.4	17.4	17.8	14.0
Europe & Central Asia	0.7	0.5	0.4	0.5	3.7	4.3	6.3	2.1
Latin America & Caribbean	9.7	11.8	10.9	11.3	11.3	10.7	10.5	8.9
Middle East & North Africa	5.1	3.8	3.2	2.3	1.6	2.0	2.6	1.6
South Asia	51.5	46.8	45.0	41.3	40.1	36.6	32.2	31.2
Sub-Saharan Africa	41.6	46.3	46.8	44.6	44.0	45.6	45.7	44.0
<b>Total</b>	<b>40.4</b>	<b>32.8</b>	<b>28.4</b>	<b>27.9</b>	<b>26.3</b>	<b>22.8</b>	<b>21.8</b>	<b>19.4</b>
Excluding China	31.7	29.8	28.4	26.1	25.6	24.6	23.1	21.1
<b>People living on less than \$2 a day (millions)</b>								
East Asia & Pacific	1,170	1,109	1,028	1,116	1,079	922	900	748
China	876	814	731	825	803	650	627	533
Europe & Central Asia	20	18	15	23	81	98	113	76
Latin America & Caribbean	99	119	115	125	136	117	127	123
Middle East & North Africa	52	50	53	51	52	61	70	61
South Asia	821	859	911	958	1,005	1,029	1,039	1,091
Sub-Saharan Africa	288	326	355	382	410	447	489	516
<b>Total</b>	<b>2,450</b>	<b>2,480</b>	<b>2,478</b>	<b>2,654</b>	<b>2,764</b>	<b>2,674</b>	<b>2,739</b>	<b>2,614</b>
Excluding China	1,574	1,666	1,747	1,829	1,961	2,024	2,111	2,082
<b>Share of people living on less than \$2 a day (%)</b>								
East Asia & Pacific	84.8	76.6	67.7	69.9	64.8	53.3	50.3	40.7
China	88.1	78.5	67.4	72.6	68.1	53.4	50.1	41.6
Europe & Central Asia	4.7	4.1	3.3	4.9	17.2	20.7	23.8	16.1
Latin America & Caribbean	26.9	30.4	27.8	28.4	29.5	24.1	25.1	23.4
Middle East & North Africa	28.9	25.2	24.2	21.4	20.2	22.3	24.3	19.8
South Asia	89.1	87.2	86.7	85.5	84.5	81.7	78.1	77.8
Sub-Saharan Africa	73.3	76.1	76.1	75.0	74.6	75.1	76.1	74.9
<b>Total</b>	<b>66.7</b>	<b>63.7</b>	<b>60.1</b>	<b>60.8</b>	<b>60.2</b>	<b>55.5</b>	<b>54.4</b>	<b>50.0</b>
Excluding China	58.8	58.4	57.5	56.6	57.4	56.3	55.8	52.7

**Note:** Estimates are computed based on population data from *World Development Indicators 2005*.

a. Preliminary estimates not strictly comparable with earlier estimates. See *About the data* for more information.



## About the data

The World Bank produced its first global poverty estimates for developing countries for *World Development Report 1990* using household survey data for 22 countries (Ravallion, Datt, and van de Walle 1991). Incorporating survey data collected during the last 15 years, the database has expanded considerably and now includes 440 surveys representing almost 100 developing countries. Some 1.1 million randomly sampled households were interviewed in these surveys, representing 93 percent of the population of developing countries. The surveys asked detailed questions on sources of income and how it was spent and on other household characteristics such as the number of people sharing that income. Most interviews were conducted by staff of government statistics offices. Along with improvements in data coverage and quality, the underlying methodology has also improved, resulting in better and more comprehensive estimates.

### Data availability

Since 1979 there has been considerable expansion in the number of countries that field such surveys, the frequency of the surveys, and the quality of their data. The number of data sets rose dramatically from a mere 13 between 1979 and 1981 to 100 between 1997 and 1999. The drop to 41 available surveys after 1999 reflects the lag between the time data are collected and the time they become available for analysis, not a reduction in data collection. Data coverage is improving in all regions, but Sub-Saharan Africa continues to lag, with only 28 of 48 countries having at least one data set available. A complete overview of data availability by year and country can be obtained at <http://iresearch.worldbank.org/povcalnet/>.

### Data quality

The problems of estimating poverty and comparing poverty rates do not end with data availability. Several other issues, some related to data quality, also arise in measuring household living standards from survey data. One relates to the choice of income or consumption as a welfare indicator. Income is generally more difficult to measure accurately, and consumption comes closer to the notion of standard of living. And income can vary over time even if the standard of living does not. But consumption data are not always available. Another issue is that household surveys can differ widely, for example, in the number of consumer goods they identify. And even similar surveys may not be strictly comparable

because of differences in timing or the quality and training of survey enumerators.

Comparisons of countries at different levels of development also pose a potential problem because of differences in the relative importance of consumption of nonmarket goods. The local market value of all consumption in kind (including own production, particularly important in underdeveloped rural economies) should be included in total consumption expenditure. Similarly, imputed profit from the production of nonmarket goods should be included in income. This is not always done, though such omissions were a far bigger problem in surveys before the 1980s. Most survey data now include valuations for consumption or income from own production. Nonetheless, valuation methods vary. For example, some surveys use the price in the nearest market, while others use the average farmgate selling price.

Whenever possible, the table uses consumption data for deciding who is poor and income surveys only when consumption data are unavailable. In recent editions there has been a change in how income surveys are used. In the past, average household income was adjusted to accord with consumption and income data from national accounts. But in testing this approach using data for some 20 countries for which income and consumption expenditure data were both available from the same surveys, income was found to yield a higher mean than consumption but also higher inequality. When poverty measures based on consumption and income were compared, these two effects roughly cancelled each other out: statistically, there was no significant difference. So recent editions use income data to estimate poverty directly, without adjusting average income measures.

### International poverty lines

International comparisons of poverty estimates entail both conceptual and practical problems. Countries have different definitions of poverty, and consistent comparisons across countries can be difficult. Local poverty lines tend to have higher purchasing power in rich countries, where more generous standards are used, than in poor countries. Is it reasonable to treat two people with the same standard of living—in terms of their command over commodities—differently because one happens to live in a better-off country?

Poverty measures based on an international poverty line attempt to hold the real value of the poverty line constant across countries, as is done

when making comparisons over time. The commonly used \$1 a day standard, measured in 1985 international prices and adjusted to local currency using purchasing power parities (PPPs), was chosen for the World Bank's *World Development Report 1990: Poverty* because it is typical of the poverty lines in low-income countries. PPP exchange rates, such as those from the Penn World Tables or the World Bank, are used because they take into account the local prices of goods and services not traded internationally. But PPP rates were designed for comparing aggregates from national accounts, not for making international poverty comparisons. As a result, there is no certainty that an international poverty line measures the same degree of need or deprivation across countries.

Early editions of *World Development Indicators* used PPPs from the Penn World Tables. Recent editions use 1993 consumption PPP estimates produced by the World Bank. Recalculated in 1993 PPP terms, the original international poverty line of \$1 a day in 1985 PPP terms is now about \$1.08 a day. Any revisions in the PPP of a country to incorporate better price indexes can produce dramatically different poverty lines in local currency.

Issues also arise when comparing poverty measures within countries. For example, the cost of living is typically higher in urban than in rural areas. One reason is that food staples tend to be more expensive in urban areas. So the urban monetary poverty line should be higher than the rural poverty line. But it is not always clear that the difference between urban and rural poverty lines found in practice reflects only differences in the cost of living. In some countries the urban poverty line in common use has a higher real value—meaning that it allows the purchase of more commodities for consumption—than does the rural poverty line. Sometimes the difference has been so large as to imply that the incidence of poverty is greater in urban than in rural areas, even though the reverse is found when adjustments are made only for differences in the cost of living. As with international comparisons, when the real value of the poverty line varies it is not clear how meaningful such urban-rural comparisons are.

By combining all this information, a team in the World Bank's Development Research Group calculates the number of people living below various international poverty lines, as well as other poverty and inequality measures that are published in *World Development Indicators*. The database is updated annually as new survey data become available, and

a major reassessment of progress against poverty is made about every three years.

#### Do it yourself: PovcalNet

Recently, this research team developed *PovcalNet*, an interactive Web-based computational tool that allows users to replicate the calculations by the World Bank's researchers in estimating the extent of absolute poverty in the world. *PovcalNet* is self-contained and powered by reliable built-in software that performs the relevant calculations from a primary database. The underlying software can also be downloaded from the site and used with distributional data of various formats. The *PovcalNet* primary database consists of distributional data calculated directly from household survey data. Detailed information for each of these is also available from the site.

Estimation from distributional data requires an interpolation method. The method chosen was Lorenz curves with flexible functional forms, which have proved reliable in past work. The Lorenz curve can be graphed as the cumulative percentages of total consumption or income against the cumulative number of people, starting with the poorest individual. The empirical Lorenz curves estimated by *PovcalNet* are weighted by household size, so they are based on percentiles of population, not households.

*PovcalNet* also allows users to calculate poverty measures under different assumptions. For example, instead of \$1 a day, users can specify a different poverty line, say \$1.50 or \$3. Users can also specify different PPP rates and aggregate the estimates using alternative country groupings (for example, UN country groupings or groupings based on average incomes) or a selected set of individual countries. *PovcalNet* is available online at <http://iresearch.worldbank.org/povcalnet/>.

#### Note on the 2002 estimates

The 2002 estimates are adapted from *Global Economic Prospects 2006* (page 9, table 1.3). Note that a typesetting error occurred in the printed edition of *Global Economic Prospects 2006*; the 2002 poverty rate estimates reported in table 2.7a are the correct estimates.

#### Definitions

- **Survey year** is the year in which the underlying data were collected.
- **Rural poverty rate** is the percentage of the rural population living below the national rural poverty line.
- **Urban poverty rate** is the percentage of the urban population living below the national urban poverty line.
- **National poverty rate** is the percentage of the population living below the national poverty line. National estimates are based on population-weighted subgroup estimates from household surveys.
- **Population below \$1 a day** and **population below \$2 a day** are the percentages of the population living on less than \$1.08 a day and \$2.15 a day at 1993 international prices. As a result of revisions in PPP exchange rates, poverty rates for individual countries cannot be compared with poverty rates reported in earlier editions.
- **Poverty gap** is the mean shortfall from the poverty line (counting the nonpoor as having zero shortfall), expressed as a percentage of the poverty line. This measure reflects the depth of poverty as well as its incidence.

#### Data sources

The poverty measures are prepared by the World Bank's Development Research Group. The national poverty lines are based on the World Bank's country poverty assessments. The international poverty lines are based on nationally representative primary household surveys conducted by national statistical offices or by private agencies under the supervision of government or international agencies and obtained from government statistical offices and World Bank Group country departments. The World Bank Group has prepared an annual review of its poverty work since 1993. For details on data sources and methods used in deriving the World Bank's latest estimates, see Chen and Ravallion (2004), "How Have the World's Poorest Fared Since the Early 1980s?"