

## The 2007 Update of the World Bank's Global Poverty Measures

### New regional poverty estimates in the *World Development Indicators*

- The latest estimates draw on over 500 household surveys for 100 developing countries, representing 93% of the population of the developing world.
- There have been great improvements in survey data quality and coverage, but much still needs to be done to improve the coverage and comparability of data.

### The extreme poverty line is \$32.74 per month at 1993 PPP — about \$1 a person a day

- This is not an arbitrary line, but is based on the poverty lines found in low-income countries. Thus we are measuring poverty throughout the world by the standards of poor countries.
- Better off countries tend to have higher poverty line than this frugal standard. In discussing poverty in middle income countries and regions such as Latin America and Eastern Europe higher lines are called for. \$2 a day is more appropriate for these regions.
- The absolute poverty lines used to measure world poverty will be completely updated when the new estimates of purchasing power parities estimates become available in 2008.

### Progress for the poorest in the aggregate, 1981-2004

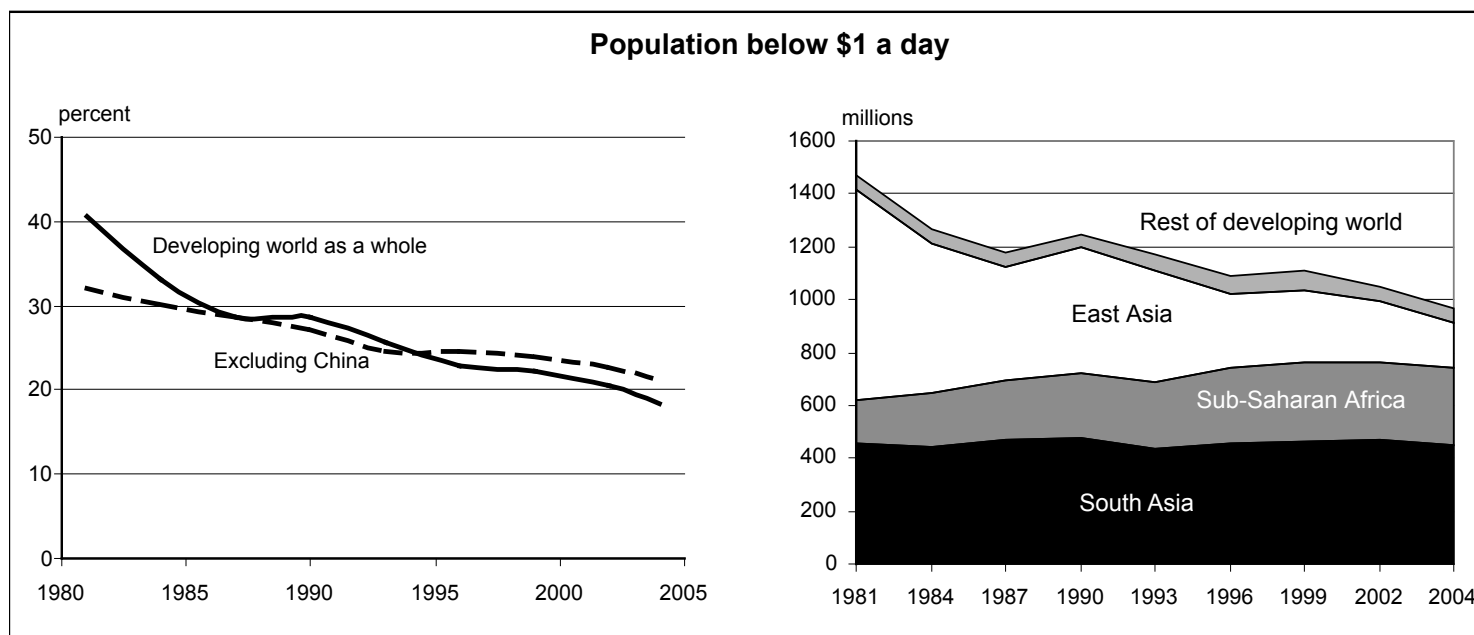
- The proportion of people below \$1/day was already halved, falling from 40.1% to 18.1% between 1981 and 2004 – about 0.8% points per year over this period, more than the rate required to achieve the Millennium Development Goal target. However, progress is highly uneven across regions. Poverty rates have fallen consistently only in East and South Asia.
- The number of poor people fell by 500 million, from 1.5 billion to less than one billion. The composition of world poverty has changed noticeably. The number of poor people have fallen in East Asia, but risen in Latin America and Africa.
- Progress has been slower for the \$2 line. The number of people living below the \$2 line actually rose over most of the period, only falling briefly in the mid 1990s and since the end of 1990s.
- China has made very significant contribution to the decline of global poverty aggregates. Excluding China, the trend rates of poverty reduction are roughly halved, and the number of poor remains the same over this period.
- Sub-Saharan Africa stands out - its \$1 a day poverty rate has risen until recently, the number of poor has nearly doubled over 1981-2004, from 167 million to 298 million. In 1981, one-ninth of the world's poor lived in Africa. In 2004 it had reached almost one-third. But the turn-around in the poverty rate since 1996 and the slowing growth in the number of poor people since 1999 is encouraging.

### Better knowledge about poverty is one factor in fighting it.

- The World Bank is directly involved in both survey production and in improving the coverage and quality of existing surveys and poverty monitoring efforts, through technical and financial assistance to government statistics offices.

To learn more about these calculations visit *PovcalNet*, a continuously updating, interactive data tool for poverty measurement, with which you can replicate our numbers and try different poverty lines, different PPP rates, or different groupings of countries.

Further details: Shaohua Chen and Martin Ravallion, "Absolute Poverty Measures for the Developing World"; PovcalNet (<http://iresearch.worldbank.org/PovcalNet/jsp/index.jsp>).



**Table 1: Headcount indices: Percentages of population living below \$1 and \$2 per day**

	\$1.08 per day at 1993 PPP								
	1981	1984	1987	1990	1993	1996	1999	2002	2004
East Asia	57.7	39.0	28.2	29.8	25.2	16.1	15.5	12.3	9.0
China	63.8	41.0	28.6	33.0	28.4	17.4	17.8	13.8	9.9
Europe and Central Asia	0.7	0.5	0.4	0.5	3.6	4.4	3.8	1.3	0.9
Latin America and Caribbean	10.8	13.1	12.1	10.2	8.4	8.9	9.7	9.1	8.6
Middle East and North Africa	5.1	3.8	3.1	2.3	2.1	2.2	2.1	1.7	1.5
South Asia	49.6	45.4	45.1	43.0	36.9	36.1	34.9	33.6	30.8*
India	51.8	47.9	46.2	44.3	41.8	39.9	37.7	36.0	34.3
Sub-Saharan Africa	42.3	46.2	47.2	46.7	45.5	47.7	45.8	42.6	41.1
<b>Total</b>	<b>40.1</b>	<b>32.7</b>	<b>28.7</b>	<b>28.7</b>	<b>25.6</b>	<b>22.7</b>	<b>22.1</b>	<b>20.1</b>	<b>18.1*</b>
	\$ 2.15 per day at 1993 PPP								
	1981	1984	1987	1990	1993	1996	1999	2002	2004
East Asia	84.8	77.2	68.5	69.7	65.0	52.5	49.3	41.7	36.6
China	88.1	79.0	68.6	72.2	68.1	53.3	50.1	40.9	34.9
Europe and Central Asia	4.6	3.9	3.1	4.3	16.5	18.0	18.6	12.9	9.8
Latin America and Caribbean	28.4	32.2	29.6	26.2	24.1	25.2	25.3	24.8	22.2
Middle East and North Africa	29.2	25.6	24.2	21.7	22.1	23.5	23.6	21.1	19.7
South Asia	88.5	87.0	86.6	85.6	82.2	82.1	80.4	79.7	77.1*
India	88.9	87.9	87.0	86.3	85.3	84.1	82.7	81.4	80.4
Sub-Saharan Africa	74.5	77.0	77.4	77.1	76.1	76.4	75.8	73.8	72.0
<b>Total</b>	<b>67.0</b>	<b>64.2</b>	<b>60.7</b>	<b>60.8</b>	<b>59.4</b>	<b>55.5</b>	<b>54.2</b>	<b>50.7</b>	<b>47.5*</b>

**Table 2: Numbers of people living below \$1 and \$2 per day**

	\$1.08 per day at 1993 PPP								
	1981	1984	1987	1990	1993	1996	1999	2002	2004
East Asia	796	564	429	476	420	279	277	227	169
China	634	425	310	374	334	211	223	177	128
Europe and Central Asia	3	2	2	2	17	21	18	6	4
Latin America and Caribbean	39	51	50	45	39	43	49	48	47
Middle East and North Africa	9	7	6	5	5	4	6	5	4
South Asia	455	445	471	479	437	453	463	470	446*
India	364	359	369	376	376	379	376	378	371
Sub-Saharan Africa	168	200	223	240	252	286	296	296	298
<b>Total</b>	<b>1,470</b>	<b>1,270</b>	<b>1,181</b>	<b>1,248</b>	<b>1,170</b>	<b>1,088</b>	<b>1,109</b>	<b>1,051</b>	<b>969*</b>
	\$ 2.15 per day at 1993 PPP								
	1981	1984	1987	1990	1993	1996	1999	2002	2004
East Asia	1,170	1,116	1,041	1,113	1,083	908	883	766	684
China	876	819	744	819	803	649	628	524	452
Europe and Central Asia	20	17	14	20	78	85	88	61	46
Latin America and Caribbean	104	126	122	115	111	122	128	131	121
Middle East and North Africa	51	49	50	49	52	55	64	61	59
South Asia	813	852	904	953	974	1,031	1,067	1,116	1,116*
India	625	659	695	733	767	798	826	853	868
Sub-Saharan Africa	295	333	365	396	422	458	491	513	522
<b>Total</b>	<b>2,452</b>	<b>2,493</b>	<b>2,496</b>	<b>2,646</b>	<b>2,722</b>	<b>2,666</b>	<b>2,721</b>	<b>2,647</b>	<b>2,548*</b>

\* Reflects new poverty estimates for India.