

Poverty rates at international poverty lines

2.8

PEOPLE

	International poverty line in local currency		International poverty line									
	\$1.25 a day 2005	\$2 a day 2005	Survey year	Population below \$1.25 a day	Poverty gap at \$1.25 a day	Population below \$2 a day	Poverty gap at \$2 a day	Survey year	Population below \$1.25 a day	Poverty gap at \$1.25 a day	Population below \$2 a day	Poverty gap at \$2 a day
				%	%	%	%		%	%	%	%
Albania	75.51	120.82	2002 ^a	<2	<0.5	8.7	1.4	2005 ^a	<2	<0.5	7.8	1.4
Algeria	48.42 ^b	77.48 ^b	1988 ^a	6.6	1.8	23.8	6.6	1995 ^a	6.8	1.4	23.6	6.4
Angola	88.13	141.01		..	..	..	..	2000 ^a	54.3	29.9	70.2	42.3
Argentina	1.69	2.71	2002 ^{c,d}	9.9	2.9	19.7	7.4	2005 ^{c,d}	4.5	1.0	11.3	3.6
Armenia	245.24	392.38	2002 ^a	15.0	3.1	46.7	13.6	2003 ^a	10.6	1.9	43.4	11.3
Azerbaijan	2,170.94	3,473.51	2001 ^a	6.3	1.1	27.1	6.8	2005 ^a	<2	<0.5	<2	<0.5
Bangladesh	31.87	50.99	2000 ^a	57.8 ^e	17.3 ^e	85.4 ^e	38.7 ^e	2005 ^a	49.6 ^e	13.1 ^e	81.3 ^e	33.8 ^e
Belarus	949.53	1,519.25	2002 ^a	<2	<0.5	<2	<0.5	2005 ^a	<2	<0.5	<2	<0.5
Benin	343.99	550.38		..	..	..	..	2003 ^a	47.3	15.7	75.3	33.5
Bhutan	23.08	36.93		..	..	..	..	2003 ^a	26.2	7.0	49.5	18.8
Bolivia	3.21	5.14	2002 ^d	22.8	12.4	34.2	18.5	2005 ^a	19.6	9.7	30.3	15.5
Bosnia and Herzegovina	1.09	1.74	2001 ^a	<2	<0.5	<2	<0.5	2004 ^a	<2	<0.5	<2	<0.5
Botswana	4.23	6.77	1985–86 ^a	35.6	13.8	54.7	25.8	1993–94 ^a	31.2	11.0	49.4	22.3
Brazil	1.96	3.14	2005 ^d	7.8	1.6	18.3	5.9	2007 ^d	5.2	1.3	12.7	4.1
Bulgaria	0.92	1.47	2001 ^a	2.6	<0.5	7.8	2.2	2003 ^a	<2	<0.5	<2	0.9
Burkina Faso	303.02	484.83	1998 ^a	70.0	30.2	87.6	49.1	2003 ^a	56.5	20.3	81.2	39.2
Burundi	558.79	894.07	1998 ^a	86.4	47.3	95.4	64.1	2006 ^a	81.3	36.4	93.4	56.0
Cambodia	2,019.12	3,230.60	1993–94 ^{a,f}	48.6	13.8	77.8	33.3	2004 ^a	40.2	11.3	68.2	28.0
Cameroon	368.12	588.99	1996 ^a	51.5	18.9	74.4	36.0	2001 ^a	32.8	10.2	57.7	23.6
Cape Verde	97.72	156.35		..	..	..	..	2001 ^a	20.6	5.9	40.2	14.9
Central African Republic	384.33	614.93	1993 ^a	82.8	57.0	90.7	68.4	2003 ^a	62.4	28.3	81.9	45.3
Chad	409.46	655.14		..	..	..	..	2002–03 ^a	61.9	25.6	83.3	43.9
Chile	484.20	774.72	2003 ^d	<2	<0.5	5.3	1.3	2006 ^d	<2	<0.5	2.4	0.39
China	5.11 ^g	8.17 ^g	2002 ^a	28.4 ^h	8.7 ^h	51.1 ^h	20.6 ^h	2005 ^a	15.9 ^h	4.0 ^h	36.3 ^h	12.2 ^h
Colombia	1,489.68	2,383.48	2003 ^d	15.4	6.1	26.3	10.9	2006 ^d	16.0	5.7	27.9	11.9
Comoros	368.01	588.82		..	..	..	..	2004 ^a	46.1	20.8	65.0	34.2
Congo, Dem. Rep.	395.29	632.46		..	..	..	..	2005–06 ^a	59.2	25.3	79.5	42.4
Congo, Rep.	469.46	751.14		..	..	..	..	2005 ^a	54.1	22.8	74.4	38.8
Costa Rica	348.70 ^b	557.92 ^b	2003 ^d	5.6	2.4	11.5	4.7	2005 ^d	2.4	<0.5	8.6	2.3
Croatia	5.58	8.92	2001 ^a	<2	<0.5	<2	<0.5	2005 ^a	<2	<0.5	<2	<0.5
Czech Republic	19.00	30.39	1993 ^d	<2	<0.5	<2	<0.5	1996 ^d	<2	<0.5	<2	<0.5
Côte d'Ivoire	407.26	651.62	1998 ^a	24.1	6.7	49.1	18.1	2002 ^a	23.3	6.8	46.8	17.6
Djibouti	134.76	215.61	1996 ^a	4.8	1.6	15.1	4.5	2002 ^a	18.8	5.3	41.2	14.6
Dominican Republic	25.50 ^b	40.79 ^b	2003 ^d	6.1	1.5	16.3	5.1	2005 ^d	5.0	0.9	15.1	4.3
Ecuador	0.63	1.00	2005 ^d	9.8	3.2	20.4	7.6	2007 ^d	4.7	1.2	12.8	4.0
Egypt, Arab Rep.	2.53	4.04	1999–2000 ^a	<2	<0.5	19.3	3.5	2004–05 ^a	<2	<0.5	18.4	3.5
El Salvador	6.02 ^b	9.62 ^b	2003 ^d	14.3	6.7	25.3	11.6	2005 ^d	11.0	4.8	20.5	8.9
Estonia	11.04	17.66	2002 ^a	<2	<0.5	2.5	0.6	2004 ^a	<2	<0.5	<2	<0.5
Ethiopia	3.44	5.50	1999–2000 ^a	55.6	16.2	86.4	37.9	2005 ^a	39.0	9.6	77.5	28.8
Gabon	554.69	887.50		..	..	..	..	2005 ^a	4.8	0.9	19.6	5.0
Gambia, The	12.93	20.69	1998 ^a	66.7	34.7	82.0	50.0	2003–04 ^a	34.3	12.1	56.7	24.9
Georgia	0.98	1.57	2002 ^a	15.1	4.7	34.2	12.2	2005 ^a	13.4	4.4	30.4	10.9
Ghana	5,594.78	8,951.64	1998–99 ^a	39.1	14.4	63.3	28.5	2006 ^a	30.0	10.5	53.6	22.3
Guatemala	5.68 ^b	9.08 ^b	2002 ^d	16.9	6.5	29.8	12.9	2006 ^d	11.7	3.5	24.3	8.9
Guinea-Bissau	355.34	568.55	1993–94 ^a	52.1	20.6	75.7	37.4	2002–03 ^a	48.8	16.5	77.9	34.8
Guinea	1,849.46	2,959.13	1994 ^a	36.8	11.5	63.8	26.4	2002–03 ^a	70.1	32.2	87.2	50.2
Guyana	131.47 ^b	210.35 ^b	1993 ^d	5.8	2.6	15.0	5.4	1998 ^d	7.7	3.9	16.8	6.9
Haiti	24.21 ^b	38.73 ^b		..	..	..	..	2001 ^d	54.9	28.2	72.1	41.8
Honduras	12.08 ^b	19.32 ^b	2005 ^d	22.2	10.2	34.8	16.7	2006 ^d	18.2	8.2	29.7	14.2
Hungary	171.90	275.03	2002 ^a	<2	<0.5	<2	<0.5	2004 ^a	<2	<0.5	<2	<0.5
India	19.50 ^j	31.20 ⁱ	1993–94 ^a	49.4 ^h	14.4 ^h	81.7 ^h	35.3 ^h	2004–05 ^a	41.6 ^h	10.8 ^h	75.6 ^h	30.4 ^h
Iran, Islamic Rep.	3,393.53	5,429.65	1998 ^a	<2	<0.5	8.3	1.8	2005 ^a	<2	<0.5	8.0	1.8
Jamaica	54.20 ^b	86.72 ^b	2002 ^a	<2	<0.5	8.7	1.6	2004 ^a	<2	<0.5	5.8	0.9
Jordan	0.62	0.99	2002–03 ^a	<2	<0.5	11.0	2.1	2006 ^a	<2	<0.5	3.5	0.6
Kazakhstan	81.21	129.93	2002 ^a	5.2	0.9	21.5	5.4	2003 ^a	3.1	<0.5	17.2	3.9



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	\$1.25 a day 2005	\$2 a day 2005	Survey year	Population below \$1.25 a day	Poverty gap at \$1.25 a day	Population below \$2 a day	Poverty gap at \$2 a day	Survey year	Population below \$1.25 a day	Poverty gap at \$1.25 a day	Population below \$2 a day	Poverty gap at \$2 a day
				%	%	%	%		%	%	%	%
Kenya	40.85	65.37	1997 ^a	19.6	4.6	42.7	14.7	2005-06 ^a	19.7	6.1	39.9	15.1
Kyrgyz Republic	16.25	26.00	2002 ^a	34.0	8.8	66.6	24.9	2004 ^a	21.8	4.4	51.9	16.8
Lao PDR	4,677.02	7,483.24	1997-98	49.3 ^e	14.9 ^e	79.9 ^e	34.4 ^e	2002-03 ^a	44.0 ^e	12.1 ^e	76.8 ^e	31.0 ^e
Latvia	0.43	0.69	2002 ^a	<2	<0.5	<2	0.6	2004 ^a	<2	<0.5	<2	<0.5
Lesotho	4.28	6.85	1995 ^a	47.6	26.7	61.1	37.3	2002-03 ^a	43.4	20.8	62.2	33.0
Liberia	0.64	1.02		..	..	..	..	2007 ^a	83.7	40.8	94.8	59.5
Lithuania	2.08	3.32	2002 ^a	<2	<0.5	<2	<0.5	2004 ^a	<2	<0.5	<2	<0.5
Macedonia, FYR	29.47	47.16	2002 ^a	<2	<0.5	3.1	0.7	2003 ^a	<2	<0.5	3.2	0.7
Madagascar	945.48	1,512.76	2001 ^a	76.3	41.4	88.7	57.2	2005 ^a	67.8	26.5	89.6	46.9
Malawi	71.15	113.84	1997-98 ^d	83.1	46.0	93.5	62.3	2004-05 ^{a,j}	73.9	32.3	90.4	51.8
Malaysia	2.64	4.23	1997 ^d	<2	<0.5	6.8	1.3	2004-05 ^d	<2	<0.5	7.8	1.4
Mali	362.10	579.36	2001 ^a	61.2	25.8	82.0	43.6	2006 ^a	51.4	18.8	77.1	36.5
Mauritania	157.08	251.33	1995-96 ^a	23.4	7.1	48.3	17.8	2000 ^a	21.2	5.7	44.1	15.9
Mexico	9.56	15.30	2004 ^a	2.8	1.4	7.0	2.6	2006 ^a	<2	<0.5	4.8	1.0
Moldova	6.03	9.65	2002 ^a	17.1	4.0	40.3	13.2	2004 ^a	8.1	1.7	28.9	7.9
Mongolia	653.12	1,044.99	2002 ^a	15.5	3.6	38.8	12.3	2005 ^a	22.4	6.2	49.0	17.2
Morocco	6.89	11.02	2000 ^a	6.3	0.9	24.3	6.3	2007 ^a	2.5	0.5	14.0	3.1
Mozambique	14,532.12	23,251.39	1996-97 ^a	81.3	42.0	92.9	59.4	2002-03 ^a	74.7	35.4	90.0	53.5
Namibia	6.33	10.13		..	..	..	..	1993 ^d	49.1	24.6	62.2	36.5
Nepal	33.08	52.93	1995-96 ^a	68.4	26.7	88.1	46.8	2003-04 ^a	55.1	19.7	77.6	37.8
Nicaragua	9.12 ^b	14.59 ^b	2001 ^d	19.4	6.7	37.5	14.4	2005 ^d	15.8	5.2	31.8	12.3
Niger	334.16	534.66	1994 ^a	78.2	38.6	91.5	56.5	2005 ^a	65.9	28.1	85.6	46.6
Nigeria	98.23	157.17	1996-97 ^a	68.5	32.1	86.4	49.7	2003-04 ^a	64.4	29.6	83.9	46.9
Pakistan	25.89	41.42	2001-02 ^a	35.9	7.9	73.9	26.4	2004-05 ^a	22.6	4.4	60.3	18.7
Panama	0.76 ^b	1.22 ^b	2004 ^d	9.2	2.7	18.0	6.8	2006 ^d	9.5	3.1	17.8	7.1
Papua New Guinea	2.11 ^b	3.37 ^b		..	..	..	..	1996 ^a	35.8	12.3	57.4	25.5
Paraguay	2,659.74	4,255.59	2005 ^d	9.3	3.4	18.4	7.3	2007 ^d	6.5	2.7	14.2	5.5
Peru	2.07	3.31	2005 ^d	8.2	2.0	19.4	6.3	2006 ^d	7.9	1.9	18.5	6.0
Philippines	30.22	48.36	2003 ^a	22.0	5.5	43.8	16.0	2006 ^a	22.6	5.5	45.0	16.3
Poland	2.69	4.31	2002 ^a	<2	<0.5	<2	<0.5	2005 ^a	<2	<0.5	<2	<0.5
Romania	2.15	3.44	2002 ^a	2.9	0.8	13.0	3.2	2005 ^a	<2	<0.5	3.4	0.9
Russian Federation	16.74	26.78	2002 ^a	<2	<0.5	3.7	0.6	2005 ^a	<2	<0.5	<2	<0.5
Rwanda	295.93	473.49	1984-85 ^a	63.3	19.7	88.4	41.8	2000 ^a	76.6	38.2	90.3	55.7
Senegal	372.81	596.49	2001 ^a	44.2	14.3	71.3	31.2	2005 ^a	33.5	10.8	60.3	24.6
Sierra Leone	1,745.26	2,792.42	1989-90 ^a	62.8	44.8	75.0	54.0	2002-03 ^a	53.4	20.3	76.1	37.5
Slovak Republic	23.53	37.66	1992 ^d	<2	<0.5	<2	<0.5	1996 ^d	<2	<0.5	<2	<0.5
Slovenia	198.25	317.20	2002 ^a	<2	<0.5	<2	<0.5	2004 ^a	<2	<0.5	<2	<0.5
South Africa	5.71	9.14	1995 ^a	21.4	5.2	39.9	15.0	2000 ^a	26.2	8.2	42.9	18.3
Sri Lanka	50.05	80.08	1995-96 ^a	16.3	3.0	46.7	13.7	2002 ^a	14.0	2.6	39.7	11.8
St. Lucia	2.37 ^b	3.80 ^b		..	..	..	..	1995 ^d	20.9	7.2	40.6	15.5
Suriname	2.29 ^b	3.67 ^b		..	..	..	..	1999 ^d	15.5	5.9	27.2	11.7
Swaziland	4.66	7.45	1994-95 ^a	78.6	47.7	89.3	61.6	2000-01 ^a	62.9	29.4	81.0	45.8
Tajikistan	1.16	1.85	2003 ^a	36.3	10.3	68.8	26.7	2004 ^a	21.5	5.1	50.8	16.8
Tanzania	603.06	964.90	1991-92 ^a	72.6	29.7	91.3	50.1	2000-01 ^a	88.5	46.8	96.6	64.4
Thailand	21.83	34.93	2002 ^a	<2	<0.5	15.1	2.8	2004 ^a	<2	<0.5	11.5	2.0
Timor-Leste	0.61 ^b	0.98 ^b		..	..	..	..	2001 ^a	52.9	19.1	77.5	37.0
Togo	352.82	564.51		..	..	..	..	2006 ^a	38.7	11.4	69.3	27.9
Trinidad and Tobago	5.77 ^b	9.23 ^b	1988 ^d	<2	<0.5	8.6	1.9	1992 ^d	4.2	1.1	13.5	3.9
Tunisia	0.87	1.39	1995 ^a	6.5	1.3	20.4	5.8	2000 ^a	2.6	<0.5	12.8	3.0
Turkey	1.25	2.00	2002 ^a	2.0	<0.5	9.6	2.3	2005 ^a	2.7	0.9	9.0	2.6
Turkmenistan	5,961.06 ^b	9,537.69 ^b	1993 ^d	63.5	25.8	85.7	44.8	1998 ^a	24.8	7.0	49.6	18.4
Uganda	930.77	1,489.24	2002 ^a	57.4	22.7	79.8	40.6	2005 ^a	51.5	19.1	75.6	36.4
Ukraine	2.14	3.42	2002 ^a	<2	<0.5	3.4	0.7	2005 ^a	<2	<0.5	<2	<0.5
Uruguay	19.14	30.62	2005 ^{c,d}	<2	<0.5	4.5	0.7	2006 ^d	<2	<0.5	4.2	0.6
Uzbekistan	470.09 ^b	752.14 ^b	2002 ^a	42.3	12.4	75.6	30.6	2003 ^a	46.3	15.0	76.7	33.2
Venezuela, RB	1,563.90	2,502.24	2003 ^d	18.4	8.8	31.7	14.6	2006 ^d	3.5	1.2	10.2	3.2

Poverty rates at international poverty lines

	International poverty line in local currency		International poverty line									
	\$1.25 a day	\$2 a day	Survey year	Population below \$1.25 a day	Poverty gap at \$1.25 a day	Population below \$2 a day	Poverty gap at \$2 a day	Survey year	Population below \$1.25 a day	Poverty gap at \$1.25 a day	Population below \$2 a day	Poverty gap at \$2 a day
	2005	2005		%	%	%	%		%	%	%	%
Vietnam	7,399.87	11,839.79	2004 ^a	24.2	5.1	52.5	17.9	2006 ^a	21.5	4.6	48.4	16.2
Yemen, Rep.	113.83	182.12	1998 ^a	12.9	3.0	36.3	11.1	2005 ^a	17.5	4.2	46.6	14.8
Zambia	3,537.91	5,660.65	2002–03 ^a	64.6	27.1	85.1	45.8	2004–05 ^a	64.3	32.8	81.5	48.3

a. Expenditure based. b. PPP imputed using regression. c. Covers urban area only. d. Income based. e. Adjusted by spatial consumer price index information. f. Due to security concerns, the survey covered only 56 percent of rural villages and 65 percent of the rural population. g. PPP conversion factor based on urban prices. h. Weighted average of urban and rural estimates. i. Weighted average of urban and rural poverty lines. j. Due to change in survey design, the most recent survey is not strictly comparable with the previous one.

Regional poverty estimates and progress toward the Millennium Development Goals

Global poverty measured at the \$1.25 a day poverty line has been decreasing since the 1980s. The share of population living on less than \$1.25 a day fell 10 percentage points, to 42 percent, in 1990 and then fell nearly 17 percentage points between 1990 and 2005. The number of people living in extreme poverty fell from 1.9 billion in 1981 to 1.8 billion in 1990 to about 1.4 billion in 2005 (figure 2.8a). This substantial reduction in extreme poverty over the past quarter century, however, disguises large regional differences.

The greatest reduction in poverty occurred in East Asia and Pacific, where the poverty rate declined from 78 percent in 1981 to 17 percent in 2005 and the number of people living on less than \$1.25 a day dropped more than 750 million (figure 2.8b). Much of this decline was in China, where poverty fell from

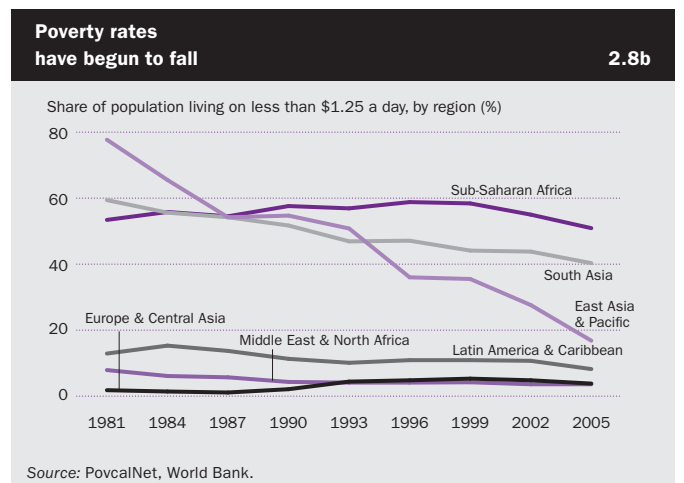
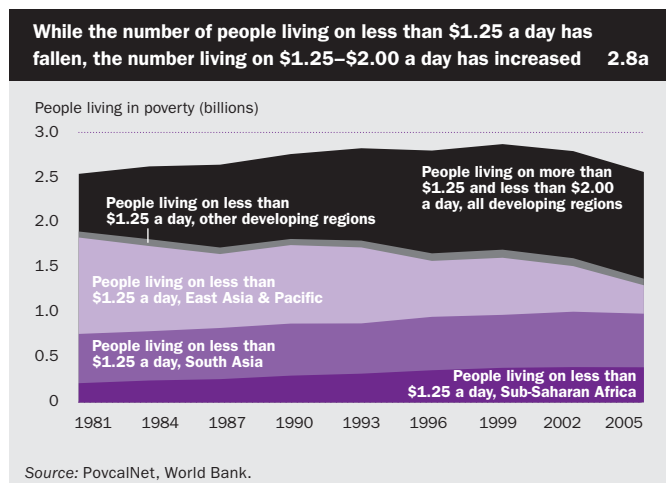
84 percent to 16 percent, leaving 620 million fewer people in poverty.

Over the same period the poverty rate in South Asia fell from 59 percent to 40 percent (table 2.8c). In contrast, the poverty rate fell only slightly in Sub-Saharan Africa—from less than 54 percent in 1981 to more than 58 percent in 1999 then down to 51 percent in 2005. But the number of people living below the poverty line has nearly doubled.

Only East Asia and Pacific is consistently on track to meet the Millennium Development Goal target of reducing 1990 poverty rates by half by 2015. A slight acceleration over historical growth rates could lift Latin America and the Caribbean and South Asia to the target. However, the recent slowdown in the global economy may leave these regions and many countries short of the target. Preliminary estimates for 2009 suggest that lower economic growth rates will likely leave 46 million more people below the

\$1.25 a day poverty line than had been expected before the crisis.

Most of the people who have escaped extreme poverty remain very poor by the standards of middle-income economies. The median poverty line for developing countries in 2005 was \$2.00 a day. The poverty rate for all developing countries measured at this line fell from nearly 70 percent in 1981 to 47 percent in 2005, but the number of people living on less than \$2.00 a day has remained nearly constant at 2.5 billion. The largest decrease, both in number and proportion, occurred in East Asia and Pacific, led by China. Elsewhere, the number of people living on less than \$2.00 a day increased, and the number of people living between \$1.25 and \$2.00 a day nearly doubled, to 1.18 billion. In 2009 the global growth deceleration will likely leave 53 million more people below the \$2 a day poverty line.





Regional poverty estimates

2.8c

Region	1981	1984	1987	1990	1993	1996	1999	2002	2005
People living on less than 2005 PPP \$1.25 a day (millions)									
East Asia & Pacific	1,072	947	822	873	845	622	635	507	316
China	835	720	586	683	633	443	447	363	208
Europe & Central Asia	7	6	5	9	20	21	24	21	17
Latin America & Caribbean	47	59	56	49	46	53	55	56	45
Middle East & North Africa	14	12	12	10	10	10	11	10	11
South Asia	548	548	569	579	559	594	589	616	596
India	420	416	428	435	444	442	447	460	456
Sub-Saharan Africa	211	241	256	295	317	355	382	390	388
Total	1,898	1,812	1,721	1,816	1,797	1,657	1,696	1,600	1,373
Share of people living on less than 2005 PPP \$1.25 a day (%)									
East Asia & Pacific	77.7	65.5	54.2	54.7	50.8	36.0	35.5	27.6	16.8
China	84.0	69.4	54.0	60.2	53.7	36.4	35.6	28.4	15.9
Europe & Central Asia	1.8	1.4	1.1	2.1	4.4	4.8	5.3	4.8	3.8
Latin America & Caribbean	12.9	15.3	13.7	11.3	10.1	10.9	10.9	10.7	8.2
Middle East & North Africa	7.9	6.1	5.7	4.3	4.1	4.1	4.2	3.6	3.6
South Asia	59.4	55.6	54.2	51.7	46.9	47.1	44.1	43.8	40.3
India	59.8	55.5	53.6	51.3	49.4	46.6	44.8	43.9	41.6
Sub-Saharan Africa	53.4	55.8	54.5	57.6	56.9	58.8	58.4	55.0	50.9
Total	52.2	47.0	42.1	42.0	39.5	34.7	33.9	30.7	25.3
People living on less than 2005 PPP \$2.00 a day (millions)									
East Asia & Pacific	1,278	1,280	1,238	1,273	1,262	1,108	1,105	954	728
China	972	963	907	961	926	792	770	655	473
Europe & Central Asia	35	28	25	31	47	55	66	55	41
Latin America & Caribbean	89	109	102	95	95	106	110	113	94
Middle East & North Africa	46	43	47	44	48	52	51	50	51
South Asia	799	836	881	926	950	1,008	1,030	1,083	1,091
India	609	635	669	702	735	757	783	813	827
Sub-Saharan Africa	291	325	348	390	423	471	508	535	555
Total	2,538	2,622	2,642	2,760	2,825	2,800	2,870	2,791	2,560
Share of people living on less than 2005 PPP \$2.00 a day (%)									
East Asia & Pacific	92.6	88.5	81.5	79.8	75.8	64.1	61.8	51.9	38.6
China	97.8	92.9	83.7	84.6	78.6	65.0	61.4	51.1	36.3
Europe & Central Asia	8.7	6.8	5.9	7.1	10.8	12.4	14.9	12.5	9.2
Latin America & Caribbean	24.6	28.1	24.9	21.9	20.7	22.0	21.8	21.5	17.1
Middle East & North Africa	26.7	23.0	22.7	19.7	19.8	20.2	18.9	17.6	16.9
South Asia	86.5	84.8	83.9	82.7	79.7	79.8	77.2	77.0	73.9
India	86.6	84.8	83.8	82.6	81.7	79.8	78.4	77.5	75.6
Sub-Saharan Africa	73.8	75.5	74.0	76.0	75.9	77.9	77.6	75.6	72.9
Total	69.9	68.1	64.7	63.8	62.0	58.6	57.4	53.6	47.3

Source: World Bank PovcalNet.

About the data

The World Bank produced its first global poverty estimates for developing countries for *World Development Report 1990: Poverty* using household survey data for 22 countries (Ravallion, Datt, and van de Walle 1991). Since then there has been considerable expansion in the number of countries that field household income and expenditure surveys. The World Bank's poverty monitoring database now includes more than 600 surveys representing 115 developing countries. More than 1.2 million randomly sampled households were interviewed in these surveys, representing 96 per cent of the population of developing countries.

Data availability

The number of data sets within two years of any given year rose dramatically, from 13 between 1978 and 1982 to 158 between 2001 and 2006. Data coverage is improving in all regions, but the Middle East and North Africa and Sub-Saharan Africa continue to lag. The database, maintained by a team in the World Bank's Development Research Group, is updated annually as new survey data become available, and a major reassessment of progress against poverty is made about every three years. A complete overview of data availability by year and country is available at <http://iresearch.worldbank.org/povcalnet/>.

Data quality

Besides the frequency and timeliness of survey data, other data quality issues arise in measuring household living standards. The surveys ask detailed questions on sources of income and how it was spent, which must be carefully recorded by trained personnel. Income is generally more difficult to measure accurately, and consumption comes closer to the notion of living standards. And income can vary over time even if living standards do not. But consumption data are not always available: the latest estimates reported here use consumption for about two-thirds of countries.

However, even similar surveys may not be strictly comparable because of differences in timing or in the quality and training of enumerators. Comparisons of countries at different levels of development also pose a potential problem because of differences in the relative importance of the 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, but may not be. Most survey data now include valuations for consumption or income from own production, but valuation methods vary.

The statistics reported here are based on consumption data or, when unavailable, on income surveys. Analysis of some 20 countries for which income and consumption expenditure data were both available from the same surveys found income to yield a higher mean than consumption but also higher inequality. When poverty measures based on consumption and income were compared, the two effects roughly cancelled each other out: there was no significant statistical difference.

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.

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. Since *World Development Report 1990* the World Bank has aimed to apply a common standard in measuring extreme poverty, anchored to what *poverty* means in the world's poorest countries. The welfare of people living in different countries can be measured on a common scale by adjusting for differences in the purchasing power of currencies. 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 *World Development Report 1990* because it was typical of the poverty lines in low-income countries at the time.

Early editions of *World Development Indicators* used PPPs from the Penn World Tables to convert values in local currency to equivalent purchasing power measured in U.S. dollars. Later editions used 1993 consumption PPP estimates produced by the World Bank. International poverty lines were recently revised using the new data on PPPs compiled in the 2005 round of the International Comparison Program, along with data from an expanded set of household income and expenditure surveys. The new extreme poverty line is set at \$1.25 a day in 2005 PPP terms, which represents the mean of the poverty lines found in the poorest 15 countries ranked by per capita consumption. The new poverty line maintains the same standard for extreme poverty—the poverty line typical of the poorest countries in the world—but updates it using the latest information on the cost of living in developing countries.

PPP exchange rates are used to estimate global poverty, 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. So called poverty PPPs, designed to compare the consumption of the poorest people in the world, might provide a better basis for comparison of poverty across countries. Work on these measures is ongoing.

Definitions

- **International poverty line in local currency** is the international poverty lines of \$1.25 and \$2.00 a day in 2005 prices, converted to local currency using the PPP conversion factors estimated by the International Comparison Program.
- **Survey year** is the year in which the underlying data were collected.
- **Population below \$1.25 a day** and **population below \$2 a day** are the percentages of the population living on less than \$1.25 a day and \$2.00 a day at 2005 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 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, and further discussion of the results, see Shaohua Chen and Martin Ravallion's "The Developing World Is Poorer Than We Thought, but No Less Successful in the Fight against Poverty?" (2008).