Working Paper

POVERTY WHERE PEOPLE LIVE:

WHAT DO NATIONAL POVERTY LINES TELL US ABOUT GLOBAL POVERTY?

Working Paper number 98 December, 2012

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The International Policy Centre for Inclusive Growth is jointly supported by the Poverty Practice, Bureau for Development Policy, UNDP and the Government of Brazil.

Working Papers are available online at www.ipc-undp.org and subscriptions can be requested by email to ipc@ipc-undp.org

Print ISSN: 1812-108X

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1 INTRODUCTION

Debate about national and international poverty measurement continued to evolve (see for example, Abu-Ismail et al., 2012). The basic question of how many poor people there are in the world generally assumes that poverty is measured according to international poverty lines (IPLs). Yet, an equally relevant question could be how many poor people there are in the world, based on how poverty is defined where those people live. In short, rather than a comparison based on monetary values, the latter question is germane to estimates based on a concept—'poverty'—as defined by countries' specific circumstances and institutions.

Clearly, in such case global metrics such as the IPL of US$1.25/day—the construction of which is ultimately based on a pool of 15 national poverty lines (NPLs)—could be less informative (see Chen and Ravallion (2008) for details and Deaton (2010) for critique). Furthermore, as Deaton (2011: 17) has noted, estimates of poverty by NPLs and IPLs operate within quite different policy spaces: "…global measures of development (...) operate in an entirely different political environment than do domestic measures. The latter (...) feed into domestic policymaking are typically subject to oversight procedures that constrain both the statisticians who produce the data and the politicians and policymakers who use them."

This begs the question as to whether poverty viewed with an IPL lens looks quite different from poverty viewed from countries themselves using the NPL. Thus an important question is how different are national and international poverty line estimates? By addressing the question of poverty as defined where those poor people live, this paper seeks to offer a new perspective on global poverty and at the same time extend thinking on the 'middle-income countries poverty paradox'—meaning that most of the world's poor people do not live in the world's poorest countries (Sumner 2010; 2012a). Indeed, one could ask whether such patterns are more or less pronounced when one considers 'poverty' as nationally defined by quantifying and analysing global and national poverty, including in high-, middle- and low-income countries, based on their country-specific, official, country-defined NPLs.

The paper is structured as follows. Section 2 reprises and reviews recent changes in global distribution of poverty based on IPLs. Section 3 sets out the methodology and key findings from NPLs analysis. Section 4 concludes by discussing the implications of the emerging results.

2 CHANGES IN GLOBAL POVERTY

In 1990 over 90 per cent of the world's extremely poor people (by the $1.25/day IPL) lived in countries classified as low-income countries (LICs) by the World Bank. In 2007 less than 30 per cent of the world's extremely poor people lived in LICs, and more than 70 per cent of the world's income poor lived in middle-income countries (MICs) (Kanbur and Sumner, 2011; Sumner, 2010; 2012a; 2012b). Similar patterns are evident in other aspects of human development, notably in the global distribution of malnutrition (see data in Sumner 2010), multi-dimensional poverty (see Alkire et al., 2011; Sumner, 2010), and the global disease and mortality burden (see Glassman et al., 2011).

Over the same period, the incidence of extreme poverty fell from 42 per cent to 25 per cent (1990 to 2005) and to an estimated 22 per cent in 2008 (Chen and Ravallion, 2012). However, when one excludes China, the total number of people living under $1.25 has barely changed (and risen slightly by the $2 poverty line) (Chen and Ravallion, 2012). Furthermore, the estimates of Moss and Leo (2011), based on IMF WEO data projections, suggest that the number of countries classified as LICs will continue to drastically fall (see Table 1.1 for the latest breakdown). Chandy and Gertz (2011: 9), Koch (2011) and Alkire et al. (2011), all of whom have corroborated the LIC-MIC poverty distribution outlined above, have argued that the high concentration of the world's poor people in MICs is likely to continue.[1]

TABLE 1

Country Income-based Classification

Category	GNI per capita, US$ (Atlas)	Number of countries (2011–12)	$1.25/day IPL poverty numbers (or % of world poverty)
Low-income	0–1005	35	305.3 (or 24.1%)
Middle-income	1006–12,275	110	960.4 (or 75.9%)
	"Lower" middle-income (1006–3975)	(56)	
	"Upper" middle-income (3976–12,275)	(54)	
High-income	12,276 or more	70	0

Source: Sumner (2012a).

Such patterns matter beyond the thresholds of LICs/MICs set by the World Bank, because they reflect not only a pattern of rising income by exchange rate gross national income (GNI) per capita but also by rising purchasing power parity (PPP) income per capita too. Further, although the thresholds do not mean a sudden change in countries when a line is crossed in per capita income, the international system does treat countries differently above and below the LIC/MIC threshold. Furthermore, at higher levels of per capita income, substantially more domestic resources are likely to be available for poverty reduction, thus raising questions as to the role of national inequality in extreme poverty and why some countries reduce poverty substantially through growth and others do not.[2]

Such shifts also have substantial implications for international assistance. For instance, when countries move from LIC to MIC status—i.e. their annual income per capita exceeds $1,005 (exchange rate conversion) or roughly $3/day—such 'graduation' basically implies that, independently of the level of poverty, benefits such as eligibility for the International

Development Association (IDA, i.e. World Bank grant assistance) are reduced and removed, and repayment of outstanding 'soft' loans is steeply accelerated (Kanbur, 2012).

These changes in global poverty raise various methodological questions, not least about the thresholds themselves (discussed in depth in Sumner, 2012a). One can say that most of the world's poor people, by $1.25 or $2 poverty lines, live in countries where average income is considerably higher than the LIC/MIC threshold (the population weighted group average for the LMIC group where most of the world's poor people live is approaching $10/day PPP per capita or five times the higher IPL), suggesting that the changes reflect real changes in average income and not just problems with the country thresholds used (see Sumner (2012b) for detailed discussion on sensitivity of analysis).

While possessing the key advantage of being comparable across countries, IPLs may disguise some important issues—notably with regard to MICs' poverty levels. Although the standard $1.25/day line, for example, is itself the mean of the NPLs in the poorest 15 countries,[3] it may not give a full account of the factors that shape the experience of being poor in different contexts. Chen and Ravallion (2012: 1) note that, "… $1.25 is the average of the national poverty lines found in the poorest 10–20 countries... Naturally, better off countries tend to have higher poverty lines than this frugal standard. $2 a day is the median poverty line for all developing countries."

Indeed, that the IPL may not account for the experience of poverty in some contexts underpinned the UN recommendation to use NPLs "whenever available" to track countries' individual progress on Millennium Development Goal (MDG) 1 (United Nations 2001).

Clearly, the debate around absolute versus relative poverty is longstanding, and the definition of NPLs varies by context (Chen and Ravallion, 2011). For example, Ravallion (2010: 3) showed that NPLs could range from $0.62 to $43/day (see Figure 1) and "the mean line for the poorest 15 countries in terms of consumption per capita is $1.25, while the mean for the richest 15 is $25 a day." For this reason—the use of relative poverty lines in high-income countries (HICs)—we present analysis below with and without HICs.

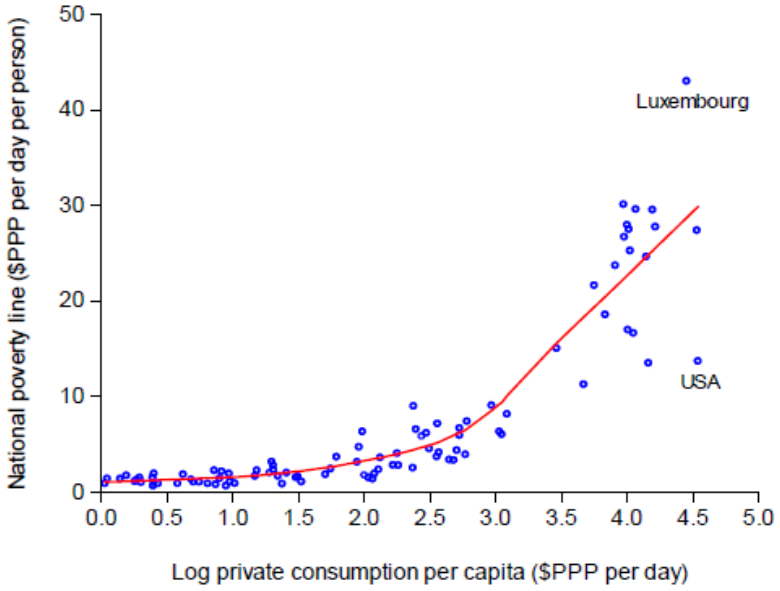
While there is increasing convergence on how lines are constructed (including around methods to identify and quantify a basic set of food and non-food needs), various technical factors still hinder their comparison across countries. At the same time, NPLs may provide a more realistic snapshot of the locally defined state of 'poverty' at country level. This is particularly compelling for the many countries whose NPLs are not among the 15 that form the $1.25/day. Further, IPLs have the unintended effect of limiting the poverty discourse to developing countries broadly defined or 'them' (as argued by Saith, 2006) and arguably just to the very poorest countries, with HICs invariably showing 'no poverty'. Yet, recent economic crises and financial turmoil in HICs have reopened a debate around domestic poverty, safety nets, conditional loans and other issues that were until recently only relevant to the development discourse in the global South.[4]

Quantifying global poverty as defined on a context-specific basis, and not as measured by cross-country standards, will be the main thrust of the next section.

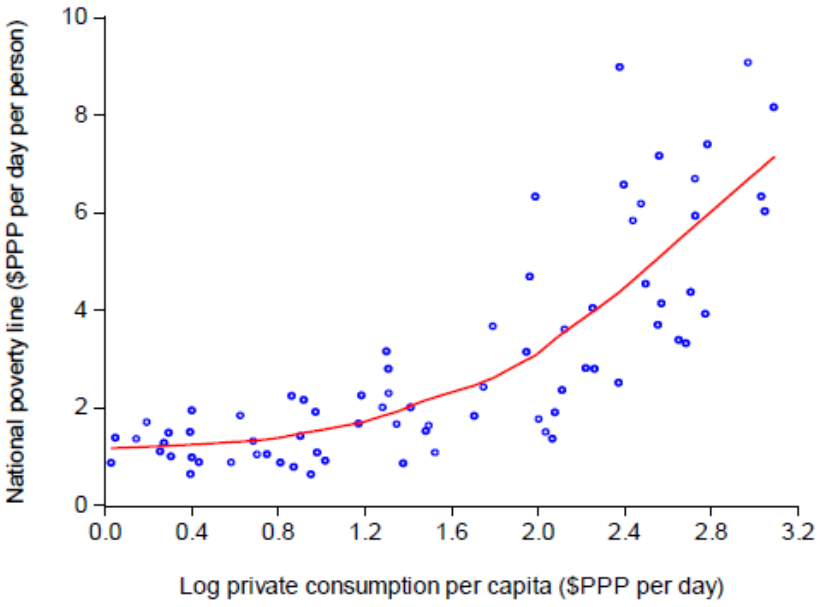
FIGURE 1

World Poverty Lines: (a) All Countries and (b) Developing Countries only

(a)



(b)



Source: Ravallion (2010).

3 WHAT DO NATIONAL POVERTY LINES TELL US ABOUT GLOBAL POVERTY?

3.1 METHODOLOGY

Data for national poverty rates are provided by the World Bank's World Development Indicators (WDI) database (last accessed on 10 February 2012). For country data not included in the WDI dataset, statistics were collected from other institutional sources. These include Eurostat for various European Union (EU) members (Eurostat, 2012) and the Organisation for Economic Co-operation and Development's (OECD) Income Distribution and Poverty Database for other HICs (OECD, 2012). In some cases, data sources included direct survey or census data[5] and country statistics provided by the Central Intelligence Agency (CIA) *World Factbook*. Annex 1 offers the full list of data and statistical sources.

In some instances, governments are in the process of revisiting the method for determining NPLs. For example, in India the recommendations from an expert group, the 'Tendulkar Committee', were endorsed by the government (Government of India 2009; 2012) with the result that "…the new poverty line happens to be close to, but less than, the 2005 PPP $1.25 per day poverty norm used by the World Bank in its latest world poverty estimates" (Government of India 2009: 8).

In China, the government has recently set a new NPL (against which access to safety nets is provided), resulting in a considerably higher level and rates of poverty than previously released.[6]

No NPL-based data were available for Cuba, DPR Korea, Libya, Somalia and a number of Persian Gulf countries. No IPL data are available for Afghanistan, Eritrea, Korea Dem. Rep., Myanmar, Somalia, Zimbabwe, Kiribati, Kosovo, Marshall Islands, Federated States of Micronesia, Mongolia, Samoa, Solomon Islands, Tonga, Tuvalu, Uzbekistan, Vanuatu, American Samoa, Antigua and Barbuda, Argentina, Cuba, Dominica, Grenada, Lebanon, Libya, Mauritius, Mayotte, Palau, St. Kitts and Nevis, St. Vincent and the Grenadines.

Demographic data on country population were used to calculate the number of poor people at national level. Population data corresponding to the year of the poverty rate were provided by the World Bank's online PovCalNet in its latest version (last accessed on 2 March 2012).[7] When not available for the respective year, figures were drawn from the UNDESA World Population Prospects 2010 database which includes yearly country population statistics for the period 1950–2010 (UNDESA, 2011). In total, our dataset includes statistics on poverty rates and numbers as defined by NPLs for 160 countries spanning over all income categories.

We also present rates and numbers based on the latest World Bank poverty estimates (Chen and Ravallion, 2012). The latter are extracted from PovCal Net (last accessed on 2 March 2012). When comparing NPLs and IPLs, we refer to a total of 146 countries for which data on both are available.[8]

3.2 FINDINGS IN LICS AND MICS

Our analysis shows that more than one-fifth (22.5 per cent) of the world's population, or some 1.5 billion people, live in 'poverty' as locally defined (Table 2). This is about 16.6 per cent higher

than the level of poverty (1.29 billion people) as measured by the $1.25/day IPL or approximately 60 per cent of the level of poverty (2.47 billion people) as measured by the $2/day IPL.

In terms of distribution across income categories, there are some 170 million people living in 'poverty' as locally defined in HICs, or 11 per cent of global poverty. However, to reiterate, poverty in HICs is typically measured in relative terms, not in absolute terms (Eurostat, 2012). Indeed, poverty levels (and NPLs) are generally defined in terms of percentage points (for example, 60 per cent) of median income. While this does not exclude the co-existence of absolute poverty or deprivation (Coleman-Jensen et al., 2011), relative poverty implies that some levels of poverty, or 'low-income households', will always exist in those contexts to a certain extent. It is for this reason we provide data below both with and without HICs.

As shown in Table 2, over 1 billion poor people (1.054 billion)—or 68.3 per cent of locally defined poor people—live in MICs, 44.3 per cent of which in lower-MICs (LMICs). Poverty in MICs accounts for a slightly lower share compared to the $1.25/day IPL (75.9 or 70.9 per cent),[9] but for higher numbers compared to the same (960 million or 836 million). China and India combined account for about one-third (31.3 per cent) of global poverty.

TABLE 2

Global Poverty Distribution by Country Classification

Country classification	Poverty NPL (mill)	Percentage of total (%)
LIC	318.3	20.6
LMIC	683.7	44.3
only India	354.6	23
UMIC	370.2	24.0
only China	128	8.3
HIC	170.9	11.1
Total global poverty	**1543.2**	**23.1***
Total global poverty minus HICs	1372.2	88.9
Total MIC	1053.9	68.3
China and India combined	482.6	31.3

* Percentage of world population, where the reference year of the latter corresponds to the average survey year for the 160 countries, namely 2006.7 or 2007; global population in 2007 = 6.661 billion as per UNDESA (2011).

The geographical distribution of NPL-based estimates shows that South Asia is the region with the highest proportion of world poverty (30.4 per cent), followed by sub-Saharan Africa (23.8 per cent) and East Asia and the Pacific (17.2 per cent). Table 3 offers a regional breakdown with and without HICs, hence only including countries with absolute poverty. In the latter case, the relative regional distribution would be the same (for example, South Asia showing the highest prevalence), with global poverty accounting for 20.5 per cent of the world population, or about 1.37 billion people.

These findings show that poverty exists, and often significantly, at all levels of average per capita income. For example, Figure 1a illustrates the prevalence of poverty at different levels of GNI per capita (Atlas method) (see Figure 2). The lines on the left-hand graphs are the

LIC/MIC/HIC thresholds. The graph on the right shows the same estimates using the logarithm of GNI (to smooth out large differences in income levels). The same analysis excluding HICs is shown in Figure 3.

TABLE 3

Poverty Distribution by Region (all countries, with and without HICs)

	All countries		All countries, excluding HICs	
Region	**Poverty NPL (mill)**	**Percentage of total (%)**	**Poverty NPL (mill)**	**Percentage of total (%)**
East Asia & Pacific*	265.5	17.2	222.8	16.2
South Asia	469.8	30.4	469.8	34.2
Eastern Europe & Central Asia	68.0	4.4	68.0	4.9
Europe**	73.0	4.7	0	0
Latin America & Caribbean	184.9	12.0	184.7	13.4
North America***	49.3	3.2	0	0
Middle East & North Africa	61.7	4.0	59	4.2
Sub-Saharan Africa	367.8	23.8	367.8	26.8
Total	**1,543**	**100.0**	**1,372**	**100**

*Also includes Australia, New Zealand and Japan; **EU members with high income; ***Canada and USA.

In short, poverty and GNI per capita are significantly correlated, including with and without HICs. Similarly, Figures 4 and 5 show the correlation between poverty and GDP per capita (PPP).

FIGURE 2

National Poverty Rates and Gross National Income (all countries with data)**: (a) GNI and (b) LogGNI**

(a) (b)

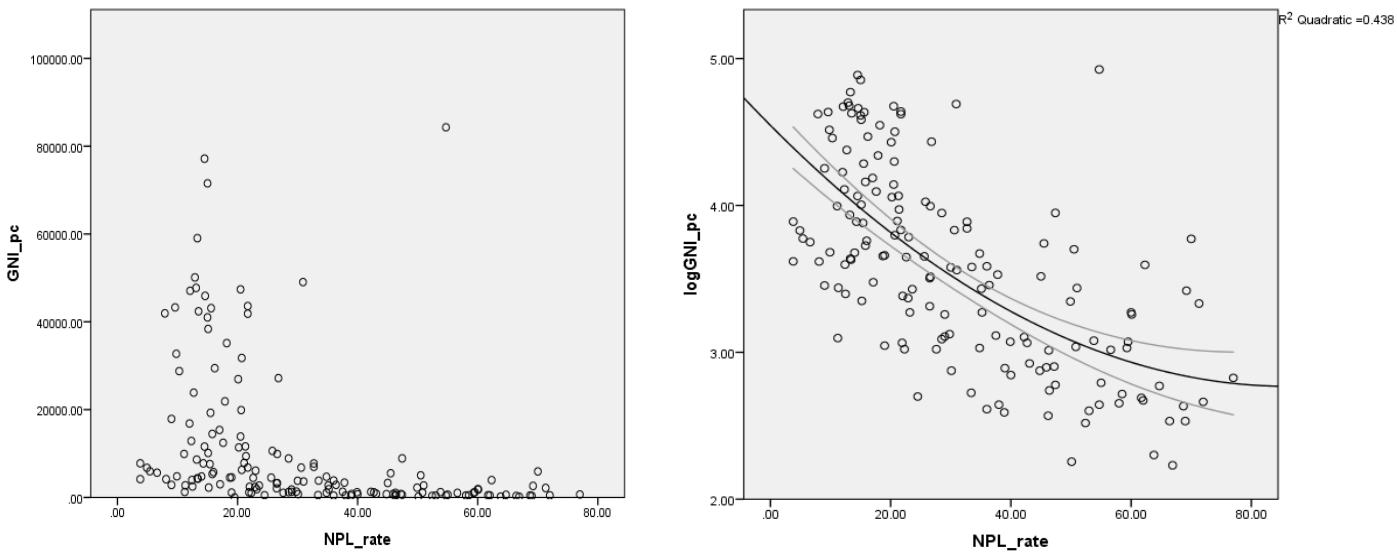


FIGURE 3

National Poverty Rates and Gross National Income (excluding HICs)**: (a) GNI and (b) LogGNI**

(a) (b)

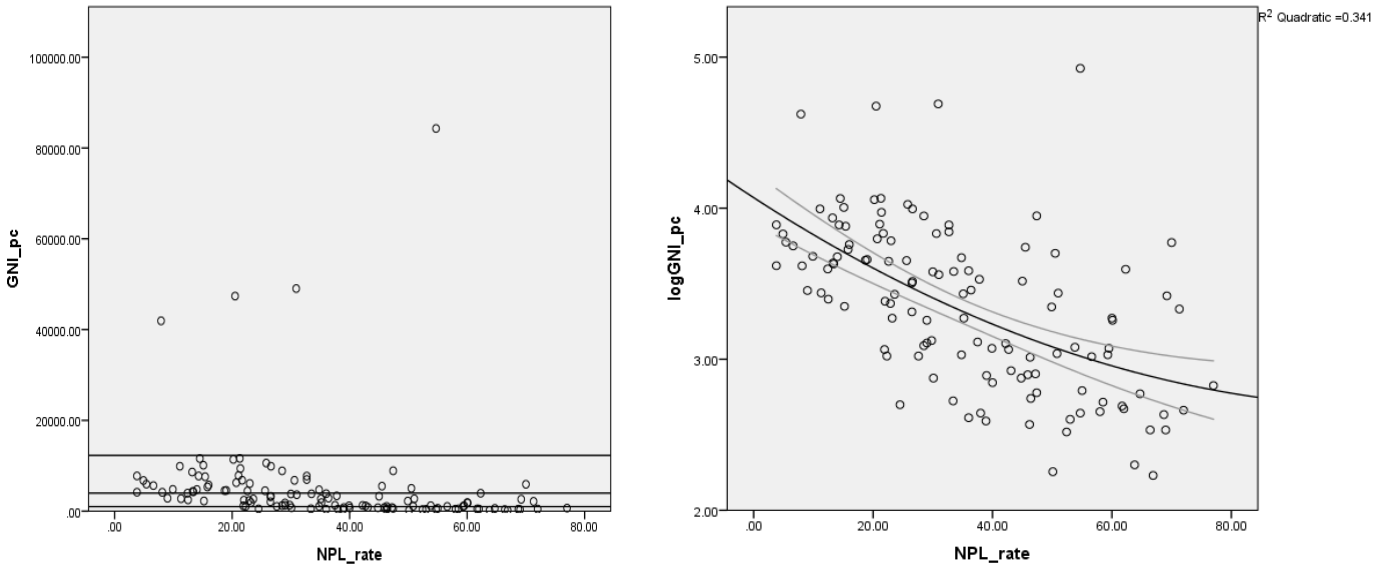


FIGURE 4

National Poverty Rates and GDP Per Capita PPP (all countries with data)**: (a) GNI and (b) LogGNI**

(a) (b)

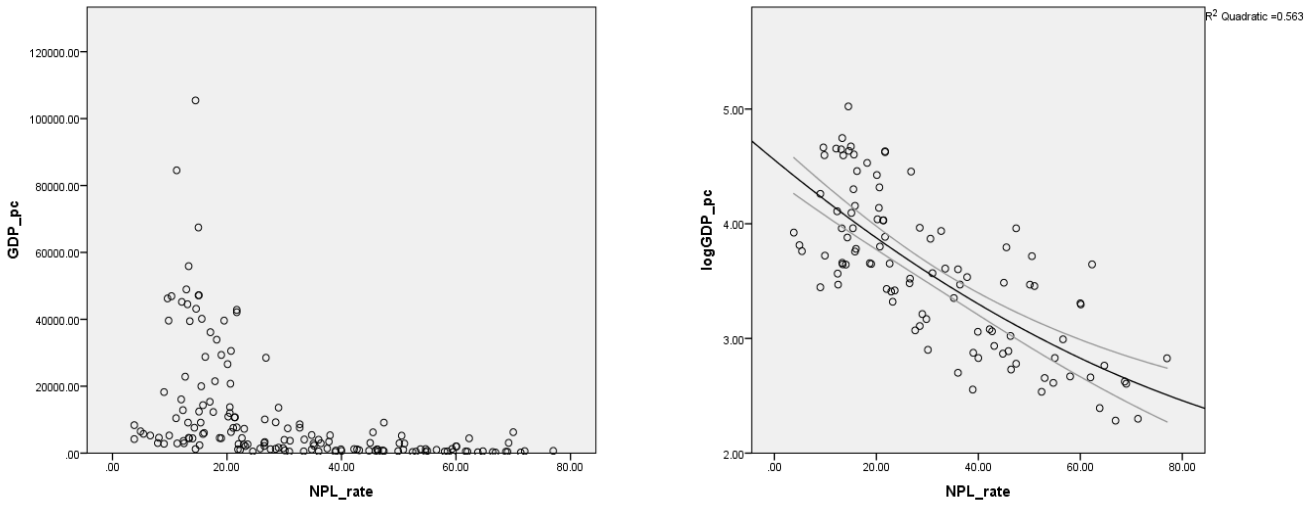
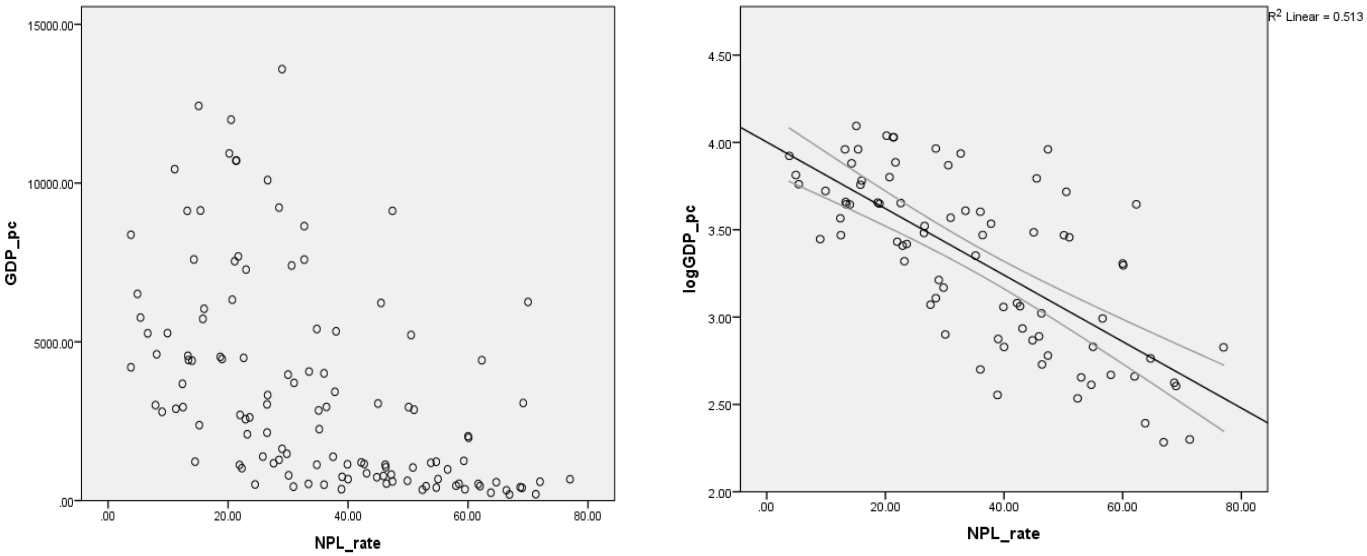


FIGURE 5

National Poverty Rates and GDP Per Capita PPP (excluding HICs)**: (a) GNI and (b) LogGNI**

(a) (b)



In terms of parametric analysis, we find that national poverty rates are positively correlated to income inequality as measured by the Gini coefficient and GNI, with slightly higher estimates for correlations with the former. Tables 4 and 5 show our analysis with and without HICs, respectively. In short, the more unequal a country is, the higher the poverty rate. However, there are various nuances to this finding, including at regional level (see later discussion on this).

TABLE 4

Correlations Between National Poverty Rates, Numbers, Gini and GNI

Correlations

		NPL_rate	NPL_num	Gini	logGNI_pc
NPL_rate	Pearson Correlation	1	.023	.479**	-.652**
	Sig. (2-tailed)		.773	.000	.000
	N	160	160	143	157
NPL_num	Pearson Correlation	.023	1	-.017	-.037
	Sig. (2-tailed)	.773		.836	.649
	N	160	160	143	157
Gini	Pearson Correlation	.479**	-.017	1	-.327**
	Sig. (2-tailed)	.000	.836		.000
	N	143	143	143	143
logGNI_pc	Pearson Correlation	-.652**	-.037	-.327**	1
	Sig. (2-tailed)	.000	.649	.000	
	N	157	157	143	157

**. Correlation is significant at the 0.01 level (2-tailed).

TABLE 5

Correlations Between National Poverty Rates, Numbers, Gini and GNI (excluding HICs)

Correlations

		NPL_rate	NPL_num	Gini	logGNI_pc
NPL_rate	Pearson Correlation	1	-.021	.343**	-.578**
	Sig. (2-tailed)		.817	.000	.000
	N	124	124	113	122
NPL_num	Pearson Correlation	-.021	1	-.073	.017
	Sig. (2-tailed)	.817		.444	.855
	N	124	124	113	122
Gini	Pearson Correlation	.343**	-.073	1	-.024
	Sig. (2-tailed)	.000	.444		.800
	N	113	113	113	113
logGNI_pc	Pearson Correlation	-.578**	.017	-.024	1
	Sig. (2-tailed)	.000	.855	.800	
	N	122	122	113	122

**. Correlation is significant at the 0.01 level (2-tailed).

Interestingly, there is a significant correlation between the poverty rates as measured by NPLs and the level of two governance indicators—government effectiveness, and voice and accountability[10]—as provided by Kaufmann et al. (2011). In particular, higher poverty rates are correlated with lower levels of government effectiveness. This holds for cases where we consider all countries (Figure 6) and LICs and MICs only (Figure 7), or specific analysis for LICs and MICs individually (Figures 8 and 9). In short, poor government effectiveness here is associated with higher poverty rates. Figures 10–13 show the correlation between the level of voice and accountability and poverty rates which, in this case, is much less significant.

FIGURE 6

National Poverty Rates and Government Effectiveness (all countries with data)

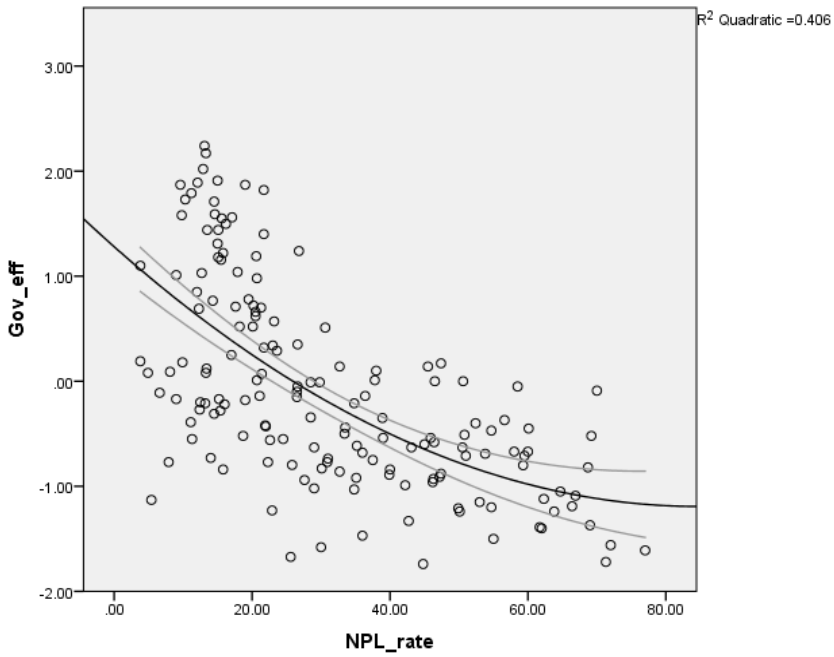


FIGURE 7

National Poverty Rates and Government Effectiveness (excluding HICs)

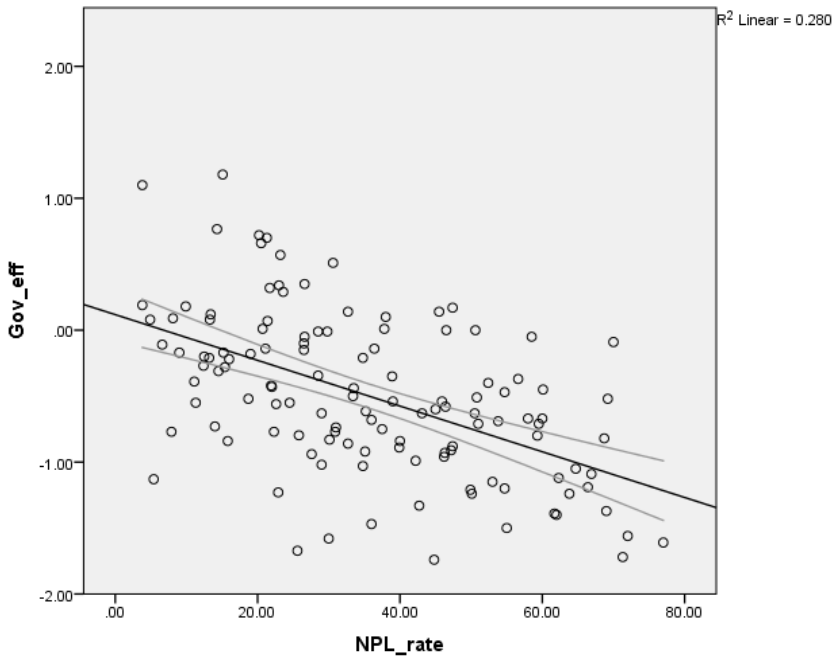


FIGURE 8

National Poverty Rates and Government Effectiveness in LICs

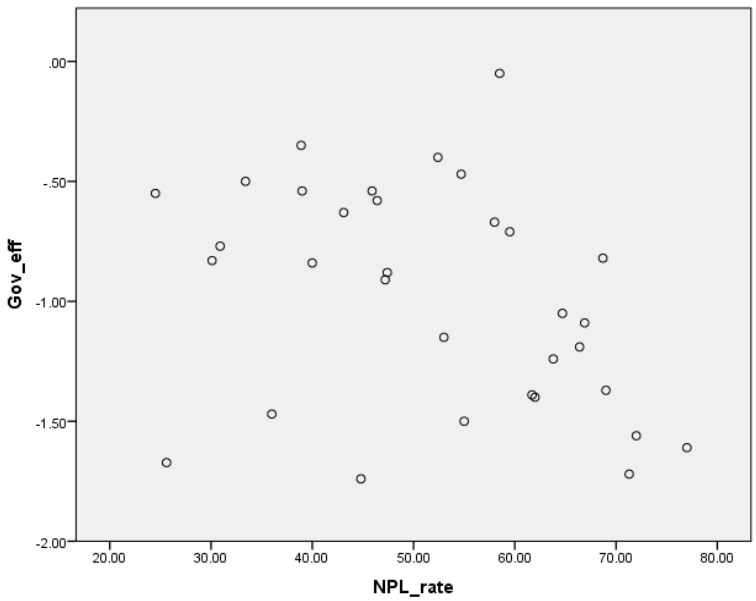


FIGURE 9

National Poverty Rates and Government Effectiveness in MICs

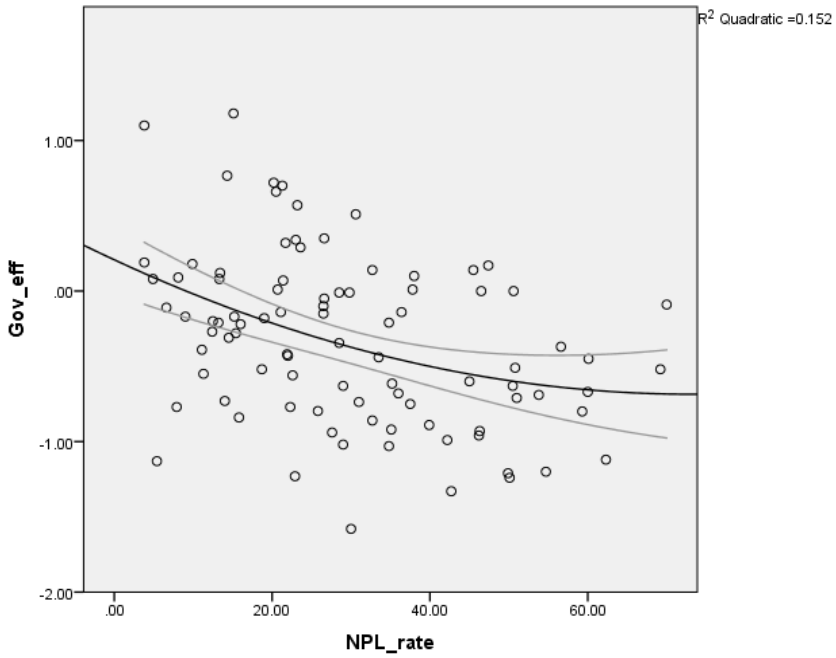


FIGURE 10

National Poverty Rates and Voice and Accountability (all countries with data)

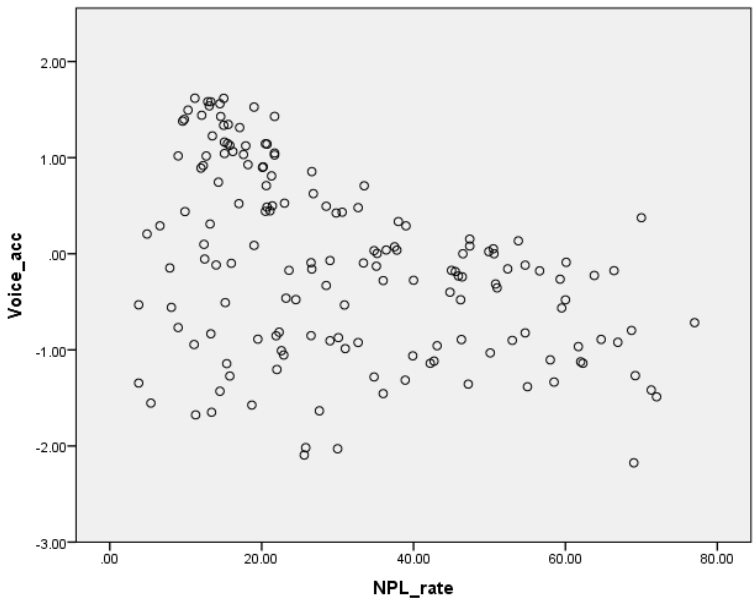


FIGURE 11

National Poverty Rates and Voice and Accountability (excluding HICs)

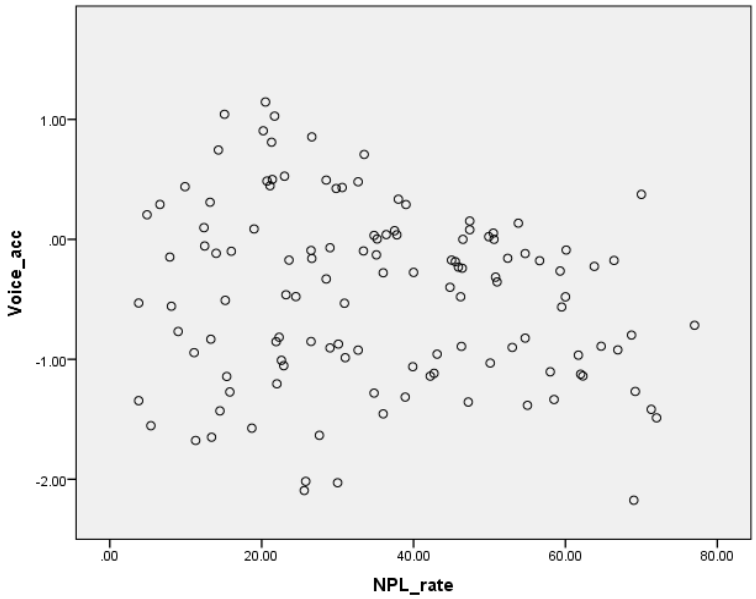


FIGURE 12

National Poverty Rates and Voice and Accountability in LICs

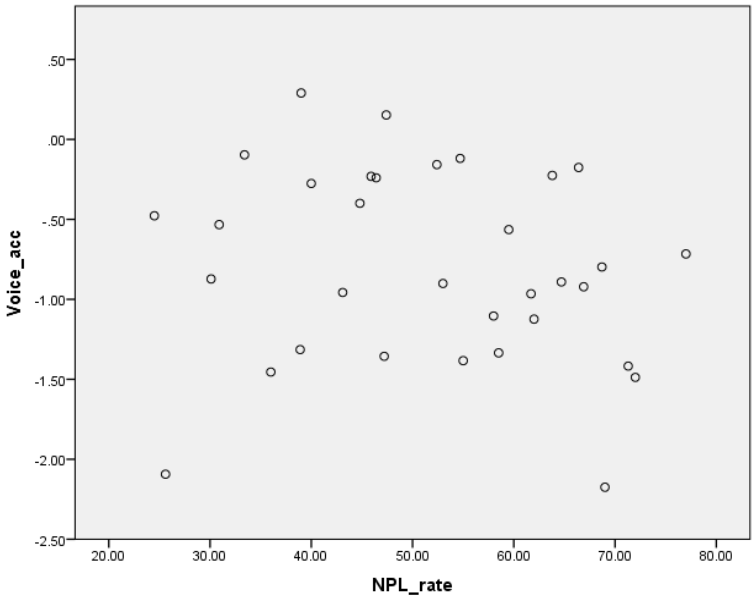
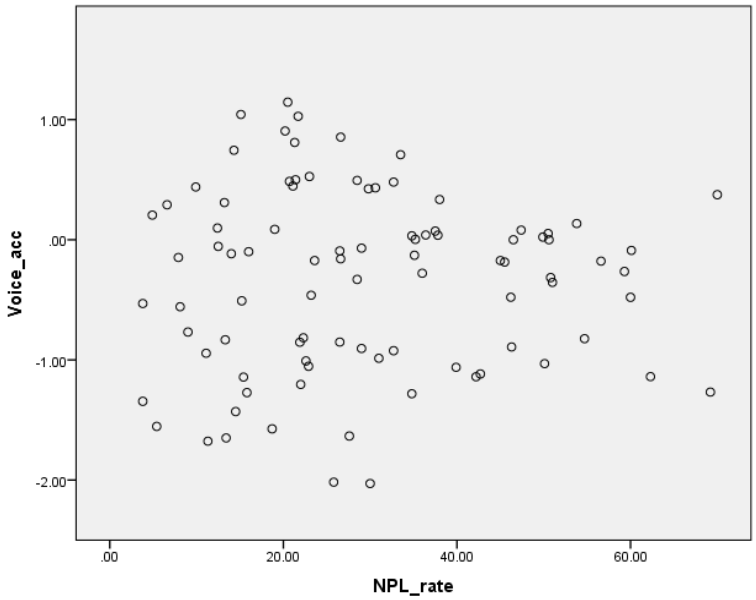


FIGURE 13

National Poverty Rates and Voice and Accountability in MICs



The analysis so far begs the question just how closely NPLs and IPLs are correlated. In Table 6 we show that NPLs are also significantly correlated to IPLs, including a coefficient of 0.794 significant at the 1 per cent level. Table 7 excludes HICs from the analysis, while Figure 14 shows their relationship graphically. In short, overall NPLs and IPLs are reasonably closely correlated. However, this hides the fact that there are drastic differences between NPLs and IPLs in many countries.

TABLE 6

Correlation Between National and International Poverty Rates

Correlations

		IPL_rate	NPL_rate
IPL_rate	Pearson Correlation	1	.794**
	Sig. (2-tailed)		.000
	N	146	146
NPL_rate	Pearson Correlation	.794**	1
	Sig. (2-tailed)	.000	
	N	146	146

**. Correlation is significant at the 0.01 level (2-tailed).

TABLE 7

Correlation between National and International Poverty Rates (excluding HICs)

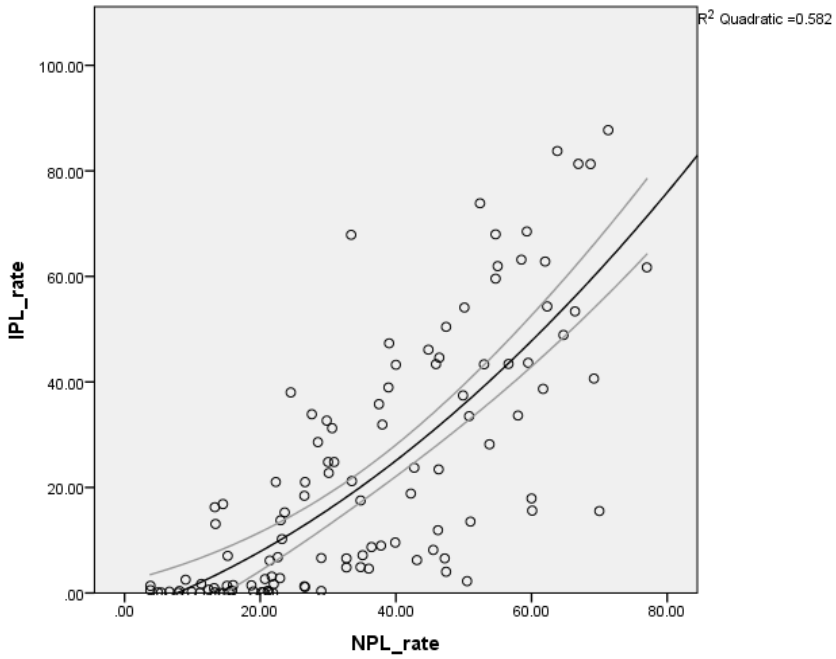
Correlations

		NPL_rate	IPL_rate
NPL_rate	Pearson Correlation	1	.757**
	Sig. (2-tailed)		.000
	N	114	114
IPL_rate	Pearson Correlation	.757**	1
	Sig. (2-tailed)	.000	
	N	114	114

**. Correlation is significant at the 0.01 level (2-tailed).

FIGURE14

National and International Poverty Rates (excluding HICs)



There is considerable variance in poverty rates among MICs, with proportions ranging from 3.8 per cent in Tunisia to 70 per cent in Suriname. In LICs, poverty is less dispersed and more 'upwards' concentrated, meaning that no LICs have poverty rates of less than 24.5 per cent. For example, if one lists countries in descending order by poverty rate, 16 of the top 25 are LICs, and nine are MICs (Table 8). In contrast, if one considers actual numbers of poor people in each country, MICs dominate (see Table 8). Taken together, these results suggest that the difference between NPL- and IPL-based estimates could be quite sizeable. For example, Tables 10 and 11 present differences in terms of, respectively, percentage points and numbers for 146 countries with both IPL and NPL available.

TABLE 8

Top 25 Poorest Countries by Poverty Prevalence: National versus International Poverty Rates

NPL (%)		IPL (%)	
Haiti	77	Congo, Dem. Rep.	87.7
Zimbabwe	72	Liberia	83.8
Congo, Dem. Rep.	71.3	Burundi	81.3
Suriname	70	Madagascar	81.3
Swaziland	69.2	Malawi	73.9
Eritrea	69	Zambia	68.5
Madagascar	68.7	Nigeria	68.0
Burundi	66.9	Tanzania	67.9
Sierra Leone	66.4	Rwanda	63.2
Guinea-B.	64.7	Central Afr. Rep.	62.8
Liberia	63.8	Chad	61.9
Angola	62.3	Haiti	61.7
Central Afr. Rep.	62	Mozambique	59.6
Togo	61.7	Angola	54.3
Bolivia	60.1	Congo, Rep.	54.1
Honduras	60	Sierra Leone	53.4
Niger	59.5	Mali	50.4
Zambia	59.3	Guinea-B.	48.9
Rwanda	58.5	Benin	47.3
Gambia	58	Comoros	46.1
Lesotho	56.6	Burkina Faso	44.6
Chad	55	Niger	43.6
Mozambique	54.7	Lesotho	43.4
Nigeria	54.7	Kenya	43.4

TABLE 9

Top 25 Poorest Countries by Poverty Prevalence: National and International Poverty Numbers

NPL (millions of people)		**IPL (millions of people)**	
India	354.6	India	400.1
China	128	China	171.6
Nigeria	74.6	Nigeria	105.0
Bangladesh	56.2	Bangladesh	64.3
Mexico	52.4	Congo, Dem. Rep.	50.3
United States	46.1	Tanzania	41.3
Brazil	41.3	Indonesia	39.1
Congo, Dem. Rep.	40.9	Pakistan	34.6
Pakistan	36.0	Ethiopia	28.9
Indonesia	30.0	Philippines	16.8
Ethiopia	28.2	Madagascar	16.8
Japan	27.4	Kenya	15.4
Philippines	24.3	Vietnam	14.3
Colombia	20.7	Mozambique	12.9
Tanzania	20.3	Uganda	12.3
Turkey	18.0	Brazil	11.8
Egypt	17.2	Malawi	9.2
Kenya	16.3	Zambia	8.0
Russia	15.8	Mali	7.7
Sudan	14.3	Angola	7.5
Iran	13.3	Nepal	7.4
Germany	12.6	Burkina Faso	7.1
Viet Nam	12.3	South Africa	6.7
Madagascar	12.2	Rwanda	6.7
Myanmar	12.2	Ghana	6.1

TABLE 10

Percentage Points Difference Between National and International Poverty Rates

Country	% points	Country	% points	Country	% points	Country	% points
Suriname	54.4	Iraq	20.0	Trin. & Tob.	12.8	China	0.3
Dom. Rep.	48.2	Lithuania	20.0	Slovenia	12.6	Ethiopia	-0.06
Bolivia	44.4	UAE	19.5	Timor-Leste	12.4	Ghana	-0.09
Mexico	43.3	New Zealand	19	Belize	12.2	Botswana	-0.6
Honduras	42.0	Cote d'Ivoire	18.9	Argentina	12.2	Central Afr. Rep.	-0.8
Tajikistan	40.6	Macedonia	18.7	Hungary	12.1	Comoros	-1.3
Guatemala	37.4	Costa Rica	18.5	Austria	12.1	Viet Nam	-2.3
Colombia	37.3	Italy	18.2	Slovak Rep.	11.9	India	-2.9
Kyrgyzstan	36.8	Bulgaria	18.0	Albania	11.7	Mali	-3.0
Nicaragua	34.2	Portugal	17.9	Norway	11.2	Bangladesh	-3.2
Ecuador	31.3	Poland	17.5	Russia	11.0	Indonesia	-3.8
Cameroon	30.3	Senegal	17.3	Netherlands	10.3	Congo, Rep.	-4
Peru	29.8	Yemen	17.2	Iceland	9.8	Rwanda	-4.6
El Salvador	28.8	Iran	17.2	Jamaica	9.6	Mozambique	-4.8
Moldova	28.6	UK	17.1	Guinea	9.6	Laos	-6.2
Swaziland	28.5	Niger	15.8	Canada	9.6	Chad	-6.9
Paraguay	27.9	Algeria	15.8	Syria	9.5	Benin	-8.3
Gabon	27.8	Guinea-B.	15.8	South Africa	9.2	Zambia	-9.2
Guyana	27.7	Germany	15.6	Czech Rep.	8.8	Madagascar	-12.5
Israel	26.8	Azerbaijan	15.3	Georgia	8.3	Nigeria	-13.2
Panama	26.1	Estonia	15.3	Sri Lanka	8.1	Uganda	-13.5
S. Tome & Prin.	25.6	Kazakhstan	15.2	Philippines	8.0	Burundi	-14.4
Turkey	25.4	Haiti	15.2	Angola	7.9	Congo, Dem. Rep.	-16.4
Armenia	25.2	Brazil	15.2	Ukraine	7.8	Liberia	-19.9
Gambia	24.3	United States	15.1	Thailand	7.7	Malawi	-21.4
Djibouti	23.3	Ireland	15	Cambodia	7.3	Tanzania	-34.4
Togo	23.0	Switzerland	15	Morocco	6.4		
Mauritania	22.8	Belgium	14.6	Serbia	6.3		
Venezuela	22.3	Maldives	14.5	Namibia	6.0		
West Bank & Gaza	21.8	Luxembourg	14.5	Nepal	6.0		
Australia	21.7	Bosnia & Herz.	13.9	Cape Verde	5.5		
Japan	21.7	Chile	13.7	Belarus	5.3		
Latvia	21.1	France	13.5	Turkmenistan	5.1		
Spain	20.7	Denmark	13.3	Montenegro	4.7		
Romania	20.6	Lesotho	13.1	Malaysia	3.2		
Korea, Rep.	20.6	Jordan	13.1	Kenya	2.5		
Croatia	20.4	Finland	13.1	Tunisia	2.4		
Egypt	20.3	Sierra Leone	13.0	Burkina Faso	1.8		
Uruguay	20.3	Bhutan	12.9	Pap. New Gui.	1.7		
Greece	20.1	Sweden	12.9	Pakistan	1.2		

TABLE 11

Difference Between National and International Poverty Numbers (millions)

Country	Mill	Country	Mill	Country	Mill	Country	Mill
Mexico	47.8	Greece	2.2	Lithuania	0.6	Iceland	0.03
United States	46.1	Morocco	2.0	UAE	0.6	Comoros	-0.01
Brazil	29.4	Portugal	1.9	Slovak Rep.	0.6	Central Afr. Rep.	-0.04
Japan	27.4	Israel	1.9	Uruguay	0.6	Congo, Rep.	-0.1
Turkey	17.2	Kyrgyzstan	1.8	Sierra Leone	0.6	Laos	-0.3
Colombia	16.9	Senegal	1.8	Norway	0.5	Chad	-0.4
Egypt	15.9	Nicaragua	1.8	Bosnia & Herz.	0.5	Benin	-0.6
Russia	15.7	El Salvador	1.7	Belarus	0.5	Liberia	-0.
Germany	12.6	Paraguay	1.7	Latvia	0.4	Ethiopia	-0.7
Iran	12.3	Netherlands	1.6	Serbia	0.4	Mozambique	-0.7
Italy	10.9	Sri Lanka	1.6	Mauritania	0.4	Burkina Faso	-0.9
UK	10.5	Syria	1.6	Gabon	0.3	Burundi	-1.0
Korea, Rep.	9.8	Belgium	1.5	Macedonia	0.3	Zambia	-1.0
Spain	9.4	Pakistan	1.4	Albania	0.3	Rwanda	-1.1
Peru	8.5	Bulgaria	1.3	Georgia	0.3	Mali	-1.3
France	8.2	Azerbaijan	1.3	Gambia	0.3	Viet Nam	-2.0
Philippines	7.4	Haiti	1.3	Guinea-B	0.3	Malawi	-2.6
Poland	6.5	Togo	1.2	Turkmenistan	0.3	Uganda	-4.3
Venezuela	6.4	Sweden	1.2	Lesotho	0.2	Madagascar	-4.5
Iraq	5.8	Hungary	1.1	Swaziland	0.2	Bangladesh	-8.0
Cameroon	5.5	Switzerland	1.1	Suriname	0.2	Indonesia	-9.1
Thailand	5.3	Angola	1.1	Jamaica	0.2	Congo, Dem. Rep.	-9.4
Guatemala	4.8	Moldova	1.0	Slovenia	0.2	Tanzania	-21.0
Dom. Rep.	4.6	Austria	1.0	Tunisia	0.2	Nigeria	-30.4
Australia	4.5	Cambodia	0.9	Estonia	0.2	China	-43.7
Argentina	4.5	Malaysia	0.9	Guyana	0.2	India	-45.5
Ecuador	4.4	Czech Rep.	0.9	Djibouti	0.1		
Romania	4.4	Guinea	0.9	Trin. & Tob.	0.1		
Algeria	4.4	Kenya	0.9	Timor-Leste	0.1		
Bolivia	4.1	West Bank & Gaza	0.8	Ghana	0.1		
South Africa	4.1	Panama	0.8	Namibia	0.1		
Ukraine	3.6	Croatia	0.8	Bhutan	0.09		
Cote d'Ivoire	3.6	Costa Rica	0.8	Botswana	0.09		
Yemen	3.5	Nepal	0.8	Pap. New Gui.	0.08		
Honduras	3.2	New Zealand	0.8	Luxembourg	0.07		
Canada	3.1	Armenia	0.7	Maldives	0.04		
Tajikistan	2.7	Jordan	0.7	Belize	0.04		
Chile	2.3	Denmark	0.7	S. Tome & Princ.	0.04		
Kazakhstan	2.2	Finland	0.6	Cape Verde	0.03		
Niger	2.2	Ireland	0.6	Montenegro	0.03		

With regards to numbers, the difference could range from +47.8 million to -45.48 million, a total absolute difference of nearly 100 million people. In this case, poverty in China and India combined based on NPLs could 'understate' poverty by some 90 million people compared to IPLs. In the case of percentage points difference between NPLs and IPLs, estimates could range from +54.4 to -34.4, or an absolute difference of about 90 percentage points. For example, poverty in Mexico is 1 per cent by the $1.25 IPL (and 5 per cent by the $2 IPL). But if we measure poverty based on NPLs, half of the Mexican population is poor.

FIGURE 15

Difference in Poverty Rates and Income (excluding HICs)

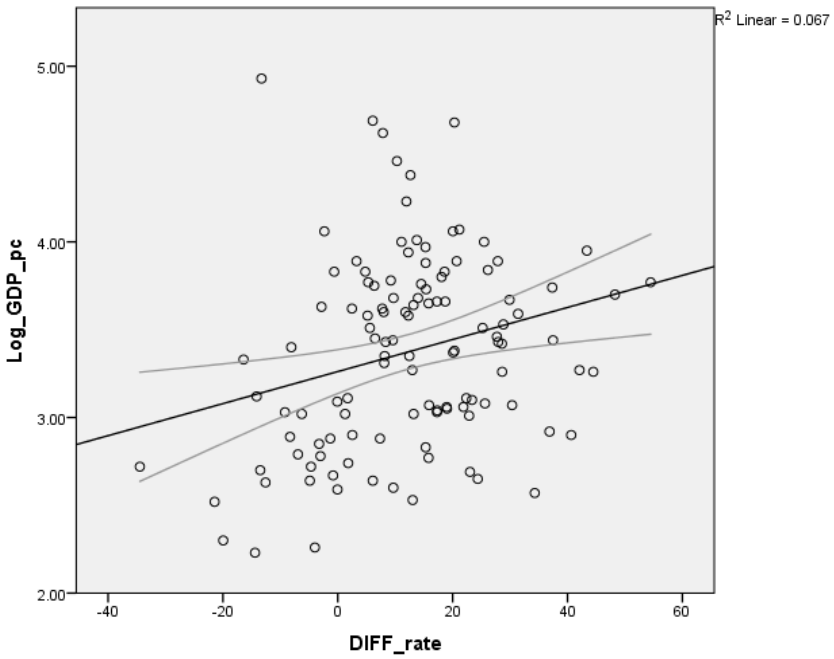
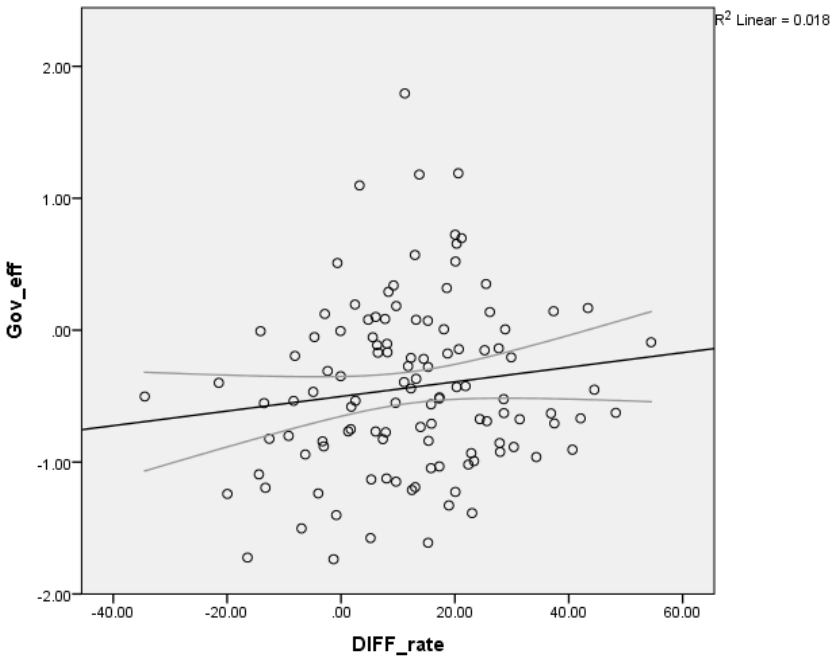


FIGURE 16

Difference in Poverty Rates and Government Effectiveness (excluding HICs)



For a limited number of countries (such as Ethiopia, Ghana, Pakistan), the difference is minimal (not surprising given that the NPLs of countries such as Ethiopia and Ghana are used to construct the IPL). Indeed, among the top 50 countries with the largest differences, i.e. with national poverty rates higher than international ones, we find only four LICs. One would think

this presumably reflects higher NPLs in MICs than LICs in general. However, this is not the case in all MICs. Notably, for China and India the lines only generate, respectively, a +0.3 and -2.87 percentage points difference in poverty rates.[11] And in fact LICs have national poverty rates lower than international estimates. However, this could be because NPLs sometimes only cover rural areas (and most of the population is rural) or because of technical factors in the construction of the poverty lines. Indeed, Figure 15 shows that the difference between national and international poverty rates (excluding HICs) tends to be positive and larger at higher levels of per capita income, while negative at lower levels of per capita income (reflecting the basis of the IPL on poverty lines of LICs). A similar pattern is also observed between the difference in poverty rates and government effectiveness (Figure 16).

FIGURE 17

Percentage Points Difference Between National and International Poverty Rates, Selected Countries

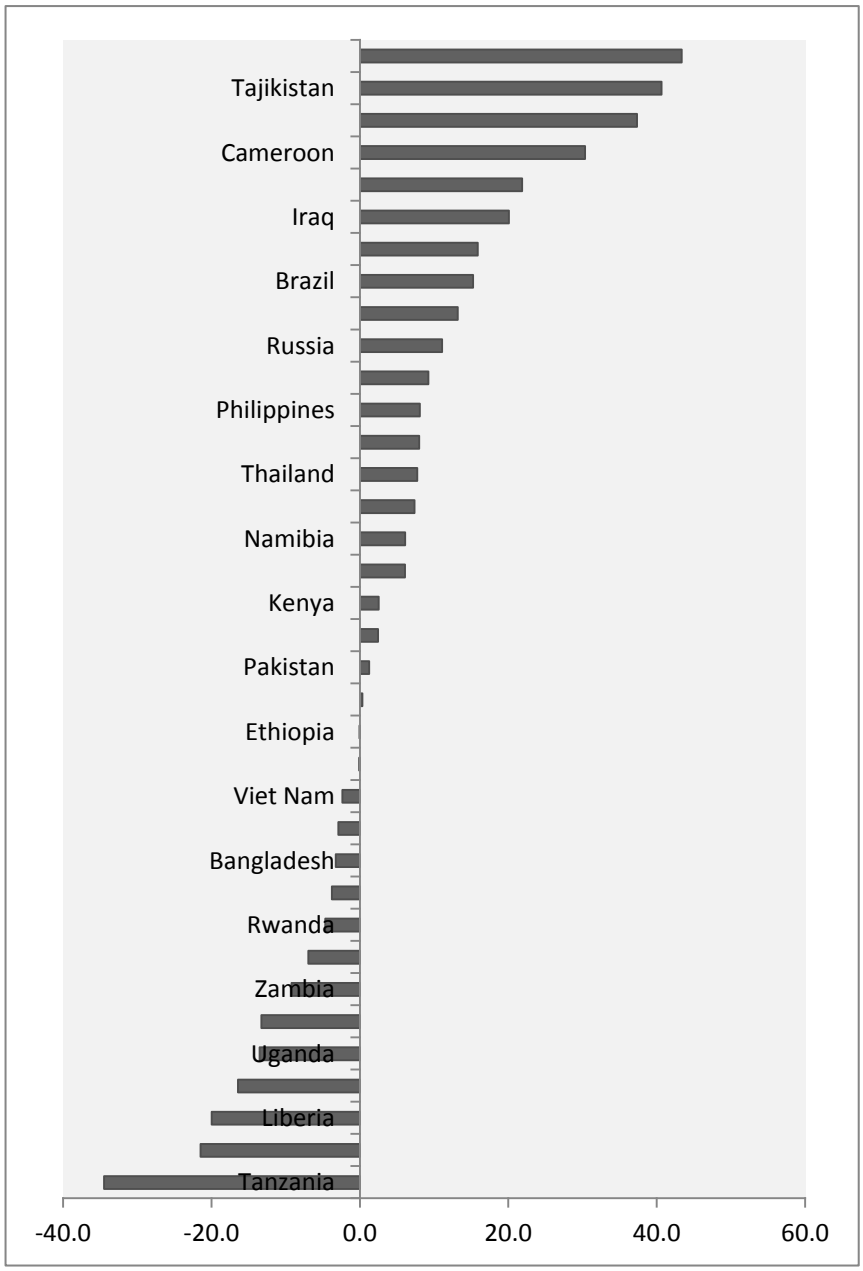
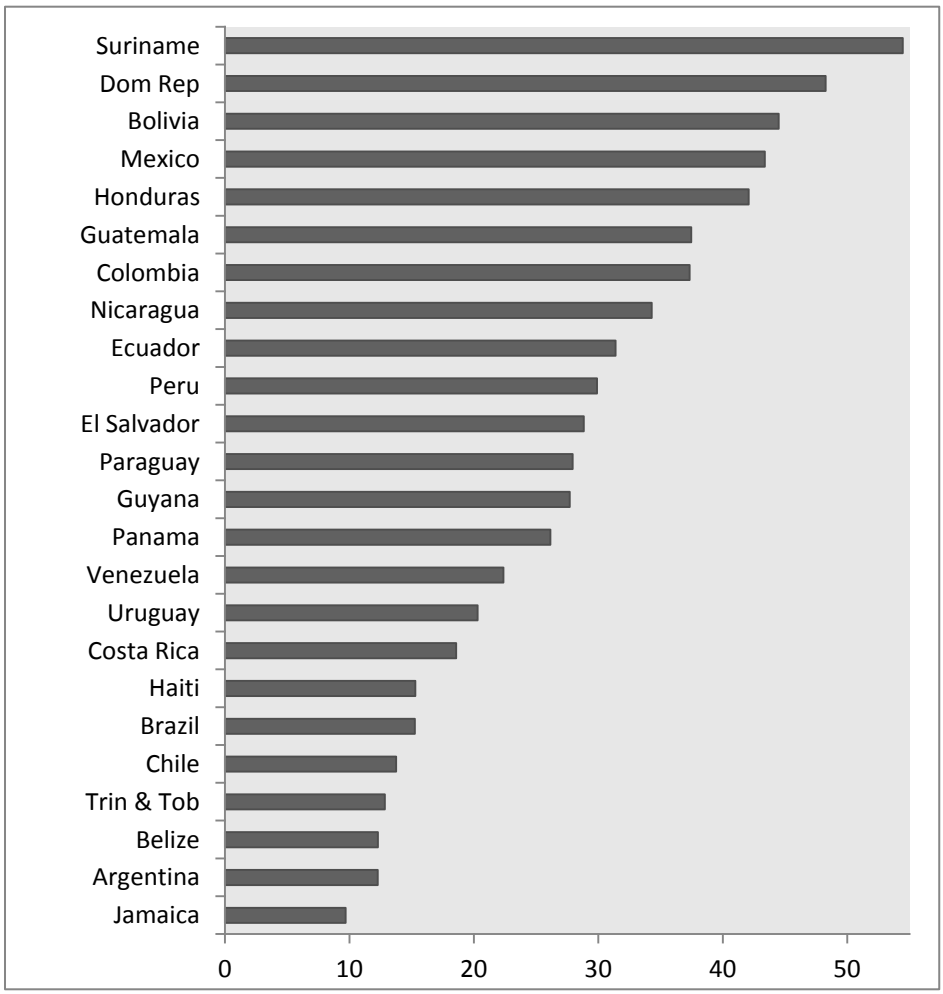


Figure 17 illustrates the difference in percentage points for selected countries. The difference is considerable for a large number of MICs; yet, differences seem also particularly stark for some regions. For example, Figure 18 shows differences for Latin America and the Caribbean (LAC), where the average difference is 27.7 percentage points.

FIGURE 18

Percentage Points Difference Between National and International Poverty Rates in Latin America and the Caribbean



To return to the question of inequality, particularly with reference to MICs, Figure 19 illustrates a positive correlation between poverty rates in LAC and the level of income inequality as measured by the Gini index. Figure 20 shows national poverty rates and inequality in sub-Saharan Africa. In this case, the correlation is less significant and indicating a general negative trend. As noted earlier, this would be consistent with a more 'uniform' and upwards concentration of poverty among LICs, many of which are in sub-Saharan Africa. In other words, in countries with high national poverty rates, poverty may paradoxically come with more equity, although in this case because, as noted by some observers, "everybody is poor" (see Ellis, 2008).[12] Indeed, Figures 21–24 explore the correlation between NPL-based poverty rates and the level of income inequality as measured by the Gini index in LICs, MICs, LMICS and UMICs. There is a particularly close correlation in the LMICs which is moderated slightly in UMICs. However, it would seem Kuznets is alive and well.

FIGURE 19

National Poverty Rates and Inequality in Latin America and Caribbean

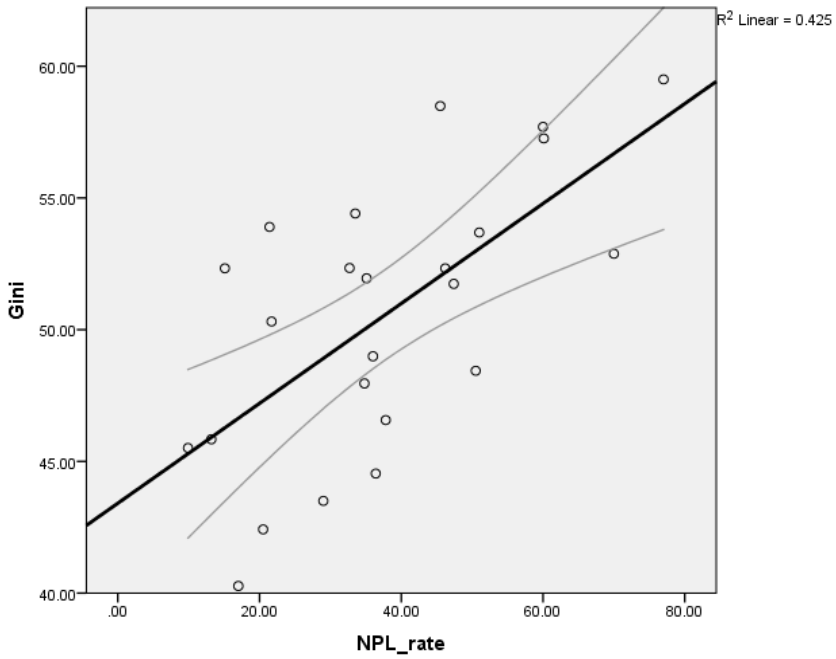


FIGURE 20

National Poverty Rates and Inequality in Sub-Saharan Africa

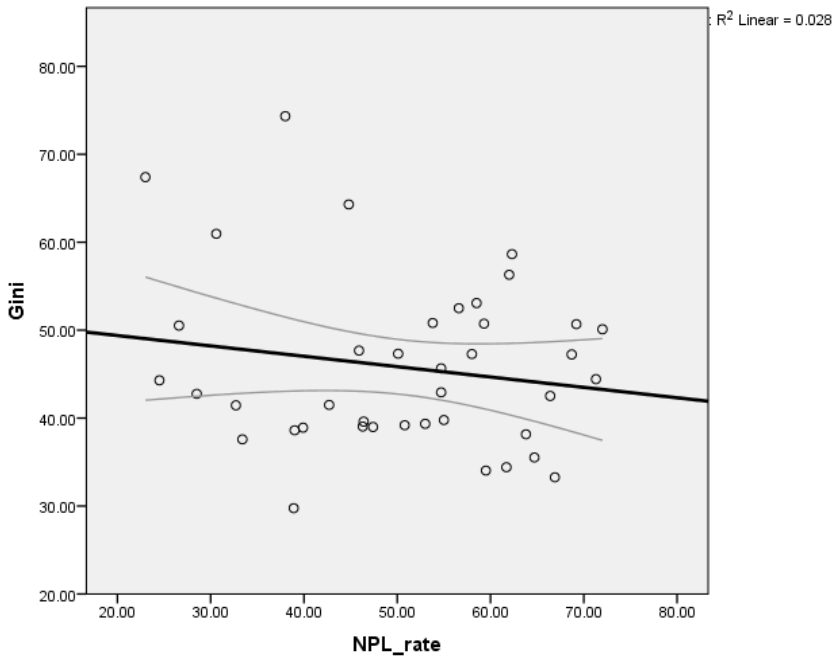


FIGURE 21

National Poverty Rates and Inequality in LICs

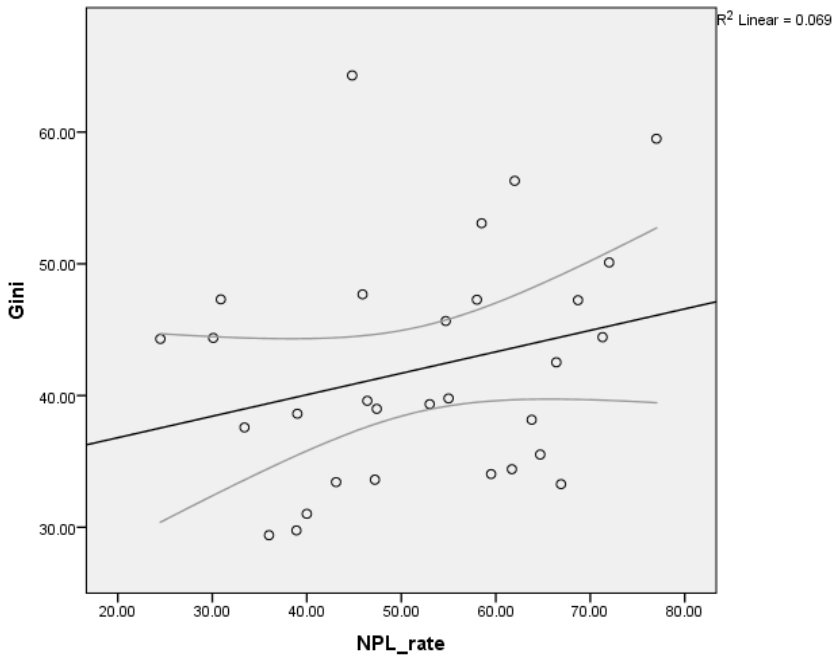


FIGURE 22

National Poverty Rates and Inequality in MICs

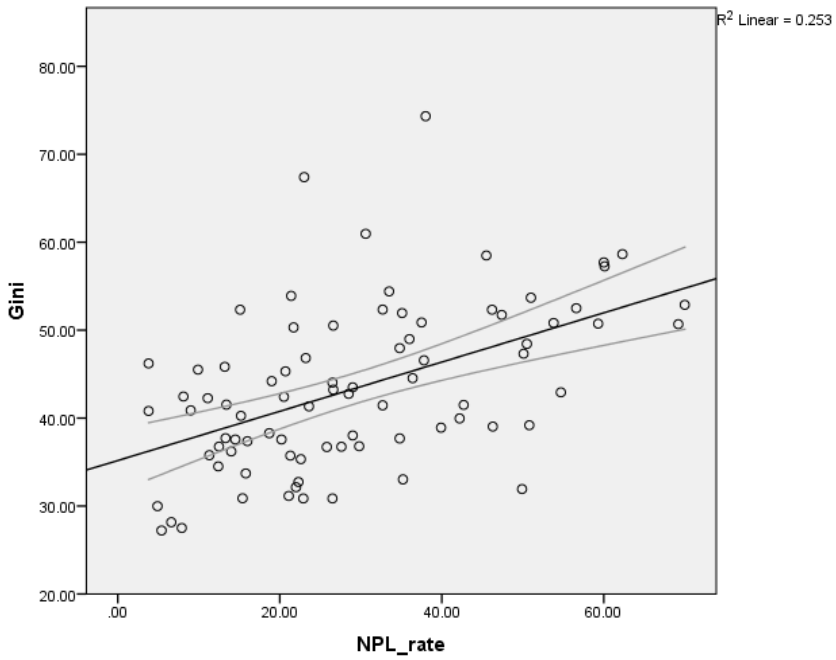


FIGURE 23

National Poverty Rates and Inequality in LMICs

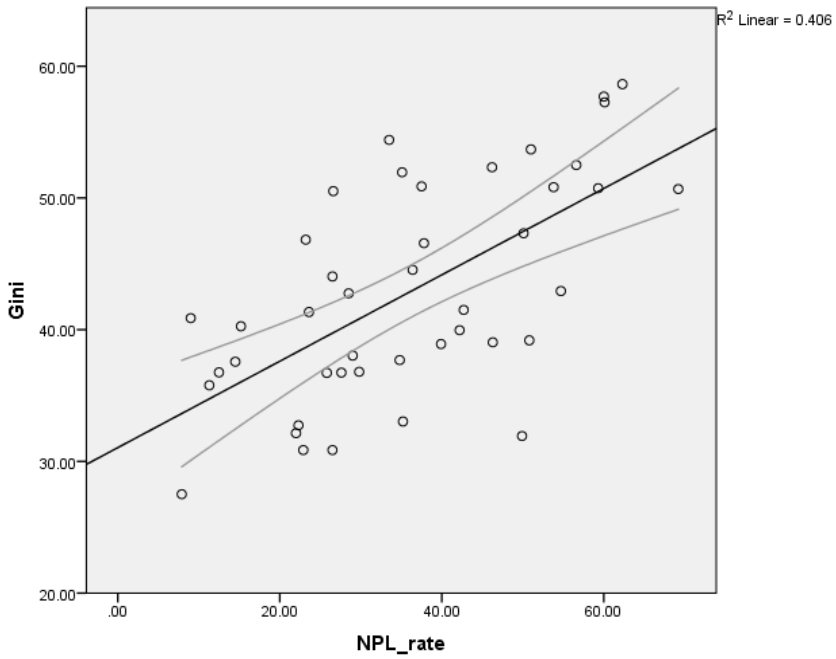
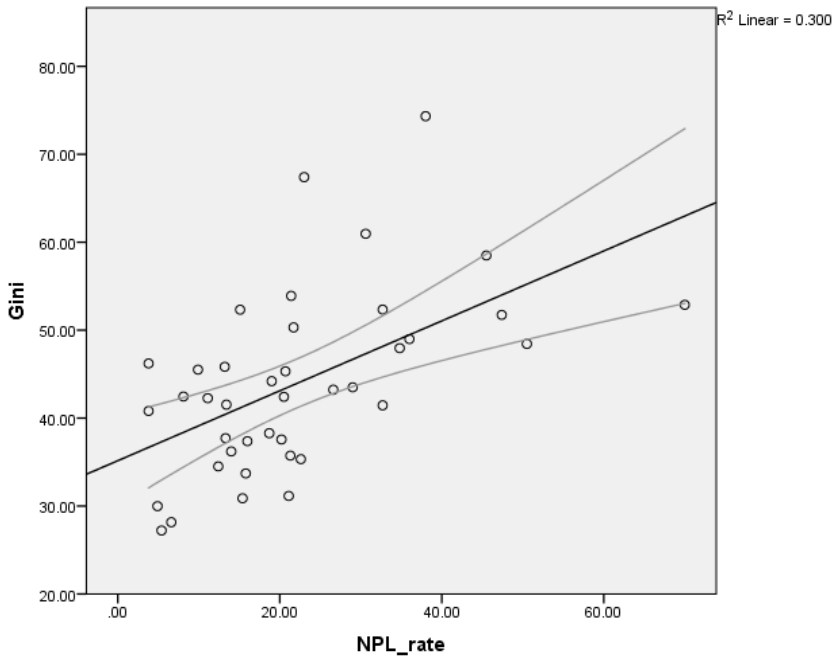


FIGURE 24

National Poverty Rates and Inequality in UMICs



Finally, one can consider the relationship between NPLs and other measures of poverty. Here we consider NPLs versus underweight, undernourishment and under-five mortality. The correlation between these and NPLs is very striking (see Table 12 and Figures 25–27), suggesting that the use of NPLs has broader implications in that NPLs are a good proxy for a range of poverty indicators.

TABLE 12

Correlation Between NPLs and other Key MDGs

Correlations

		NPL_rate	Uweight	Unourish	U5mort
NPL_rate	Pearson Correlation	1	.491**	.706**	.664**
	Sig. (2-tailed)		.000	.000	.000
	N	160	123	116	123
Uweight	Pearson Correlation	.491**	1	.627**	.653**
	Sig. (2-tailed)	.000		.000	.000
	N	123	123	116	123
Unourish	Pearson Correlation	.706**	.627**	1	.632**
	Sig. (2-tailed)	.000	.000		.000
	N	116	116	116	116
U5mort	Pearson Correlation	.664**	.653**	.632**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	123	123	116	123

**. Correlation is significant at the 0.01 level (2-tailed).

FIGURE 25

National Poverty Rates and Underweight

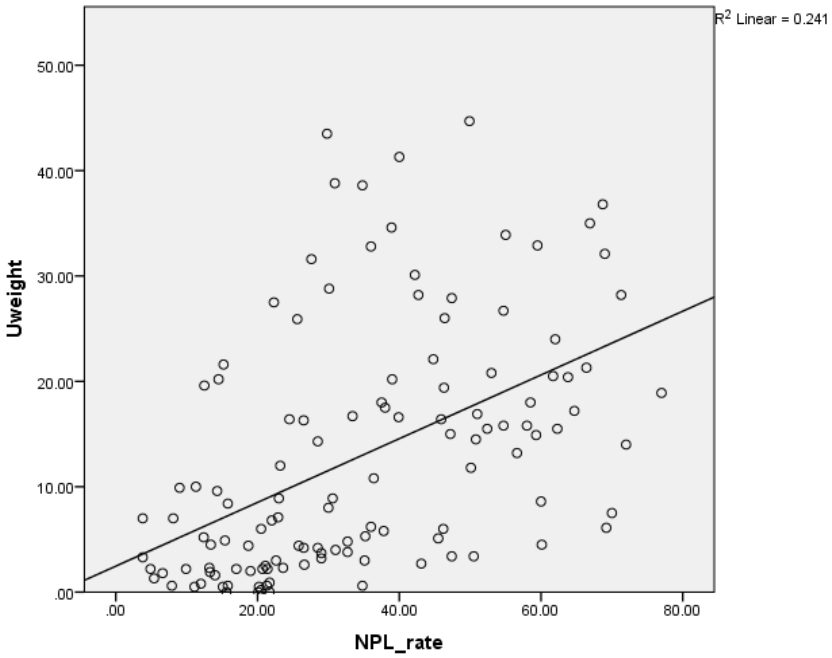


FIGURE 26

National Poverty Rates and Undernourishment

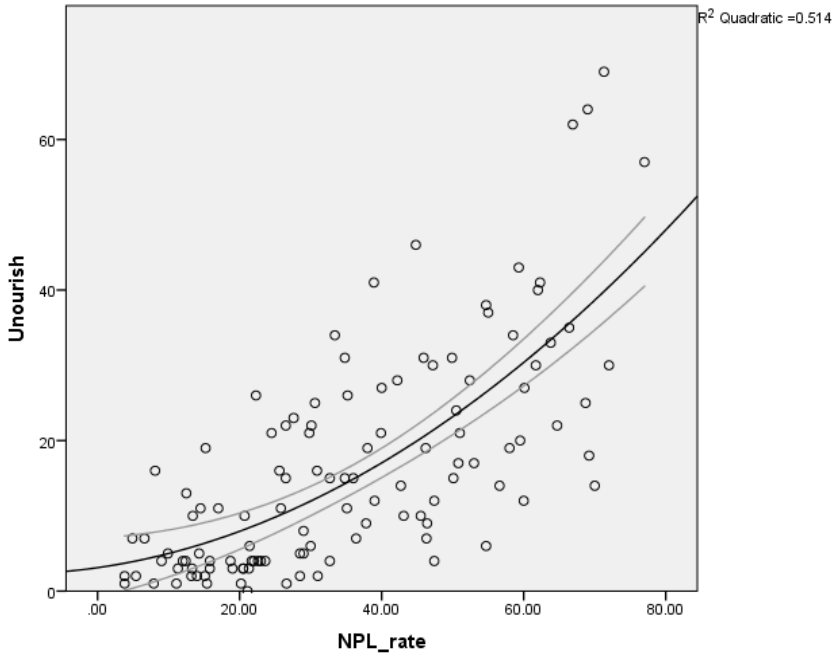
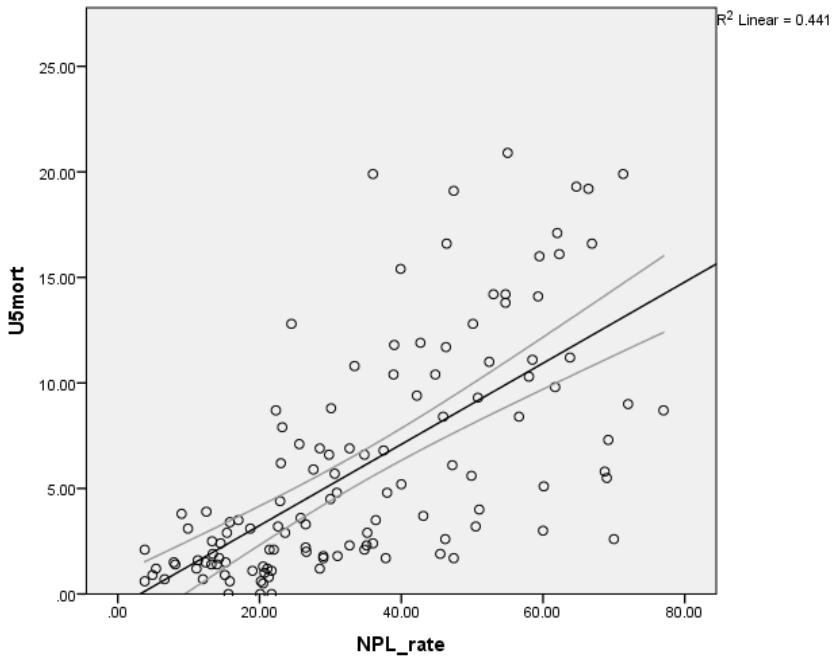


FIGURE 27

National Poverty Rates and Under-five Mortality



4 CONCLUSIONS

IPLs have been accepted as the universal poverty metric, underpinning global goals such as the MDGs—at least MDG 1a—and discussions on how the world is doing in reducing poverty. Yet, what difference does it make if, instead, we look at how many poor people there are in the world, based on how poverty is defined in the countries where those people live (rather than by IPLs)?

To answer this, we added up all the country-level poverty data based on national poverty definitions to produce *a new and different perspective on global poverty*, based on national measures from 160 countries.

Three core findings emerge. First, there are 1.5 billion people living in nationally defined poverty, 1 billion of whom are in MICs. This corroborates the view that global poverty has increasingly become an MIC phenomenon, although much of this is just five countries—Pakistan, India, Nigeria, China and Indonesia.

Second, when poverty is defined nationally, one in 10 of the world's nationally defined poor people live in HICs. (Of course, one could question comparability—absolute and relative poverty—so when we present the global poverty data we do so with and without HICs). By its own definition, the USA has 45 million poor people.

Third, while global totals are the same, the overall number conceals some significant national variations in poverty numbers, depending on whether NPLs or IPLs are used. In Mexico and Bolivia, for example, poverty rates according to the NPLs are more than 40 percentage points higher than those based on the IPL of $1.25/day. In Africa, by contrast, for various countries (such as Uganda, Tanzania, Liberia, Burundi, Nigeria and Malawi) poverty rates resulting from IPLs are much higher than from NPLs (for example, about 35 percentage points higher in Tanzania and 20 in Malawi). And in India 45 million people are missing in NPL-based poverty estimates that would be counted by IPLs.

Why might a focus on nationally defined poverty be useful? Again, for three reasons.

First, such a focus might fit better with the domestic task of forging national social contracts, as poverty increasingly becomes about national inequality. NPL-based poverty rates tend to be what are tracked by policymakers in-country. However, NPLs are moving closer to the $1.25 IPL in some countries—for example, in China and India.

Second, expressing poverty in national terms implies a greater degree of involvement of national actors in defining what poverty is in a given context. That has practical consequences: in a number of cases, countries are testing how to better connect national measures with eligibility for domestic social protection programmes.

Third, the recognition that poverty (relative or absolute) exists everywhere entails a shift in thinking about poverty– framing poverty as a universal issue relevant to all countries, rather than a *'them* and us' question.

As the discussion on poverty measurement and classification evolves, it might be interesting to broaden the range of countries, so that highly populated LICs and MICs where most poor people live, become the basis for the calculation of international standards for absolute poverty. This could entail establishing global poverty lines (such as the current $1.25/day) not on the average of those of the 15 poorest countries, but on the average of the

countries with the highest numbers of poor people—80 per cent of the world's poor people live in just 10 countries, and 90 per cent in 20 populous countries (most of which are not currently part of the $1.25 calculation). Such a process would perhaps better synchronise global measurement to the shifts in global poverty.

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ANNEX 1

COUNTRY POVERTY RATES AND NUMBERS BASED ON NATIONAL AND INTERNATIONAL ($1.25/DAY) POVERTY LINES

	National Poverty Lines			International Poverty Line		
Country	**Year**	**Rate (%)**	**Mill**	**Year**	**Rate (%)**	**Mill**
Afghanistan	2007	36.00	11.38	na	na	na
Albania	2008	12.40	0.39	2008	0.62	0.02
Algeria	1995	22.60	6.34	1995	6.79	1.92
Angola	2000	62.30	8.68	2000	54.31	7.57
Argentina	2009	13.20	4.88	2010	0.92	0.34
Armenia	2009	26.50	0.82	2008	1.28	0.04
Australia [a]	2007	21.70	4.58	-	-	-
Austria [b]	2010	12.10	1.00	-	-	-
Azerbaijan	2008	15.80	1.38	2008	0.43	0.04
Bangladesh	2005	40.00	56.24	2010	43.25	64.31
Belarus	2009	5.40	0.52	2008	0.10	0.01
Belgium [b]	2010	14.60	1.57	-	-	-
Belize	2002	33.50	0.09	1999	21.21	0.05
Benin	2003	39.00	2.79	2003	47.33	3.39
Bhutan	2007	23.20	0.16	2007	10.22	0.07
Bolivia	2007	60.10	5.69	2008	15.61	1.50
Bosnia & Herz.	2007	14.00	0.53	2007	0.04	0.00
Botswana	2003	30.60	0.56	1994	31.23	0.47
Brazil	2009	21.40	41.36	2009	6.14	11.87
Bulgaria [b]	2010	20.70	1.57	2001	2.64	0.21
Burkina Faso	2003	46.40	6.22	2009	44.60	7.13
Burundi	2006	66.90	5.00	2006	81.32	6.07
Cambodia	2007	30.10	4.11	2008	22.75	3.14
Cameroon	2007	39.90	7.32	2007	9.56	1.75
Canada [c]	2009	9.60	3.16	-	-	-
Cape Verde	2007	26.60	0.13	2001	21.02	0.09
Cent Afr Rep	2008	62.00	2.63	2008	62.83	2.66
Chad	2003	55.00	5.03	2002	61.94	5.47
Chile	2009	15.10	2.56	2009	1.35	0.23
China [e]	2010	13.40	128.00	2008	13.06	171.68
Colombia	2009	45.50	20.77	2010	8.16	3.78
Comoros	2004	44.80	0.28	2004	46.11	0.29
Congo, Dem. Rep.	2005	71.30	40.94	2006	87.72	50.37
Congo, Rep	2005	50.10	1.77	2005	54.10	1.91

Costa Rica	2009	21.70	1.00	2009	3.12	0.14
Cote d'Ivoire	2008	42.70	8.11	2008	23.75	4.51
Croatia [b]	2010	20.50	0.87	2008	0.06	0.00
Cyprus [b]	2009	16.20	0.13	na	na	na
Czech Rep. [b]	2010	9.00	0.94	1996	0.13	0.01
Denmark [b]	2010	13.30	0.73	-	-	-
Djibouti [c]	2002	42.20	0.32	2002	18.84	0.15
Dom Rep.	2008	50.50	4.88	2010	2.24	0.22
Ecuador	2009	36.00	5.13	2010	4.61	0.67
Egypt	2008	22.00	17.23	2008	1.69	1.32
El Salvador	2009	37.80	2.33	2009	8.97	0.55
Eritrea	1993	69.00	2.19	na	na	na
Estonia [b]	2010	15.80	0.21	2004	0.46	0.01
Ethiopia	2004	38.90	28.21	2005	38.96	28.93
Fiji	2009	31.00	0.26	na	na	na
Finland [b]	2010	13.10	0.69	-	-	-
France [b]	2010	13.50	8.21	-	-	-
Gabon	2005	32.70	0.45	2005	4.84	0.07
Gambia	2003	58.00	0.82	2003	33.63	0.48
Georgia	2007	23.60	1.04	2008	15.27	0.67
Germany [b]	2010	15.60	12.65	-	-	-
Ghana	2006	28.50	6.32	2005	28.59	6.19
Greece [b]	2010	20.10	2.21	-	-	-
Guatemala	2006	51.00	6.65	2006	13.53	1.76
Guinea	2007	53.00	4.97	2007	43.34	4.06
Guinea-B.	2002	64.70	0.97	2002	48.90	0.63
Guyana [c]	1999	36.40	0.27	1998	8.70	0.06
Haiti	2001	77.00	6.77	2001	61.71	5.42
Honduras	2010	60.00	4.56	2009	17.92	1.34
Hungary [b]	2010	12.30	1.21	2007	0.17	0.02
Iceland [b]	2010	9.80	0.03	-	-	-
India	2009-10	29.8	354.6	2010	32.67	400.08
Indonesia [c]	2011	12.49	30.01	2011	16.27	39.09
Iran [d]	2007	18.70	13.36	2005	1.45	1.01
Iraq	2007	22.90	6.63	2006	2.82	0.80
Ireland [b]	2009	15.00	0.67	-	-	-
Israel [a]	2008	26.80	1.90	-	-	-
Italy [b]	2010	18.20	10.94	-	-	-
Jamaica	2007	9.90	0.27	2004	0.21	0.01
Japan [a]	2006	21.70	27.44		0.00	0.00
Jordan	2008	13.30	0.77	2010	0.12	0.01
Kazakhstan	2002	15.40	2.29	2009	0.11	0.02
Kenya	2005	45.90	16.34	2005	43.37	15.44
Korea, Rep. [a]	2008	20.60	9.83	-	-	-

Kosovo	2006	45.00	0.80	na	na	na
Kyrgyzstan	2005	43.10	2.22	2009	6.23	0.33
Laos	2008	27.60	1.66	2008	33.88	2.04
Latvia [b]	2010	21.30	0.47	2008	0.14	0.00
Lebanon [c]	2004	28.50	1.14	na	na	na
Lesotho	2003	56.60	1.14	2002	43.41	0.87
Liberia	2007	63.80	2.22	2007	83.76	2.91
Lithuania [b]	2010	20.20	0.67	2008	0.16	0.01
Luxembourg [b]	2010	14.50	0.07	-	-	-
Macedonia	2006	19.00	0.39	2008	0.29	0.01
Madagascar	2005	68.70	12.29	2010	81.29	16.84
Malawi	2004	52.40	6.53	2004	73.86	9.21
Malaysia	2009	3.80	1.06	2004	0.54	0.14
Maldives [d]	2008	16.00	0.05	2004	1.48	0.00
Mali	2006	47.40	6.44	2010	50.43	7.75
Malta [b]	2010	15.50	0.06	-	-	-
Mauritania	2000	46.30	1.22	2008	23.43	0.77
Mauritius [c]	2006	14.30	0.24	na	na	na
Mexico	2008	47.40	52.44	2010	4.03	4.57
Moldova	2005	29.00	1.04	2010	0.39	0.01
Mongolia	2008	35.20	0.94	na	na	na
Montenegro	2008	4.90	0.03	2008	0.12	0.00
Morocco	2007	9.00	2.79	2007	2.52	0.78
Mozambique	2008	54.70	12.21	2007	59.58	12.99
Myanmar [c]	2010	25.60	12.28	na	na	na
Namibia	2003	38.00	0.76	2003	31.91	0.64
Nepal	2004	30.90	8.25	2010	24.82	7.44
Netherlands [b]	2010	10.30	1.69	-	-	-
New Zealand [a]	2008	19.00	0.81	-	-	-
Nicaragua	2005	46.20	2.50	2005	11.91	0.65
Niger	2007	59.50	8.30	2007	43.62	6.08
Nigeria	2004	54.70	74.61	2009	67.98	105.02
Norway [b]	2010	11.20	0.55	-	-	-
Pakistan	2006	22.30	36.02	2007	21.04	34.60
Panama	2008	32.70	1.11	2010	6.56	0.23
Pap. New Gui.	1996	37.50	1.82	1996	35.79	1.73
Paraguay	2009	35.10	2.23	2010	7.16	0.46
Peru	2009	34.80	10.01	2010	4.91	1.43
Philippines	2009	26.50	24.30	2009	18.42	16.89
Poland [b]	2010	17.60	6.59	2009	0.05	0.02
Portugal [b]	2010	17.90	1.90	-	-	-
Romania [b]	2010	21.10	4.52	2009	0.41	0.09
Russia	2006	11.10	15.82	2007	0.02	0.03
Rwanda	2006	58.50	5.52	2010	63.17	6.71

S. Tome & Princ.	2001	53.80	0.08	2000	28.18	0.04
Senegal	2005	50.80	5.52	2005	33.50	3.64
Serbia	2007	6.60	0.49	2009	0.26	0.02
Sierra Leone	2003	66.40	3.14	2003	53.37	2.52
Slovak Rep. [b]	2010	12.00	0.65	2009	0.06	0.00
Slovenia [b]	2010	12.70	0.25	2004	0.06	0.00
South Africa	2005	23.00	10.86	2008	13.77	6.72
South Sudan [c]	2009	50.60	4.18	na	na	na
Spain [b]	2010	20.70	9.49	-	-	-
Sri Lanka	2007	15.20	3.08	2006	7.04	1.41
Sudan [c]	2009	46.50	14.36	na	na	na
Suriname [d]	2002	70.00	0.34	1999	15.54	0.07
Swaziland	2001	69.20	0.74	2009	40.63	0.48
Sweden [b]	2010	12.90	1.21	-	-	-
Switzerland [b]	2010	15.00	1.12	-	-	-
Syria [c]	2003	11.30	1.98	2004	1.71	0.31
Tajikistan	2009	47.20	3.20	2009	6.56	0.44
Tanzania	2007	33.40	20.37	2007	67.87	41.39
Thailand	2009	8.10	5.57	2009	0.37	0.25
Timor-Leste	2007	49.90	0.53	2007	37.44	0.40
Togo	2006	61.70	3.41	2006	38.68	2.14
Trin. & Tob. [d]	2007	17.00	0.22	1992	4.16	0.05
Tunisia	2005	3.80	0.38	2005	1.35	0.14
Turkey [b]	2006	26.60	18.02	2007	1.13	0.79
Turkmenistan [d]	2004	30.00	1.41	1998	24.82	1.09
UAE [d]	2003	19.50	0.66	na	na	na
Uganda	2009	24.50	7.93	2009	38.01	12.30
UK [b]	2010	17.10	10.52	-	-	-
Ukraine	2005	7.90	3.72	2009	0.06	0.03
United States [c]	2010	15.10	46.18	-	-	-
Uruguay	2008	20.50	0.63	2010	0.20	0.01
Uzbekistan [c]	2005	25.80	6.69	na	na	na
Venezuela	2009	29.00	8.27	2006	6.63	1.79
Viet Nam	2008	14.50	12.34	2008	16.85	14.34
West Bank & Gaza	2009	21.90	0.88	2009	0.04	0.00
Yemen	2005	34.80	7.19	2005	17.53	3.62
Zambia	2006	59.30	6.97	2006	68.51	8.05
Zimbabwe	2003	72.00	9.08	na	na	na

Source: National rates from World Development Indicator online database (accessed 10 February 2012), unless otherwise indicated: [a] OECD Income Distribution and Poverty Database; [b] Eurostat; [c] Survey/census data; [d] CIA *World Factbook*; [e] See footnote no. 6. All international rates are from PovCal Net (accessed 2 March 2012). When not available, population data are from UNDESA (2010). In the case of Indonesia, population figures (for NPLs and IPL) are from Government of Indonesia (2012), since 2011 figures are not available in PovCalNet or UNDESA (2010). All IPL data are from PovCalNet (accessed 2 March 2012). For China, India and Indonesia, IPL figures are population-weighted rural-urban averages.

NOTES

1. Ravallion (2011) has argued that the assumptions of Chandy and Gertz (2011) concerning static inequality may overstate the extent of poverty reduction to 2015 (and if so, this will likely mean a higher proportion of world poverty in MICs).

2. The thresholds are used in various ways by a number of bilateral and multilateral donors in decision-making on the terms of engagement with countries as well as by various non-aid actors (such as ratings agencies). For a detailed discussion of how the thresholds are used by UNICEF, UNDP, UNFPA, WFP and the Global Fund to Fight AIDS, TB and Malaria, see UNICEF (2007: 76–80).

3. Countries include Malawi, Mali, Ethiopia, Sierra Leone, Niger, Uganda, Gambia, Rwanda, Guinea-Bissau, Tanzania, Tajikistan, Mozambique, Chad, Nepal and Ghana (Chen and Ravallion, 2010).

4. Take the following quotes: "…with a rate of 26.9%, children were at greater risk of poverty or social inclusion…and 36% [of the population] stated they would be unable to cope with unexpected expenses". And, "...in 2010, 48.8 million people lived in food insecure households". Perhaps counter-intuitively, these statements refer, respectively, to the European Union and USA (Eurostat 2012: 1; Coleman-Jensen et al., 2011: 16).

5. See, for example, Government of Indonesia (2012), Government of Afghanistan and World Bank (2010), Government of Canada (2012), Government of Guyana (2000), Government of Lebanon (2011), Government of Myanmar (2011), Government of Southern Sudan (2010), Government of Sudan (2011) and Government of the USA (2011).

6. The new poverty line announced on 29 November 2011 is set at 2300 yuan/year ($361/year), which is almost double the old line of 1196 yuan/year. The issue has been widely covered in the news, but it proved challenging to find official statistics in government documents of the Chinese National Bureau of Statistics (e.g.<http://www.economist.com/blogs/freeexchange/2011/12/chinas-poverty>, and <http://www.wantchinatimes.com/news-subclass-cnt.aspx?id=20111207000027&cid=1102&MainCatID=11>).

7.<http://iresearch.worldbank.org/PovcalNet/index.htm>

8. HIC countries have zero $1.25 IPL poverty.

9 See adjusted and non-adjusted base years reported in Sumner (2012a).

10. According to Kaufmann et al. (2011), the 'government effectiveness' indicator is meant to capture the perception of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies, The 'voice and accountability' dimension includes perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.

11. Indeed, China's new NPL (2300 yuan) is closer to the IPL of $1.25/day.

12. Other regions do not seem to show particular patterns between poverty and inequality measured by the Gini index.

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