

Poverty Where People Live: What Do National Poverty Lines Tell us About Global Poverty?

by Ugo Gentilini, WFP and Andy Sumner, IDS

Debate about national and international poverty measurement continued to evolve (see for example Abu-Ismaïl et al., 2012). The international poverty lines of US\$1.25 and US\$2/day are, respectively, the average of the national poverty lines for the *poorest* 15 countries and the average for *all* developing countries. While those lines allow us to compare countries in monetary terms, at national level, all countries define poverty, using various approaches. So 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 international poverty lines)?

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 poverty measures in 160 countries (see Gentilini and Sumner, 2012). Three major findings emerge.

First, there are 1.5 billion people living in nationally defined poverty, 1 billion of whom are in middle-income countries (MICs). This corroborates the findings that global poverty—whether defined by international or national poverty lines - has become an MIC phenomenon, although much of this is in just five countries—i.e. Pakistan, India, Nigeria, China and Indonesia (henceforth the PINCIs).

Second, when poverty is defined nationally, one in 10 (170 million) of the world's poor people live in high-income countries. (Of course, one could question comparability of absolute and relative poverty so when we present the global poverty data we do so with and without high-income countries). By its own definition, the USA has 45 million poor people.

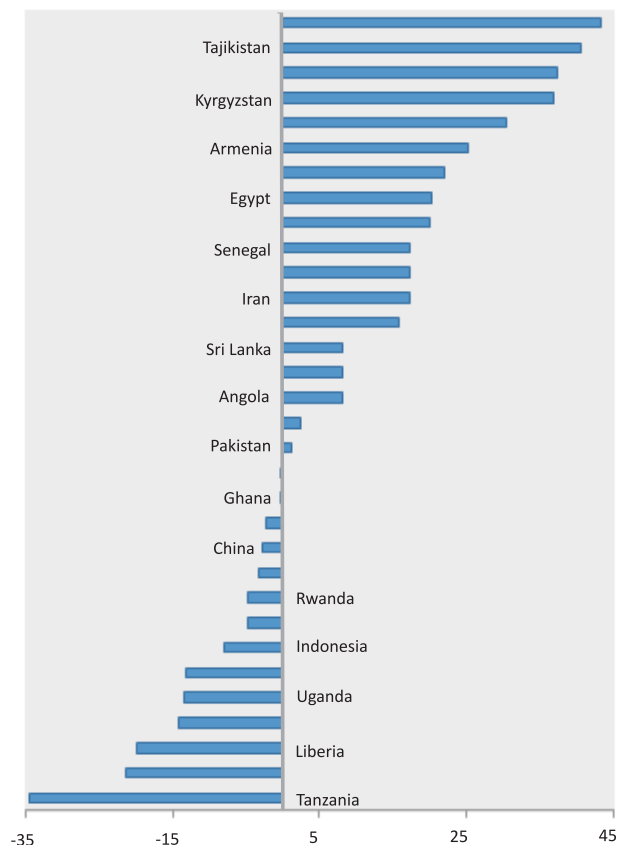
Third, while global totals are the same, the overall number conceals some big national variations in poverty numbers depending on whether national or international lines are used. In Mexico and Bolivia, for example, poverty rates according to national lines are more than 40 percentage points higher than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

Why might a focus on nationally defined poverty be useful? We set out 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 as the world's poor increasingly live in middle-income countries. Further, national poverty measures tend to be those tracked by policymakers in-country. And those domestic measures are moving closer to the international \$1.25 line in some countries—for example, in China.

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 for example.

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.

Difference Between National and International Poverty Rates, Selected Countries (percentage points)



As the discussion on poverty measurement and classification evolves, it would be interesting to broaden the range of countries, so that highly populated MICs and LICs 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 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 current \$1.25 calculation). Such a process would perhaps better synchronise global measurement to the changes in global poverty towards MICs too.

References:

Abu-Ismaïl, K., Abou Taleb, G. and Ramadan, R. (2012). Rethinking Global Poverty Measurement, *IPC-IG Working Paper*, No. 93. Brasília, IPC-IG.
Gentilini, U. and Sumner, A. (2012). What Do National Poverty Lines Tell us About Global Poverty?, *IDS Working Paper*, No. 392. Brighton, IDS (And *IPC-IG Working Paper*).

