ABSOLUTE POVERTY MEASURES FOR THE DEVELOPING WORLD, 1981-2004[1]

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ABSTRACT

We report new estimates of measures of absolute poverty for the developing world over 1981-2004. A clear trend decline in the percentage of people who are absolutely poor is evident, although with uneven progress across regions. We find more mixed success in reducing the total number of poor. Indeed, the developing world outside China has seen little or no sustained progress in reducing the number of poor, with rising poverty counts in some regions, notably Sub-Saharan Africa. There are encouraging signs of progress in all regions after 2000, although it is too early to say if this is a new trend. We also summarize results from estimating a new series incorporating an allowance for the higher cost of living facing poor people in urban areas. This reveals a marked urbanization of poverty in the developing world, which is stronger in some regions than others, although it remains that three-quarters of the poor live in rural areas.

INTRODUCTION

1.   Progress against absolute poverty is a widely accepted yardstick for assessing the overall performance of developing economies. The best data for assessing progress against poverty come from surveys of the living standards of nationally-representative samples of households. The last 25 years has seen great progress in the production and availability of such data for developing countries — thanks to the efforts of national statistics agencies throughout the world, and the support of the donor community and international development agencies.

2.   Drawing on these data, this paper provides internally-consistent estimates of a time series of measures of absolute poverty for the developing world, and by region, at roughly three-yearly intervals from 1981 to 2004. We use data from over 500 household surveys spanning 100 countries. We follow exactly the methods outlined in (1), which was the last up-date of the World Bank's "global" poverty measures, providing estimates up to 2002. A key feature of these methods is that international poverty lines are used, which are intended to have a fixed purchasing power, both across countries, as measured by existing purchasing power parity (PPP) exchange rates, and over time, as measured by existing national Consumer Price Indices. Thus our attention is confined to <u>absolute poverty measures</u> in which simply moving individuals between dates or countries, with no absolute loss in their real consumption, cannot increase the aggregate measure of poverty.[2]

3.   In addition to including new data available since 2004, we have recalculated all prior estimates back to 1981, to incorporate any updates or revisions from past data sources. The paper also notes the implications of incorporating an urban-rural poverty line differential into the global poverty estimates, drawing on (3). This is of interest given the popular concerns about the urbanization of the developing world's population and (one expects) of poverty.

4.   The paper begins by reviewing the assumptions and methods and then presents and discusses the results.

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5.   We rely heavily on nationally-representative household surveys for measuring poverty. This is one of the purposes for which these surveys exist. There is no alternative to using survey data for measuring the distribution of relative consumptions or incomes — "inequality" for short. But there is an alternative source of data on average consumption, namely the national accounts

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[2]   The theoretical arguments for and against this approach are discussed in (2). Relative poverty measures for the developing world can be found in (1) and (4).

(NAS).[3] (Given certain assumptions, one can derive standard poverty measures from the mean and a suitable inequality measure.) We use NAS data in some aspects of our estimation methods, notably in dealing with the fact that different countries do their surveys at different dates, and we want to line them up in time to a common reference date. However, we do not let the NAS data override the survey mean when both are known. In other words, we use the survey at the survey date. In this respect we follow the standard, though not universal, practice in the literature on poverty measurement.

6.   Advocates of replacing the survey mean by the NAS estimate of national income or consumption per capita argue that household surveys underestimate mean income or consumption, due to deliberate under-reporting and selective compliance with random samples. However, it is not clear that the NAS data can provide a more accurate measure of mean <u>household</u> welfare than the survey data that were collected for that purpose. As typically measured in practice, NAS "private consumption" includes institutional and other attributed consumption, as well as personal consumption, as relevant to measuring poverty. And, even acknowledging the problems of income underreporting and selective survey compliance, there can be no presumption that the discrepancies between survey means and the NAS aggregates (such as private consumption per person) are distribution neutral; more plausibly the main reasons why surveys underestimate consumption or income would also lead them to underestimate inequality.[4] Furthermore, the NAS-means method is clearly unacceptable when doing an urban-rural split of global poverty measures, allowing for cost-of-living (COL) differences, since neither the inequality measures nor the NAS means would then be valid.

7.   Also following past practice, "poverty" is assessed here using household per capita expenditure on consumption.[5] The measures of consumption (or income, when consumption is unavailable) in the survey data we use are reasonably comprehensive, including both cash spending and imputed values for consumption from own production. But we acknowledge that even the best consumption data need not adequately reflect certain "non-market" dimensions of welfare, such as access to certain public services, or intra-household inequalities. For these

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[3] Examples include (5) and (6).

[4] For example, (7) attributes up to 40 percent of the difference between the (higher) growth of GDP per capita and (lower) growth of mean household per capita consumption from household surveys in India to unreported increase in the incomes of the rich. Selective compliance with random samples could well be an equally important source of bias, although the sign is theoretically ambiguous; (8) provides evidence on the impact of selective non-response for the US.

[5] The use of a "per capita" normalization is standard in the literature on developing countries. This stems from the general presumption that there is rather little scope for economies of size in consumption for poor people. However, that assumption can be questioned; see (9).

reasons, our poverty measures need to be supplemented by other data, such as on infant and child mortality, to obtain a more complete picture of how living standards are evolving.[6]

8.   Our poverty measures are estimated from the primary (unit record or tabulated) survey data. For the main poverty measures we have used 560 household surveys for 100 low- and middle-income countries, representing 93% of the population of the developing world.[7] Only for a subset of these was it feasible to do the urban-rural decomposition. This was done for 87 countries using 208 household surveys. (Details on the specific survey used can be found at: http://iresearch.worldbank.org/PovcalNet/jsp/index.jsp.)

9.   We have not used any secondary sources for measuring poverty at each survey round (unlike all other compilations of distributional data and global poverty measures that we know of). Households are ranked by either consumption or income per person. The distributions are weighted by household size and sample expansion factors so that a given fractile (such as the poorest decile) should have the same share of the country-specific population across the sample. Thus our poverty counts give the number of people living in households with per capita consumption or income below the poverty line.

10.   As in past work, we have tried to eliminate obvious comparability problems, either by re-estimating the consumption/income aggregates or even dropping a survey when there is little option. However, there are problems that we cannot deal with. It is known that differences in survey methods (such as in questionnaire design) can create non-negligible differences in the estimates obtained for consumption or income.

11.   We use standard additively-separable poverty measures for which the aggregate measure is the (population-weighted) sum of individual measures. In this paper we report two such poverty measures. The first measure is the headcount index given by the percentage of population living in households with consumption or income per person below the poverty line. We also give estimates of the number of poor, as obtained by applying the estimated headcount index to the population of each region (under the assumption that the countries without surveys are a random sub-sample of the region). Results are also available from the authors for the poverty gap index,[8] although the basic patterns reported here are similar; for details see http://iresearch.worldbank.org/PovcalNet/jsp/index.jsp.

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[6]   The annual *World Development Indicators* provides data on a broad set of indicators, including poverty measures, but also measures of health and education attainments (10).

[7]   Coverage varies across regions, from 78% in Sub-Saharan Africa to 98% in Eastern Europe and Central Asia and South Asia.

[8]   The poverty gap index is the mean distance below the poverty line as a proportion of the line where the mean is taken over the whole population, counting the non-poor as having zero poverty gaps.

12.   The World Bank's "global" poverty measures have mainly been based on an international poverty line of about $1 a day; more precisely, the "$1 a day" line is $32.74 per month, at 1993 international purchasing power parity (4). This is a deliberately conservative definition of "poverty," being anchored to the poverty lines typical of low-income countries (11, 12). To gauge sensitivity, we also use a line set at twice this value, $65.48 per person per month. Following common practice we refer to these as the "$1 a day" and "$2 a day" lines ($1.08 and $2.15 would be more precise). The higher line is more representative of what "poverty" means in middle-income developing countries.

13.   The international line is converted to local currencies using the Bank's 1993 Purchasing Power Parity (PPP) exchange rates for consumption. PPP exchange rates adjust for the fact that non-traded goods tend to be cheaper in poorer countries. There is more than one way to measure PPP exchange rates. The Geary-Khamis (GK) method used by the Penn World Tables (PWT) uses quantity weights to compute the international price indices; for our purposes, this method give a too high a weight to consumption patterns in richer countries when measuring poverty globally. The Elteto-Kones-Sculc (EKS) method — a multilateral extension of the usual bilateral Fisher index — attempts to correct for this bias. Since 2000 the World Bank's global poverty and inequality measures have been based on the Bank's PPP rates, which use the EKS method.[9]

14.   Existing PPP exchange rates used to convert the international line into local currencies do not distinguish rural from urban areas (or provide other sub-national PPP rates). Yet the COL is generally higher in urban areas. Casual observations suggest that relatively weak internal market integration and the existence of geographically non-traded goods can yield substantial cost-of-living differences between urban and rural areas.

15.   There are, however, a number of problems in making urban-rural COL comparisons in developing countries. Even in the (few) cases in which Consumer Price Indices are available separately for urban and rural areas they are not spatial indices (being indexed to 100 in both urban and rural areas at the base date). There are also problems of making allowances for goods such as housing and clothing which vary enormously in quality.

16.   To test sensitivity to an allowance for the higher COL in urban areas, we turned to the World Bank's country-specific *Poverty Assessments* (PA's), which have now been done for most developing countries. These are core reports within the Bank's program of analytic work at country level; each report describes the extent of poverty and its causes in that country. The PA's are clearly the best available source of information on urban-rural differentials for setting

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[9]   For further discussion of the difference between these two methods and the bearing on poverty measurement see (14).

international poverty lines. In almost all cases, the PA poverty lines were constructed using some version of the Cost-of-Basic-Needs method.[10]   This aims to approximate a COL index that reflects the differences in prices faced between urban and rural areas, weighted by the consumption patterns of people living in a neighborhood of the country-specific poverty line.

17.   However, while our method appears to be the best option that is currently feasible, internal consistency is questionable if the urban-rural COL differential varies by income, for then the differential from the PA may not be right for the international poverty lines. If the COL differential tends to rise with income then we will tend to overestimate urban poverty by the $1 a day line in middle-income countries relative to low-income countries, given that the PA poverty line will tend to be above the international line for most middle-income countries.

18.   We used the ratio of the urban poverty line to the rural line from the PA (generally the one closest to 1993 if there is more than one) to obtain an urban poverty line for each country corresponding to its PPP-adjusted "$1 a day" rural line. On average, the urban poverty line is about 30% higher than the rural line, although there are marked differences between countries, with a tendency for the differential to be higher in poorer countries (3), which is consistent with one's expectation that transport costs and other impediments to internal market integration are higher in poor countries.

19.   The urban population data are from the latest available issue of the UN's *World Urbanization Prospects* (15). There are undoubtedly differences in the definitions used between countries, which we can do little about here (for further discussion see (16) and (3)). The WUP estimates are based on actual enumerations whenever they are available. The WUP web site provides details on data sources and how specific cases were handled; see http://esa.un.org/unup/.

20.   Naturally the surveys are scattered over time. We estimate the poverty measures for nine "reference years", 1981, 1984, 1987, 1993, 1996, 1999, 2002 and 2004 (adding 2004 to the years reported in (1), though revising all past estimates as well). Our estimates for the urban-rural breakdown are for 1993, 1996, 1999 and 2002. To estimate regional poverty at a given reference year we "line up" the surveys in time using the same method described in (1). The latter paper also describes our interpolation method when the reference date is between two surveys. Results

21.   Tables 1 and 2 give our aggregate results for the two poverty lines and for both the headcount index and the absolute number of poor judged against each line. These follow our

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[10] The precise method used varies from country-to-country, depending on the data available. On the alternative methods found in practice see (11).

past methods for global poverty measurement, as summarized above, without an allowance for the higher COL in urban areas. Table 3 gives the results of the urban and rural poverty measures for 1993 and 2002, which we discuss later.

22.   Aggregating across regions, we find trend declines in the headcount indices; for both lines, the trend is about 0.8% points per year over 1981-2004.[11] The number of people living below $1 a day has also declined (Table 1), and fell below 1 billion for the first time in 2004. However, 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 the 1990s. Based on Tables 1 and 2, we can derive the population growth rates for the three groups: those living under $1 a day, those living between $1 and $2, and those living over $2; the annual exponential growth rates (obtained by regressing the log population on time) for these three groups are -1.4%, 1.9% and 3.5% respectively (with standard errors of 0.2%, 0.4% and 0.1%).

23.   China naturally carries the largest weight in these calculations (which also points to the likely sensitivity of global poverty aggregates to measurement errors in the data for China). Tables 1 and 2 also give our estimates excluding China. The trend rates of decline in the headcount indices are roughly halved when one focuses on the developing world outside China.[12] When we exclude China, we find a fairly static picture in terms of the number of people living under $1 a day, with no clear trend, and a clear trend increase in the number of poor by the $2 a day poverty line, which shows little sign of the possible reversal after 2000 indicated by the series including China (Table 2). Of course, this static picture overall for the developing world outside China hides both gains and losses at the country level, which roughly balanced in the aggregate. The aggregate pattern of population growth rates across the three "income" groups — under $1, between $1 and $2 and over $2 — changes radically when we focus on the developing world outside China. We now find annual growth rates of 0.1% (s.e.=0.1%), 2.4% (0.2) and 2.5% (0.1) respectively.

24.   It should also be noted that some features of the overall series also reflect events in China. The sharp reduction in the poverty count in the early 1980s (particularly for the lower line) is largely due to China; over 200 million fewer people are found to have lived under $1 a day in

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[11] The regression coefficients on time are -0.83 (standard error = 0.09) and -0.77 (s.e.= 0.05) for $1 and $2 respectively. Note that this trend rate of poverty reduction is more than the rate of 0.6% points per year that would be more than enough to halve the 1990 $1 a day poverty rate by 2015, which is the first of the UN's Millennium Development Goals.

[12] The regression coefficients on time are -0.45 (s.e.=0.03) and -0.28 (s.e.=0.03) for $1 and $2 respectively.

1984 than 1981.[13] China is also responsible for the slight drop in the number of poor globally in the mid 1990s.[14]

25.   So far we have focused on the aggregates across regions. It is clear from Tables 1 and 2 that the evolution of the poverty measures over the period as a whole is strikingly different across regions, as is evident from Figure 2. We find sharply <u>falling</u> numbers of poor in East Asia (by both lines). Both the numbers and proportions of poor were generally rising in Eastern Europe and Central Asia (ECA), though showing a marked improvement after 2000. We find generally rising numbers of poor but falling percentages in Latin America and the Caribbean (LAC) and the Middle-East and North Africa (MENA), although with some signs of improvement after 2000, and a trend decline in the number of people under the $1 line in MENA. We find falling percentages of poor in South Asia but a fairly static count of the number of poor under $1 a day, and a rising count for the higher one.

26.   We find a clear indication of rising poverty counts in Sub-Saharan Africa (SSA) for both lines, though with encouraging signs of a reduction in the percentage below the line after 2000, in keeping with other regions. The rate of decline in SSA's $1 a day poverty is about one % point per year from 1999 to 2004; in absolute terms this is slightly higher than the rate of decline for the developing world as a whole, although (given Africa's higher than average poverty rate) the proportionate rate of decline over 1999-2004 is still lower than average. Using the $2 line, we still see progress in SSA since the 1990s, although the rates of decline in the incidence of poverty lag behind the developing world as a whole.

27.   The regional composition of poverty has changed dramatically. Since the decline in poverty between 1981 and 1984 is rather special (being largely due to changes in China), let us focus on 1984 and 2004. In 1984, the region with the highest share of the world's $1 a day poor (assuming there are none in developed countries) was East Asia, with 44% of the total; one third of the poor were in China at that time. By 2004, East Asia's share had fallen to 17% (13% for China). This was made up largely by the rise in the share of the poor in South Asia (from 35% in 1984 to 46% in 2004) and (most strikingly) Sub-Saharan Africa, which saw its share of the number of people living under $1 a day rise from 16% in 1984 to 31% 20 years later. Projecting these numbers forward to 2015, SSA's share of the "$1 a day poor" will be almost 40%.[15]

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[13] The agrarian reforms that commenced in the late 1970s are believed to have brought a huge reduction in the number of poor over a fairly short period. For further discussion of both the data for China and the various policy reforms impinging on poverty over the 1980s and 1990s see (17).

[14] The main reason for the sharp reduction in poverty in China in the mid-1990s was probably that the government brought the procurement prices for its foodgrain quotas up to market levels, which entailed a substantial drop in its (implicit) taxation of farmers; for further discussion see (17).

[15] Regressing SSA's share of the poor on time, the prediction for 2015 is 39.4% (s.e.=1.2%).

28.   How are our results affected by introducing an urban-rural COL differential? Figure 1 gives the aggregate poverty measures with and without the correction for a higher urban cost of living. Naturally the poverty count rises (since we have treated the international line as the rural line). But by how much does the poverty count rise? When we allow for an urban-rural differential in the cost-of-living, we find that a $1 a day headcount index in 1993 that is about 2.3% points higher (27.9% versus 25.6%, from Table 1). More than 100 million people are added to the global count of the poor when we allow for the higher cost of living in urban areas, and about half of the 100 million come from South Asia and one third from SSA.

29.   The change in methodology makes much less differences to the trends over time. Over the period 1993-2002, both methods indicate a 5.2% point decline in the "$1 a day" poverty rate (Table 3). The proportionate rate of decline is slightly lower when one allows for the urban-rural poverty-line differential. This was sufficient to reduce the overall count of the number of poor by about 100 million people (105 million when using the same line for urban and rural areas and 98 million when one allows for a higher urban poverty line).

30.   We find that rural poverty incidence is appreciably higher than urban, even allowing for the higher cost-of-living facing the poor in urban areas. The $1 a day rural poverty rate in 2002 of 30% is more than double the urban rate (Table 3). Similarly, while 70% of the rural population live below $2 a day, the proportion in urban areas is less than half that figure. The rural share of poverty in 2002 is 75% using the $1 a day line, and slightly lower using $2.

31.   There has been a marked urbanization of poverty in the world. For the "$1 a day" line, we find that the urban share of the poor is rising over time, from 19% in 1993 to 25% in 2002 (3). This is not just urban population growth. The ratio of urban poverty incidence to total poverty incidence has also risen with urbanization, implying that the poor have been urbanizing faster (in proportionate terms) than the population as a whole. Using the "$2 a day" line, we find a slightly higher share of the poor living in urban areas, but that this share has been rising at a slower pace than for the $1 a day line. There is also a sign of a deceleration in the urbanization of poverty using the $2 line (3).

32.   Not only did the urban poverty rate fall more slowly, but the number of urban poor in the world rose over this period. We obtain a count of 98 million fewer poor by the "$1 a day" standard over 1993-2002, which is the net effect of a decline by 148 million in the number of rural poor and an increase of 50 million in the number of urban poor. Similarly, the progress in reducing the total number of people living under $2 a day in rural areas by 116 million came with an increase in the number of urban poor of 65 million, giving a net drop in the poverty count of only 51 million (3).

33.   There are notable differences across regions in the urbanization of poverty; Table 3 gives the breakdown by region. In 2002, the rural headcount index for East Asia was nine times higher than the urban index, but only 16% higher in South Asia, the region with the lowest relative difference in poverty rates between the two sectors. The contrast between China and India is particularly striking. Poverty incidence in urban China in 2002 was barely 4% of the rural rate, while it was 90% for India (3). Urban poverty incidence in China is unusually low relative to rural, though problems in the available data (notably in the fact that recent migrants to urban areas are undercounted in the urban surveys) are probably leading us to underestimate the urban share of the poor in that country.[16]

34.   We find that the urban share of the poor is lowest in East Asia (6.6% of the $1 a day poor lived in urban areas in 2002), due in large part to China. The urban share of the poor is highest in Latin America, where 59% of the $1 a day poor, and 66% of the $2 a day poor lived in urban areas in 2002. This is the only region in which more of the "$1 a day" poor live in urban than rural areas (the switch occurred in the mid-1990s).

35.   In the aggregate and in most regions, we find that poverty incidence fell in both urban and rural sectors over the period as a whole (though with greater progress against rural poverty in the aggregate). LAC and SSA are exceptions. There rising urban poverty came with falling rural poverty. The (poverty-reducing) population shift and rural components for LAC and SSA were offset by the (poverty-increasing) urban component.

36.   While the urban poverty rate for the developing world as a whole was relatively stagnant over time for $1 a day, this is not true in all regions. Indeed, the urban poverty rate is falling relative to the national rate in both East Asia and ECA, attenuating the urbanization of poverty; indeed, in ECA the urban share of the poor is actually falling over time — a "ruralization" of poverty — even while the urban share of the total population has risen, though only slightly. (There is the hint of a ruralization of $2 a day poverty in East Asia from the late 1990s, again due to China.) The ruralization of poverty in ECA is not surprising, as it is consistent with other evidence suggesting that the economic transition process in this region has favored urban areas over rural areas (18). This has also been the case in China since the mid-1990s (17).

37.   South Asia shows no trend in either direction in the urban poverty rate relative to the national rate, and the region has also had a relatively low overall urbanization rate, with little sign of a trend increase in the urban share of the poor. The population shift component of poverty reduction is also relatively less important in South Asia.

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[16] For further discussion see (17).

38.   The urban poverty rate relative to the national rate has shown no clear trend in SSA, although rapid urbanization of the population as a whole has meant that a rising share of the poor are living in urban areas.

CONCLUSIONS

39.   We have provided new estimates of the aggregate poverty measures and their regional and urban-rural breakdown for the developing world based on household survey data. The longest time series we have estimated here follows past practice in the World Bank's global poverty measures of not incorporating an allowance for the higher cost of living in urban areas. We have provided an update of these measures to 2004. We find a clear trend decline in the percentages of people below each of the international poverty lines, though naturally with less progress in reducing the numbers of poor. Indeed, using our higher line, the count of the poor has been rising over most of the period, and nor has there been much progress in reducing the number of people living below our lower line (at roughly $1 a day) when one looks at the developing world outside China. However, it is encouraging that we do find evidence of progress in reducing poverty after about the year 2000.

40.   The overall picture is fairly similar when we allow for the higher cost of living in urban areas. We find that three-quarters of the developing world's poor live in rural areas, when assessed by international poverty lines that aim to have a constant real value (between countries and between urban and rural areas within countries). The poor are urbanizing faster than the population as a whole, reflecting a lower-than-average pace of urban poverty reduction. Over 1993-2002, while 50 million people were added to the count of $1 a day poor in urban areas, the aggregate count of the poor fell by about 100 million, thanks to a decline of 150 million in the number of rural poor.

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Figure 1: Evolution of poverty measures over time, 1981-2004

(a) Headcount indices
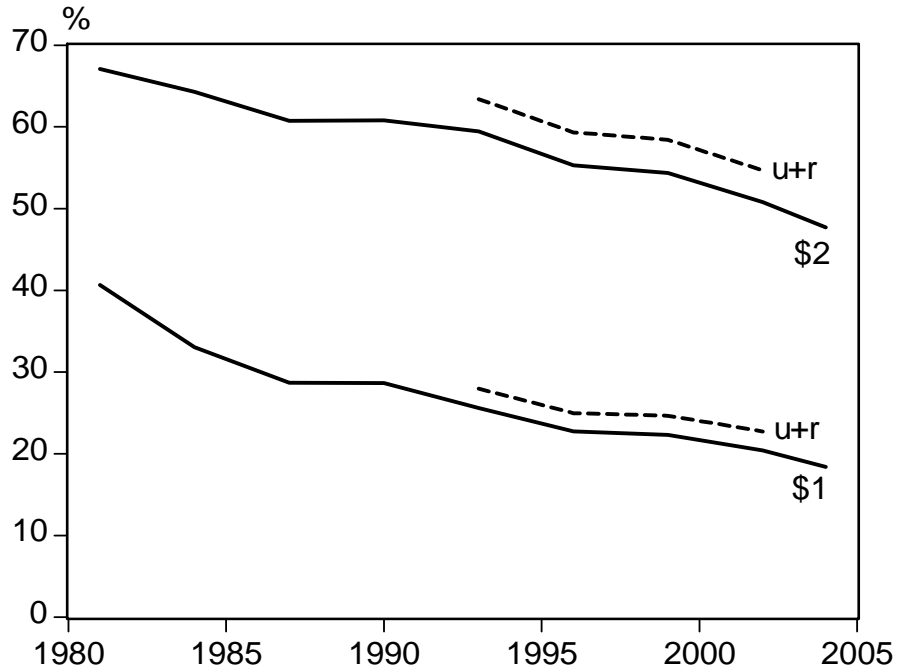
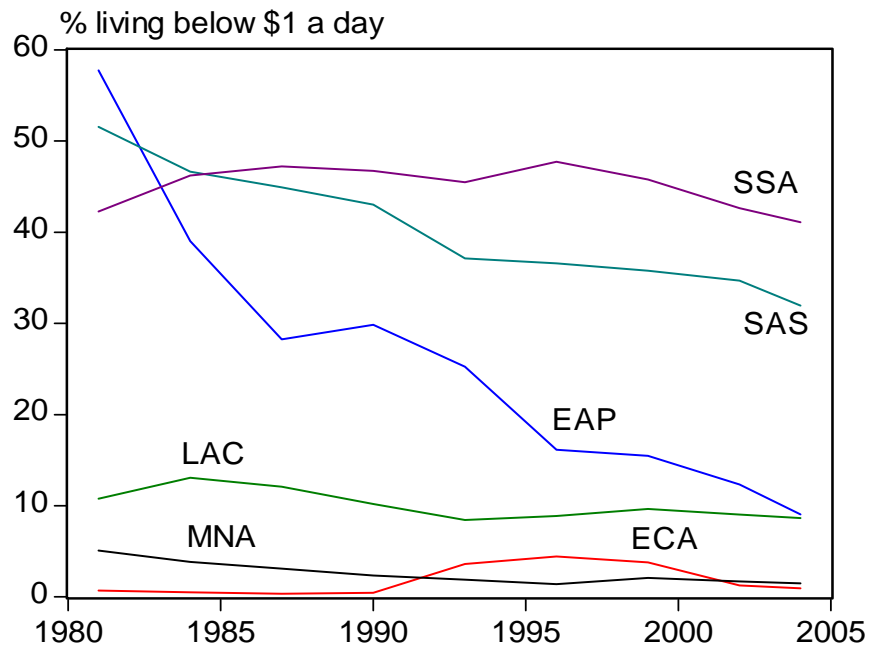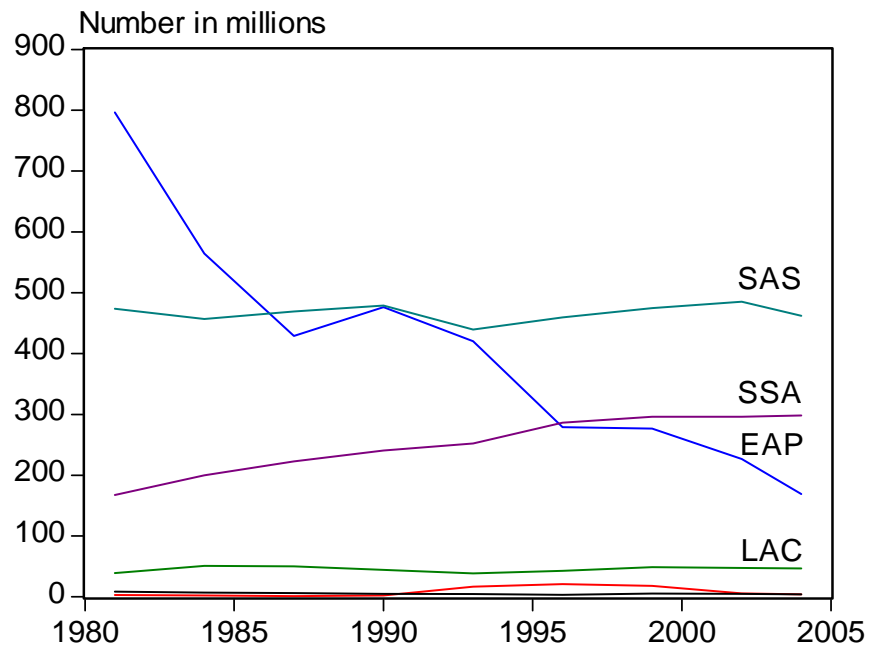(b) Number of people below poverty lines
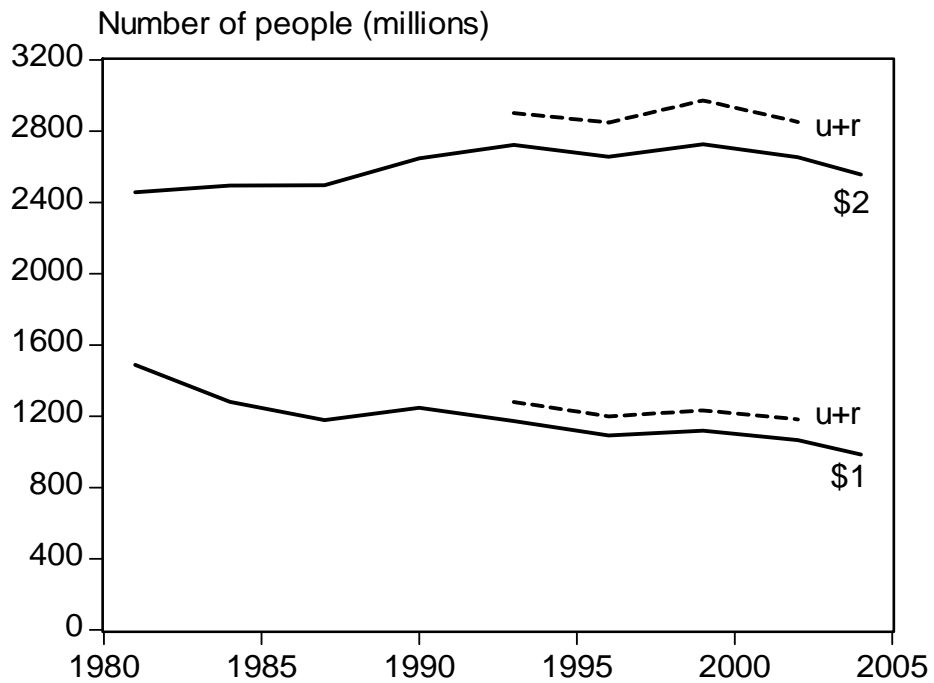
Note: The series labeled "u+r" incorporates the urban-rural poverty line differential

Figure 2: Poverty measures by region 1981-2004

(a) Headcount index

(b) Number of people

Note: LAC=Latin America and the Caribbean; ECA=Eastern Europe and Central Asia;
SSA=Sub-Saharan Africa; SAS=South Asia; MNA=Middle-East and North Africa; EAP=East
Asia and Pacific.

Table 1: Poverty measures for $1 a day

(a) Percentage of population

Region	1981	1984	1987	1990	1993	1996	1999	2002	2004
East-Asia and Pacific (EAP)	57.73	39.02	28.23	29.84	25.23	16.14	15.46	12.33	9.05
Of which China	63.76	41.02	28.64	32.98	28.36	17.37	17.77	13.79	9.90
Eastern-Europe+Central Asia (ECA)	0.70	0.51	0.35	0.46	3.60	4.42	3.78	1.27	0.94
Latin America+Caribbean (LAC)	10.77	13.07	12.09	10.19	8.42	8.87	9.66	9.09	8.64
Middle East+North Africa (MNA)	5.08	3.82	3.09	2.33	1.87	1.69	2.08	1.69	1.47
South Asia (SAS)	49.57	45.43	45.11	43.04	36.87	36.06	34.92	33.56	30.84
Of which India	51.75	47.94	46.15	44.31	41.82	39.94	37.66	36.03	34.33
Sub-Saharan Africa (SSA)	42.26	46.20	47.22	46.73	45.47	47.72	45.77	42.63	41.10
Total	**40.14**	**32.72**	**28.72**	**28.66**	**25.56**	**22.66**	**22.10**	**20.13**	**18.09**
Total excl.China	31.35	29.69	28.75	27.14	24.58	24.45	23.54	22.19	20.70

(b) Number of people

Region	1981	1984	1987	1990	1993	1996	1999	2002	2004
EAP	796.40	564.30	428.76	476.22	420.22	279.09	276.54	226.77	169.13
China	633.66	425.27	310.43	374.33	334.21	211.44	222.78	176.61	128.36
ECA	3.00	2.27	1.61	2.16	16.94	20.87	17.90	6.01	4.42
LAC	39.35	50.90	50.00	44.60	38.83	42.96	49.03	48.13	47.02
MNA	8.81	7.26	6.41	5.26	4.53	4.38	5.67	4.88	4.40
SAS	455.18	445.05	471.14	479.10	436.74	452.91	463.40	469.55	446.20
India	363.72	359.41	368.60	376.44	376.14	378.91	376.25	377.84	370.67
SSA	167.53	199.78	222.80	240.34	252.26	286.21	296.07	296.11	298.30
Total	**1470.28**	**1269.56**	**1180.73**	**1247.68**	**1170.17**	**1087.81**	**1108.61**	**1051.46**	**969.48**
Total excl.China	836.62	844.29	870.30	873.35	835.96	876.37	885.83	874.85	841.12

Source: Author's calculations for this paper. The set of countries are the Part 2 member countries of the World Bank, which is essentially all low and middle-income countries, which the Bank currently defines as having average GDP per capita over 2004-06 no more than $11,115; see (10) .

Table 2: Poverty measures for $2 a day

(a) Percentage of population

Region	1981	1984	1987	1990	1993	1996	1999	2002	2004
EAP	84.80	77.17	68.53	69.73	65.04	52.49	49.34	41.68	36.58
China	88.12	79.00	68.64	72.16	68.13	53.34	50.05	40.94	34.89
ECA	4.60	3.93	3.08	4.31	16.53	17.97	18.57	12.88	9.79
LAC	28.45	32.25	29.57	26.25	24.09	25.24	25.31	24.76	22.17
MNA	29.16	25.59	24.24	21.69	21.41	21.40	23.62	21.09	19.70
SAS	88.53	87.01	86.57	85.62	82.22	82.12	80.41	79.73	77.12
India	88.92	87.89	86.98	86.30	85.33	84.12	82.67	81.37	80.36
SSA	74.52	76.98	77.36	77.05	76.09	76.42	75.85	73.81	71.97
Total	**66.96**	**64.25**	**60.73**	**60.79**	**59.44**	**55.52**	**54.24**	**50.69**	**47.55**
Total excl.China	59.08	58.87	57.89	56.78	56.43	56.26	55.63	53.85	51.58

(b) Number of people (millions)

Region	1981	1984	1987	1990	1993	1996	1999	2002	2004
EAP	1169.74	1115.97	1040.71	1112.93	1083.21	907.83	882.70	766.26	683.83
China	875.77	819.11	744.07	819.11	802.86	649.47	627.55	524.24	452.25
ECA	19.78	17.38	14.03	20.07	77.83	84.88	87.94	60.75	46.25
LAC	103.90	125.58	122.30	114.85	111.08	122.30	128.44	131.14	120.62
MNA	50.56	48.62	50.24	48.91	51.80	55.40	64.50	60.92	59.13
SAS	813.04	852.39	904.21	953.00	973.99	1031.48	1067.15	1115.54	1115.77
India	624.92	658.92	694.71	733.13	767.39	798.07	825.93	853.32	867.62
SSA	295.46	332.87	365.02	396.32	422.11	458.37	490.58	512.62	522.34
Total	**2452.47**	**2492.81**	**2496.50**	**2646.09**	**2721.72**	**2665.66**	**2721.31**	**2647.22**	**2547.94**
Total excl. China	1576.70	1673.70	1752.42	1826.98	1918.86	2016.19	2093.75	2122.98	2095.69

Note: For region identifiers see Table 1. Source: Author's calculations for this paper.

Table 3: Urban and rural poverty measures

	Number of poor in millions			Headcount index (%)			Urban share of the poor (%)	Urban share of population (%)
	Urban	Rural	Total	Urban	Rural	Total		
1993								
EAP	28.71	407.17	435.88	5.55	35.47	26.17	6.59	31.09
China	10.98	331.38	342.36	3.33	39.05	29.05	3.21	29.77
ECA	6.12	6.37	12.49	2.06	3.66	2.65	48.98	63.06
LAC	26.07	28.55	54.62	7.82	22.38	11.85	47.73	72.33
MNA	0.77	4.29	5.07	0.61	3.76	2.09	15.29	52.82
SAS	107.48	383.30	490.78	35.30	43.55	41.43	21.90	25.70
India	94.28	324.55	418.83	40.06	48.88	46.57	22.51	26.17
SSA	66.42	206.73	273.15	40.21	53.07	49.24	24.32	29.78
Total	**235.58**	**1036.41**	**1271.99**	**13.50**	**36.58**	**27.78**	**18.52**	**38.12**
Total excl.China	224.60	705.03	929.63	15.86	35.53	27.34	24.16	41.64
2002								
EAP	16.27	223.23	239.50	2.28	19.83	13.03	6.79	38.79
China	4.00	175.01	179.01	0.80	22.44	13.98	2.24	37.68
ECA	2.48	4.94	7.42	0.83	2.87	1.57	33.40	63.45
LAC	38.33	26.60	64.93	9.49	21.15	12.26	59.03	76.24
MNA	1.21	4.88	6.09	0.75	3.82	2.11	19.87	55.75
SAS	125.40	394.34	519.74	32.21	39.05	37.15	24.13	27.83
India	106.64	316.42	423.06	36.20	41.96	40.34	25.21	28.09
SSA	98.84	228.77	327.61	40.38	50.86	47.17	30.17	35.24
Total	**282.52**	**882.77**	**1165.29**	**12.78**	**29.32**	**22.31**	**24.24**	**42.34**
Total excl.China	278.52	707.76	986.28	16.28	31.72	25.02	28.24	43.40

Note: For region identifiers see Table 1. Source: (3).