**Definitions**

- The **national poverty** rate is the percentage of the total population living below the national poverty line.
- The **rural poverty** rate is the percentage of the rural population living below the national poverty line (or in cases where a separate, rural poverty line is used, the rural poverty line).
- Urban poverty rate is the percentage of the urban population living below the national poverty line (or in cases where a separate, urban poverty line is used, the urban poverty line).

**Numerator**  
Number of people represented in the survey whose daily consumption/income is below the national poverty line.

**Denominator**  
Total number of population represented in the survey.

**Measuring unit**  
X percent (%).

**Considerations for indicator quality**

- National poverty estimates are derived from household survey data.
- To be useful for poverty estimates, surveys must be nationally representative. They must also include enough information to compute a comprehensive estimate of total household consumption or income (including consumption or income from own production) and to construct a correctly weighted distribution of consumption or income per person.
- Monitoring national poverty is important for country-specific development agendas. National poverty lines are used to make more accurate estimates of poverty consistent with the country’s specific economic and social circumstances and are not intended for international comparisons of poverty rates.
- In assessing poverty in a given country, and how best to reduce poverty according to national definitions, one naturally focuses on a poverty line that is considered appropriate for that country. Poverty lines across countries vary in terms of their purchasing power, and they have a strong economic gradient, such that richer countries tend to adopt higher standards of living in defining poverty. Within a country, the cost of living is typically higher in urban areas than in rural areas. Some countries may have separate urban and rural poverty lines to represent different purchasing powers.

**Interpretation implications**

Consumption is the preferred welfare indicator for several reasons. Income is generally more difficult to measure accurately. For example, the poor who work in the informal sector may not receive or report monetary wages; self-employed workers often experience irregular income flows; and many people in rural areas depend on idiosyncratic, agricultural incomes. Moreover, consumption accords better with the idea of the standard of living than income, which can vary over time even if the actual standard of living does not. Thus, whenever possible, consumption-based welfare indicators are used to estimate the poverty measures reported here. But consumption data are not always available. For instance, in Latin America and the Caribbean, most countries collect primarily income data. In those cases, there is little choice but to use income data. In any case, these income/consumption-based poverty indicators do not fully reflect the other dimensions of poverty such as inequality, vulnerability, and lack of voice and power of the poor.

**Context indicator**

National poverty rates use a country specific poverty line, reflecting the country’s economic and social circumstances. In some case, the national poverty line is adjusted for different areas (such as urban and rural) within the country, to account for differences in prices or the availability of goods and services. Typically, the urban poverty line is set higher than the rural poverty line; reflecting the relatively higher costs of living in urban areas.
### ODS framework

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<tr>
<th>EWEC-LAC framework</th>
<th>Dimension</th>
<th>Monitoring framework</th>
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<td>Transform</td>
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### Preferred data source

National poverty estimates are typically produced and owned by country governments (e.g., National Statistic Office), and sometimes with technical assistance from the World Bank and UNDP. Upon release of the national poverty estimates by the government, the Global Poverty Working Group of the World Bank assesses the methodology used by the government, validates the estimates with raw data whenever possible, and consults the country economists for publishing. Accepted estimates, along with metadata, will be published in the WDI database as well as the Poverty and Equity Database of the World Bank.

### Alternative data sources

- Another source is World Bank’s Poverty Assessments. The World Bank periodically prepares poverty assessments of countries in which it has an active program, in close collaboration with national institutions, other development agencies, and civil society groups, including poor people’s organizations. Poverty assessments report the extent and causes of poverty and propose strategies to reduce it. The poverty assessments are the best available source of information on poverty estimates using national poverty lines. They often include separate assessments of urban and rural poverty.

### Inter-agency group estimates

- The World Bank transparently shares and publicizes methodologies for all kinds of adjustments to the original data (for example, through its PovcalNet website and its various analytical documents).

### Global monitoring frameworks

- Sustainable Development Goals (SDG) Global monitoring framework.

### For more information


### References