

Poverty & Equity Brief

East Asia & Pacific

China

April 2019

For decades China has experienced a sustained reduction in poverty rates as per the official poverty line of 2,300 Renminbi (2010 standard) for the rural population. Recent estimates for poverty rates under the International Poverty Line of \$1.90/day 2011 PPP, the Lower Middle Income Class Poverty Line of \$3.20/day, and the Upper Middle Income Class Poverty Line of \$5.50/day also confirm this trend. This is the result of yearly economic **growth—above 6 percent** sustained for years. As of 2018, the official poverty rate stands at 1.7 percent of the rural population. The World Bank estimates that, by 2015, poverty rates in China are 0.7 percent, 7.0 percent and 27.2 percent under the International, Lower Middle Income Class, and the Upper Middle Income Class poverty lines, respectively.

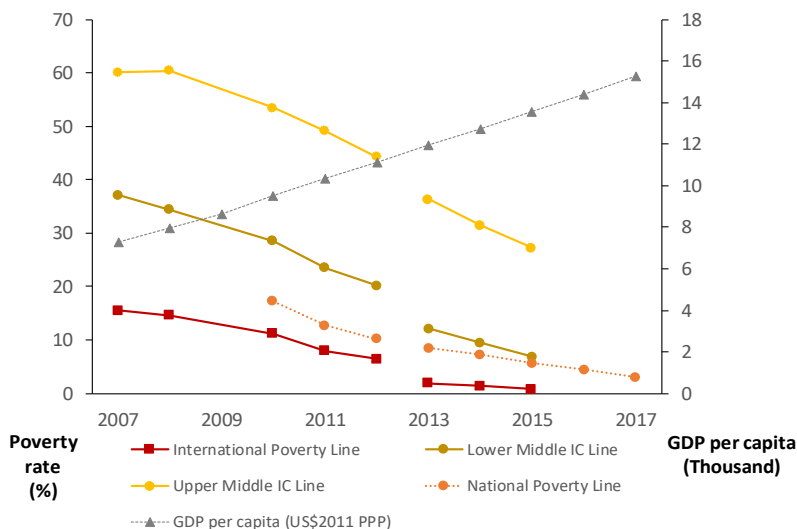
Economic growth has also resulted in shared prosperity: as per our measures for the period 2013-2015, the average consumption growth of the bottom 40 percent of the population has been 1.7 percentage points higher than the average consumption growth of the total population. In other words, growth has brought fast welfare **gains—as** measured by household **consumption—to** all members of society and particularly to those at the bottom 40 percent of the distribution.

In addition, there is evidence of falling income inequality. Official data indicate a decline in income inequality, as measured by the Gini index, falling from 49.1 in 2008 to 46.2 in 2015 (a trend also observed by independent researchers using different data and methods). However, in 2017, the Gini index experienced an uptick to 46.7.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	30.5	3.1	2017
International Poverty Line 7.3 in Chinese yuan (2015) or US\$1.90 (2011 PPP) per day per capita	9.9	0.7	2015
Lower Middle Income Class Poverty Line 12.2 in Chinese yuan (2015) or US\$3.20 (2011 PPP) per day per capita	95.5	7.0	2015
Upper Middle Income Class Poverty Line 21 in Chinese yuan (2015) or US\$5.50 (2011 PPP) per day per capita	373.1	27.2	2015
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		9.13	2013-2015
INEQUALITY			
Gini Index		46.5	2016
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		1.74	2013-2015
GROWTH			
Annualized GDP per capita growth		6.6	2013-2015
Annualized Consumption Growth per capita from Household Survey		7.39	2013-2015

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of March 2019, and Global Monitoring Database for the rest.

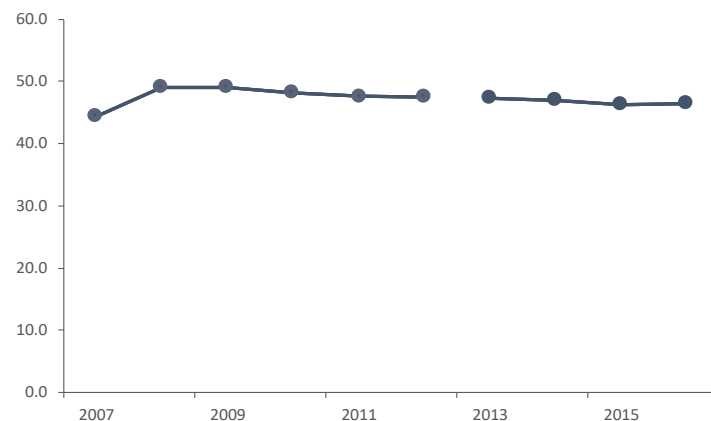
POVERTY HEADCOUNT RATE, 2007-2017



Source: National Bureau of Statistics and World Bank

INEQUALITY TRENDS, 2007-2016

Gini Index



Source: National Bureau of Statistics and World Bank

KEY INDICATORS (distribution among groups)

	International Poverty Line (%)		Relative Group (%)		Year
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population					n.a
Rural population					n.a
Males					n.a
Females					n.a
0 to 14 years old					n.a
15 to 64 years old					n.a
65 and older					n.a
Without education (age 16 and older)					n.a
Primary education (age 16 and older)					n.a
Secondary education (age 16 and older)					n.a
Tertiary/post-secondary education (age 16 and older)					n.a

Source: World Bank using Global Monitoring Database

POVERTY DATA AND METHODOLOGY

World Bank poverty estimates differ from official poverty estimates because of methodological reasons. First, due to the lack of access to individual data from the household surveys, the World Bank's estimates of poverty in China are based on household consumption from grouped data. These are often not as precise as direct estimates based on the full distribution of household income and consumption from microdata. In addition, the official poverty line (at 2,300 renminbi for the rural population in 2010) is higher than the global poverty line (2011 PPP), spatially adjusted for urban/rural price differences (around 1,990 renminbi for rural areas for the same year). Second, the official estimates refer to a rural population that includes some migrants, whereas the World Bank estimates refer to total population. Third, for 2013, the World Bank estimates use new survey data that include home ownership imputations in total consumption, a component that is not included in the welfare aggregate used for official poverty estimates.

HARMONIZATION

The numbers presented in this brief are based on the EAPPOV database. EAPPOV is a database of socio-economic statistics constructed using microdata from household surveys in the East Asia and the Pacific (EAP) region and is managed by the East Asia & Pacific Team for Statistical Development (EAPSTD). As of January 2019, the collection includes 19 countries and 93 surveys. Harmonized surveys in the EAPPOV database are compiled into 4 modules following Global Monitoring Database (GMD) Harmonization guidelines. A subset of the harmonized variables form the basis of the GMD collection, including the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.