Up to 2020, China had experienced decades of sustained poverty reduction driven by strong broad-based economic growth – above 6 percent. Over the last 40 years, China has reduced the number of people living in poverty by over 800 million. The World Bank estimates that, by 2016, 24 percent of the population was below the Upper Middle-Income Class poverty line.

As workers continue to migrate from rural to urban areas and move away from agriculture and into manufacturing and services (sectors for which growth have been stronger), the bottom 40 percent of the population have been able to contribute to the broad-based economic growth process. As per the World Bank’s measure of shared prosperity for the period 2013-2016, average consumption growth of the bottom 40 percent of the population not only has been strong (at 8.4 percent) but it has also been 1.3 percentage points higher than the average consumption growth of the total population.

Consistently, consumption inequality has been falling in the past decade from 43 in 2008 to 38.5 in 2016 (WB estimate), in line with the official data on inequality based on disposable income. Nevertheless, inequality remains high -- largely driven by urban-rural differences-- and the latest official estimates show a flattening or slight reversal of the declining trend observed since 2008.

Despite the COVID-19 shock, the government announced in November 2020 that it reached its goal of elimination of extreme (rural) poverty, as measured using the official 2010 poverty standard (equivalent to $2.3/day per person, 2011 PPP). After a severe downturn in early 2020, urban employment has since recovered to pre-COVID-19 levels, and household incomes grown, pushed by increased transfers. Recovery in household expenditure has been more sluggish, in part because households chose to increase saving for precautionary purposes in the absence of extensive social protection systems.
### KEY INDICATORS

<table>
<thead>
<tr>
<th>Relative group (%)</th>
<th>Urban population</th>
<th>Rural population</th>
<th>Males</th>
<th>Females</th>
<th>0 to 14 years old</th>
<th>15 to 64 years old</th>
<th>65 and older</th>
<th>Without education (16+)</th>
<th>Primary education (16+)</th>
<th>Secondary education (16+)</th>
<th>Tertiary/post-secondary education (16+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Poor</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Poor</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Bottom 40</td>
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<tr>
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<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Source: National Bureau of Statistics and World Bank

Notes: N/A missing value, N/A* value removed due to less than 30 observations

### POVERTY DATA AND METHODOLOGY

The series for poverty and inequality experience a break in 2013, associated with a change of the sampling frame of the household survey and the inclusion of home ownership imputation in the consumption aggregate. World Bank (WB) poverty and inequality estimates differ from official estimates because of four methodological reasons:
- First, due to the lack of access to individual data from the household surveys, the World Bank’s estimates of poverty and inequality in China are based on household consumption from grouped data, shared by China National Bureau of Statistics. These are often not as precise as direct estimates based on the full distribution of household consumption from microdata. The last year for which the grouped data was shared to the WB was 2016.
- Second, the official poverty line (at 2,300 renminbi for the rural population in 2010) is higher than the international poverty line (2011 PPP), spatially adjusted for urban/rural price differences (around 1,990 renminbi for rural areas for the same year).
- Third, the official poverty estimates refer to a rural population, whereas the WB estimates refer to the total population.
- Fourth, WB Gini inequality estimate is based on per capita consumption whereas official Gini is calculated using per capita disposable income.

### 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 (EAPTSDE). As of January 2021, the collection includes 20 countries and 106 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.