

# Poverty

No commonly agreed measure of poverty across OECD countries exists. As with income inequality, the starting point for poverty measurement is equivalised household disposable income provided by national consultants. People are classified as poor when their equivalised household disposable income is less than half of the median prevailing in each country. The use of a relative income-threshold means that richer countries have higher poverty thresholds than poor countries.

Poverty is considered in terms of poverty rate and poverty gap. The poverty rate is a headcount of how many people fall below the poverty line. The poverty gap measures the extent to which the income of the poor falls below the poverty line.