

# Poverty & Equity Brief

East Asia & Pacific

## Vanuatu

April 2019

The latest Household Income and Expenditure Survey used to estimate poverty in Vanuatu was conducted in 2010. Using the national measures (see "Poverty Data and Methodology" section below for details), 12.7 percent of the population lived below the basic needs poverty line. This is nearly unchanged from the levels of poverty measured in 2006, with small decreases in Port Vila (20.1 to 18.4 percent) and rural areas (11.5 to 10.0 percent) offset by a substantial increase in Luganville (12.2 to 23.6 percent). However, comparability between the two years is limited because the 2010 poverty line was recalculated using a new basket of goods from the 2010 HIES rather than adjusting the 2006 poverty line for inflation.

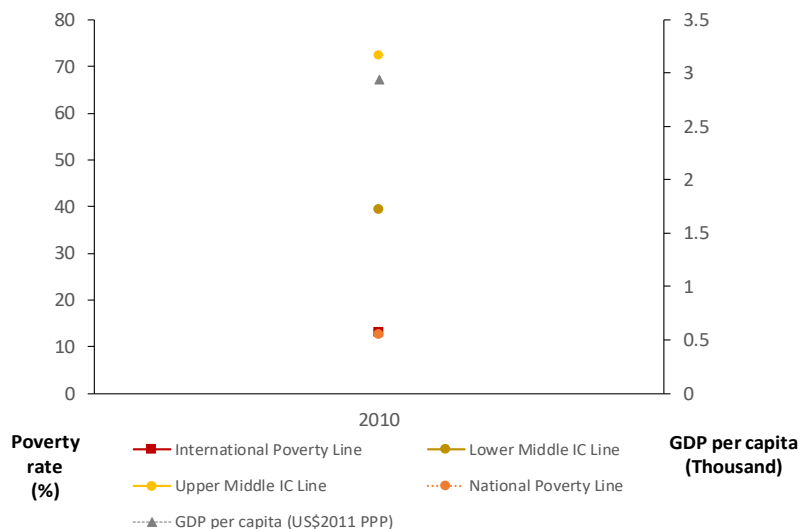
Using the international poverty line of \$1.90 (2011 PPP USD per person per day), the headcount poverty rate in 2010 was estimated at 13.1 percent. As a lower middle income country, it is also important to measure poverty in Vanuatu using the \$3.20 Lower Middle Income Class Poverty Line, which estimates poverty at 39.2 percent. Inequality, as measured by the Gini index, was estimated at 37.6.

Using the World Bank's definitions for data deprivation, Vanuatu is classified as moderately deprived. In the past 10 years, Vanuatu has only conducted one HIES in 2010, with the previous one being in 2006. However, Vanuatu is currently in the field collecting a 2018-2019 HIES.

| POVERTY  | Number of Poor<br>(thousand) | Rate<br>(%) | Period    |
|--|------------------------------|-------------|-----------|
| National Poverty Line  | 30.0                         | 12.7        | 2010      |
| International Poverty Line<br>217.7 in Vanuatu vatu (2010) or US\$1.90 (2011 PPP) per day per capita             | 31.1                         | 13.1        | 2010      |
| Lower Middle Income Class Poverty Line<br>366.6 in Vanuatu vatu (2010) or US\$3.20 (2011 PPP) per day per capita | 92.7                         | 39.2        | 2010      |
| Upper Middle Income Class Poverty Line<br>630.1 in Vanuatu vatu (2010) or US\$5.50 (2011 PPP) per day per capita | 171.0                        | 72.3        | 2010      |
| SHARED PROSPERITY  |                              |             |           |
| Annualized Consumption Growth per capita of the bottom 40 percent  |                              | N/A         | N/A       |
| INEQUALITY   |                              |             |           |
| Gini Index   |                              | 37.6        | 2010      |
| Shared Prosperity Premium = Growth of the bottom 40 - Average Growth   |                              | N/A         | N/A       |
| GROWTH   |                              |             |           |
| Annualized GDP per capita growth   |                              | 2.5         | 2005-2010 |
| Annualized Consumption Growth per capita from Household Survey   |                              | N/A         | N/A       |

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

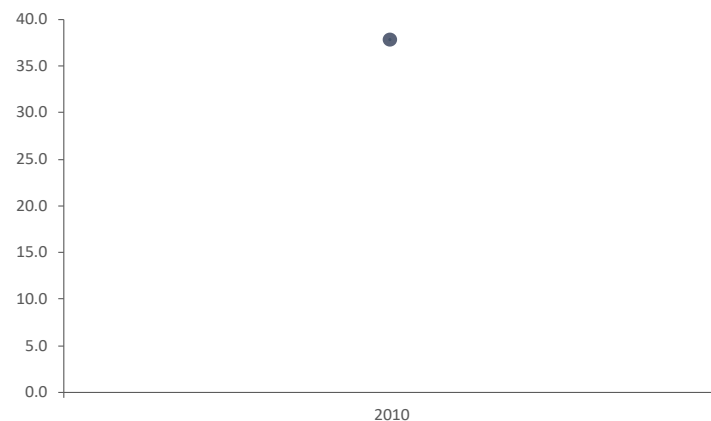
## POVERTY HEADCOUNT RATE, 2010



Source: World Bank using HIES/EAPPOV/GMD

## INEQUALITY TRENDS, 2010

### Gini Index



Source: World Bank using HIES/EAPPOV/GMD

## KEY INDICATORS (distribution among groups)

|  | International Poverty Line (%) |      | Relative Group (%) |        | Year |
|--|--------------------------------|------|--------------------|--------|------|
|  | Non-Poor                       | Poor | Bottom 40          | Top 60 |      |
| Urban population                                     | 81                             | 19   | 53                 | 47     | 2010 |
| Rural population                                     | 89                             | 11   | 36                 | 64     | 2010 |
| Males  | 87                             | 13   | 41                 | 59     | 2010 |
| Females  | 87                             | 13   | 39                 | 61     | 2010 |
| 0 to 14 years old                                    | 84                             | 16   | 47                 | 53     | 2010 |
| 15 to 64 years old                                   | 89                             | 11   | 36                 | 64     | 2010 |
| 65 and older   | 90                             | 10   | 31                 | 69     | 2010 |
| Without education (age 16 and older)                 | 86                             | 14   | 39                 | 61     | 2010 |
| Primary education (age 16 and older)                 | 89                             | 11   | 35                 | 65     | 2010 |
| Secondary education (age 16 and older)               | 89                             | 11   | 36                 | 64     | 2010 |
| Tertiary/post-secondary education (age 16 and older) | 92                             | 8    | 24                 | 76     | 2010 |

Source: World Bank using Global Monitoring Database

## POVERTY DATA AND METHODOLOGY

The national poverty statistics of Vanuatu for 2010 used a "cost of basic needs" approach to establish a welfare benchmark for the poverty line. A Food Poverty Line (FPL) estimated the required expenditure to achieve 2100 calories of consumption per adult-equivalent (with children aged 0-14 counting as half of an adult), using a basket of goods comprising the top 30 goods consumed by the bottom three deciles in the distribution. An adjustment factor of 0.8 is applied to the market price when consuming from household production. Separate FPLs were estimated for each of three sub-regions: Port Villa, Luganville, and Rural. The Non-Food Poverty Line (NFPL) was estimated using the average non-food consumption of the bottom three deciles in the distribution.

To facilitate meaningful comparisons across countries, the World Bank publishes estimates using three different poverty lines (2011 PPP): the International Poverty Line (US\$1.90), the Lower Middle Income Class Poverty Line (US\$3.20) and the Upper Middle Income Class Poverty Line (US\$5.50). For Vanuatu, the consumption aggregates were deflated using the three regional poverty lines to account for spatial differences in the cost of living. These estimates differ from the national poverty measures because they assess welfare needs on a per capita rather than an adult-equivalent basis.

## 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.