Indonesia's poverty rate based on the national poverty line reached a record-low of 9.2 percent in September 2019. The share of Indonesians living below the national poverty line has more than halved since 1993. In 2017, the share of individuals living in extreme poverty (below the international poverty line of $1.90 per day in 2011 PPP) was 5.7 percent and in moderate poverty ($3.2 per day in 2011 PPP) was 27.3 percent respectively. Despite this progress, the pace of poverty reduction post-2010 has been about one-half (0.3 percentage points per year) of what it used to be in 2003-10 (0.6 percentage points per year). Vulnerability remains high; in 2018, 73.9 million individuals (30 percent of the population) were either poor and vulnerable to falling back into poverty.
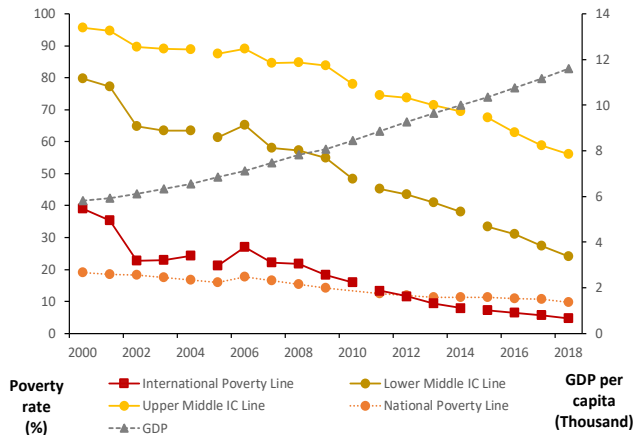
Indonesia's inequality as measured by the consumption Gini continued to moderate, reaching 38 in September 2019. But the rate of decline has been relatively slow. Most of the inequality decline is driven by gains at the middle of the distribution. Between 2014-19, the consumption share of the middle-40 (fifth to the eight decile of the distribution) increased by 1.8 percentage points from 35 percent, whilst that of the top 20 fell by 2.5 percentage points to 45.5 percent. Between 2014-18, the growth rate of consumption of the bottom 40 has picked up, but it still lags consumption growth at the mean (2.9 percent). In fact, the bottom 10 percent of the population (roughly the official poor in today's terms) increased their overall consumption by less than 0.1 percent per year in 2014-18.

Targeted social assistance, access to basic services, and an inclusive growth process remain important to address poverty and inequality challenges. The outbreak of COVID-19 is likely to compound these existing challenges and reverse recent gains in poverty reduction. Mobility restrictions and the decline in tourism have already hit Indonesia's services sector hard, especially affecting informal workers in wholesale and retail trade, transport, accommodation and restaurants. The government has already announced several packages to mitigate the impact on the poor, such as scaling up the flagship CCT program, and topping up food vouchers. But a key challenge it faces is to identify, reach and deliver assistance to those above the bottom 40 who are not covered by the social assistance targeting database.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	25.9	9.8	2018
International Poverty Line 10542.3 in Indonesian rupiah (2018) or US$1.90 (2011 PPP) per day per capita	12.4	4.6	2018
Lower Middle Income Class Poverty Line 17755.4 in Indonesian rupiah (2018) or US$3.20 (2011 PPP) per day per capita	64.7	24.2	2018
Upper Middle Income Class Poverty Line 30517.1 in Indonesian rupiah (2018) or US$5.50 (2011 PPP) per day per capita	150.2	56.1	2018
Multidimentional Poverty Measure		8.0	2016
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		5.06	2014-2018
INEQUALITY			
Gini Index		37.7	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		0.13	2014-2018
GROWTH			
Annualized GDP per capita growth		3.79	2014-2018
Annualized Consumption Growth per capita from Household Survey		4.93	2014-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		6.18	2014-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.
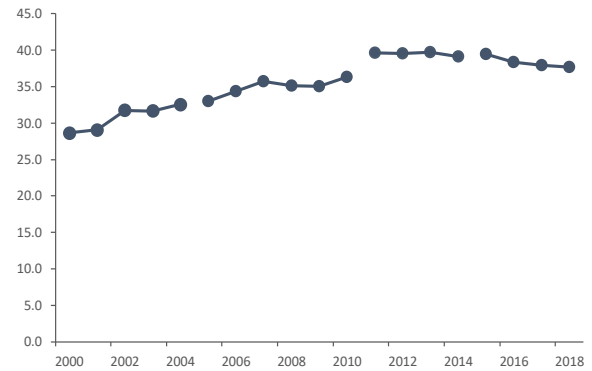
POVERTY HEADCOUNT RATE, 2000-2018

Poverty rate (%)		GDP per capita (Thousand)

Legend:
- International Poverty Line
- Lower Middle IC Line
- Upper Middle IC Line
- National Poverty Line
- GDP

Source: World Bank using SUSENAS/EAPPOV/GMD

INEQUALITY TRENDS, 2000-2018

Gini Index

Source: World Bank using SUSENAS/EAPPOV/GMD

KEY INDICATORS

Distribution among groups: 2016	Lower Middle Income line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	72	28	35	65	**Monetary poverty (Consumption)**	
Rural population	66	34	45	55	Daily consumption less than US$1.90 per person	N/A
Males	69	31	40	60	**Education**	
Females	68	32	40	60	At least one school-aged child is not enrolled in school	N/A
0 to 14 years old	64	36	46	54	No adult has completed primary education	N/A
15 to 64 years old	72	28	37	63	**Access to basic infrastructure**	
65 and older	62	38	47	53	No access to limited-standard drinking water	N/A
Without education (16+)	52	48	58	42	No access to limited-standard sanitation	N/A
Primary education (16+)	63	37	47	53	No access to electricity	N/A
Secondary education (16+)	76	24	32	68		
Tertiary/post-secondary education (16+)	93	7	11	89		

Source: World Bank using SUSENAS/EAPPOV/GMD

Source: World Bank using SUSENAS/EAPPOV/GMD

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

POVERTY DATA AND METHODOLOGY

The poverty line in Indonesia is defined by Indonesia's national statistics office (Badan Pusat Stasitik, BPS) as the amount of money required to obtain 2,100 calories per day, along with a small amount for other basic non-food items. There are 67 poverty lines in Indonesia, one for each of the urban and rural areas of the provinces outside of Jakarta; and the national poverty line is calculated as the weighted average of the 67 local poverty lines. Unlike in some countries, and in the calculation of international poverty lines, where the basket of goods used in calculating the poverty line is fixed and simply inflated by CPI, in Indonesia, the basket of goods is allowed to change every year in the calculation of each of the 67 local poverty lines. The basket of goods for each of the 67 local poverty lines is recalculated each year for a reference group of 'near poor' households, where 'near poor' households are defined as households that fall between the poverty line and 20th percentile of the consumption distribution above the poverty line. In the face of high food prices, the inflation factors applied to the national poverty lines tend to be larger than the CPI. Also, because the basket of goods used in calculating the national poverty line may change, the price per calories changes. This may probably explain why poverty reduction based on national poverty line appeared to be slower than that based on the international poverty line.

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 (EAPTSD). 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.