

Poverty & Equity Brief

East Asia & Pacific

Indonesia

April 2023

Indonesia's headcount poverty rate continued its decline in 2022 as economic recovery resumed. In March 2022, based on the national poverty line, poverty fell to 9.5 percent, down by 0.6 percentage points (pp) from March 2021. Progress in poverty reduction was observed in both urban and rural areas. Increases in employment in agriculture, manufacturing, and transportation as well as logistics services sector contributed to poverty reduction. Despite a decline in unemployment by 0.4 pp to 5.8 percent from February 2021 to February 2022, unemployment has not yet returned to its pre-pandemic level of 4.9 percent in February 2020. Under-employment is also still higher than before the pandemic.

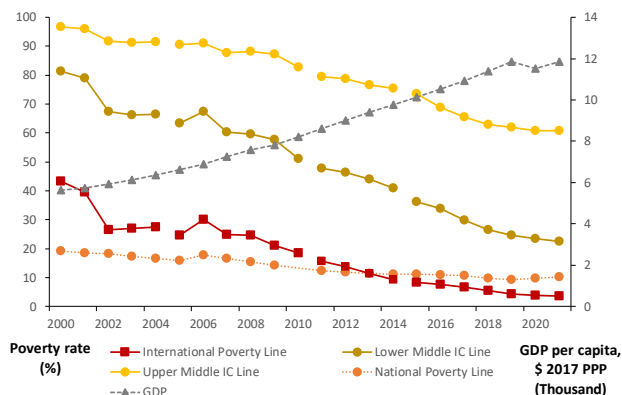
Improved effort in expanding social assistance coverage and implementation has helped mitigate the economic impact of COVID-19. Coverage of the flagship social assistance scheme Program Keluarga Harapan (PKH) stands at 97.2 percent. Cash transfers for basic needs have been successfully distributed to 98 percent of designated beneficiaries in the first quarter of 2022. However, targeting still suffers from high inclusion and exclusion errors.

Despite increased social assistance, inequality has stagnated, with the Gini index remaining at 37.9 since March 2021. Potential learning losses from COVID-19 can affect inequality of opportunity and translate into rising inequality in the longer term, if not mitigated. The recent fuel price hike is expected to raise inflation and will affect livelihoods. With households spending only about 3 percent of consumption on fuel across the population, the direct impact on poverty will be limited, though indirect impacts due to increased prices from transportation, for example, will need to be considered.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	26.1	9.5	2022
International Poverty Line 11910.9 in Indonesian rupiah (2022) or US\$2.15 (2017 PPP) per day per capita	6.9	2.5	2022
Lower Middle Income Class Poverty Line 20220.7 in Indonesian rupiah (2022) or US\$3.65 (2017 PPP) per day per capita	56.5	20.3	2022
Upper Middle Income Class Poverty Line 37948.5 in Indonesian rupiah (2022) or US\$6.85 (2017 PPP) per day per capita	168.8	60.5	2022
Multidimensional Poverty Measure		3.0	2022
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		3.44	2017-2022
INEQUALITY			
Gini Index		37.9	2022
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		1.04	2017-2022
GROWTH			
Annualized GDP per capita growth		N/A	N/A
Annualized Consumption Growth per capita from Household Survey		2.40	2017-2022
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		2.40	2017-2022

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of April 2023, and Global Monitoring Database for the rest.

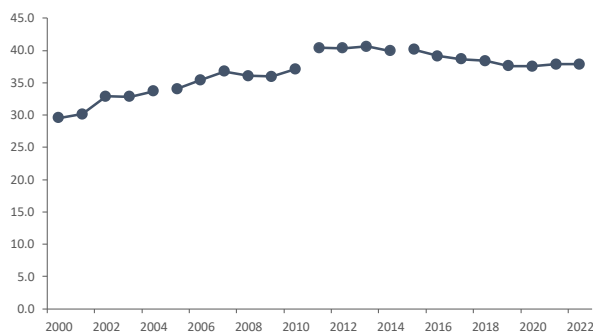
POVERTY HEADCOUNT RATE, 2000-2022



Source: World Bank using SUSENAS/EAPPOV/GMD

INEQUALITY TRENDS, 2000-2022

Gini Index



Source: World Bank using SUSENAS/EAPPOV/GMD

KEY INDICATORS

Distribution among groups: 2022	Lower Middle Income line (%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	83	17	35	65
Rural population	76	24	47	53
Males	80	20	40	60
Females	80	20	40	60
0 to 14 years old	76	24	46	54
15 to 64 years old	82	18	37	63
65 and older	76	24	43	57
Without education (16+)	72	28	47	53
Primary education (16+)	74	26	48	52
Secondary education (16+)	83	17	36	64
Tertiary/post-secondary education (16+)	92	8	19	81

Source: World Bank using SUSENAS/EAPPOV/GMD

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

Multidimensional Poverty Measures: 2022	(% of population)
Monetary poverty (Consumption)	
Daily consumption less than US\$2.15 per person	2.5
Education	
At least one school-aged child is not enrolled in school	1.3
No adult has completed primary education	3.0
Access to basic infrastructure	
No access to limited-standard drinking water	6.0
No access to limited-standard sanitation	11.5
No access to electricity	0.6

Source: World Bank using SUSENAS/EAPPOV/GMD

POVERTY DATA AND METHODOLOGY

The poverty line in Indonesia is defined by Indonesia's national statistics office (Badan Pusat Statistik, 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. The national poverty line is calculated as the population weighted average of the 67 local poverty lines. In Indonesia, the basket of goods is adjusted every year to re-estimate the 67 local poverty lines. The basket of goods is calculated for a reference group of households that fall between the poverty line and 20th percentile of the consumption distribution.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

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 2023, the collection includes 21 countries and 122 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.