

Poverty & Equity Brief

South Asia

Maldives

April 2023

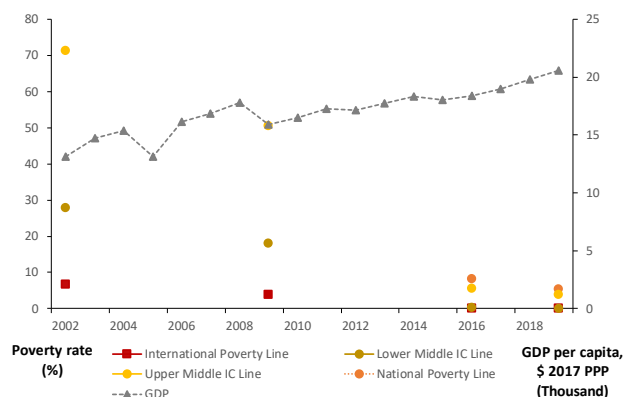
Maldives, despite being a small island state, leads South Asia in economic and human development outcomes. The economy and jobs have been driven by high-end tourism, but government redistribution programs have also contributed to welfare gains in Malé and the atolls. The poverty rate in 2019 was 3.9 percent at the US\$6.85 poverty line in 2017 PPP. Following strong post-COVID-19 recovery since 2021 and under continued growth projections, the poverty rate is estimated to decrease to 2.1 percent in 2023. Inequality, as measured by the Gini Index, has consistently fallen, and stood at 29.3 (GINI index) in 2019 - relatively low compared to other countries in the region and world. However, this does not capture vast spatial disparities between Malé and the atolls, where 93 percent of the poor live. Disparities between Malé and atolls are also present in terms of youth labor force participation – one of the critical concerns in the Maldives. While youth employment rose to 55.3 percent in Male in 2019, youth unemployment rose from 5.7 to 7.8 percent between 2016 and 2019 in atolls. The percentage of youth who are classified as discouraged and left the labor market also rose in atolls. While urban poverty is lower, overcrowding is an issue among urban households living in poverty with implications along various important dimensions of welfare, including health.

Notwithstanding these disparities, poverty in Maldives is projected to go below pre-pandemic levels in 2023 and continue declining in the coming years. This recovery comes after lockdowns induced by the COVID-19 pandemic contributed to a contraction of 34.8 percent in 2020 which would have pushed the poverty rate up to 19.9 percent in 2020. Redistributive policies implemented by the government helped prevent this, and sharp recovery in international tourism to Maldives increased GDP per capita by 11.8 percent in 2022. Data from the World Bank phone surveys confirm this recovery and show a 20-point reduction in the percentage of households that reduced their consumption and withdrew savings to cope with the economic losses of the pandemic. The percentage of households with jobs also increased from 73 percent in 2019 to 82 percent in 2022 and the percentage of households reporting declines in income fell from 75 to 55 percent.

| POVERTY | Number of Poor (thousand) | Rate (%) | Period |
|--|------------------------------|-------------|-----------|
| National Poverty Line | 24.0 | 5.4 | 2019 |
| International Poverty Line 21.1 in Maldivian rufiyaa (2019) or US\$2.15 (2017 PPP) per day per capita | 0.0 | 0.0 | 2019 |
| Lower Middle Income Class Poverty Line 35.9 in Maldivian rufiyaa (2019) or US\$3.65 (2017 PPP) per day per capita | 0.0 | 0.0 | 2019 |
| Upper Middle Income Class Poverty Line 67.3 in Maldivian rufiyaa (2019) or US\$6.85 (2017 PPP) per day per capita | 19.6 | 3.9 | 2019 |
| Multidimensional Poverty Measure | | 0.0 | 2019 |
| SHARED PROSPERITY | | | |
| Annualized Income or Consumption Growth per capita of the bottom 40 percent | | N/A | N/A |
| INEQUALITY | | | |
| Gini Index | | 29.3 | 2019 |
| Shared Prosperity Premium = Growth of the bottom 40 - Average Growth | | N/A | N/A |
| GROWTH | | | |
| Annualized GDP per capita growth | | 2.33 | 2014-2019 |
| Annualized Income or Consumption Growth per capita from Household Survey | | N/A | N/A |
| MEDIAN INCOME | | | |
| Growth of the annual median income/consumption per capita | | N/A | N/A |

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

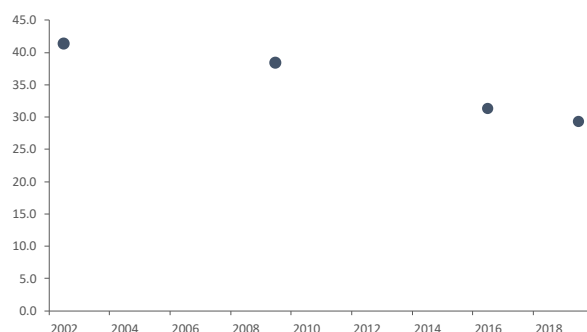
POVERTY HEADCOUNT RATE, 2002-2019



Source: World Bank using HIES/SARMD/GMD

INEQUALITY TRENDS, 2002-2019

Gini Index



Source: World Bank using HIES/SARMD/GMD

KEY INDICATORS

| Distribution among groups: 2019 | Upper Middle Income line (%) | | Relative group (%) | |
|---|------------------------------|------|--------------------|--------|
| | Non-Poor | Poor | Bottom 40 | Top 60 |
| Urban population | | | | N/A |
| Rural population | | | | N/A |
| Males | 96 | 4 | 40 | 60 |
| Females | 96 | 4 | 40 | 60 |
| 0 to 14 years old | 95 | 5 | 46 | 54 |
| 15 to 64 years old | 97 | 3 | 37 | 63 |
| 65 and older | 96 | 4 | 43 | 57 |
| Without education (16+) | N/A* | 0 | 0 | N/A* |
| Primary education (16+) | 95 | 5 | 47 | 53 |
| Secondary education (16+) | 96 | 4 | 42 | 58 |
| Tertiary/post-secondary education (16+) | 99 | 1 | 19 | 81 |

Source: World Bank using HIES/SARMD/GMD

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

| Multidimensional Poverty Measures: 2019 | | (% of population) |
|--|--|-------------------|
| Monetary poverty (Consumption) | | |
| Daily consumption less than US\$2.15 per person | | 0.0 |
| Education | | |
| At least one school-aged child is not enrolled in school | | 1.9 |
| No adult has completed primary education | | 0.0 |
| Access to basic infrastructure | | |
| No access to limited-standard drinking water | | 0.0 |
| No access to limited-standard sanitation | | 4.8 |
| No access to electricity | | 1.9 |

Source: World Bank using HIES/SARMD/GMD

POVERTY DATA AND METHODOLOGY

The national poverty estimates for Maldives are based on the Household Income & Expenditure Survey, 2019 conducted by the Maldives Bureau of Statistics (MBS). While there have been previous HIES exercises by the MBS including in 2016, changes in survey methodology prevents a comparison between the estimates of HIES 2016 and 2019. Key among these changes was an abbreviated food consumption module in 2019, as well as framing the question for imputed rent from willingness to accept to willingness to pay. Data collection was done on tablets for the first time, which improved concurrent monitoring of data quality.

Poverty estimates are derived by computing a consumption-based welfare aggregate, adjusted for spatial and temporal deflation and expressed in per capita terms. The welfare aggregate is compared the international poverty lines of \$2.15, \$3.65 and \$6.85 per person per day in \$ 2017 PPP (converted to Maldivian Rufiyaa using the 2017 Purchasing Power Parity conversion factor), as well as the national poverty line at 71.4 MVR per person per day. Poverty is negligible under the \$2.15 & \$3.65 poverty lines, and only the poverty rates under the national poverty rate and the \$6.85 (equivalent to 67.28 MVR per person per day) line are presented.

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 in this report are based on SARMD. The South Asia Micro Database (SARMD) is a regional database of socio-economic indicators established in 2014 managed by SARTSD. It includes 40 surveys covering 8 countries. It follows the Global Monitoring Database (GMD) Harmonization guidelines, including the construction of the welfare aggregate which is used for the Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.