

Poverty & Equity Brief

East Asia & Pacific

Indonesia

April 2024

Indonesia's poverty rate continued its slow and steady decline in 2023. The national poverty headcount ratio fell to 9.4 percent in March 2023—down 0.1 percentage points from a year earlier. Urban areas made faster progress than rural areas, with the urban poverty rate dropping from 7.5 percent in March 2022 to 7.3 percent a year later. At 5.3 percent, the unemployment rate had nearly recovered to its pre-pandemic level by August 2023. Nonetheless, the informal share of employment spiked in 2020 and has only slowly drifted down since. At 59 percent, the informal employment share in August 2023 remained 3 percentage points higher than in the same period in 2019.

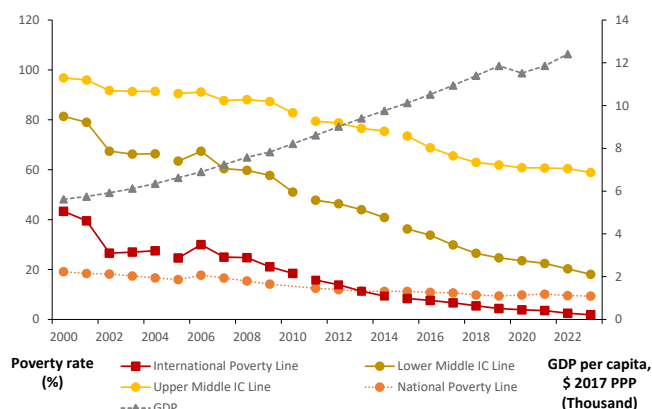
Private consumption has sustained poverty reduction, growing by 4.5 percent in the fourth quarter of 2023 in year-over-year terms. Although headline inflation has remained muted compared to many peer countries, food inflation rose to 6.4 percent in February 2024 in year-over-year terms, due in part to unfavorable climate conditions affecting crop production in the region.

A large share of the population remains at risk of poverty. Despite a relatively elaborate system of social assistance, about a third of households are classified as "vulnerable" and remain at risk of falling into poverty in the event of shocks. Inequality has continued to increase, up by 0.4 points from the previous year to reach 38.8 in March 2023—the highest level since 2018. Rising inequality has been especially driven by growth in urban areas, and a continuing pattern of slow consumption growth in lagging regions. Improved targeting effectiveness of social assistance will remain key to reducing inequality and mitigating the disproportionate impact of food prices on vulnerable households.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	25.9	9.4	2023
International Poverty Line 12056.1 in Indonesian rupiah (2023) or US\$2.15 (2017 PPP) per day per capita	5.3	1.9	2023
Lower Middle Income Class Poverty Line 20467.4 in Indonesian rupiah (2023) or US\$3.65 (2017 PPP) per day per capita	51.0	18.1	2023
Upper Middle Income Class Poverty Line 38411.3 in Indonesian rupiah (2023) or US\$6.85 (2017 PPP) per day per capita	165.9	58.9	2023
Multidimensional Poverty Measure		2.3	2023
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		3.09	2018-2023
INEQUALITY			
Gini Index		38.3	2023
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		0.84	2018-2023
GROWTH			
Annualized GDP per capita growth		N/A	N/A
Annualized Consumption Growth per capita from Household Survey		2.25	2018-2023
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.93	2018-2023

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

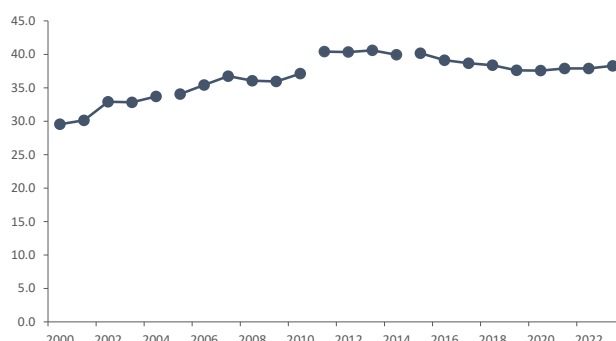
POVERTY HEADCOUNT RATE, 2000-2023



Source: World Bank using SUSENAS/EAPPOV/GMD

INEQUALITY TRENDS, 2000-2023

Gini Index



Source: World Bank using SUSENAS/EAPPOV/GMD

KEY INDICATORS

Distribution among groups: 2023	Lower Middle Income line(%)		Relative group (%)		Multidimensional Poverty Measures: 2023 (% of population)
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	84	16	35	65	Monetary poverty (Consumption) Daily consumption less than US\$2.15 per person 1.9
Rural population	79	21	47	53	
Males	82	18	40	60	Education At least one school-aged child is not enrolled in school 1.3 No adult has completed primary education 2.9
Females	82	18	40	60	
0 to 14 years old	78	22	47	53	Access to basic infrastructure No access to limited-standard drinking water 5.5 No access to limited-standard sanitation 11.7 No access to electricity 0.6
15 to 64 years old	84	16	37	63	
65 and older	78	22	44	56	
Without education (16+)	71	29	53	47	
Primary education (16+)	77	23	48	52	
Secondary education (16+)	85	15	35	65	
Tertiary/post-secondary education (16+)	93	7	18	82	

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 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 February 2024, the collection includes 21 countries and 127 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 forms 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.