

# South Asia



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# Poverty & Equity Brief

South Asia

## Bangladesh

April 2020

Latest official poverty estimates from 2016/17 show remarkable gains in poverty reduction since 2000. Upper poverty rates have halved to 24.3 percent while extreme poverty rates have reduced by two-thirds to 12.9 percent. Measures of poverty using the international extreme poverty line show comparable trends. Yet, recent trends between 2010 and 2016 suggest a deceleration in the rate of poverty reduction in a period of faster economic growth. The slowdown in poverty reduction was mainly driven by slow progress in urban areas. Inequality measured by the Gini index was 32.4 in 2016, with very little change since 2000. Over the same period, inequality increased slightly in rural areas and decreased in urban areas.

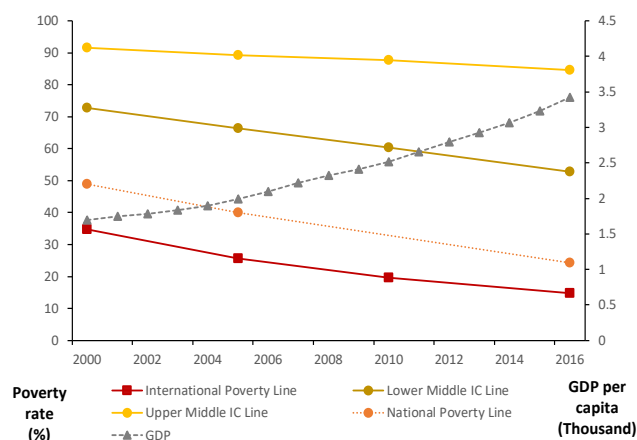
The ongoing COVID-19 pandemic is creating an unprecedented crisis in Bangladesh and poverty is likely to increase substantially in the short-term. The sharp decline in demand of manufactured goods, particularly from the export-oriented Ready-Made Garments sector, is expected to affect employment creation in urban areas, an important driver of poverty reduction in the past. In addition, large labor income losses are expected for households engaged in informal services, and labor-intensive sectors like construction, due to slower demand and closures. The negative impact on poverty rates is anticipated to be higher in urban centers. Reductions in international remittances are expected to have a smaller short-term impact on the poverty rate as international migrants come from better-off households but may have a negative impact in districts from Chittagong, Sylhet and Dhaka divisions that have a large number of international migrants.

A domestic outbreak and the consequent burden of healthcare and related disruptions will exacerbate the negative impacts in access to services and poverty. High density slum and urban areas as well as camps in Cox's Bazar will be particularly vulnerable. In the absence of mitigating measures, the welfare impacts of the pandemic are likely to be widespread and long-lasting, as formal safety nets are limited, households may likely need to reduce consumption and deplete assets and savings, to cope with the income losses or to finance extraordinary health expenses.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	39.6	24.3	2016
International Poverty Line 61.6 in Bangladesh taka (2016) or US\$1.90 (2011 PPP) per day per capita	23.3	14.8	2016
Lower Middle Income Class Poverty Line 103.7 in Bangladesh taka (2016) or US\$3.20 (2011 PPP) per day per capita	83.5	52.9	2016
Upper Middle Income Class Poverty Line 178.2 in Bangladesh taka (2016) or US\$5.50 (2011 PPP) per day per capita	133.5	84.5	2016
Multidimensional Poverty Measure		21.6	2016
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		1.35	2010-2016
INEQUALITY			
Gini Index		32.4	2016
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.19	2010-2016
GROWTH			
Annualized GDP per capita growth		5.25	2010-2016
Annualized Consumption Growth per capita from Household Survey		1.54	2010-2016
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.65	2010-2016

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

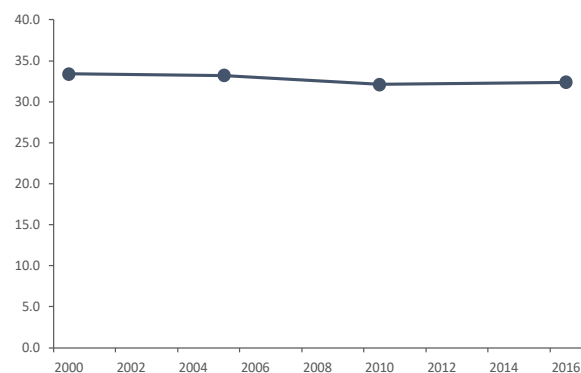
## POVERTY HEADCOUNT RATE, 2000-2016



Source: World Bank using HIES/SARMD/GMD

## INEQUALITY TRENDS, 2000-2016

### Gini Index



Source: World Bank using HIES/SARMD/GMD

## KEY INDICATORS

Distribution among groups: 2016	International Poverty Line (%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	2016
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	93	7	22	78	<b>Monetary poverty (Consumption)</b>	
Rural population	82	18	47	53	Daily consumption less than US\$1.90 per person	14.8
Males	86	14	40	60	<b>Education</b>	
Females	85	15	40	60	At least one school-aged child is not enrolled in school	8.4
0 to 14 years old	82	18	46	54	No adult has completed primary education	22.0
15 to 64 years old	87	13	36	64	<b>Access to basic infrastructure</b>	
65 and older	86	14	40	60	No access to limited-standard drinking water	2.8
Without education (16+)	75	25	50	50	No access to limited-standard sanitation	54.5
Primary education (16+)	86	14	41	59	No access to electricity	23.6
Secondary education (16+)	92	8	26	74		
Tertiary/post-secondary education (16+)	97	3	11	89		

Source: World Bank using HIES/SARMD/GMD

Source: World Bank using HIES/SARMD/GMD

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

## POVERTY DATA AND METHODOLOGY

Household expenditure data is collected in the nationally representative quinquennial Household Income Expenditure Survey (HIES). The latest round of the HIES was collected in 2016–17. A household's poverty status is assessed using per capita consumption. Total household consumption is calculated as the sum of all food and non-food expenditures except for taxes and fees, wedding, and interest and insurance expenses, and rent. Rent is included and imputed when missing.

A household is considered poor if its per capita consumption is lower than the poverty line for the survey strata in which it lives. Poverty lines vary across strata to account for spatial differences in the cost of purchasing basic needs. The national upper and lower poverty lines are set at the cost of consuming 2,122 Cal per person per day and an allowance for non-food expenditure (this allowance is smaller for the lower poverty line and larger for the upper poverty line). Poverty lines are updated between survey rounds using a food prices index that captures food inflation in each strata and the non-food CPI.

The international dollar poverty line uses the same consumption aggregate to determine whether a household is poor, but does not take spatial price differences into account. This line is the value of \$1.90, 2011 PPP.

## 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.

# Poverty & Equity Brief

South Asia

## Bhutan

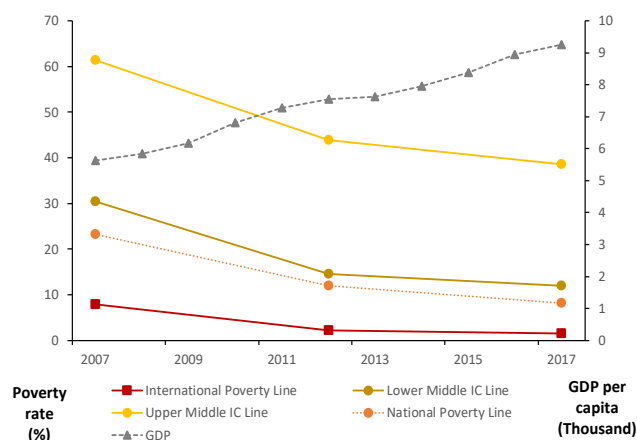
April 2020

Bhutan has made great strides in reducing poverty and raising living standards in recent years, though progress has slowed down. Measured against the benchmark of \$3.20 per day for lower middle-income countries, the poverty headcount ratio fell from 14.5 percent in 2012 to 12 percent in 2017. While still an improvement, this represents a slowdown in the pace of poverty reduction compared to 2007-2012. Inequality measured using the Gini index declined marginally from 38.8 in 2012 to 37.4 in 2017. The growth rate of median income was 2.3 percent between 2012 and 2017, which was lower than the annualized GDP per capita growth during the same period. This suggests that income growth of an average person has lagged macroeconomic growth performance. This is consistent with the capital-intensive nature of hydropower, Bhutan's main driver of growth. Less than 4 percent of Bhutanese live in multidimensional poverty as of 2017, which compares favorably among countries with similar income levels. This Multidimensional Poverty Measure (MPM) is the World Bank's own global measure and provides a more holistic view of poverty and deprivation, combining monetary poverty with measures of education and access to basic infrastructure services into a single index. The latter includes access to adequate drinking water, sanitation and electricity. The share of people without access to limited-standard sanitation was 13.7 percent which is relatively high compared to the overall MPM. 40.8 percent of adults have not completed primary education. This mainly reflects very low education levels among older cohorts. The COVID-19 outbreak has led to a slowdown in tourism and other economic activities. The main impact will be through labor markets as social distancing is practiced and borders are closed. The shock will mainly affect informal workers in MSMEs, while the impact on agriculture is expected to be modest due to its subsistence nature. The pace of poverty reduction is expected to slow down slightly. While India, Bhutan's main trading partner, has kept its border with Bhutan open, food imports and food security are of concern, especially in remote areas.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	59.6	8.2	2017
International Poverty Line 47.7 in Bhutanese ngultrum (2017) or US\$1.90 (2011 PPP) per day per capita	11.1	1.5	2017
Lower Middle Income Class Poverty Line 80.3 in Bhutanese ngultrum (2017) or US\$3.20 (2011 PPP) per day per capita	89.5	12.0	2017
Upper Middle Income Class Poverty Line 138 in Bhutanese ngultrum (2017) or US\$5.50 (2011 PPP) per day per capita	287.5	38.6	2017
Multidimensional Poverty Measure		3.9	2017
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		1.63	2012-2017
INEQUALITY			
Gini Index		37.4	2017
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.05	2012-2017
GROWTH			
Annualized GDP per capita growth		4.14	2012-2017
Annualized Consumption Growth per capita from Household Survey		1.67	2012-2017
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		2.27	2012-2017

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

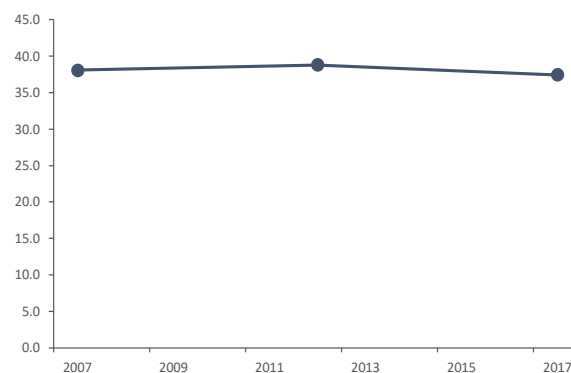
## POVERTY HEADCOUNT RATE, 2007-2017



Source: World Bank using BLSS/SARMD/GMD

## INEQUALITY TRENDS, 2007-2017

### Gini Index



Source: World Bank using BLSS/SARMD/GMD

## KEY INDICATORS

Distribution among groups: 2017	Lower Middle Income line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	2017
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	99	1	13	87	<b>Monetary poverty (Consumption)</b>	
Rural population	83	17	53	47	Daily consumption less than US\$1.90 per person	1.5
Males	88	12	40	60	<b>Education</b>	
Females	88	12	40	60	At least one school-aged child is not enrolled in school	4.1
0 to 14 years old	87	13	43	57	No adult has completed primary education	40.8
15 to 64 years old	89	11	38	62	<b>Access to basic infrastructure</b>	
65 and older	85	15	49	51	No access to limited-standard drinking water	0.4
Without education (16+)	85	15	48	52	No access to limited-standard sanitation	13.7
Primary education (16+)	89	11	38	62	No access to electricity	1.9
Secondary education (16+)	94	6	25	75		
Tertiary/post-secondary education (16+)	98	2	10	90		

Source: World Bank using BLSS/SARMD/GMD

Source: World Bank using BLSS/SARMD/GMD

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

## POVERTY DATA AND METHODOLOGY

National poverty estimates in Bhutan are produced by the National Statistics Bureau (NSB), based on the Bhutan Living Standard Surveys (BLSS). Four rounds of BLSS have been conducted so far (2003, 2007, 2012 and 2017), but only the latest three should be used for comparable poverty estimates. Bhutan's national poverty line is an absolute poverty line based on the Cost of Basic Needs approach. This approach estimates the cost of a food bundle that provides a basic minimum level of food energy. The total poverty line is obtained by adding to the food component the cost of the basic non-food allowance. National poverty estimates are important inputs to Five-Year Plans by the Royal Government of Bhutan.

International poverty estimates for Bhutan are based on the international poverty line of \$1.90 and \$3.20 per day in 2011 US dollars, converted to Bhutanese Ngultrum using the 2011 PPP. National poverty estimates are useful for comparisons over time within Bhutan or across different groups such as regions. International poverty estimates, on the other hand, should be used for comparisons across countries.

## HARMONIZATION

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# Poverty & Equity Brief

South Asia

## India

April 2020

Since the 2000s, India has made remarkable progress in reducing absolute poverty. Between FY2011/12 and 2015, poverty declined from 21.6 to an estimated 13.4 percent at the international poverty line (2011 PPP \$1.90 per person per day), continuing the historical trend of robust reduction in poverty. Aided by robust economic growth, more than 90 million people escaped extreme poverty and improved their living standards during this period.

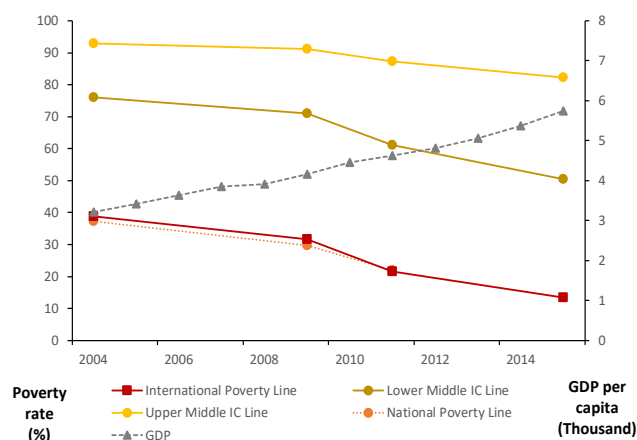
Despite this success, poverty remains widespread in India. In 2015, with the latest estimates, 176 million Indians were living in extreme poverty. In this context, the outbreak of COVID19 pandemic and the containment measures adopted by the government are expected to increase poverty in the country. Poorer households are also more exposed to the risk of COVID-19. In a 2018 survey, only 22 percent households in the lowest consumption decile reported washing hands with soap before meals. The high density of households in urban slums further reduces the efficacy of social distancing measures. The lockdown will also have an adverse economic impact on self-employed and casual workers. The closure of shops, hotels and restaurants alone will affect 11 percent of such workers in these sectors. A welfare package by the government can help poorer households cope with short-term COVID-related losses. Lower oil prices, if sustained over the medium-term, could also help mitigate inflationary concerns.

Historically, gains from growth and poverty reduction have been uneven, with greater progress in states and social groups that were already better off. India faces the challenge of increasing poverty reduction's responsiveness to growth. This would aid (1) inclusion of women, Scheduled Tribes, and other excluded groups and (2) human development outcomes related to health, nutrition, education, and gender, where the country continues to rank poorly.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	273.1	21.9	2011
International Poverty Line US\$1.90 (2011 PPP) per day per capita	175.8	13.4	2015
Lower Middle Income Class Poverty Line US\$3.20 (2011 PPP) per day per capita	659.8	50.4	2015
Upper Middle Income Class Poverty Line US\$5.50 (2011 PPP) per day per capita	1,077.9	82.3	2015
Multidimensional Poverty Measure		N/A	N/A
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		3.20	2004-2011
INEQUALITY			
Gini Index		35.4	2011
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.49	2004-2011
GROWTH			
Annualized GDP per capita growth		5.35	2004-2011
Annualized Consumption Growth per capita from Household Survey		3.69	2004-2011
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		3.47	2004-2011

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

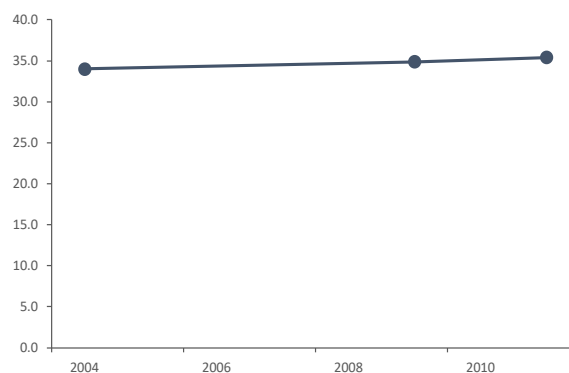
## POVERTY HEADCOUNT RATE, 2004-2015



Source: World Bank using /SARMD/GMD

## INEQUALITY TRENDS, 2004-2011

### Gini Index



Source: World Bank using /SARMD/GMD

## KEY INDICATORS

Distribution among groups: 2015	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	91	9	N/A	N/A	<b>Monetary poverty</b>
Rural population	85	15	N/A	N/A	Daily income/consumption less than US\$1.90 per person
Males	87	13	N/A	N/A	<b>Education</b>
Females	86	14	N/A	N/A	At least one school-aged child is not enrolled in school
0 to 14 years old	81	19	N/A	N/A	No adult has completed primary education
15 to 64 years old	88	12	N/A	N/A	<b>Access to basic infrastructure</b>
65 and older	89	11	N/A	N/A	No access to limited-standard drinking water
Without education (16+)	82	18	N/A	N/A	No access to limited-standard sanitation
Primary education (16+)	87	13	N/A	N/A	No access to electricity
Secondary education (16+)	93	7	N/A	N/A	
Tertiary/post-secondary education (16+)	98	2	N/A	N/A	

Source: World Bank using /SARMD/GMD

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

## POVERTY DATA AND METHODOLOGY

The national poverty estimates for India are based on rounds of Household Consumption Expenditure Surveys conducted by the National Sample Survey Office (NSSO). The round conducted in 2011/12 is the most recent for which consumption data is available. In 2014/15, the NSSO conducted another survey that did not collect comparable consumption data, but did include information on several correlates of household consumption. This information is used to compute household consumption by utilizing the relationship between household consumption and its characteristics in past years. Reported poverty rates at the international poverty lines use rural and urban pass-through factors (from household final consumption expenditure to survey consumption) implicit in these imputations. Because the poverty estimates are based on imputations, shared prosperity related indicators are not reported in this Brief. State-wise poverty lines are estimated using the methodology prescribed by the Tendulkar Committee. The all India poverty ratio is obtained as a state-population weighted average poverty ratio. The international poverty estimates are based on the \$1.90 per person per day in 2011 PPP terms. The national PPP is disaggregated into rural and urban PPP to reflect cost-of-living differences in these areas.

## HARMONIZATION

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# Poverty & Equity Brief

South Asia

## Maldives

April 2020

Maldives is the first country in South Asia to attain and preserve upper middle-income status, despite a high exposure to external shocks. Year on year real GDP growth in 2018 and 2019 was 6.9 and 5.2 (estimated) percentage points respectively. However, growth is forecasted to be - 4.7 percentage points in 2020 as the COVID-19 outbreak dampens international tourism, revenues and exports. In 2016 (last year for which figures are available) extreme poverty at 1.90 USD (in 2011 PPP) per person per day was negligible in the country. When benchmarked against the upper middle-income country poverty line at 5.50 USD (or 70 Maldivian Rufiyaa) per person per day, the national poverty rate was 6.6 percent. The national poverty line is pegged at 74 Maldivian Rufiyaa per person per day, and the associated rate is 8.2 percent. Inequality, as measured by the Gini Index has been consistently falling and stands at 31.3 as of 2016. This compares favorably to other South Asian countries.

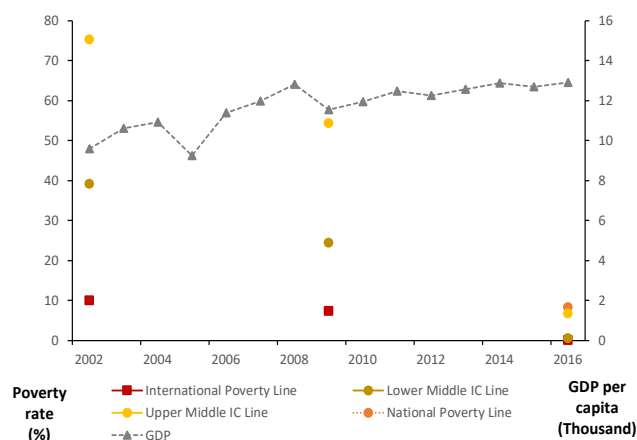
The low numbers mask two important aspects though. Capital Malé has only 1.5% of its population below 5.50 USD per day, while being home to 42% of the population of Maldives; compared to 10.4% poverty rate in atolls, with 58% of the national population. Secondly, a large population of Maldivians live just above the poverty line, as evidenced by a 1.6% increase in poverty rate between the upper middle-income country line and the national poverty line, which differ by just 4 Maldivian Rufiyaa per person per day. A shock to key growth sectors can thus lead to significant sections of the population sliding back into poverty.

The outbreak of COVID-19 is expected to take a heavy toll on tourism, since citizens of China and Europe account for a bulk of international tourist arrivals into Maldives. Maldivian law mandates that at least 51% employees of a resort be Maldivian nationals. Temporary lay-offs &/or pay cuts would lead to significant poverty impacts. Furthermore, fish is a major product of Maldives and a major export item to Europe. The European market is expected to be hit badly. With little storage facilities in atolls, small fishermen would thus be forced to reduce their catch, adversely affecting their own incomes as well as increasing the probability of price fluctuations for a key item in the Maldivian diet.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	39.0	8.2	2016
International Poverty Line 24.2 in Maldivian rufiyaa (2016) or US\$1.90 (2011 PPP) per day per capita	0.1	0.0	2016
Lower Middle Income Class Poverty Line 40.7 in Maldivian rufiyaa (2016) or US\$3.20 (2011 PPP) per day per capita	2.4	0.5	2016
Upper Middle Income Class Poverty Line 70 in Maldivian rufiyaa (2016) or US\$5.50 (2011 PPP) per day per capita	31.6	6.6	2016
Multidimensional Poverty Measure		0.1	2016
SHARED PROSPERITY			
Annualized Income or Consumption Growth per capita of the bottom 40 percent		N/A	N/A
INEQUALITY			
Gini Index		31.3	2016
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		N/A	N/A
GROWTH			
Annualized GDP per capita growth		0.66	2011-2016
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, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

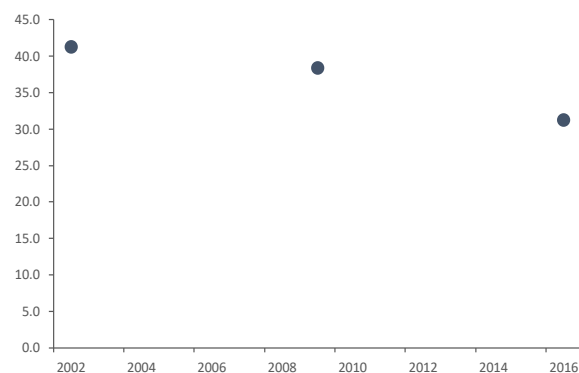
## POVERTY HEADCOUNT RATE, 2002-2016



Source: World Bank using HIES/SARMD/GMD

## INEQUALITY TRENDS, 2002-2016

### Gini Index



Source: World Bank using HIES/SARMD/GMD

## KEY INDICATORS

Distribution among groups: 2009	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	2016
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	95	5	33	67	<b>Monetary poverty (Consumption)</b>	
Rural population	91	9	44	56	Daily consumption less than US\$1.90 per person	0.0
Males	93	7	40	60	<b>Education</b>	
Females	93	7	39	61	At least one school-aged child is not enrolled in school	1.5
0 to 14 years old	92	8	45	55	No adult has completed primary education	2.2
15 to 64 years old	93	7	37	63	<b>Access to basic infrastructure</b>	
65 and older	92	8	41	59	No access to limited-standard drinking water	0.9
Without education (16+)	92	8	42	58	No access to limited-standard sanitation	0.4
Primary education (16+)	93	N/A*	41	59	No access to electricity	0.0
Secondary education (16+)	93	7	37	63		
Tertiary/post-secondary education (16+)	97	3	33	67		

Source: World Bank using HIES/SARMD/GMD

Source: World Bank using HIES/SARMD/GMD

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

## POVERTY DATA AND METHODOLOGY

The national poverty estimates for Maldives are based on the Household Income & Expenditure Survey, 2016 conducted by the National Bureau of Statistics, Maldives. While there have been previous HIES exercises by NBS, substantial changes in the survey methodology in 2016 to align with international standards prevents a comparison with previous estimates. Key among these changes was a switch to recall method for consumption as opposed to diary methods up to 2009. Rent and durable goods were also added to the exercise in 2016, and spatial price index was used to account for price differentials between Malé and atolls. Poverty estimates are derived from comparing the national welfare aggregate to the international poverty lines of \$1.90, \$3.20 and \$5.50 per person per day in 2011 US dollars (converted to Maldivian Rufiyaa using the 2011 Purchasing Power Parity conversion factor), as well as the national poverty line at 74 MVR per person per day.

## HARMONIZATION

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# Poverty & Equity Brief

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## Nepal

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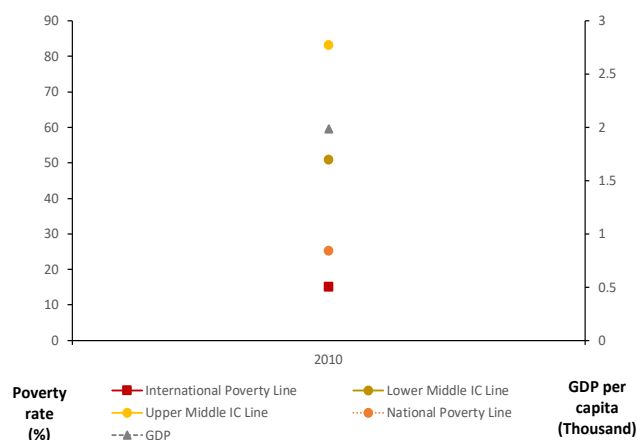
The poverty headcount, calculated at the national poverty line was 42 percent in 1995, which gradually declined to 31 percent in 2003 and 12.5 percent in 2010. The significant reduction in poverty revealed by the three Nepal Living Standard Surveys and increase in mean per capita expenditure led the government to revise the poverty line to better reflect living standards. With the revised poverty line which increased in the real value of the poverty threshold by 35 percent, the poverty rate in 2010 was estimated to be 25 percent. For the same year, the poverty rate was estimated to be 15 percent as measured by the international poverty line (PPP \$1.9/day). In 2018, the Multidimensional Poverty Index (MPI) reported that about 28 percent of Nepal's population was multidimensionally poor. Updated figures on monetary poverty in Nepal that reflect the aftermath of the 2015 earthquake, as well as a trade disruption, will be available once the analysis of the Annual Household Surveys (2013/14-2016/17) is finalized.

Now, with the COVID-19 pandemic, as well as the negative outlook for the global economy, a significant share of vulnerable households face the risk of falling back into poverty. The impact on poverty for Nepal is likely to be high due to three main channels. First, poverty reduction in Nepal has traditionally been aided by high rates of international remittances, which have been received by poor and non-poor households alike. Half of households at all points in the consumption distribution reported the receipt of remittances by 2011. Remittances also directly accounted for 27 percent of all poverty reduction from 1996 to 2011. With remittances at 25.4% of GDP in 2019, the current restrictions on the entry on migrant workers into GCC countries as well as other receiving countries such as Malaysia and South Korea will pose a significant risk to welfare. In addition, a weak economic outlook in the destination countries could have an independent effect on current migrants' earnings and remittance receipts. Second, the structure of the economy remains dominated by agriculture and increasingly informal services. While agriculture could provide a buffer in the short-terms, informal services are likely to be impacted negatively through both the income and price channels. In addition, the negative outlook for tourism sector (which is a major domestic employer) is likely to have direct and severe impacts on welfare of both households and small businesses. Finally, households in Nepal remain vulnerable to natural disasters, remittance income slowdowns, and health shocks--with the risk of the latter two being particularly high in the short and medium terms following the COVID-19 crisis.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	6.8	25.2	2010
International Poverty Line 45.5 in Nepalese rupee (2010) or US\$1.90 (2011 PPP) per day per capita	4.1	15.0	2010
Lower Middle Income Class Poverty Line 76.7 in Nepalese rupee (2010) or US\$3.20 (2011 PPP) per day per capita	13.7	50.9	2010
Upper Middle Income Class Poverty Line 131.7 in Nepalese rupee (2010) or US\$5.50 (2011 PPP) per day per capita	22.4	83.0	2010
Multidimensional Poverty Measure		28.2	2010
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		7.35	2003-2010
INEQUALITY			
Gini Index		32.8	2010
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		3.58	2003-2010
GROWTH			
Annualized GDP per capita growth		3.24	2003-2010
Annualized Consumption Growth per capita from Household Survey		3.76	2003-2010
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		6.69	2003-2010

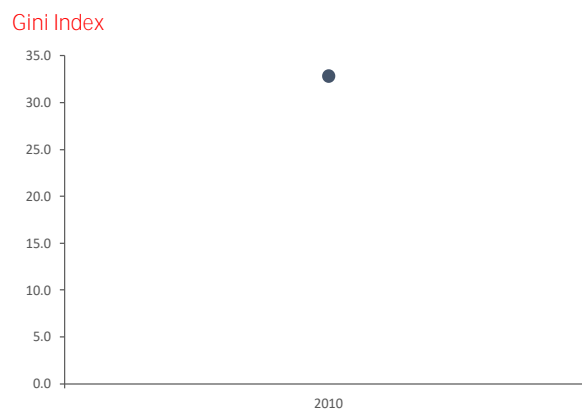
Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

## POVERTY HEADCOUNT RATE, 2010



Source: World Bank using LSS-III/SARMD/GMD

## INEQUALITY TRENDS, 2010



Source: World Bank using LSS-III/SARMD/GMD

## KEY INDICATORS

Distribution among groups: 2010	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	2010
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	91	9	26	74	<b>Monetary poverty (Consumption)</b>	
Rural population	84	16	43	57	Daily consumption less than US\$1.90 per person	15.0
Males	85	15	39	61	<b>Education</b>	
Females	85	15	40	60	At least one school-aged child is not enrolled in school	9.5
0 to 14 years old	80	20	49	51	No adult has completed primary education	28.6
15 to 64 years old	88	12	34	66	<b>Access to basic infrastructure</b>	
65 and older	89	11	34	66	No access to limited-standard drinking water	16.8
Without education (16+)	83	17	44	56	No access to limited-standard sanitation	47.3
Primary education (16+)	88	12	38	62	No access to electricity	31.5
Secondary education (16+)	96	4	18	82		
Tertiary/post-secondary education (16+)	100	N/A*	N/A*	97		

Source: World Bank using LSS-III/SARMD/GMD

Source: World Bank using LSS-III/SARMD/GMD

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

## POVERTY DATA AND METHODOLOGY

In Nepal, the Central Bureau of Statistics (CBS) produces the poverty estimates based on the Nepal Living Standard Survey (NLSS). The national poverty line for Nepal estimated at Rs 19,262 per person per year in 2010, is an absolute poverty line based on the cost of basic food and non-food needs. International poverty estimates are based on the international poverty line of \$1.90 per person per day in US dollars, converted to Nepali rupees using the 2011 Purchasing Power Parity.

The last national poverty update in Nepal, in 2010, was based on the 2010 Nepal Living Standard Survey. While the data from the next round of the survey are unlikely to be available until the end of 2020, the CBS has conducted five rounds of the Annual Household Survey (AHS) from 2012-13 to 2016-17. Meanwhile, the World Bank plans to prepare the poverty update report using the recent AHS before the release of the next national poverty rate estimates from NLSS-IV. In 2017, the Government of Nepal announced the Multidimension Poverty Index (MPI) as an official national poverty measure aligned with the Sustainable Development Goals to complement consumption-based poverty.

## 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.

# Poverty & Equity Brief

South Asia

## Pakistan

April 2020

There was a consistent and significant decline in poverty in Pakistan over the 14 years from 2001 to 2015, when the poverty headcount measured using the national poverty line fell from 64.3 percent to 24.3 percent. The increase in employment opportunities outside the agriculture sector was the main driver of poverty reduction over this period. Two self-reinforcing economic dynamics accounted for the observed progress in poverty reduction: (i) the expansion of economic opportunities outside the agriculture sector, particularly with growth in male off-farm employment; and (ii) the increase in out-migration and associated remittances. The latter not only boosted consumption of recipient households but also fueled internal **demand—particularly** of goods and services locally produced in the informal **sector—and** the increase in real wages. About two-thirds of the decline in poverty between 2001 and 2015 was driven by the increase in labor incomes in the off-farm sector, which in real terms increased by as much as 74 percent.

However, since 2015, the pace of poverty reduction is likely to have halted due to macroeconomic crisis and associated slow-down in growth. In this context, the outbreak of the recent COVID19 pandemic and the containment measures adopted by the government, are expected to increase poverty in the country.

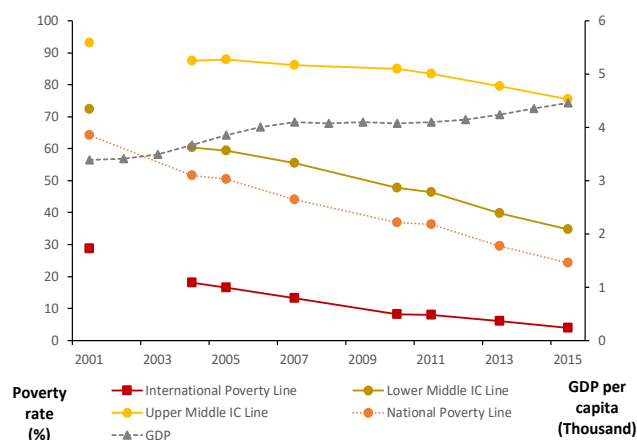
The informal sector and daily wage workers employed in the formal sector are expected to bear most of the costs of expected slow-down in internal demand. The informal sector accounts for 72 percent of employment (LFS 2017) while informal workers in the formal sector account for another 5 percent of the total. The expected reduction of employment and incomes in the informal sector will have negative impact on poverty, particularly in urban areas. Poverty projections will be updated upon the release of the HIES 2018-19 household survey data.

The capacity of the informal off-farm sector to bounce back from the current crisis will be critical to bring Pakistan back on the path of poverty reduction. In this perspective, the duration of the current crisis and the capacity of government interventions to protect investments in physical and human capital of the most vulnerable segments of the population will be particularly important to prevent current crisis from having long lasting consequences.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	46.0	24.3	2015
International Poverty Line 63.9 in Pakistan rupee (2015) or US\$1.90 (2011 PPP) per day per capita	7.9	3.9	2015
Lower Middle Income Class Poverty Line 107.6 in Pakistan rupee (2015) or US\$3.20 (2011 PPP) per day per capita	69.2	34.7	2015
Upper Middle Income Class Poverty Line 184.9 in Pakistan rupee (2015) or US\$5.50 (2011 PPP) per day per capita	150.4	75.4	2015
Multidimensional Poverty Measure		N/A	N/A
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		2.72	2010-2015
INEQUALITY			
Gini Index		33.5	2015
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-1.53	2010-2015
GROWTH			
Annualized GDP per capita growth		1.83	2010-2015
Annualized Consumption Growth per capita from Household Survey		4.25	2010-2015
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		3.19	2010-2015

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

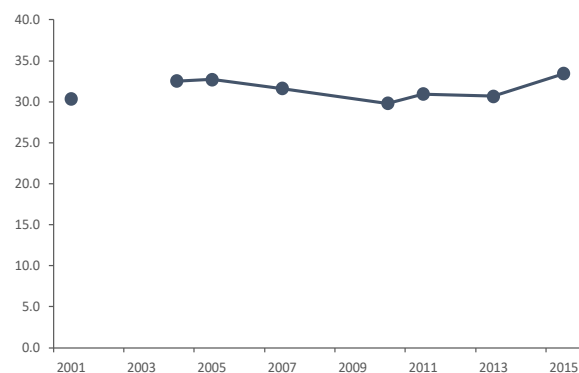
## POVERTY HEADCOUNT RATE, 2001-2015



Source: World Bank using PSLM/SARMD/GMD

## INEQUALITY TRENDS, 2001-2015

### Gini Index



Source: World Bank using PSLM/SARMD/GMD

## KEY INDICATORS

Distribution among groups: 2015	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	2015
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	99	1	22	78	<b>Monetary poverty (Consumption)</b>	
Rural population	95	5	50	50	Daily consumption less than US\$1.90 per person	3.9
Males	96	4	40	60	<b>Education</b>	
Females	96	4	40	60	At least one school-aged child is not enrolled in school	5.1
0 to 14 years old	94	6	49	51	No adult has completed primary education	41.4
15 to 64 years old	97	3	34	66	<b>Access to basic infrastructure</b>	
65 and older	97	3	32	68	No access to limited-standard drinking water	N/A
Without education (16+)	95	5	49	51	No access to limited-standard sanitation	N/A
Primary education (16+)	98	2	32	68	No access to electricity	N/A
Secondary education (16+)	99	1	16	84		
Tertiary/post-secondary education (16+)	100	N/A*	4	96		

Source: World Bank using PSLM/SARMD/GMD

Source: World Bank using PSLM/SARMD/GMD

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

## POVERTY DATA AND METHODOLOGY

The official poverty rates are produced by the Planning Commission using the Household Income and Expenditure Survey (HIES), which has been produced by the Pakistan Bureau of Statistics (PBS) every alternate year, with some breaks, since 1963. The survey underwent major changes in the questionnaire and sample design during the '90s. There are seven waves of comparable HIES survey rounds currently available over the 2001–2015 period. In 2015, a Household Integrated Income and Consumption Survey (HIICS) was conducted in lieu of the HIES.

The welfare metric used to estimate poverty is consumption per adult equivalent. The Food Poverty Line reflects the cost of consuming 2,350 calories per adult equivalent per day, and an upper poverty line is estimated to reflect the expenditure necessary to satisfy non-food needs. The CBN poverty line estimated using the HIES 2013–14 is Pak. Rs. 3,030 per adult equivalent (Rs. 3250 expressed in 2015–16 prices). This yields a national headcount rate in 2015–16 of 24.3 and urban and rural rates of 12.5 and 30.7, respectively. More recently, to estimate the impacts of COVID19 on poverty, macro projections of GDP growth have been used, based on the MPO methodology.

## HARMONIZATION

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# Poverty & Equity Brief

South Asia

## Sri Lanka

April 2020

Sri Lanka's international poverty rate measured at \$5.50 per day per person for upper middle-income countries has declined from 51 percent in 2012/13 to 40.4 percent in 2016. Poverty reduction was led by strong GDP growth which contributed to rising employment and wages across the distribution. In other words, improved labor market outcomes rather than social transfers were the main drivers of progress. Employment in agriculture steadily declined and tourism underpinned the growth in the services sector. Extreme poverty at \$1.90 per day is rare, at less than 1 percent in 2016. Other measures of poverty such as the official national poverty rate show a similar record of progress over time. The Gini index recorded 39.8 in 2016 and is among the highest in the region.

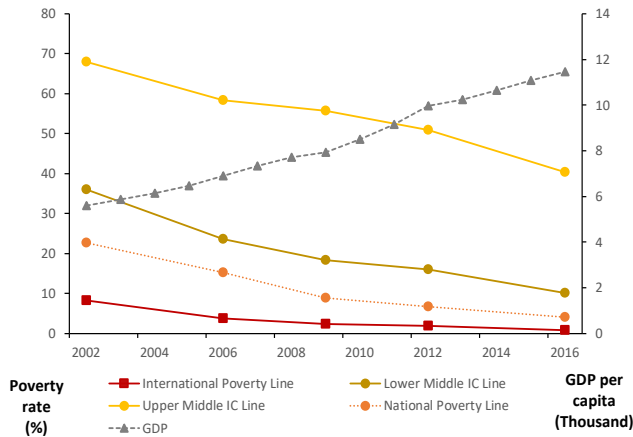
There is wide variation in poverty across districts, but the national poverty line is outdated and too low to capture vulnerabilities in the population that are near-poor, especially in the Northern, Eastern and Uva provinces. In fact, Sri Lanka's poverty line is now the oldest poverty line in the South Asia region, having been established in 2002. International best practice is to update this benchmark for a basic standard of living about once every decade to reflect changes in consumption patterns. The recently collected 2019 Household Income and Expenditure Survey will provide an opportunity to revise this benchmark upwards.

The impact of Covid-19 will lead to a decline in economic activity and weaker labor market outcomes. As a result, poverty at \$5.50 per day is expected to increase in 2020. The brunt of the impact will fall on informal workers, particularly in MSMEs. Tourism and related services are expected to be among the most affected. Manufacturing is not highly export-oriented but garment and tea sub-sectors are important foreign exchange earners. Construction activities started slowing down earlier and with projects at risk of being stalled, many casual workers could lose their jobs. The magnitude of the welfare impact will depend on how protracted the outbreak will be and whether domestic transmission can be brought under control soon.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	847.1	4.1	2016
International Poverty Line 102.7 in Sri Lanka rupee (2016) or US\$1.90 (2011 PPP) per day per capita	175.9	0.8	2016
Lower Middle Income Class Poverty Line 172.9 in Sri Lanka rupee (2016) or US\$3.20 (2011 PPP) per day per capita	2,148.3	10.1	2016
Upper Middle Income Class Poverty Line 297.2 in Sri Lanka rupee (2016) or US\$5.50 (2011 PPP) per day per capita	8,568.8	40.4	2016
Multidimensional Poverty Measure		1.2	2016
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		4.24	2012-2016
INEQUALITY			
Gini Index		39.8	2016
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.48	2012-2016
GROWTH			
Annualized GDP per capita growth		3.49	2012-2016
Annualized Consumption Growth per capita from Household Survey		4.72	2012-2016
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		4.60	2012-2016

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

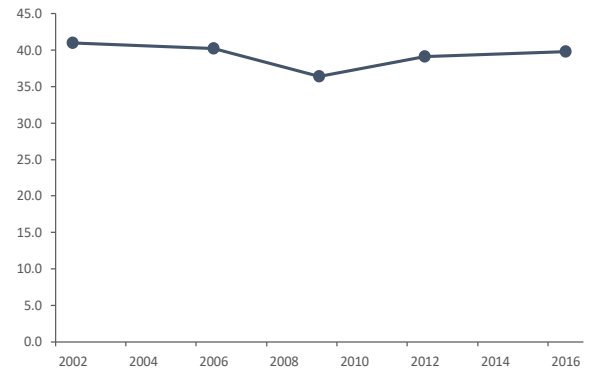
## POVERTY HEADCOUNT RATE, 2002-2016



Source: World Bank using HIES/SARMD/GMD

## INEQUALITY TRENDS, 2002-2016

### Gini Index



Source: World Bank using HIES/SARMD/GMD

## KEY INDICATORS

Distribution among groups: 2016	Upper Middle Income line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	2016
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	75	25	25	75	<b>Monetary poverty (Consumption)</b>	
Rural population	56	44	43	57	Daily consumption less than US\$1.90 per person	0.8
Males	59	41	40	60	<b>Education</b>	
Females	60	40	40	60	At least one school-aged child is not enrolled in school	4.0
0 to 14 years old	54	46	46	54	No adult has completed primary education	3.8
15 to 64 years old	62	38	38	62	<b>Access to basic infrastructure</b>	
65 and older	61	39	38	62	No access to limited-standard drinking water	11.0
Without education (16+)	36	64	64	36	No access to limited-standard sanitation	1.2
Primary education (16+)	45	55	54	46	No access to electricity	2.5
Secondary education (16+)	65	35	34	66		
Tertiary/post-secondary education (16+)	93	7	7	93		

Source: World Bank using HIES/SARMD/GMD

Source: World Bank using HIES/SARMD/GMD

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

## POVERTY DATA AND METHODOLOGY

Poverty estimates are derived from comparing the international welfare aggregate to the international poverty lines of \$1.90, \$3.20 and \$5.50 per day in 2011 US dollars, converted to Sri Lankan rupees using the 2011 Purchasing Power Parity conversion factor. The international poverty rate is appropriate for cross-country comparisons, while the national poverty line is appropriate for comparisons of different groups within Sri Lanka, or for tracking changes over time in the ability of households to afford a subsistence level of goods. The national poverty line is based on 2002 data and therefore reflects a basket of goods required to achieve a minimum number of calories based on the prevailing expenditure patterns at that time. Both the international and national poverty lines are inflated using the Colombo Consumer Price Index. The welfare aggregate used to calculate international poverty does not deflate the welfare aggregate to account for spatial variation in prices, whereas the welfare aggregate used to calculate national poverty is deflated with a district-level food price index constructed from unit values of the household survey. The 2012/13 and 2016 surveys are representative of the entire country, including the former conflict districts in the North and East.

## HARMONIZATION

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