

Poverty & Equity Brief

South Asia

Nepal

April 2021

The poverty headcount, calculated at the national poverty line was 42 percent in 1995, gradually declined to 31 percent in 2003 and 12.5 percent in 2010. These improved living standards, evident in large increases in mean capita expenditure from the Nepal Living Standard Surveys led to the revision of the national poverty line. The revised poverty line increased the real value of the poverty threshold by 35 percent, which increased the estimated poverty rate in 2010 to 25 percent. At the international poverty line (PPP \$1.9/day), the poverty rate was 15 percent in the same year. In 2018, the Multidimensional Poverty Index (MPI) also reported that about 29 percent of Nepal's population was multidimensionally poor. Updated figures on monetary poverty at the national level will be available once the analysis of the Annual Household Surveys (2013/14-2016/17) is finalized. The fourth Nepal Living Standards Survey that was designed to be representative of Nepal's new provinces and had to be recalled due to the COVID-19 pandemic (in 2020) is expected to be launched again, with an updated sample frame, following the completion of the census in July 2021.

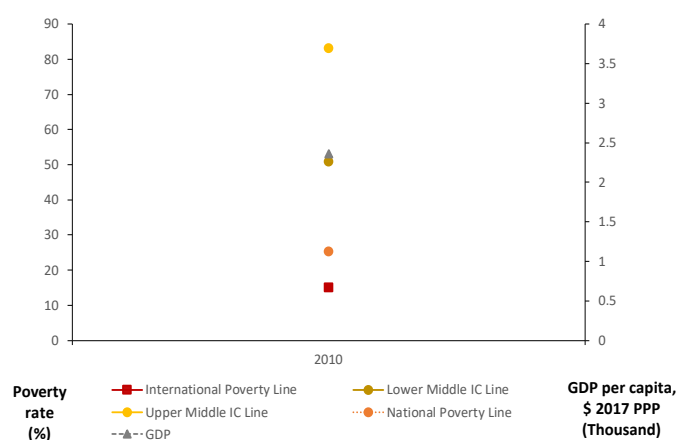
A significant share of vulnerable households in Nepal face the risk of falling back into poverty due to the COVID-19 pandemic. Data from the SAR COVID-19 Phone Monitoring Survey, which covered 6389 individuals in Nepal (about half of which were a follow up to previous representative rural panel survey, the Household Risk and Vulnerability Survey implemented over 2016-18) can be used to assess these risks. These data suggest that labor market exposures to the COVID-19 crisis in Nepal were significant. After 6 months into the first economic lockdowns, 25 percent of workers reported a permanent job loss; and an additional 19 percent reported a prolonged work absence of 4.4 months on average (with a gap of 4 months since they were last paid). In addition, 46 percent of currently employed workers also reported earnings losses. While men and women experienced a similar overall shock, more women reported permanently losing a job (30 percent versus a 23 percent for male workers). These aggregate job-related losses were also the largest in the South Asia region based on comparable estimates[1], and the employment effects were concentrated amongst women, younger age cohorts, and in the non-agricultural sectors.

[1] Based on comparable estimates using the SAR COVID-19 monitoring surveys. Bangladesh and Sri Lanka faced large losses as well, with more than 50 percent of the economically active population being adversely affected.

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	4.0	15.0	2010
Lower Middle Income Class Poverty Line 76.6 in Nepalese rupee (2010) or US\$3.20 (2011 PPP) per day per capita	13.7	50.8	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		30.5	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

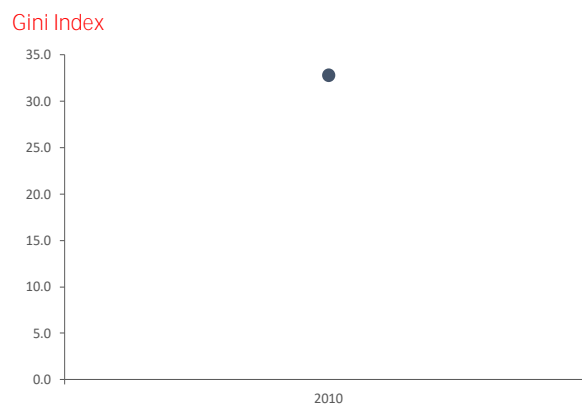
Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2021, and Global Monitoring Database for the rest.

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

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.