POVERTY

There has been marked progress on reducing extreme poverty over last decade: the share of people living in extreme poverty – with incomes below USD 1.90 per day, has almost halved to 6.0% across the Asia/Pacific region (Figure 5.1). Much of the observed reduction was driven by remarkable progress in China, Indonesia, India, Timor-Leste, and Viet Nam, where poverty rates decreased by more than 16 percentage points.

Despite progress, extreme poverty is still widespread in India, Lao PDR, and Timor-Leste where more than 20% of the population have less to spend than USD 1.90 per day. Among low- and middle-income countries, poverty levels are lowest in China, Kazakhstan, Malaysia, Mongolia, Sri Lanka and Thailand where less than 1% of the population experiences severe poverty.

Poverty rates are a measure of inability to satisfy subsistence needs, including nutritional needs. The prevalence of undernourishment is generally correlated with the share of the population living under the USD 1.90 poverty line (Figure 5.2). However, in Sri Lanka and Tajikistan, the prevalence of undernourishment is well above what one would expect given poverty rates. Levels of undernourishment are also very high in Mongolia, Pakistan, Sri Lanka, Tajikistan and Timor-Leste. In these countries, social policies may take on a greater focus on food security.

Poverty generally declined more rapidly in countries with the strongest GDP growth (Figure 5.3). The pace of both economic growth and poverty reduction was fastest in Bhutan, China and Viet Nam over the 2006-16 period. In contrast, in Bangladesh and Lao PDR the share of population under the poverty line did not decline as much as what one would have expected given the pace of economic growth.

Definition and measurement

Poverty rates are commonly measured by using income or consumption levels. The poverty rate is a headcount of how many people fall below the poverty line. Extreme poverty is defined as living on less than USD 1.90 a day per person, measured in 2011 Purchasing Power Parity prices (World Bank 2018). The United Nation Sustainable Development Goal 1 aims to end poverty in all its forms everywhere by 2030.

The indicator also presents information on population below minimum level of dietary energy consumption, also referred to as prevalence of undernourishment, which shows the percentage of the population whose food intake is insufficient to meet dietary energy requirements continuously.

GDP per capita is calculated using a country’s GDP in United States dollars (USD) which is then divided by the country’s total population. Real annual average growth are calculated by using compound annual growth rate during the period (2006-16).

Further reading

Figure 5.1. **The share of people living in extreme poverty has almost halved across Asia/Pacific during the last decade**

Percentage of population living with less than USD 1.90 per day, 2006 and 2017 or latest available

Source: World Bank, World Development Indicators.

Figure 5.2. **The prevalence of undernourishment is lowest in countries with a lower share of people living in extreme poverty**

Source: World Bank, World Development Indicators.

Figure 5.3. **Poverty generally declined more rapidly in countries with strong GDP growth**

Source: World Bank, World Development Indicators.