

Poverty in Indonesia: A Comparison Between the World Bank Poverty Line and the Indonesian Government Poverty Line

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ABSTRACT

Poverty remains a major development challenge in Indonesia. This article aims to compare poverty measurement in Indonesia based on the poverty line established by the World Bank and the one used by the Indonesian government, in this case the Central Statistics Agency (Badan Pusat Statistik - BPS). This study is a descriptive-comparative quantitative research. These discrepancies reflect variations in the methodology used by BPS compared with the methodology adopted by the World Bank. Additionally, there are differences in assessing sensitivity to minimum living standards in Indonesia and globally. The findings of this study highlight the importance of harmonizing poverty measurement and its implications for more inclusive and well-targeted social protection policies.

INTRODUCTION

Poverty both absolute and relative remains one of the most fundamental and complex challenges faced by Indonesia from the early years of independence to the present day. Although Indonesia has experienced relatively stable economic growth over the past two decades, poverty continues to be a crucial issue in national development.

Numerous studies on poverty in Indonesia have been conducted by government institutions, academics, and international organizations. However, most of these studies focus on national poverty trends using the poverty line established by the Central Statistics Agency (BPS). Only a limited number explicitly compare the two approaches the national poverty line and the international poverty line (World Bank) in measuring poverty in Indonesia from quantitative and policy perspectives.

Studies by Sumarto, Suryahadi, and Pritchett (2003) as well as Ravallion (2016) have emphasized the importance of poverty line sensitivity in identifying the poor and informing policy. However, in the contemporary Indonesian context, recent studies directly comparing the BPS poverty line with the World Bank poverty line remain limited and have not thoroughly explored the policy implications of these differences.

Thus, there is a research gap related to:

- a. A direct comparison of Indonesia's poverty data based on two different poverty lines.
- b. The methodological impact on the number and proportion of people classified as poor.
- c. The implications of these definitional differences for poverty alleviation policies.

Accordingly, the novelty of this article lies in: (1) the application of poverty line calculations based on the World Bank standard, and (2) the policy relevance of adopting more inclusive measures that cover groups vulnerable to changes in the poverty threshold.

Research Problem Formulation

Based on the background discussion, the problems addressed in this article can be formulated as follows:

- a. How do the concepts and methodologies for calculating the poverty line differ between the Government of Indonesia (BPS) and the World Bank?
- b. How does Indonesia's poverty rate compare when measured using the poverty line set by BPS versus the poverty line set by the World Bank?
- c. What are the implications of these conceptual and methodological differences in poverty measurement for poverty alleviation policies in Indonesia?

Poverty is understood as a multidimensional phenomenon encompassing various forms of deprivation in health, education, and living standards (Alkire et al., 2015). Similarly, Sen (1999), Laderchi, Saith & Stewart (2013), and UNDP (2014) emphasize that poverty is not merely a matter of insufficient income, but also reflects limited access to opportunities and decent living conditions, clean water, education, health services, and social participation. Based on these definitions, it is evident that the cycle of poverty continues to occur in Indonesia. People become poor due to insufficient income; insufficient income leads to limited access to clean water, education, health services, decent living opportunities, and social participation.

Furthermore, poverty can be categorized into absolute poverty, relative poverty, and extreme poverty. Absolute poverty refers to a condition in which an individual does not have sufficient income to meet essential minimum living needs, such as food, clothing, shelter, and basic services. Its threshold is fixed and does not change across time and place (Ravallion, 2016; World Bank, 2022). The World Bank has set the global absolute poverty line at US\$2.15 per day (PPP).

In contrast, relative poverty refers to a condition in which individuals are considered poor compared to the average standard of living of the surrounding society. Its measurement is contextual and changes according to social and economic developments (Townsend, 1979; Ravallion, 2016).

Another aspect of poverty currently targeted for eradication by the Indonesian government is extreme poverty. Extreme poverty is the most severe form of absolute poverty, where individuals live below the international extreme poverty line of US\$2.15 per day. Those living in such conditions are often unable to meet even the most basic living needs (World Bank, 2022). This term gained significant public attention in Indonesia after the COVID-19 pandemic, when many people struggled to meet basic necessities adequately.

Data from Statistics Indonesia (BPS) shows that in March 2023, the number of poor people in Indonesia reached 25.90 million, or around 9.36% of the total population (BPS, 2023). Although the percentage has decreased annually, inequality and socio-economic vulnerability remain high, especially in rural areas and eastern Indonesia.

The definition and measurement of poverty are crucial for evaluating the success of poverty alleviation programs. The Indonesian government, through BPS, measures poverty based on a poverty line that includes minimum food and non-food basic needs, calculated according to minimum expenditure (BPS, 2022). However, this definition differs from the approach used by international institutions such as the World Bank. The World Bank uses an international poverty line of USD 2.15 per day (PPP 2017) for extreme poverty. More recently, USD 3.20 per day is used for lower-middle-income countries, while USD 6.85 per day (PPP) is applied to upper-middle-income countries such as Indonesia (World Bank, 2022).

These methodological differences and poverty line thresholds result in significant variations in the estimated size and proportion of the poor population. If the World Bank's international poverty line is used, the number of people classified as poor in Indonesia is likely to be much higher than the official figures reported by BPS. This raises important questions: Does Indonesia's poverty measurement accurately reflect the real conditions of the population? To what extent can these data inform fair and effective policymaking?

Moreover, inconsistent or overly narrow poverty measurement risks overlooking groups categorized as "near-poor," namely individuals who are slightly above the official poverty line but remain highly vulnerable to economic shocks (Suryahadi & Sumarto, 2003). Therefore, comparing national and international poverty lines is important not only for academic discourse but also for promoting more inclusive and responsive social policies.

LITERATURE REVIEW

Poverty Measurement and Conceptual Frameworks

The World Bank defines poverty using an international poverty line, currently set at USD 2.15 per capita per day (PPP), to enable cross-country comparisons and global monitoring of extreme poverty (World Bank, 2022).

Policy Implications and Critiques

The literature also highlights the policy implications of differing poverty measurements. Accurate poverty identification affects targeting efficiency for social assistance programs, such as cash transfers and food subsidies (Alatas et al., 2016). Misalignment between international and national poverty indicators can complicate policy evaluation and international reporting. Critics suggest integrating multiple poverty lines or adopting a multidimensional poverty framework to provide a more comprehensive assessment of welfare conditions (Alkire & Foster, 2011).

Research Gap

Despite extensive research on poverty measurement, comparative analyses that systematically examine the implications of using the World Bank poverty line versus the Indonesian government poverty line remain limited. Existing studies often focus on descriptive comparisons without deeply assessing their consequences for policy formulation and poverty reduction effectiveness. This gap highlights the need for further research that critically evaluates both approaches to inform more inclusive and context-sensitive poverty measurement in Indonesia.

METHODOLOGY

Type of Research

This study is a descriptive-comparative quantitative research. The quantitative approach is used to measure and compare poverty levels based on the two poverty-line approaches. Meanwhile, the descriptive and comparative approaches are employed to describe and analyze differences in poverty measurement results using the poverty lines established by BPS and the World Bank.

Data Sources

This research uses secondary data obtained from various official sources, including: Publications from Statistics Indonesia (BPS) related to national poverty, household consumption, and poverty lines from 2019–2023; International poverty and poverty-line databases from the World Bank/Open Data; Literature from journals, books, policy reports, and relevant scientific articles.

Data Collection Techniques

Data were collected through documentation and literature review. Quantitative information was gathered from official BPS and World Bank databases, while qualitative information was collected from academic literature to support the analysis.

Data Analysis Techniques

Data analysis was conducted in three main stages:

- a. Comparison of Measurement Methodologies: Reviewing differences in concepts, approaches, and assumptions underlying the World Bank's poverty lines (USD 3.20 PPP/day and USD 6.85 PPP/day) and the BPS poverty line. Calculation and Comparison of Poverty Levels: Comparing poverty-rate data from BPS with World Bank calculations using the USD 3.20 and USD 6.85 per capita per day PPP standards.
- b. Policy Implication Analysis: Examining how differences in poverty estimates affect national poverty-alleviation targets and policy directions, and recommending a harmonized measurement approach.

RESEARCH RESULT AND DISCUSSION

Comparison of Poverty Data in 2019: According to BPS and the World Bank

Poverty data for 2019 as reported by Statistics Indonesia (BPS) and the World Bank can be examined from the perspectives of methodology and the outcomes obtained. Using this approach, the comparison can be described as follows.

Poverty Data for 2019 According to BPS

Methodologically, BPS uses the National Poverty Line (, which consists of two components:

- a. Food Poverty Line (GKM): Based on a minimum requirement of 2,100 kilocalories per capita per day.
- b. Non-Food Poverty Line (GKNM): Includes other basic needs such as housing, education, transportation, and healthcare.

In 2019, the National Poverty Line (GKN) was approximately Rp 440,538 per capita per month (March 2019 data). Based on this poverty threshold, the results were as follows:

- 1) The number of poor people as of March 2019 was 25.14 million, equivalent to 9.41% of Indonesia’s total population.
- 2) This figure was distributed as follows:
 - a. Urban poverty: 6.69%.
 - b. Rural poverty: 12.85% (BPS, 2019. *Poverty Profile of Indonesia, March 2019*).

Poverty Data for 2019 According to the World Bank

Methodologically, the World Bank uses international poverty lines based on Purchasing Power Parity (PPP), namely:

- a. US\$1.90 PPP per capita per day (for extremely poor countries).
- b. US\$3.20 PPP (for lower-middle-income countries).
- c. US\$5.50 – US\$6.85 PPP (for upper-middle-income countries, including Indonesia).

Since 2019, Indonesia’s poverty data has increasingly been analyzed using the US\$5.50–US\$6.85 PPP threshold to provide a more realistic depiction of poverty in the context of a developing upper-middle-income country.

Using these criteria (World Bank, 2020. *Indonesia Economic Quarterly Report; PovcalNet – World Bank poverty data platform*), the results were as follows:

- a. Using the US\$3.20 PPP/day threshold: Approximately 18.00%–19.00%, or an average of 18.50%, of Indonesia’s population was classified as poor.
- b. Using the US\$5.50–US\$6.85 PPP/day threshold: Approximately 45%–55%, or an average of 50.00%, of the population was classified as “vulnerable to poverty” or “near poor”, even though they were not categorized as poor under national standards.

Table 1. Comparison of Poverty Thresholds, Percentage of Poor Population, Calculation Basis, and Objectives of Poverty Measurement According to the World Bank and BPS (2019)

Aspect	According to BPS Indonesia	According to the World Bank
Poverty Threshold	Rp 440,538/month (~US\$1.1/day)	US\$3.20 – US\$6.85 PPP/day
Poor Population (%)	9.41%	18.50% (US\$3.20 PPP/day) 50.00% (US\$6.85 PPP/day)

Aspect	According to BPS Indonesia	According to the World Bank
Calculation Basis	Domestic basic consumption	Daily consumption based on international standards
Measurement Objective	Allocation of domestic programs	Global comparison & vulnerability analysis

Source: Processed Data, 2025.

Several conclusions can be drawn from the table above:

- a. BPS uses a more conservative approach, focusing on national programs and domestic statistical needs.
- b. The World Bank uses a more progressive approach, capturing vulnerability risks and providing a broader picture for global comparison.
- c. The 2019 data show that national poverty rates (BPS) are significantly lower, but under international standards, a much larger share of the population is categorized as poor or near-poor.

Poverty Data in Indonesia in 2020 According to BPS

Methodologically, BPS continues to use the National Poverty Line, which consists of:

- a. Food Poverty Line (GKM): representing the minimum energy requirement of 2,100 kilocalories per capita per day; and
- b. Non-Food Poverty Line (GKNM): representing basic non-food needs such as housing, clothing, education, and healthcare.

Using this approach and based on BPS reports for 2020 (Poverty Profile of Indonesia, March & September 2020), the poverty line for 2020 was:

- a. Rp 454,652 per capita per month for March 2020; and
- b. Rp 458,947 per capita per month for September 2020.

The results were as follows:

- a. March 2020: The number of poor people was 26.42 million, with a poverty rate of 9.78%.
- b. September 2020: As the impact of the COVID-19 pandemic became more visible, the number of poor people increased to 27.55 million, with a poverty rate of 10.19%.
- c. Thus, the average poverty rate in Indonesia in 2020 was 9.99%.

Poverty Data in 2020 According to the World Bank

Methodologically, the World Bank uses international poverty standards based on Purchasing Power Parity (PPP), with three thresholds:

- a. US\$1.90 PPP/day (extreme poverty).
- b. US\$3.20 PPP/day (lower-middle-income countries).
- c. US\$5.50–US\$6.85 PPP/day (upper-middle-income countries, including Indonesia).

Using this approach (World Bank, 2021: *Indonesia Economic Prospects: Boosting the Recovery*; World Bank PovcalNet Database), the 2020 estimates produced the following results:

1. At the US\$3.20 PPP threshold: Approximately 18–20%, or an average of 19.00%, of the population was classified as poor.
2. At the US\$5.50–US\$6.85 PPP threshold: Approximately 45%–60%, or an average of 55.25%, of the population was poor or near poor.
3. The COVID-19 pandemic caused a global surge in poverty, including in Indonesia.

Table 2. Comparison of Poverty Data in 2020: World Bank vs BPS

Aspect	BPS Version	World Bank Version
Threshold	IDR 454,652–458,947/month (~US\$1.1/day)	US\$3.20 – US\$6.85 PPP/day
Poverty Rate (%)	9,78% (Maret 2020) 10,19% (Sept 2020) Average: 9,99%.	19,00% (US\$3.20 PPP/day) 55,25% (US\$6,85 PPP/day)
Number of Poor People	26.42 million (March 2020) 27.55 million (Sept. 2020)	Approximately 50–160 million (estimated)
Purpose	National evaluation and programs	International comparison & socio-economic risk assessment

Source: Reprocessed Data, 2025

Based on these findings, several conclusions can be drawn:

1. According to BPS, poverty increased due to the COVID-19 pandemic, but still within national measurement limits.
2. According to the World Bank, the pandemic significantly increased the number of people living in hidden poverty or in vulnerable conditions, far beyond national estimates.
3. These findings highlight the importance of analyzing poverty not only from a single perspective but also from the viewpoint of long-term risks and household economic resilience.

Poverty Data in 2021 According to BPS

Methodologically, BPS uses the basic needs approach, dividing the poverty line into:

1. Food Poverty Line (GKM): 2,100 kilocalories per capita/day;
2. Non-Food Poverty Line (GKNM): basic non-food needs (housing, clothing, education, healthcare).

Using this approach (BPS, 2021; Poverty Profile of Indonesia, March & September 2021), the results for 2021 were:

1. March 2021: 27.54 million poor people (10.14%).
2. September 2021: 26.50 million poor people (9.71%).

These findings indicate a decline in poverty from March to September 2021, largely due to the recovery of economic activities after the first and second waves of the COVID-19 pandemic.

Poverty Data in 2021 According to the World Bank

Methodologically, the World Bank uses international poverty lines based on PPP:

1. US\$1.90 PPP/day (extreme poverty);
2. US\$3.20 PPP/day (lower-middle-income countries);
3. US\$5.50–US\$6.85 PPP/day (upper-middle-income countries, including Indonesia).

Using this method (World Bank, 2022: Indonesia Economic Prospects: Recovery that Endures; World Bank Poverty and Inequality Platform), the 2021 estimates show:

- a. At US\$3.20 PPP/day: around 18%–20%, or an average of 19.00%, of Indonesians remained poor unchanged from 2020.
- b. At US\$6.85 PPP/day: around 50%–55%, or an average of 52.25%, of Indonesians lived below the threshold (poor or near-poor) also unchanged from 2020.

Thus, according to the World Bank, Indonesia’s poverty rate in 2020 and 2021 remained the same. This is reasonable because 2020 was the height of the pandemic, while 2021 was a recovery year, meaning significant expansion had not yet occurred.

The World Bank emphasizes that although BPS recorded a decline, more than half of Indonesia’s population still lived in economic vulnerability under international standards.

Table 3. Comparison of Poverty Data in 2021 According to the World Bank and BPS

Aspect	BPS Version	World Bank Version
Threshold	IDR 454,652–458,947/month (~US\$1.1/day)	US\$3.20 – US\$6.85 PPP/day
Poverty Rate (%)	10.14% (March 2021) 9,71% (Sept 2021) Average: 9,99%.	19,00% (US\$3.20 PPP/day) 52,25% (US\$6,85 PPP/day)
Number of Poor People	27.54 million (March 2021) 26.50 million (Sept. 2021)	Approximately 50–160 million (estimated)
Purpose	National evaluation and programs	International comparison & socio-economic risk assessment

Source: Processed Data, 2025.

Based on these findings:

- a. BPS recorded a decline in poverty during the second half of 2021.
- b. However, the World Bank shows that poverty and economic vulnerability remained high when measured using international standards.
- c. This divergence is crucial for designing inclusive policies, particularly within the context of post-pandemic recovery.

Poverty Data for 2022 According to BPS

Methodologically, BPS applies the basic needs approach, which consists of two components:

- a. The Food Poverty Line (GKM), based on a minimum energy requirement of 2,100 kcal per capita per day; and
- b. The Non-Food Poverty Line (GKNM), referring to basic non-food needs such as housing, education, and health.

Using this approach (BPS, 2022; Poverty Profile of Indonesia, March & September 2022), the data show that in March 2022, Indonesia's poverty rate was 9.54%, or 26.16 million people. Meanwhile, in September 2022, the poverty rate increased slightly to 9.57%, equivalent to 26.36 million people. This indicates a slight rise in poverty between March and September 2022, partly influenced by food inflation and increases in fuel prices.

Poverty Data for 2022 According to the World Bank

Methodologically, the World Bank uses international poverty standards based on Purchasing Power Parity (PPP), specifically:

- a. US\$3.20 PPP/day (moderate poverty)
- b. US\$6.85 PPP/day (vulnerability to poverty)

Using this methodology (World Bank, 2023; Indonesia Economic Prospects, Poverty and Inequality Platform (PIP)), the 2022 estimates show that:

- a. Under the US\$3.20 PPP/day threshold, around 19–20% of Indonesians fall under the poverty category.
- b. Under the US\$6.85 PPP/day threshold, around 52–55% of Indonesians live below this standard (poor or near-poor).

Despite the Indonesian government's official single-digit poverty figures, the World Bank concludes that more than half of Indonesia's population still lives under conditions of economic vulnerability or near poverty.

Table 4. Comparison of Poverty Data in 2022 According to BPS and the World Bank

Aspect	BPS Version	World Bank Version
Threshold	IDR 454,652–458,947/month (~US\$1.1/day)	US\$3.20 – US\$6.85 PPP/day
Poverty Rate (%)	9.54% (March 2022) 9.57% (Sept 2022) Average: 9.56%.	19,50% (US\$3.20 PPP/day) 53,50% (US\$6,85 PPP/day)

Aspect	BPS Version	World Bank Version
Number of Poor People	26.16 million (March 2022) 26.36 million (Sept. 2022)	Approximately 50–160 million (estimated)
Purpose	National evaluation and programs	International comparison & socio-economic risk assessment

Source: Reprocessed Data, 2025

Based on these findings, several points can be noted:

- a. According to BPS, the national poverty rate remained relatively stable below 10%, although it increased slightly from March to September 2022.
- b. According to the World Bank, the poverty rate is significantly higher when using international standards.
- c. These findings highlight the importance of strengthening social protection and improving community resilience against economic shocks such as inflation and global crises.

Poverty Data for 2023 According to BPS

In 2023, BPS continued to use the basic needs approach with the following components:

- a. Food Poverty Line (GKM): minimum energy requirement of 2,100 kcal per capita per day.
- b. Non-Food Poverty Line (GKNM): essential non-food needs such as housing, education, and health.

Using this methodology, BPS recorded that in 2023, there were 25.90 million poor people, or 9.36% of the Indonesian population. This represents a decline from March 2022 by 0.18 percentage points (from 9.54%) and from September 2022 by 0.21 percentage points (from 9.57%).

More detailed BPS data indicate that:

- a. In urban areas, the poverty rate was 7.29%, decreasing by 0.24 percentage points from September 2022.
- b. In rural areas, the poverty rate was 12.22%, decreasing by 0.14 percentage points from September 2022.

These results show that the poverty rate in March 2023 reached its lowest level since the onset of the COVID-19 pandemic. This decline reflects ongoing economic recovery and the effectiveness of government social assistance programs.

Poverty Data for 2023 According to the World Bank

In 2023, the World Bank used an international poverty line of US\$2.15 per capita per day (PPP 2017). However, for upper-middle-income countries like Indonesia, the World Bank also uses a higher threshold of US\$6.85 per capita per day.

Based on this standard, the World Bank reported that around 60.3% of Indonesia's population, equivalent to 172 million people, were classified as poor or economically vulnerable in 2023.

Table 5. Comparison of Poverty Data in Indonesia in 2023 According to BPS and the World Bank

Aspect	BPS (March 2023)	World Bank (2023)
Poverty Rate	9.36% of Indonesia's population	60.30% of Indonesia's population
Number of Poor People	25.90 million	172 million
Poverty Line	Rp 550,458 per capita per month	The World Bank uses international poverty lines such as US\$6.85/day PPP (\approx IDR 115,080 per capita per day, or IDR 3,452,400 per capita per month assuming US\$1 = IDR 16,800) to measure middle-income poverty.
Definition of Poverty	Individuals with average per capita monthly expenditure below the national poverty line.	The World Bank uses a multidimensional approach that includes income, access to basic services, and social protection.
Analytical Focus	Statistical calculation using national surveys to monitor changes in poverty levels.	Long-term trend analysis, inequality, and policy recommendations to strengthen social protection and expand the definition of poverty in line with middle-income country challenges.
Policy Objective	Monitoring and evaluating poverty reduction programs at national and regional levels.	Supporting Indonesia's efforts to eliminate extreme poverty and broaden poverty definitions to reflect the realities of a middle-income country.

Source: Reprocessed Data, 2025

Comparison of Indonesia's Poverty Data for 2019–2023 According to BPS and the World Bank

Both the World Bank and BPS use similar data to measure poverty in Indonesia; however, their approaches and analytical focuses differ. BPS emphasizes statistical measurement based on the national poverty line, while the World Bank uses a multidimensional approach and international poverty lines for broader analytical purposes. The calculation of poverty data whether according to BPS or the World Bank shows fluctuations over time. Several factors contributed to these changes, including the COVID-19 pandemic as well as global inflation and oil price dynamics.

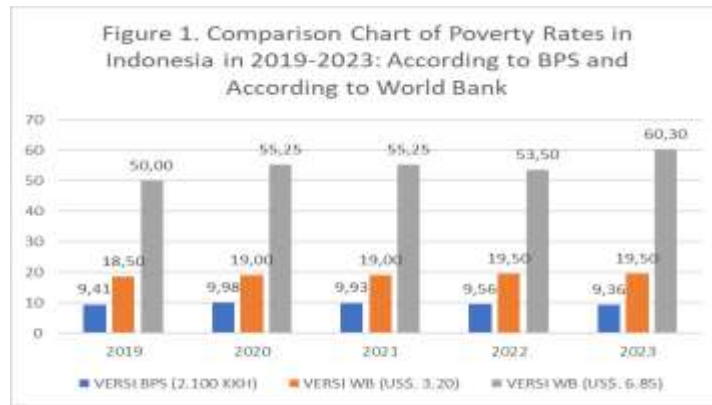


Figure 1. Comparison Chart of Poverty Rates in Indonesia in 2019-2023: According to BPS and According to World Bank

Source: Reprocessed Data, 2025

Over the five-year period from 2019 to 2023, the analysis shows that when using the BPS standard, Indonesia's poverty rate remained consistently below double digits, with the number of poor people averaging between 20 million and 26 million individuals. Meanwhile, using the World Bank's standard specifically, per capita expenditure equivalent to US\$6.85 per day the poverty rate in Indonesia ranged between 50% and 60%, with an average of 150 million to 172 million people classified as poor each year.

The trends in the number of poor people in Indonesia from 2019 to 2023, according to both BPS and the World Bank, can be explained as follows. The data in Figure 1 shows that in 2019, there was a significant difference in the number of people categorized as poor depending on the poverty line used. According to the BPS standard, Indonesia's poor population amounted to 9.41%. In contrast, using the World Bank's US\$3.20 PPP/day threshold, approximately 18.50% of Indonesia's population was classified as poor; whereas under the US\$6.85 PPP/day standard, around 50.00% of Indonesia's population fell under the poverty category. Based on the findings displayed in Figure 1, it can be stated that according to BPS, 10.19% of Indonesia's population was considered poor in 2020. Meanwhile, the World Bank using the US\$3.20 PPP/day threshold estimated that 19.00% of the population was poor. Using the US\$6.85 PPP/day standard, the World Bank estimated that an average of 55.25% of Indonesia's population fell under the poverty category in 2020.

The data in Figure 1 visually highlights the substantial gap in the perception and measurement of poverty when using the national standard versus international standards. This discrepancy arises due to differences in methodology and policy objectives: the Indonesian government uses poverty data primarily for evaluation and policy targeting, while the World Bank uses its measures for international comparisons and assessing socioeconomic vulnerability. Based on the data in Figure 1, it can be observed that according to BPS data from March 2021, 10.14% of Indonesia's population was categorized as poor; while in September 2021, the BPS data showed 9.71% of the population categorized as poor. These findings differ from the World Bank's estimates. The World Bank (US\$3.20 PPP/day) estimated that an average of 19.00% of

Indonesians were poor, while the World Bank (US\$6.85 PPP/day) estimated that an average of 52.25% of the population fell into the poverty category.

The data in Figure 1 indicates that in 2021, there was again a significant gap between national poverty measurement and international standards. As previously explained, these differences are attributed to the distinct methodologies and policy objectives of BPS as a government institution and the World Bank.

Considering the findings, it becomes clear that:

- a. BPS records that the national poverty rate remained relatively stable below 10%, although it experienced an increase between March and September 2022.
- b. The World Bank shows a much higher poverty rate when using international standards.
- c. These findings highlight the importance of expanding social protection programs and strengthening community resilience against economic shocks such as inflation and global crises.

Analysis of Methodological Differences

The findings of this study reveal significant differences between the BPS standard and the World Bank standard. These differences arise from variations in methodology and the poverty lines used. As previously explained, BPS employs the Cost of Basic Needs (CBN) approach, which calculates the minimum expenditure required to meet food and non-food needs based on national surveys (Susenas). Meanwhile, the World Bank uses an absolute poverty line based on Purchasing Power Parity (PPP), which allows for cross-country comparisons but may not fully reflect local living conditions. These differences also indicate that the World Bank poverty line is considerably higher than the BPS poverty line, resulting in a substantially larger estimated number of poor people.

CONCLUSIONS AND RECOMMENDATIONS

This study demonstrates significant differences in the number of poor people in Indonesia when measured using two distinct approaches: the poverty line defined by Statistics Indonesia (BPS) and that used by the World Bank. BPS reported a poverty rate of 9.36% (March 2023), whereas the World Bank with its poverty line of US\$6.85 PPP per capita per day for upper-middle-income countries estimated that about 60.3% of Indonesia's population falls into the poverty category.

These differences reflect variations in underlying assumptions, methodologies, and sensitivities to local versus international contexts. The BPS approach is more contextualized to Indonesia's socioeconomic conditions but tends to be conservative in determining who is considered poor. Conversely, the World Bank's approach emphasizes a global minimum living standard, potentially revealing hidden layers of poverty that are not captured by the national measure. These differing measurements carry significant policy implications, particularly regarding development planning, allocation of social assistance, and evaluation of poverty reduction programs.

- a. Harmonization of Poverty Indicators The Indonesian government is encouraged to consider integrating global poverty indicators (World Bank) as complementary tools in evaluating and planning national policies. This would provide a more comprehensive picture of societal welfare.
- b. Strengthening Data Capacity Capacity-building efforts are needed to improve household expenditure data collection and processing to increase the accuracy of poverty measurement, both using national and international approaches.
- c. Refinement of Social Program Targeting Differences in measurement should be taken into account when designing more inclusive social protection programs, especially for the near-poor, who may not be classified as poor by BPS but are considered poor under international criteria.

ADVANCED RESEARCH

Further Research More in-depth studies are required to examine the profiles of households categorized as poor according to each poverty line so that policy interventions can be better tailored and targeted.

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