



Technical note on compiling of official poverty line by district (Base year 2013)

Department of Census and Statistics

The Household Income and Expenditure Survey (HIES) which is a yearlong national sample survey has been conducted by the Department of Census and Statistics (DCS) once in every three years. This survey is the main source of data which is used to calculate poverty indices for Sri Lanka.

Official Poverty Line (OPL) which was established on HIES- 2002 data by the DCS has been used since 2004 to measure poverty. The OPL is an absolute poverty line which is fixed at a specific welfare level that is a person who meets a certain minimum nutritional intake (2030 kilocalories per day) to compare over time with household food and non- food consumption and expenditure data. For the other survey years, the poverty lines are obtained by adjusting the official poverty line of 2002 with Colombo Consumer Price Index (CCPI) for the price differences. Accordingly, updated national poverty line for 2012/13 round was Rs.3, 624.

Price differences exist not only over time, but also across districts. The spatial price indices are constructed at the district level for the survey periods and construct the district poverty lines adjusting national poverty line for price differences. For the inter survey periods the national poverty line is monthly adjusted using the CCPI for the price differences and use the spatial price indices to obtain the monthly district poverty lines at the current prices. Accordingly, after adjusting the price differences across districts the DCS released district poverty lines for each month.

The value of district poverty line itself does not imply that the poverty status by districts. The value of district poverty lines can be used for policy making targeting poor by district as it can be interpreted as the Minimum Expenditure per person per month to fulfill the basic needs.

To understand the poverty status by district levels, it is needed to obtain the consumption values by household levels. The DCS collects these information through HIES conducted once in every three years and publishes the poverty statistics by district levels. Poverty status is reflected by the poverty headcount index. The poverty headcount is the percentage of people living in the districts below the national poverty line (For 2012/13 national poverty line - Rs.3, 624).