

Poverty & Equity Brief

South Asia

Pakistan

April 2019

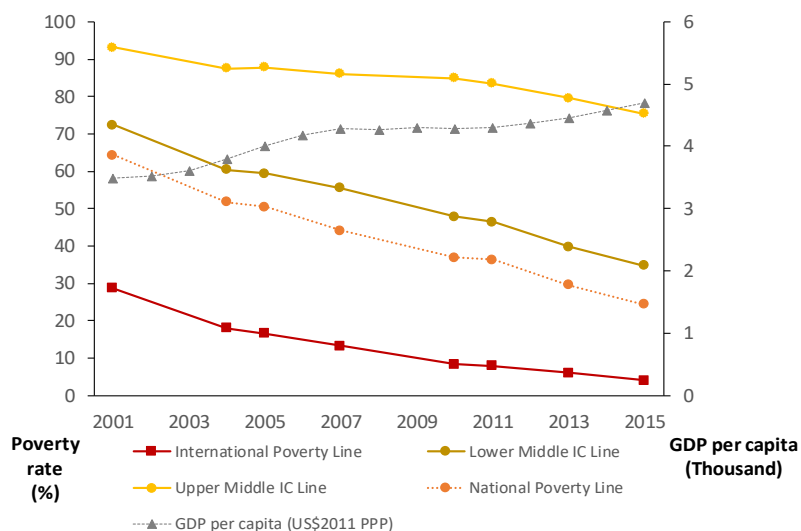
Pakistan saw a consistent and significant decline in poverty over the 14 years from 2001 to 2015. The poverty headcount measured using the national poverty line fell from 64.3 percent in 2001 to 24.3 percent in 2015. Consumption inequality, as measured by the Gini index, fluctuated around 31. Periods with increasing inequality (2001–2005, 2010–2015) alternated with periods of inequality decline (2005–2010). More recently, between 2011–2015, a 12 percentage points decline in poverty (from 36.3 to 24.3 percent) was accompanied by a slight increase in inequality. Rural areas in Pakistan typically have higher poverty rates, while urban areas show higher inequality. Based on the latest available estimates (2015), poverty is more than twice as high in rural areas (30.7 percent) than in urban areas (12.5 percent). According to the same data, the incidence of poverty is uneven across Pakistan's provinces. Khyber Pakhtunkhwa is the province with the lowest poverty headcount (18 percent) in 2015, while Balochistan accounts for the highest poverty rate (42.2 percent).

Poverty reduction in Pakistan was mainly driven by an increase in average consumption (growth), especially in urban areas and in Punjab and Khyber Pakhtunkhwa, while little gain was achieved from distributional changes and shared prosperity, especially in more recent years. For instance, over the six years between 2010 and 2015, annualized consumption growth of the bottom 40 percent of the population in Pakistan was 2.7 percent, below the average (annualized) consumption growth in the population as a whole (4.3 percent). The period between 2005 and 2010 was characterized by the strongest performance in terms of shared prosperity, leading to a decline in poverty along with a reduction in inequality.

| 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 | 7.5 | 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 | 65.7 | 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 | 142.8 | 75.4 | 2015 |
| 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 | | 1.9 | 2010-2015 |
| Annualized Consumption Growth per capita from Household Survey | | 4.25 | 2010-2015 |

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of March 2019, and Global Monitoring Database for the rest.

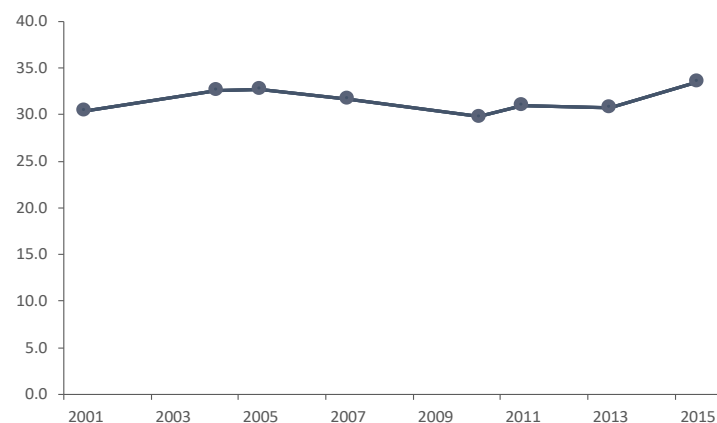
POVERTY HEADCOUNT RATE, 2001-2015



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)

| | International Poverty Line (%) | | Relative Group (%) | | Year |
|--|--------------------------------|------|--------------------|--------|------|
| | Non-Poor | Poor | Bottom 40 | Top 60 | |
| Urban population | 99 | 1 | 22 | 78 | 2015 |
| Rural population | 95 | 5 | 50 | 50 | 2015 |
| Males | 96 | 4 | 40 | 60 | 2015 |
| Females | 96 | 4 | 40 | 60 | 2015 |
| 0 to 14 years old | 94 | 6 | 50 | 50 | 2015 |
| 15 to 64 years old | 97 | 3 | 34 | 66 | 2015 |
| 65 and older | 97 | 3 | 32 | 68 | 2015 |
| Without education (age 16 and older) | 95 | 5 | 49 | 51 | 2015 |
| Primary education (age 16 and older) | 98 | 2 | 32 | 68 | 2015 |
| Secondary education (age 16 and older) | 99 | 1 | 16 | 84 | 2015 |
| Tertiary/post-secondary education (age 16 and older) | 100 | 0 | 4 | 96 | 2015 |

Source: World Bank using Global Monitoring Database

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. At the moment, seven waves of comparable HIES survey rounds are available over the period 2001–2015. 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.

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.