

Poverty & Equity Brief

Middle East & North Africa

Iraq

April 2020

Violence, conflict, and displacement continues to determine Iraq's trajectory of growth and development. Between 2007 and 2012, when there was a relative lull in violence and an increase in GDP per capita, the national poverty rate declined from 22.4 to 18.9 percent. Growth in labor income played a prominent role in poverty reduction. There was an increase in per capita consumption of households at all percentiles, and the consumption of the poorest 40 percent of the population grew modestly at 0.5 percent per year. This was overshadowed by an even faster rate of average growth, which means the poorer households were left behind. The shared prosperity premium between 2007 and 2012 was -0.7 percent while the Gini index edged up from 28.6 to 29.5. Multidimensional poverty was 7.3 percent in 2012, driven primarily by enrolment rates (23 percent of households had at least one school-aged child not in school) and lack of access to proper drinking water (10 percent).

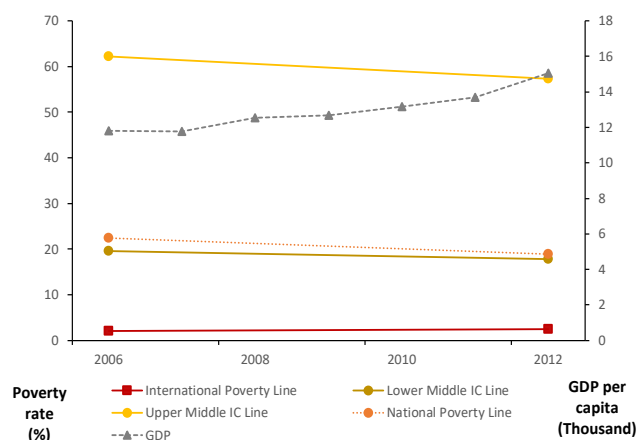
The country was hit by two shocks in 2014 – drop in oil prices in the international market and occupation of a large part of the country by Daesh militants. As a result, the poverty rate was estimated to have increased back to the 2007 level in 2014 (22.5 percent). Inequality continued to rise after 2012, with the Gini index estimated to have gone up to 33 in 2014.

The 2017-18 SWIFT survey (not yet reflected in the central World Bank data) shows that labor market outcomes have worsened since 2014, with unemployment rate – falling before the crises – climbing back to 2012 levels, and almost a quarter of the working-age population underutilized (either unemployed or underemployed). Although there are some limitations in direct comparability, the overall poverty rate has declined from 2014 levels to around 20.0 percent on the back of economic growth and improvement in the security situation in 2017-18. Moving forward, the political turmoil and fiscal pressures along with the COVID19 pandemic are likely to worsen the welfare of Iraqis, especially poverty and labor market outcomes.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	6,194.8	18.9	2012
International Poverty Line 2022.7 in Iraqi dinar (2012) or US\$1.90 (2011 PPP) per day per capita	784.5	2.5	2012
Lower Middle Income Class Poverty Line 3406.7 in Iraqi dinar (2012) or US\$3.20 (2011 PPP) per day per capita	5,693.5	17.9	2012
Upper Middle Income Class Poverty Line 5855.2 in Iraqi dinar (2012) or US\$5.50 (2011 PPP) per day per capita	18,286.9	57.3	2012
Multidimensional Poverty Measure		7.3	2012
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		0.46	2006-2012
INEQUALITY			
Gini Index		29.5	2012
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.65	2006-2012
GROWTH			
Annualized GDP per capita growth		4.10	2006-2012
Annualized Consumption Growth per capita from Household Survey		1.11	2006-2012
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.06	2006-2012

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

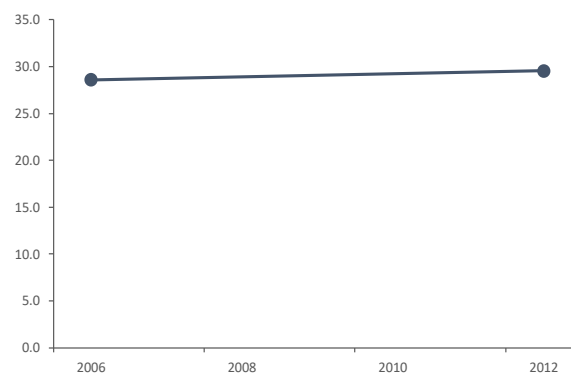
POVERTY HEADCOUNT RATE, 2006-2012



Source: World Bank using IHSES/MNAPOV/GMD

INEQUALITY TRENDS, 2006-2012

Gini Index



Source: World Bank using IHSES/MNAPOV/GMD

KEY INDICATORS

Distribution among groups: 2012	Upper Middle Income line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	2012
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	50	50	33	67	Monetary poverty (Consumption)	
Rural population	28	72	55	45	Daily consumption less than US\$1.90 per person	2.5
Males	43	57	40	60	Education	
Females	42	58	40	60	At least one school-aged child is not enrolled in school	22.7
0 to 14 years old	35	65	47	53	No adult has completed primary education	13.6
15 to 64 years old	47	53	36	64	Access to basic infrastructure	
65 and older	57	43	28	72	No access to limited-standard drinking water	10.0
Without education (16+)	37	63	48	52	No access to limited-standard sanitation	0.9
Primary education (16+)	40	60	41	59	No access to electricity	0.7
Secondary education (16+)	57	43	25	75		
Tertiary/post-secondary education (16+)	73	27	14	86		

Source: World Bank using IHSES/MNAPOV/GMD

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Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND METHODOLOGY

Poverty in Iraq is measured using the cost of basic needs methodology that specifies the expenditure for the minimum calories and the minimum non-food expenditure items necessary for basic social functioning. The welfare aggregate is adjusted for differences in cost of living across space and changes in nominal prices over time. Based on the 2017-18 SWIFT survey, the food poverty line was Iraqi Dinar (ID) 53,300 per person per month, while the national poverty line was ID 110,881. Poverty based on the SWIFT survey is not strictly comparable to the last estimate based on the Integrated Household Socioeconomic Survey (IHSES), a nationally representative multi-topic household budget survey most recently conducted in 2012. Updated poverty figures for the country await the next IHSES, which will be conducted in 2021.

Iraq is one of the few countries where the official Purchasing Power Parity (PPP) exchange rate is not used to convert the international poverty line to local currency unit because there is a wide divergence in the 2011 PPP inflation rate and the rate according to the national Consumer Price Index. Instead, predicted PPP from a cross-country regression is used to estimate the international poverty rate.

HARMONIZATION

The numbers presented in this brief are based on the MNAPOV database. MNAPOV is a new data collection effort enacted in 2014, and managed by MNATSD. It covers 36 surveys from 11 countries. Two data points (surveys) are available for each country, except Algeria. The database is organized in 3 modules following the Global Monitoring Database (GMD) Harmonization guidelines, including the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.