There was a consistent and significant decline in poverty in Pakistan over the 14 years from 2001 to 2015, when the poverty headcount measured using the national poverty line fell from 64.3 percent to 24.3 percent. The increase in employment opportunities outside the agriculture sector was the main driver of poverty reduction over this period. Two self-reinforcing economic dynamics accounted for the observed progress in poverty reduction: (i) the expansion of economic opportunities outside the agriculture sector, particularly with growth in male off-farm employment; and (ii) the increase in out-migration and associated remittances. The latter not only boosted consumption of recipient households but also fueled internal demand—particularly of goods and services locally produced in the informal sector—and the increase in real wages. About two-thirds of the decline in poverty between 2001 and 2015 was driven by the increase in labor incomes in the off-farm sector, which in real terms increased by as much as 74 percent.

However, since 2015, the pace of poverty reduction is likely to have halted due to macroeconomic crisis and associated slow-down in growth. In this context, the outbreak of the recent COVID19 pandemic and the containment measures adopted by the government, are expected to increase poverty in the country.
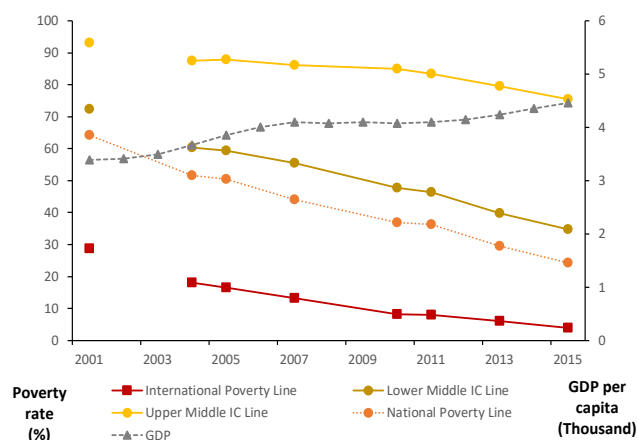
The informal sector and daily wage workers employed in the formal sector are expected to bear most of the costs of expected slow-down in internal demand. The informal sector accounts for 72 percent of employment (LFS 2017) while informal workers in the formal sector account for another 5 percent of the total. The expected reduction of employment and incomes in the informal sector will have negative impact on poverty, particularly in urban areas. Poverty projections will be updated upon the release of the HIES 2018-19 household survey data.

The capacity of the informal off-farm sector to bounce back from the current crisis will be critical to bring Pakistan back on the path of poverty reduction. In this perspective, the duration of the current crisis and the capacity of government interventions to protect investments in physical and human capital of the most vulnerable segments of the population will be particularly important to prevent current crisis from having long lasting consequences.

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	7.9	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	69.2	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	150.4	75.4	2015
Multidimentional Poverty Measure		N/A	N/A
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		1.83	2010-2015
Annualized Consumption Growth per capita from Household Survey		4.25	2010-2015
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		3.19	2010-2015

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.
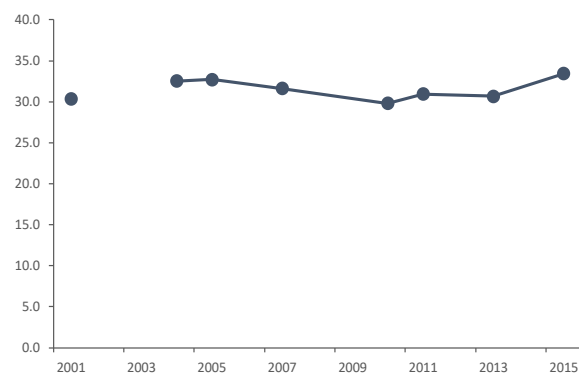
POVERTY HEADCOUNT RATE, 2001-2015

Poverty rate (%)		GDP per capita (Thousand)
■ International Poverty Line	● Lower Middle IC Line	
● Upper Middle IC Line	○ National Poverty Line	
▲ GDP		

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

Multidimensional Poverty Measures (% of people):	2015
Monetary poverty (Consumption)	
Daily consumption less than US$1.90 per person	3.9
Education	
At least one school-aged child is not enrolled in school	5.1
No adult has completed primary education	41.4
Access to basic infrastructure	
No access to limited-standard drinking water	N/A
No access to limited-standard sanitation	N/A
No access to electricity	N/A

Source: World Bank using PSLM/SARMD/GMD

Source: World Bank using PSLM/SARMD/GMD

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

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. There are seven waves of comparable HIES survey rounds currently available over the 2001–2015 period. 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. More recently, to estimate the impacts of COVID19 on poverty, macro projections of GDP growth have been used, based on the MPO methodology.

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.

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