

Poverty & Equity Brief

Middle East & North Africa

Islamic Republic of Iran

October 2021

There is no established official poverty line for the Islamic Republic of Iran. In this brief poverty is measured using the international upper middle-income poverty line of \$5.50, expressed in 2011 PPP dollars. Poverty, which had been falling in the Islamic Republic of Iran until 2013, has since increased to reach 14.0 percent in 2018. There are stark urban/rural gaps; the rural poverty headcount rate is 32 percent, 4 times the rate in urban areas.

Multidimensional poverty remained low in 2018, reflecting good performance of the Islamic Republic of Iran as measured by access to education deficits (1 percent of school-aged children not enrolled and 4.5 percent of people living in a household where no adult completed primary education), lack of basic infrastructure (1.8 percent, 2.2 percent, and non-existent, respectively for drinking water, sanitation, and electricity), and daily consumption below US\$1.90 per person (almost non-existent).

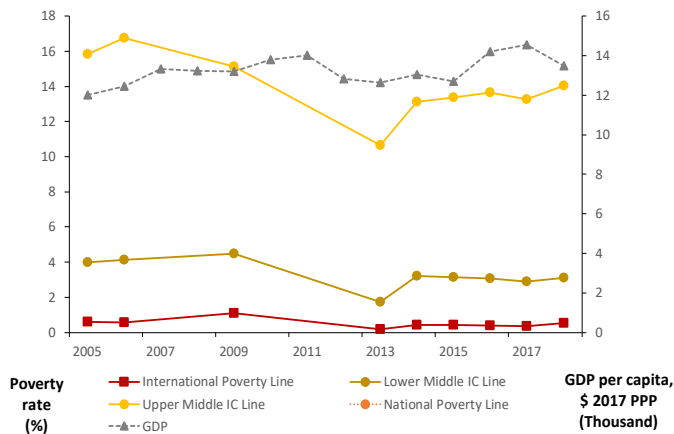
Inequality, measured by the Gini index in per capita expenditure, has been picking up since 2013, reaching 42.0 in 2018. The low level of per capita GDP growth during the 2013-18 period did not benefit the poorest segment of the population. Per capita expenditure of the bottom 40 percent of the population registered a negative growth rate of 1.58 percent. This is partly explained by the erosion in real terms of universal cash transfers distributed to compensate for increasing energy prices after the subsidy reforms, and which represent a much larger share of the budget of poor households.

Continued rising living costs due to high inflation, economic slowdown and the loss of labor incomes through the COVID-19 pandemic raise concerns for household welfare and poverty. Iranians in the bottom half of the welfare distribution, working self-employed in services and high-contact economic sectors, and those in rural areas are likely to be disproportionately affected. New rounds of government cash transfers and consumption loans for low income and vulnerable households can partly help compensate for the income losses, but their mitigation impact is hindered as high inflation continues to erode the real value of benefits.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	N/A	N/A	N/A
International Poverty Line 34431.7 in Iranian rial (2018) or US\$1.90 (2011 PPP) per day per capita	447.6	0.5	2018
Lower Middle Income Class Poverty Line 57990.3 in Iranian rial (2018) or US\$3.20 (2011 PPP) per day per capita	2,544.5	3.1	2018
Upper Middle Income Class Poverty Line 99670.8 in Iranian rial (2018) or US\$5.50 (2011 PPP) per day per capita	11,481.2	14.0	2018
Multidimensional Poverty Measure		0.7	2018
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		-1.58	2013-2018
INEQUALITY			
Gini Index		42.0	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-2.48	2013-2018
GROWTH			
Annualized GDP per capita growth		1.31	2013-2018
Annualized Consumption Growth per capita from Household Survey		0.90	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		-0.73	2013-2018

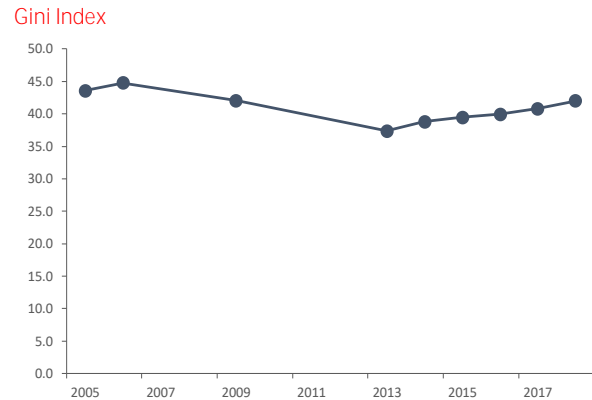
Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of September 2021, and Global Monitoring Database for the rest.

POVERTY HEADCOUNT RATE, 2005-2018



Source: World Bank using HEIS/MNAPOV/GMD

INEQUALITY TRENDS, 2005-2018



Source: World Bank using HEIS/MNAPOV/GMD

KEY INDICATORS

Distribution among groups: 2018	Upper Middle Income line(%)		Relative group (%)		Multidimensional Poverty Measures: 2018 (% of population)
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	92	8	31	69	Monetary poverty (Consumption) Daily consumption less than US\$1.90 per person 0.5
Rural population	68	32	67	33	
Males	86	14	40	60	Education At least one school-aged child is not enrolled in school 1.0 No adult has completed primary education 4.5
Females	86	14	40	60	
0 to 14 years old	80	20	51	49	Access to basic infrastructure No access to limited-standard drinking water 1.8 No access to limited-standard sanitation 2.2 No access to electricity 0.0
15 to 64 years old	88	12	37	63	
65 and older	88	12	34	66	
Without education (16+)	77	23	55	45	
Primary education (16+)	83	17	48	52	
Secondary education (16+)	87	13	43	57	
Tertiary/post-secondary education (16+)	95	5	22	78	

Source: World Bank using HEIS/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

There are no official poverty estimates for the Islamic Republic of Iran. The Household Expenditure and Income Survey (HEIS) has been conducted annually by the Statistical Center of Iran (SCI) since 1963 in rural areas and 1968 in urban areas. The unit record data from 1984 onwards are publicly available in Farsi. The survey is nationally representative, and two-stage stratified across urban/rural areas of provinces. HEIS includes demographic and income information but its focus is on expenditure. The surveys collect expenditure information on more than 1,000 items. The recall period of expenditures for most items is the last month. For durables, certain education expenses, insurance expenditures, investment in housing and farms, and income components, the recall period is the last 12 months. As in most surveys of such type, income and expenditure data are self-reported. HEIS does not distinguish between how much is spent and how much is consumed and reports only expenditure on a particular item. For items which were not purchased, an estimated value is provided. The welfare aggregate used to report international poverty and inequality indices is based on the official aggregate containing gross expenditures constructed by SCI. It is not spatially deflated.

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.