

Poverty & Equity Brief

Europe & Central Asia

Kazakhstan

April 2023

Kazakhstan has achieved large reductions in poverty over the past two decades. Both national poverty estimates and internationally comparable poverty rates – defined as the share of the country's population living on less than \$6.85 per day at the 2017 Purchasing Power Parity (PPP) – declined sharply. The national poverty rate fell from 18.2% to 4.3% between 2006 and 2018. The internationally comparable poverty rate fell from 51% to 14% in the same period, driven primarily by rising incomes from wage employment. Poverty fell significantly in all regions, with an annualized rate of reduction around 10%. However, the poverty rate first increased from 13.7% in 2013 to 23.8% in 2016 after the economic crisis in 2015 and fell back to 14.3% in 2018.

Over the past few years, a series of shocks including the COVID-19 pandemic, inflation pressures, and the war in Ukraine have had profound impacts on the economy and household incomes. Simulation analysis suggests that the international poverty rate increased to 26% in 2020. In 2021, employment rebounded to pre-pandemic levels and real wages increased by 8% compared to the year before. In 2022, inflation peaked at 20.3% y-o-y in December. The unemployment rate remained at around 5% while real wages increased by 2.8% y-o-y despite rapidly rising prices in 2022. The government increased the minimum wage by 17% in 2023 to protect low-income households. World Bank simulations suggest the international poverty rate fell to 16% in 2022 and is expected to continue improving to 14.7% in 2023.

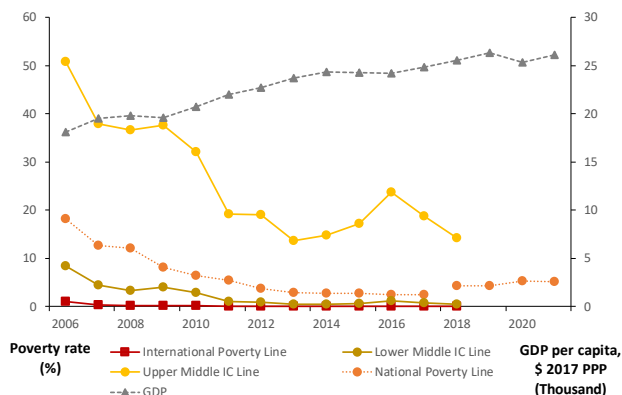
Economic risks remain high for Kazakhstan in 2023. Rising food prices, the war in Ukraine, international sanctions against Russia and slowing of global growth all pose serious risks on poverty reduction. As Russia is one of Kazakhstan's most significant trading partners, deterioration of the Russian economy may negatively impact the economy of Kazakhstan. Inflation is expected to remain at double digits into 2023, which is likely to disproportionately affect low-income households since they spend a higher share of their budget on basic goods and services, with food alone accounting for 57% of consumption for the bottom 20% of the population.

Inequality, measured by the Gini index, fell from 30.2 to 29.4 in 2021, ranking Kazakhstan among the most equal countries in the world. However, according to the World Inequality Database which adjusts for data often missing in surveys, the top one percent of adults receiving income in Kazakhstan accounted for 15% of total income in 2021, nearly as much as the bottom 50% of the population combined (accounting for 16.4%). The contrast in wealth inequality is even more stark, with the top one percent accounting for nearly 30% of the wealth compared to just 5% for the bottom 50% of the population combined. Labor income accounts for only 41% of GNI (compared to the ECA average of 55%) mainly due to a high share of capital income in the economy.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	981.7	5.2	2021
International Poverty Line 285.5 in Kazakhstani tenge (2018) or US\$2.15 (2017 PPP) per day per capita	2.8	0.0	2018
Lower Middle Income Class Poverty Line 484.7 in Kazakhstani tenge (2018) or US\$3.65 (2017 PPP) per day per capita	87.0	0.5	2018
Upper Middle Income Class Poverty Line 909.7 in Kazakhstani tenge (2018) or US\$6.85 (2017 PPP) per day per capita	2,611.2	14.3	2018
Multidimensional Poverty Measure		0.0	2018
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		-0.30	2013-2018
INEQUALITY			
Gini Index		27.8	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.07	2013-2018
GROWTH			
Annualized GDP per capita growth		1.49	2013-2018
Annualized Consumption Growth per capita from Household Survey		-0.23	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		-0.76	2013-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of April 2023, and Global Monitoring Database for the rest.

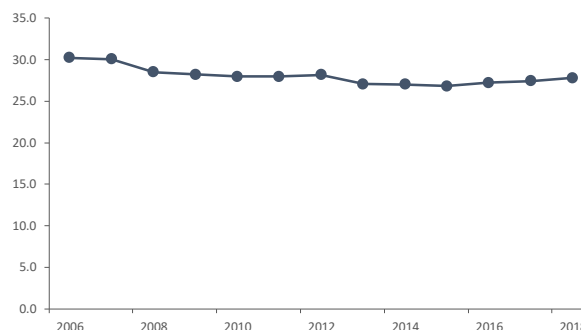
POVERTY HEADCOUNT RATE, 2006-2021



Source: World Bank using HBS/ECAPOV/GMD

INEQUALITY TRENDS, 2006-2018

Gini Index



Source: World Bank using HBS/ECAPOV/GMD

KEY INDICATORS

Distribution among groups: 2018	International Poverty Line (%)		Relative group (%)		Multidimensional Poverty Measures: 2018 (% of population)
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	100	N/A*	33	67	Monetary poverty (Consumption) Daily consumption less than US\$2.15 per person 0.0
Rural population	100	N/A*	50	50	
Males	100	N/A*	42	58	Education At least one school-aged child is not enrolled in school N/A No adult has completed primary education 0.0
Females	100	N/A*	38	62	
0 to 14 years old	100	N/A*	55	45	Access to basic infrastructure No access to limited-standard drinking water 0.7 No access to limited-standard sanitation 0.5 No access to electricity 0.0
15 to 64 years old	100	N/A*	36	64	
65 and older	100	0	23	77	
Without education (16+)	100	0	37	63	
Primary education (16+)	100	0	45	55	
Secondary education (16+)	100	N/A*	38	62	
Tertiary/post-secondary education (16+)	100	0	25	75	

Source: World Bank using HBS/ECAPOV/GMD

Source: World Bank using HBS/ECAPOV/GMD

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

POVERTY DATA AND METHODOLOGY

The national poverty line in Kazakhstan is produced by the Statistics Agency of the Republic of Kazakhstan from the quarterly Household Budget Survey. The national poverty threshold is defined at a subsistence minimum level based on an estimate of the cost of a minimum food basket and supplemented by a fixed percentage of expenditures for basic non-foods and services. Households with an income level lower than the subsistence minimum per equivalent adult are considered poor. From January 2018, the structure of the subsistence minimum changed with the fixed share of expenditure on non-food goods and services increased from 40 percent to 45 percent of the minimum food basket value. Thus, the national poverty estimates in 2018 are not comparable to the ones in previous years.

The World Bank's international poverty rates are based on an absolute threshold that reflects how the world's poorest countries define a minimum threshold of living standards, adjusted for purchasing power parity (PPP) and for national inflation. In 2022, the World Bank began using the conversion factors from the 2017 round of the international comparisons program.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

HARMONIZATION

The numbers presented in this brief are based on the ECAPOV database. The ECAPOV micro database was established in 1998 to support a regional poverty report. The database is managed and harmonized by the Europe and Central Asia Team for Statistical Development (ECATSD). ECAPOV includes 29 countries, with an average of 8 surveys per country. Recently, EU-SILC data for EU countries, received from Eurostat, have been added to the collection. Each survey in ECAPOV is organized into 6 modules following the Global Monitoring Database (GMD) harmonization guidelines, including the construction of the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.