

Poverty & Equity Brief

Middle East & North Africa

Islamic Republic of Iran

April 2024

Recent data from Iran reveals a notable decrease in poverty, in line with a pattern of inclusive economic growth. From 2020 to 2022, the poverty rate, as defined by the \$6.85 daily poverty line for upper middle-income countries, dropped by 7.4 percentage points, dropping from 29.3 percent to 21.9 percent. This raised about 6.1 million Iranians out of poverty. Using the lower-middle income poverty line of \$3.65 a day, poverty declined from 6.05 percent to 3.8 percent.

Recent trends show evidence of positive and inclusive consumption growth, with the bottom 40 percent seeing a larger increase relative to the rest of the population. This shift led to a slight improvement in income inequality as the Gini index decreased from 35.8 to 34.8. Inclusive consumption growth is fueled by increased earnings from wages, self-employment, and pensions. In addition, a large top-up to the regular cash-transfer program provided in the 2022-23 fiscal year reduced poverty by an estimated 3.6 percentage points.

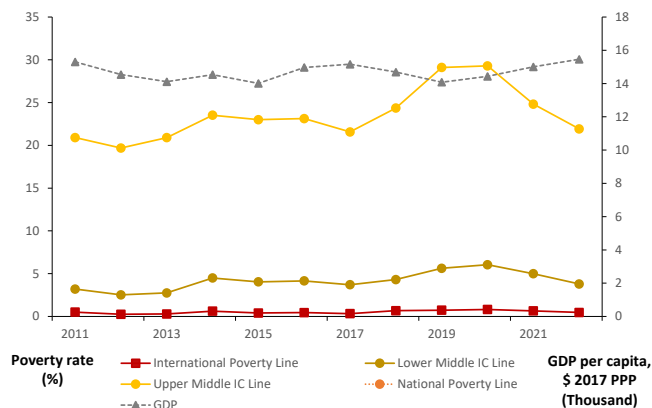
Iran's social welfare system has demonstrated flexibility. While the real value of cash transfers has gradually eroded with inflation, a number of top-ups have helped reduce poverty. A first rescue package was rolled out during the COVID-19 pandemic, reaching 87 percent of the population. In 2022, cash-transfer top-up values were increased to compensate for the removal of the 'preferred' exchange rate and help mitigate potential welfare losses.

Despite a general decline in poverty across Iran, regional disparities persist, particularly in rural and Southeastern regions. Rural poverty rates remain high, with over a third of the population considered poor in 2022, despite an 11-percentage point drop since 2020. This disparity has been exacerbated by persistent drought and water scarcity. The Southeastern provinces, especially Sistan and Baluchestan, face severe poverty, with rates significantly above the national average.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	N/A	N/A	N/A
International Poverty Line 147303 in Iranian rial (2022) or US\$2.15 (2017 PPP) per day per capita	414.8	0.5	2022
Lower Middle Income Class Poverty Line 250072.4 in Iranian rial (2022) or US\$3.65 (2017 PPP) per day per capita	3,360.9	3.8	2022
Upper Middle Income Class Poverty Line 469314 in Iranian rial (2022) or US\$6.85 (2017 PPP) per day per capita	19,410.2	21.9	2022
Multidimensional Poverty Measure		0.5	2022
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		-0.12	2017-2022
INEQUALITY			
Gini Index		34.8	2022
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		0.86	2017-2022
GROWTH			
Annualized GDP per capita growth		0.39	2017-2022
Annualized Consumption Growth per capita from Household Survey		-0.98	2017-2022
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		-0.18	2017-2022

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

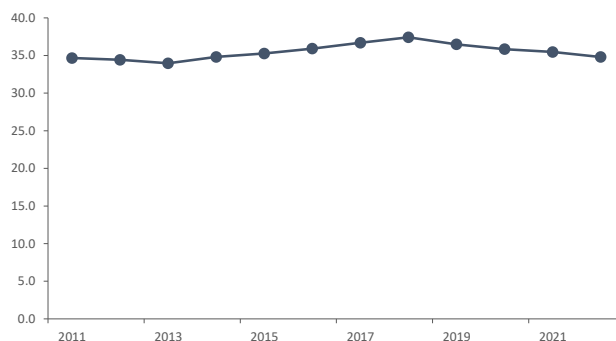
POVERTY HEADCOUNT RATE, 2011-2022



Source: World Bank using HEIS/MNAPOV/GMD

INEQUALITY TRENDS, 2011-2022

Gini Index



Source: World Bank using HEIS/MNAPOV/GMD

KEY INDICATORS

Distribution among groups: 2022	Upper Middle income line (%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	82	18	35	65
Rural population	64	36	57	43
Males	78	22	40	60
Females	78	22	40	60
0 to 14 years old	69	31	52	48
15 to 64 years old	80	20	38	62
65 and older	85	15	27	73
Without education (16+)	68	32	51	49
Primary education (16+)	75	25	44	56
Secondary education (16+)	82	18	38	62
Tertiary/post-secondary education (16+)	93	7	18	82

Source: World Bank using HEIS/MNAPOV/GMD

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

Multidimensional Poverty Measures: 2022	(% of population)
Monetary poverty (Consumption)	
Daily consumption less than US\$2.15 per person	0.5
Education	
At least one school-aged child is not enrolled in school	0.8
No adult has completed primary education	4.2
Access to basic infrastructure	
No access to limited-standard drinking water	1.3
No access to limited-standard sanitation	1.3
No access to electricity	0.0

Source: World Bank using HEIS/MNAPOV/GMD

POVERTY DATA AND METHODOLOGY

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 estimated using household expenditure per capita which incorporates temporal and spatial deflation.

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 derived from the MNAPOV database. The standardization and harmonization process are overseen by the Middle East and North Africa Team for Statistical Development. MNAPOV was established in 2014, and encompasses a range of data, including demographics, education, asset ownership, access to services, employment, and household expenditure, all of which are utilized for Global Poverty Monitoring. MNAPOV includes data from 11 countries. Work is ongoing to improve the coverage of countries in the region, expand the list of harmonized variables, and enhance the dissemination of poverty, inequality, and prosperity estimates for the MENA region. The terms of use for the data comply with agreements made with the original data producers.