In FY24, Pakistan faces an unyielding poverty rate, estimated at 40.1 percent (US$3.65/day 2017 PPP). This stagnation mirrors last year's figures, underlining a distressing narrative: the weak economic recovery has not made a dent in poverty alleviation. The growth witnessed has been insufficient to counterbalance demographic pressures, leading to an additional 2.4 million poor Pakistanis compared to the previous year.

The labor market, the main source of household income, is hampered by entrenched issues. Low labor force participation, especially among women, a dearth of high-productivity employment opportunities, and widespread informality constrict income growth. While the poor and vulnerable benefited from the windfall gain in agricultural output in Q1 FY24, these gains were offset by continued high inflation and limited wage growth in other sectors that employ many of the poor, such as construction, trade, and transportation. Urban daily labor wages saw a mere 5 percent hike during the first half of FY24, starkly outpaced by a 10 percent climb in the urban consumer price index (CPI). Concurrently, a year-on-year dip in remittances signals dwindling transfer incomes for vulnerable and middle-class households.

Inflation remains a challenge, with the headline CPI surging by 28.8 percent year-on-year in the first half of FY24, a spike attributed to first and second-round effects of higher domestic administrative energy prices. Food inflation remained stable but high, particularly impacting poor and vulnerable households who allocate half of their budgets to food, leading to significant inflation inequality. Transportation costs rose faster in rural areas, increasing the cost of accessing markets, schools, and health centers, particularly for the rural poor.
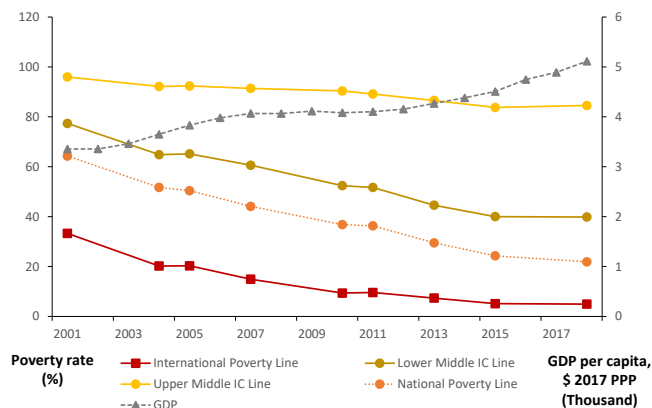
Moreover, non-monetary dimensions of poverty also deteriorated. Pakistan's continued status as a hunger hotspot of very high concern by the Food and Agriculture Organization (FAO) is indicative of prevalent food security challenges. Acute food insecurity is projected to escalate among rural districts across KPK, Sindh and Balochistan, notably those ravaged by the 2022 floods, affecting nearly a third of the population. The ongoing cost-of-living crisis, including soaring transportation expenses, will likely lead to increased school dropouts and health treatment delays among poor and vulnerable families. Additionally, chronic air pollution remains a public health concern affecting more than 70 percent of the population.

While household monetary inequality shows minimal year-on-year variation, with the Gini index estimated at 31.1 for FY24, actual inequality levels are markedly higher once under-reported top incomes are accounted for. Spatial disparities are systematic, complex, and persistent, as monetary deprivation overlaps with lagging human development outcomes. Rural poverty rates are twice as high as urban figures, and district-level poverty rates exhibit stark differences, from 3.9 percent in Islamabad to 71.5 percent in Khuzdar.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	46.5	21.9	2018
International Poverty Line 78.1 in Pakistan rupee (2018) or US$2.15 (2017 PPP) per day per capita	10.8	4.9	2018
Lower Middle Income Class Poverty Line 132.5 in Pakistan rupee (2018) or US$3.65 (2017 PPP) per day per capita	87.5	39.8	2018
Upper Middle Income Class Poverty Line 248.7 in Pakistan rupee (2018) or US$6.85 (2017 PPP) per day per capita	185.7	84.5	2018
Multidimensional Poverty Measure		16.7	2018
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		1.34	2013-2018
INEQUALITY			
Gini Index		29.6	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		0.09	2013-2018
GROWTH			
Annualized GDP per capita growth		3.68	2013-2018
Annualized Consumption Growth per capita from Household Survey		1.25	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.00	2013-2018

WORLD BANK GROUP
Poverty & Equity

Poverty Economist: Moritz Meyer/Christina Wieser/Oscar Eduardo Barriga Cabanillas

POVERTY HEADCOUNT RATE, 2001-2018

Poverty rate (%)
- ■ International Poverty Line
- ● Upper Middle IC Line
- ▲ GDP
- ● Lower Middle IC Line
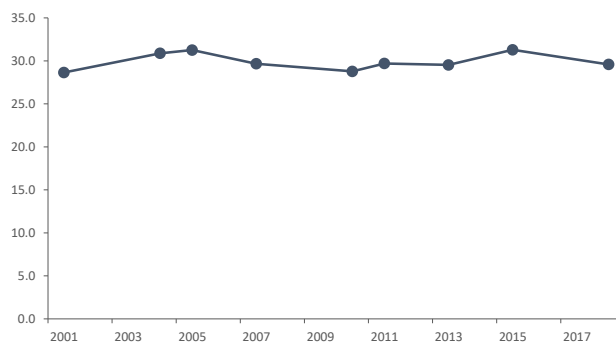- ● National Poverty Line

GDP per capita, $ 2017 PPP (Thousand)

Note: Poverty estimates based on HIES 2018-19 include former FATA regions
Source: World Bank using HIES/SARMD/GMD

INEQUALITY TRENDS, 2001-2018
Gini Index

Source: World Bank using HIES/SARMD/GMD

KEY INDICATORS

Distribution among groups: 2018	Lower Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	77	23	23	77
Rural population	50	50	50	50
Males	60	40	40	60
Females	60	40	40	60
0 to 14 years old	51	49	49	51
15 to 64 years old	66	34	34	66
65 and older	67	33	33	67
Without education (16+)	52	48	48	52
Primary education (16+)	66	34	34	66
Secondary education (16+)	77	23	23	77
Tertiary/post-secondary education (16+)	91	9	9	91

Source: World Bank using HIES/SARMD/GMD

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

Multidimensional Poverty Measures: 2018	(% of population)
Monetary poverty (Consumption)	
Daily consumption less than US$2.15 per person	4.9
Education	
At least one school-aged child is not enrolled in school	28.8
No adult has completed primary education	21.1
Access to basic infrastructure	
No access to limited-standard drinking water	6.5
No access to limited-standard sanitation	24.8
No access to electricity	9.3

Source: World Bank using HIES/SARMD/GMD

POVERTY DATA AND METHODOLOGY

The official national poverty rates are produced by the Planning Commission using the Household Income and Expenditure Survey (HIES), which has been collected 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 nine waves of comparable HIES survey rounds currently available over the 2001–2018 period. In 2015-16, a comparable Household Integrated Income and Consumption Survey (HIICS) was conducted in lieu of the HIES. Survey microdata is publicly available for download on PBS's website.

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 a total poverty line is estimated to reflect the expenditure necessary to satisfy non-food needs. The cost of basic needs (CBN) poverty line estimated using the HIES 2013-14 was Rs. 3,030 per adult equivalent per month in current prices (Rs. 3,741 and Rs. 3,769 expressed in 2018-19 urban and rural prices, respectively). This yielded a national headcount rate in 2018-19 of 21.9 percent, and corresponding urban and rural rates of 10.9 percent and 28.2 percent, respectively. The international poverty rates use consumption per capita, temporally and spatially deflated, and the new international poverty lines. Welfare projections beyond 2018 are based on microsimulations, which rely on HIES 2018-19 microdata and additional macroeconomic data, including sectoral and GDP growth and inflation rates.

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 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.