

# Poverty & Equity Brief

Middle East & North Africa

## Iraq

April 2021

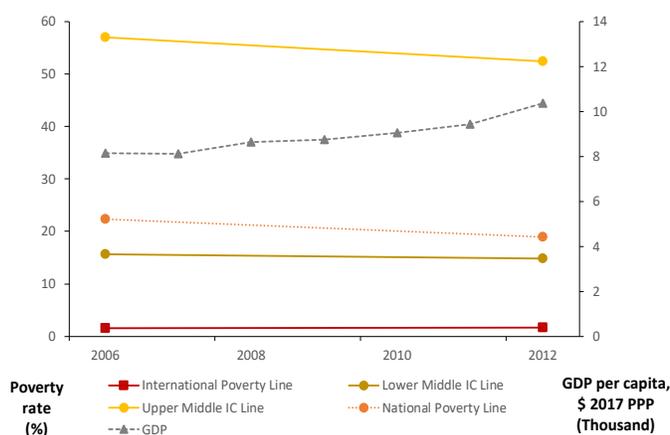
Oil price volatility and the COVID-19 pandemic have deepened Iraq's economic woes and exacerbated its recent trends. For over a decade and a half, violence, conflict, and displacement significantly impacted its trajectory of growth and development. Between 2007 and 2012, when there was a relative lull in violence and an increase in GDP per capita, the national poverty rate declined from 22.4 to 18.9 percent. While there was an increase in per capita consumption of households at all percentiles, the modest growth (0.5 percent) of the poorest 40 percent of the population was overshadowed by a greater average growth (1.1 percent). While the Gini index was 29.5, the multidimensional poverty was 6.6 percent, driven primarily by lack of proper drinking water (10 percent) and school enrolment (23 percent of households had at least one school-aged child out of school). In 2014, the country was hit by two shocks – a drop in oil prices and the ISIS conflict. As a result, the poverty rate was estimated to have increased back to the 2007 level (22.5 percent) and the Gini index risen to 33 in 2014.

The 2017/18 SWIFT survey (not reflected in the central World Bank data and not comparable to previous estimates due to a lack of coverage and the switch from a diary to a recall) showed a decline in the national poverty rate to 20.0 percent on the back of improved security and economic growth in 2017/18. However, the labor market outcomes had worsened since 2014, particularly among youth and IDPs. These pre-existing conditions have been exacerbated during the pandemic. While the immediate surge in poverty, which was projected to increase by 7 to 14 percentage points, will recede gradually with the mass inoculation and economic recovery, the disproportional impact of the pandemic on the informal sector, which is dominated by the poorer and vulnerable groups, will likely increase inequality and worsen the pre-existing group disparities. Furthermore, the devaluation of the Iraqi Dinar, which is projected to push inflation to 8.5 percent in 2021, presents additional pressure on Iraqi households.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	6,194.8	18.9	2012
International Poverty Line 1892.6 in Iraqi dinar (2012) or US\$1.90 (2011 PPP) per day per capita	526.6	1.7	2012
Lower Middle Income Class Poverty Line 3187.5 in Iraqi dinar (2012) or US\$3.20 (2011 PPP) per day per capita	4,719.2	14.8	2012
Upper Middle Income Class Poverty Line 5478.5 in Iraqi dinar (2012) or US\$5.50 (2011 PPP) per day per capita	16,713.7	52.4	2012
Multidimensional Poverty Measure		6.6	2012
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		0.46	2006-2012
INEQUALITY			
Gini Index		29.5	2012
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.65	2006-2012
GROWTH			
Annualized GDP per capita growth		4.10	2006-2012
Annualized Consumption Growth per capita from Household Survey		1.11	2006-2012
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.06	2006-2012

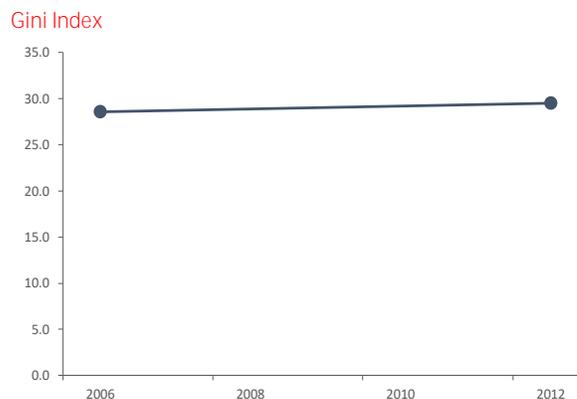
Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2021, and Global Monitoring Database for the rest.

## POVERTY HEADCOUNT RATE, 2006-2012



Source: World Bank using IHSES/MNAPOV/GMD

## INEQUALITY TRENDS, 2006-2012



Source: World Bank using IHSES/MNAPOV/GMD

## KEY INDICATORS

Distribution among groups: 2012	Upper Middle Income line(%)		Relative group (%)		Multidimensional Poverty Measures: 2012 (% of population)
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	55	45	33	67	<b>Monetary poverty (Consumption)</b> Daily consumption less than US\$1.90 per person 1.7
Rural population	32	68	55	45	
Males	48	52	40	60	<b>Education</b> At least one school-aged child is not enrolled in school 22.7 No adult has completed primary education 13.6
Females	47	53	40	60	
0 to 14 years old	40	60	47	53	<b>Access to basic infrastructure</b> No access to limited-standard drinking water 10.0 No access to limited-standard sanitation 0.9 No access to electricity 0.1
15 to 64 years old	52	48	36	64	
65 and older	61	39	28	72	
Without education (16+)	41	59	48	52	
Primary education (16+)	46	54	41	59	
Secondary education (16+)	62	38	25	75	
Tertiary/post-secondary education (16+)	77	23	14	86	

Source: World Bank using IHSES/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

Poverty in Iraq is measured using the cost of basic needs methodology that specifies the expenditure for the minimum calories and the minimum non-food expenditure items necessary for basic social functioning. The welfare aggregate is adjusted for differences in cost of living across space and changes in nominal prices over time. Based on the 2017-18 SWIFT survey, the food poverty line was Iraqi Dinar (ID) 53,300 per person per month, while the national poverty line was ID 110,881. Poverty based on the SWIFT survey is not strictly comparable to the last estimate based on the Integrated Household Socioeconomic Survey (IHSES), a nationally representative multi-topic household budget survey most recently conducted in 2012. Updated poverty figures for the country await the next IHSES, which will be conducted in 2021-22.

Iraq is one of the few countries where the official Purchasing Power Parity (PPP) exchange rate is not used to convert the international poverty line to local currency unit because there is a wide divergence in the 2011 PPP inflation rate and the rate according to the national Consumer Price Index. Instead, predicted PPP from a cross-country regression is used to estimate the international poverty rate.

## 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.