

Poverty & Equity Brief

Middle East & North Africa

Iraq

April 2019

Violence, conflict, and displacement continues to determine Iraq's 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 and the poverty rate measured by the upper-middle-income line of \$5.50 per person per day (2011 PPP) fell from 62.2 to 57.3 percent. Growth in labor income played a prominent role in poverty reduction. There was an increase in per capita consumption of households at all percentiles, and the consumption of the poorest 40 percent of the population grew modestly at 0.5 percent per year. But this was overshadowed by an even faster rate of average growth, which means the poorer households were left behind. The shared prosperity premium between 2007 and 2012 was -0.7 percent while the Gini index edged up from 28.6 to 29.5.

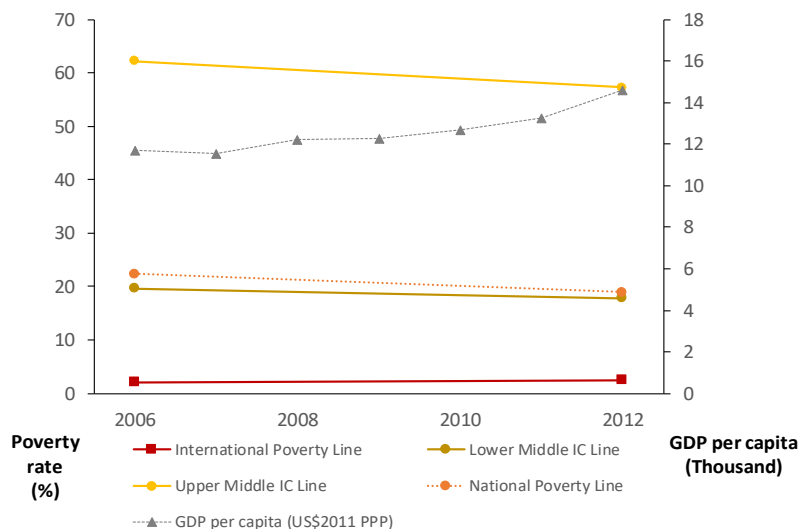
The country was hit by two shocks in 2014 – drop in oil prices in the international market and occupation of a large part of the country by Daesh militants. As a result, the poverty rate is estimated to have increased back to the 2007 level in 2014 (22.5 percent). Inequality continued to rise after 2012, with the Gini index estimated to have gone up to 33 in 2014.

The SWIFT survey completed in 2018 shows that labor market outcomes have worsened since 2014, with **unemployment rate – falling before the crises – climbing back to 2012 levels, and almost a quarter of the working-age population underutilized** (either unemployed or underemployed). The overall poverty rate is expected to decline from 2014 levels on the back of recent economic growth and improvement in the security situation, but remain above 2012 levels in the governorates that were most heavily affected.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	6,194.8	18.9	2012
International Poverty Line 2022.7 in Iraqi dinar (2012) or US\$1.90 (2011 PPP) per day per capita	806.3	2.5	2012
Lower Middle Income Class Poverty Line 3406.7 in Iraqi dinar (2012) or US\$3.20 (2011 PPP) per day per capita	5,851.8	17.9	2012
Upper Middle Income Class Poverty Line 5855.2 in Iraqi dinar (2012) or US\$5.50 (2011 PPP) per day per capita	8,795.3	57.3	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		3.8	2006-2012
Annualized Consumption Growth per capita from Household Survey		1.11	2006-2012

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of March 2019, and Global Monitoring Database for the rest.

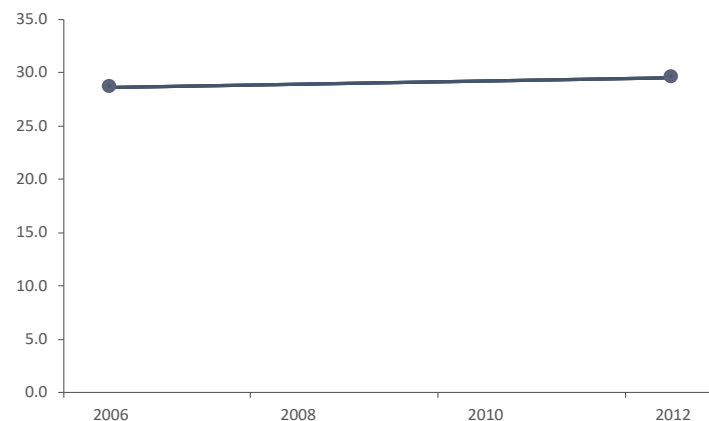
POVERTY HEADCOUNT RATE, 2006-2012



Source: World Bank using IHSES/MNAPOV/GMD

INEQUALITY TRENDS, 2006-2012

Gini Index



Source: World Bank using IHSES/MNAPOV/GMD

KEY INDICATORS (distribution among groups)

	Upper Middle Income line (%)		Relative Group (%)		Year
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	50	50	33	67	2012
Rural population	28	72	55	45	2012
Males	42	58	40	60	2012
Females	43	57	40	60	2012
0 to 14 years old	35	65	47	53	2012
15 to 64 years old	47	53	36	64	2012
65 and older	57	43	28	72	2012
Without education (age 16 and older)	37	63	48	52	2012
Primary education (age 16 and older)	40	60	41	59	2012
Secondary education (age 16 and older)	57	43	25	75	2012
Tertiary/post-secondary education (age 16 and older)	73	27	14	86	2012

Source: World Bank using Global Monitoring Database

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. In 2012, the food poverty line was Iraqi Dinar (ID) 50,473 per person per month, while the national poverty line was ID 105,500. The source of the expenditure data is the Integrated Household Socioeconomic Survey, a nationally representative multi-topic household budget survey most recently conducted in 2012. To increase the frequency of poverty and other statistics, Iraq initiated in 2014 a smaller survey—the Continuous Household Survey—which was disrupted by Daesh-related violence. Updated poverty figures for the country await the next comprehensive household budget survey which will be likely conducted in 2019-2020.

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.