

## Islamic Republic of Iran

April 2019

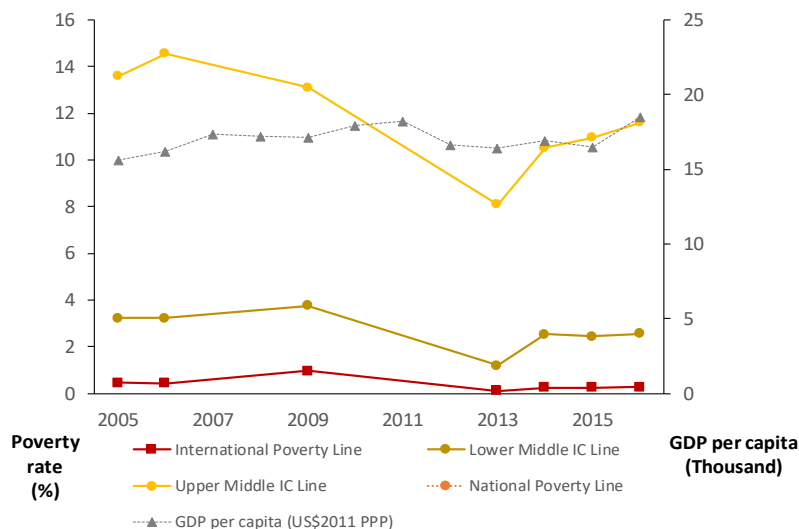
Iran entered a turbulent period after 2009, faced with multiple shocks including sanctions. Poverty has also been volatile over this time as well. There is no established official poverty line in Iran so poverty in this brief is measured using international poverty lines expressed in US dollars at 2011 PPP. Using the upper middle-income class line of \$5.50, poverty fell in Iran between 2009 and 2013 by 5 percentage points to about 8 percent, before increasing to 11.6 percent in 2016. National level numbers hide stark urban/rural differences in poverty levels, with much larger rural poverty headcount rates of 27 percent, compared to 6 percent in urban areas in 2016. Inequality, measured by the expenditure per capita Gini index, followed the same pattern, falling sharply between 2009-2013 from 42.0 points to 37.4 points and increasing afterwards to 40.0 points in 2014.

Iran could not sustain the positive growth in per capita expenditure for the bottom 40 percent of the population during **2013–2016** despite experiencing positive economic growth in 2014 and 2016. In particular, the bottom 40 percent experienced a negative growth rate of 3.15 percent over this period. This negative outcome is due to the erosion in real terms of the universal cash transfers distributed to compensate for increasing energy prices after the subsidy reforms. Cash transfers were instrumental in reducing poverty during 2009-2013, but because of high inflation, the real value of benefits diminished, and this was the key factor behind the increase in poverty after 2013. This negative effect was stronger than the poverty reduction effects coming from the expanding economy and labor market.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	N/A	N/A	N/A
International Poverty Line 23567.3 in Iranian rial (2016) or US\$1.90 (2011 PPP) per day per capita	213.3	0.3	2016
Lower Middle Income Class Poverty Line 39692.4 in Iranian rial (2016) or US\$3.20 (2011 PPP) per day per capita	2,040.3	2.5	2016
Upper Middle Income Class Poverty Line 68221.3 in Iranian rial (2016) or US\$5.50 (2011 PPP) per day per capita	9,314.4	11.6	2016
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		-3.15	2013-2016
INEQUALITY			
Gini Index		40.0	2016
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-2.40	2013-2016
GROWTH			
Annualized GDP per capita growth		4.1	2013-2016
Annualized Consumption Growth per capita from Household Survey		-0.75	2013-2016

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

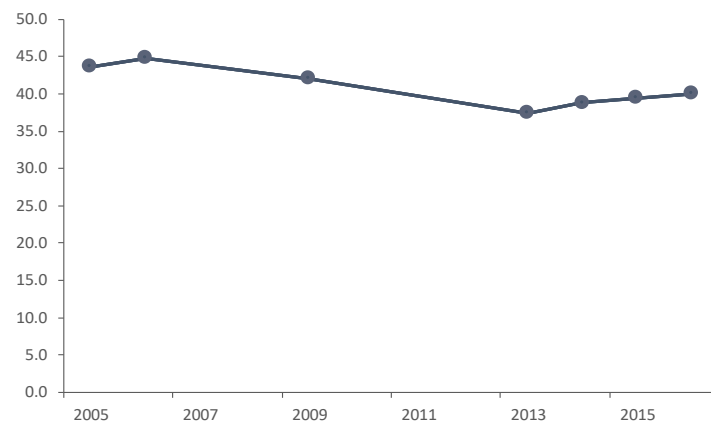
## POVERTY HEADCOUNT RATE, 2005-2016



Source: World Bank using HEIS/MNAPOV/GMD

## INEQUALITY TRENDS, 2005-2016

### Gini Index



Source: World Bank using HEIS/MNAPOV/GMD

## KEY INDICATORS (distribution among groups)

	Upper Middle Income line (%)		Relative Group (%)		Year
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	94	6	30	70	2016
Rural population	73	27	68	32	2016
Males	88	12	40	60	2016
Females	89	11	40	60	2016
0 to 14 years old	83	17	51	49	2016
15 to 64 years old	90	10	37	63	2016
65 and older	90	10	35	65	2016
Without education (age 16 and older)	82	18	54	46	2016
Primary education (age 16 and older)	86	14	48	52	2016
Secondary education (age 16 and older)	92	8	34	66	2016
Tertiary/post-secondary education (age 16 and older)	98	2	15	85	2016

Source: World Bank using Global Monitoring Database

## POVERTY DATA AND METHODOLOGY

There are no publicly available official poverty estimates in the Islamic Republic of Iran. 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 both demographic and income information but the 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, some 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 is based on the official aggregate containing gross expenditures constructed by SCI. It is not spatially deflated.

## 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.