

# Poverty & Equity Brief

South Asia

## Pakistan

October 2021

Between 2001 and 2015, the poverty headcount decreased from 31.0 to 4.0 percent (measured at the international poverty line of \$1.90 PPP 2011 per day). This decline was driven primarily by the expansion of off-farm economic opportunities, and the increase in out-migration and associated remittances. However, by 2018-19, as the country underwent a macroeconomic crisis, the poverty rate had increased to 4.4 percent.

The COVID-19 outbreak and lockdown measures worsened household welfare further. Half of the working population faced either job or income losses. The most vulnerable segments of the labor force were the worst affected, with informal and low skilled workers employed in elementary occupations facing the strongest contraction in employment. As a result, poverty is estimated to have increased to 5.3 percent in 2019-20, plunging more than 2 million people below the poverty line.

As the economy shows signs of a recovery, poverty is expected to decline once more, reaching pre-pandemic levels by 2021-22. However, rising food and energy prices, in addition to a decrease in overall foreign remittance receipts reported by households, remain major risks to any progress on this front.

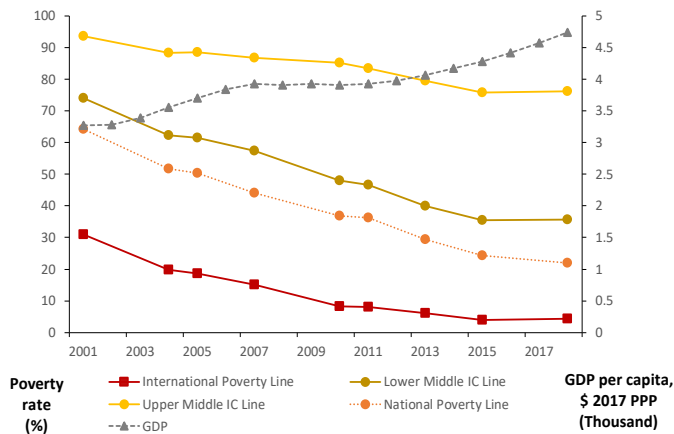
Despite the earlier progress on poverty reduction, large inequities remain. Poverty rates in rural areas are much higher than in urban areas, and vary significantly across provinces and districts. Also, economic growth has not been shared equally across income groups. The Shared Prosperity indicator shows that between 2013 and 2018, annualized consumption growth per capita for the overall population was higher than for the bottom 40 percent of the welfare distribution (1.46 percent and 1.14 percent, respectively).

The prevalence of poverty and income disparities are rooted in circumstances which undermine productivity, resilience, and inclusion. The poor are more likely to live in larger households, have lower levels of education, are less attached to formal labor markets, and are more likely to reside in rural areas. Poor and vulnerable households are also dependent on sources of income that are subject to natural hazards and economic volatility. Monetary poverty also coincides with low human development outcomes. Stunting rates remain high, and 18.8 million children were out of school in 2018-19, most of them girls. The pandemic has likely exacerbated these challenges further.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	46.5	21.9	2018
International Poverty Line 75.1 in Pakistan rupee (2018) or US\$1.90 (2011 PPP) per day per capita	9.4	4.4	2018
Lower Middle Income Class Poverty Line 126.6 in Pakistan rupee (2018) or US\$3.20 (2011 PPP) per day per capita	75.8	35.7	2018
Upper Middle Income Class Poverty Line 217.5 in Pakistan rupee (2018) or US\$5.50 (2011 PPP) per day per capita	161.8	76.2	2018
Multidimensional Poverty Measure		N/A	N/A
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		1.14	2013-2018
INEQUALITY			
Gini Index		31.6	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.32	2013-2018
GROWTH			
Annualized GDP per capita growth		3.10	2013-2018
Annualized Consumption Growth per capita from Household Survey		1.46	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.04	2013-2018

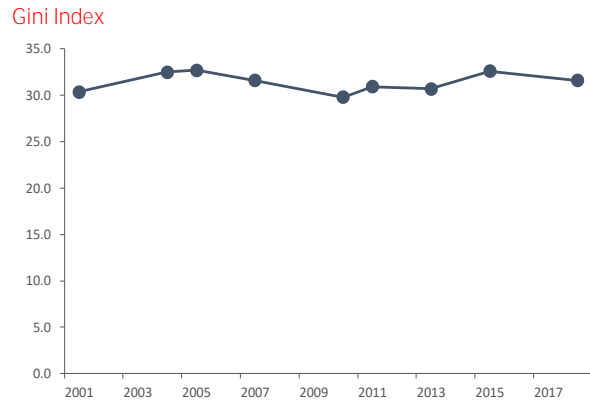
Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of September 2021, and Global Monitoring Database for the rest.

## POVERTY HEADCOUNT RATE, 2001-2018



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

## INEQUALITY TRENDS, 2001-2018



Source: World Bank using PSLM/SARMD/GMD

## KEY INDICATORS

Distribution among groups: 2018	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures: (% of population)
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	99	1	20	80	<b>Monetary poverty</b>
Rural population	94	6	51	49	Daily income/consumption less than US\$1.90 per person
Males	96	4	40	60	
Females	95	5	40	60	<b>Education</b>
0 to 14 years old	94	6	49	51	At least one school-aged child is not enrolled in school
15 to 64 years old	97	3	34	66	No adult has completed primary education
65 and older	97	3	34	66	
Without education (16+)	95	5	49	51	<b>Access to basic infrastructure</b>
Primary education (16+)	98	2	32	68	No access to limited-standard drinking water
Secondary education (16+)	99	1	17	83	No access to limited-standard sanitation
Tertiary/post-secondary education (16+)	100	N/A*	7	93	No access to electricity

Source: World Bank using PSLM/SARMD/GMD

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

## 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 produced 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 CBN poverty line estimated using the HIES 2013-14 was Rs. 3,030 per adult equivalent 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.

## 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.