

## Iran, Islamic Rep.

April 2018

Iran entered a turbulent period after 2009, reflecting multiple shocks including sanctions. Poverty was volatile as well. There is no established official poverty line in Iran and poverty in this brief is measured using international poverty lines expressed in US dollars at 2011 PPP. Poverty fell in Iran between 2009 and 2013 by 5 percentage points to about 8 percent, increasing to 10.5 percent in 2014 using the upper middle-income class line. National level numbers hide stark urban/rural differences in poverty levels, with much larger rural poverty headcount rates. On average, poverty in rural areas is three times higher than poverty in urban areas.

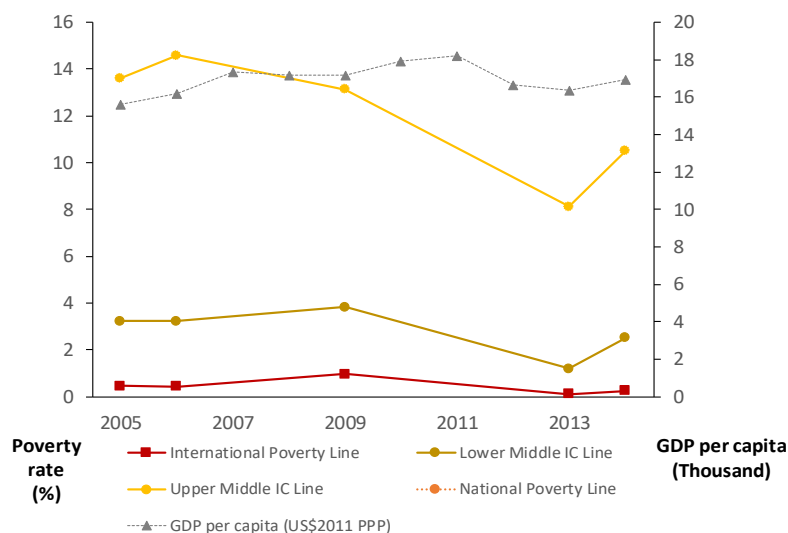
Iran managed to sustain positive growth in per capita expenditure for the bottom 40 percent of the population during 2009–2014 despite negative GDP per capita growth. In particular, consistent with sharply falling poverty, the bottom 40 percent experienced a positive growth rate of about 1.3 percent during 2009–2014. This good outcome was achieved despite the fact that growth for the population overall was negative during this period. Social benefits were the key contributor to the fall in poverty during 2009–2013, counterbalancing the negative impact coming from the labor market. The government distributed universal cash transfers to compensate for increasing energy prices after subsidies reform. Cash transfers played a more important role for the poor, accounting for a larger share of their budget. This explains the positive contribution of the distribution component to poverty reduction during 2009–2014. In contrast, the erosion of social benefits in real terms contributed to the increase in poverty in 2013–2014.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	N/A	N/A	0
International Poverty Line 19305.7 in Iranian rial (2014) or US\$1.9 (2011 PPP) per day per capita	0.2	0.2	2014
Lower Middle Income Class (IC) Poverty Line 32514.9 in Iranian rial (2014) or US\$3.2 (2011 PPP) per day per capita	2.0	2.5	2014
Upper Middle Income Class (IC) Poverty Line 55884.9 in Iranian rial (2014) or US\$5.5 (2011 PPP) per day per capita	8.2	10.5	2014
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		1.26	2009-2014
INEQUALITY			
Gini Index		38.8	2014
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		2.52	2009-2014
GROWTH			
Annualized GDP per capita growth		-0.3	2009-2014
Annualized Consumption Growth per capita from Household Survey		-1.26	2009-2014

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of April 20th 2018, and Global Monitoring Database for the rest.



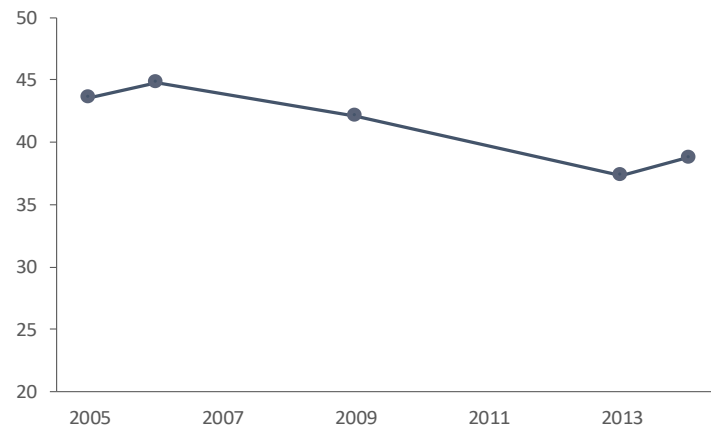
## POVERTY HEADCOUNT RATE, 2005-2014



Source: World Bank using HEIS/MNAPOV/GMD

## INEQUALITY TRENDS, 2005-2014

### Gini Index



Source: World Bank using HEIS/MNAPOV/GMD

## KEY INDICATORS (distribution among groups)

	Upper Middle Income Class Poverty Line (%)		Relative Group (%)		Year
	Poor	Non-Poor	Bottom 40	Top 60	
Urban population	5	95	30	70	2014
Rural population	25	75	66	34	2014
Males	11	89	40	60	2014
Females	10	90	40	60	2014
0 to 14 years old	16	84	50	50	2014
15 to 64 years old	9	91	37	63	2014
65 and older	10	90	36	64	2014
Without education (age 16 and older)	18	82	54	46	2014
Primary education (age 16 and older)	12	88	47	53	2014
Secondary education (age 16 and older)	7	93	34	66	2014
Tertiary/post-secondary education (age 16 and older)	2	98	15	85	2014

Source: World Bank using Global Monitoring Database

## POVERTY DATA AND METHODOLOGY

There are no official publicly available 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 onward were publicly available until recently. The survey is nationally representative and two-stage stratified. HEIS includes both demographic and income information but its main focus is on expenditures. 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. Like 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 expenditures on a particular item. For items, which were not purchased, an estimated value is provided. Welfare aggregate used to report international poverty briefs is based on 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 30 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.