

Poverty & Equity Brief

Latin America & the Caribbean

Bolivia

October 2022

After the COVID-19-led contraction of 8.7 percent in 2020, the economy rebounded with a growth rate of 6.1 percent in 2021 and is now expected to grow at 4.1 percent in 2022. Most economic sectors have picked up after the crisis and are expected to grow at a rate like pre-pandemic levels. Poverty rates and the Gini index mirrored the economy's behavior in 2021, returning to reductions in both, as seen in the pre-pandemic period. The 1.4 percentage points poverty increase seen between 2019 and 2020 (measured at \$6.85 in 2017 PPP international poverty lines) was offset by a decline of 1.8 percentage points between 2020 and 2021, resulting in 15.2 percent of people classified as poor. A similar pattern is observed using the national poverty line, which shows that 36.4 percent or (4.3 million of people) live in poverty in Bolivia.

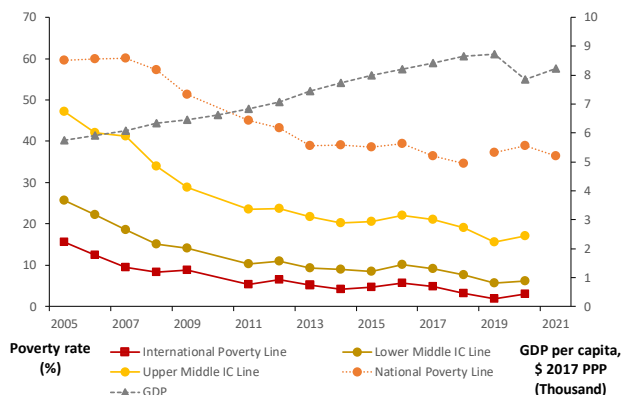
Improvements in the labor market partly explain the decline in poverty. Data shows a steady decrease in unemployment from 8.7 percent at the peak in 2020Q1 to 5.7 percent in 2022Q2, with persistently higher unemployment rates for women but also a faster pace of recovery for them, narrowing but not closing existing gender gaps. Labor market participation slightly increased in the first half of 2022 by around 1.6 percentage points, going from 75.7 percent to 77.3 percent, mainly driven by improvements in the participation of women. Despite the recovery in employment and participation rates, job quality continued to deteriorate. In 2021, 78.8 percent of the workforce were informal, higher than in 2020 and 2019. Moreover, by the end of the first semester of 2022, self-employment stood 4.3 percentage points higher than pre-pandemic levels, which has continued to increase since the beginning of the crisis.

Poverty is expected to increase slightly in 2022, as mitigation measures to counteract the crisis have largely stopped. Global inflationary pressures on food and fuel prices reduce households' purchasing power, disproportionately affecting the poor and vulnerable. As a result, the negative impact of food insecurity on human capital, labor productivity, and job quality poses a threat to further progress in poverty reduction and shared prosperity. In fact, by the end of 2021, 26 percent of households reported being food insecure in the recent month (HFPS, 2021). Many of those vulnerable to food insecurity were households with children. The limited fiscal space and categorical design of social programs could undermine efforts to protect the poor and vulnerable. In addition to school closures, children from rural households had less frequent direct interaction with teachers during remote learning.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	4,310.5	36.4	2021
International Poverty Line 5.9 in Bolivian boliviano (2020) or US\$2.15 (2017 PPP) per day per capita	363.7	3.1	2020
Lower Middle Income Class Poverty Line 10 in Bolivian boliviano (2020) or US\$3.65 (2017 PPP) per day per capita	723.5	6.2	2020
Upper Middle Income Class Poverty Line 18.8 in Bolivian boliviano (2020) or US\$6.85 (2017 PPP) per day per capita	1,989.1	17.0	2020
Multidimensional Poverty Measure		6.6	2020
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		2.25	2015-2020
INEQUALITY			
Gini Index		43.6	2020
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		2.42	2015-2020
GROWTH			
Annualized GDP per capita growth		-0.33	2015-2020
Annualized Income Growth per capita from Household Survey		-0.18	2015-2020
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		0.05	2015-2020

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of September 2022, and Global Monitoring Database for the rest.

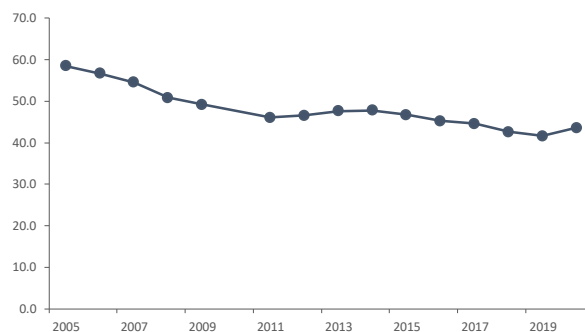
POVERTY HEADCOUNT RATE, 2005-2021



Source: World Bank using EH/SEDLAC/GMD

INEQUALITY TRENDS, 2005-2020

Gini Index



Source: World Bank using EH/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2020	International Poverty Line (%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	100	0	29	71
Rural population	91	9	65	35
Males	97	3	39	61
Females	97	3	41	59
0 to 14 years old	94	6	54	46
15 to 64 years old	98	2	35	65
65 and older	100	N/A*	31	69
Without education (16+)	96	4	57	43
Primary education (16+)	96	4	45	55
Secondary education (16+)	98	2	37	63
Tertiary/post-secondary education (16+)	100	N/A*	17	83

Source: World Bank using EH/SEDLAC/GMD

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

Multidimensional Poverty Measures: 2020

Multidimensional Poverty Measures: 2020	(% of population)
Monetary poverty (Income)	
Daily income less than US\$2.15 per person	3.1
Education	
At least one school-aged child is not enrolled in school	2.1
No adult has completed primary education	14.1
Access to basic infrastructure	
No access to limited-standard drinking water	6.6
No access to limited-standard sanitation	17.9
No access to electricity	4.4

Source: World Bank using EH/SEDLAC/GMD

POVERTY DATA AND METHODOLOGY

Official poverty estimates are produced by the Ministerio de Planificación del Desarrollo, Unidad de Análisis de Políticas Sociales y Económicas (UDAPE), and the National Statistics Office (INE) based on data from the Encuesta de Hogares (EH) and are available to the public. Bolivia estimates poverty using an income-based measure that relies on an absolute poverty line representing the minimum cost of purchasing a basket of goods and services necessary to achieve adequate living conditions. Starting in 2019, Bolivia updated its poverty line (with the previous one dating back to the early 1990's). The most recent official monetary poverty numbers in Bolivia, with the new poverty methodology, correspond to 2021; the national total poverty rate was 36.4 percent, and the national extreme poverty rate was 11.1 percent. The average poverty line in local currency units in 2020 was 435 bolivianos per person per month for urban areas and 344 bolivianos for rural areas.

The international dollar a day methodology is based on \$2.15 (2017 PPP), using income per capita as the welfare aggregate measure. However, by this definition, most Latin American countries have low extreme poverty rates. For this reason, higher poverty lines that are more coherent with the region's reality are used: \$3.65 and \$6.85 (2017 PPP). In Bolivia, using the \$2.15 poverty line shows a non-negligible poverty level of 3.1 percent for 2020. The national and international poverty measures have shown a similar trend in the past.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

HARMONIZATION

The numbers presented in the brief are based on the regional data harmonization effort known as the Socio-economic Database for Latin America and the Caribbean (SEDLAC) - a joint effort of the World Bank and CEDLAS from the National University of La Plata (Argentina). SEDLAC includes 18 countries and more than 300 household surveys since the 80s. Several Caribbean countries have not been included in the SEDLAC project due to lack of data. Since an income-based welfare aggregate is widely used in the region for official poverty estimates, income-based microdata is used for the Global Monitoring Database (GMD) and Global Poverty Monitoring. SEDLAC covers demographics, income, employment, and education. Terms of use of the data adhere to agreements with the original data producers.