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Over 2019, the adverse economic situation and high inflation had a negative impact across the whole income distribution. All population groups faced losses in real income, although the poor were more adversely affected.

According to the latest official data, 35.4 percent of the population in main urban areas were poor and 7.7 percent were extremely poor. This is 10 and 2.2 million people in poverty and extreme poverty respectively, in the first semester of 2019.

The latest measurement available according to the international poverty line shows that the share of individuals living on less than $5.50 (2011 PPP) per day was 9.6 percent in 2018. Emergency measures to protect the most vulnerable appear to have helped deaccelerating welfare losses over the second semester of 2019, however increases in poverty over the first part of the year would not be reversed.

Inequality, as measured by the Gini index, increased slightly from 41.2 to 41.4 points during 2017-2018. Looking to the evolution over a five-year period, average income fell during 2013-2018 (estimated at -1.55 percent annually) and the reduction was slightly higher for those at the Bottom 40 (-1.62 percent annually).
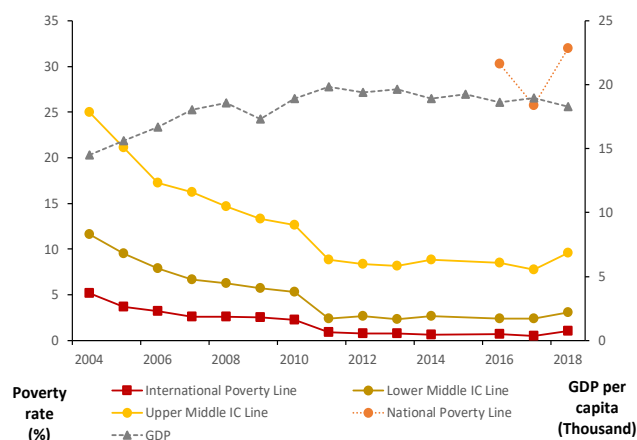
High uncertainty about macroeconomic conditions and the effects of the COVID-19 pandemic suggest that increases in the poverty rate are to be expected. Shared prosperity and income inequality are also expected to deteriorate as poorer households are affected the most by current negative economic conditions.

Looking forward, the main challenge for the Government is to strengthen and expand the social safety nets, chiefly to avoid the current situation to become structural for those harmed by recent shocks and to prevent the vulnerable from falling into poverty. In this context, social assistance programs, particularly Universal Family Allowances (AUH), continue to be a fundamental instrument to reach poor households and those with greater risk to fall into poverty. Currently, around 2.2 million households receive AUH (4 million beneficiaries).

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	8,920.9	32.0	2018
International Poverty Line 37.9 in Argentine peso (2018) or US$1.90 (2011 PPP) per day per capita	448.3	1.0	2018
Lower Middle Income Class Poverty Line 63.9 in Argentine peso (2018) or US$3.20 (2011 PPP) per day per capita	1,351.9	3.0	2018
Upper Middle Income Class Poverty Line 109.8 in Argentine peso (2018) or US$5.50 (2011 PPP) per day per capita	4,252.4	9.6	2018
Multidimentional Poverty Measure		1.1	2018
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		-1.62	2013-2018
INEQUALITY			
Gini Index		41.4	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.07	2013-2018
GROWTH			
Annualized GDP per capita growth		-1.41	2013-2018
Annualized Income Growth per capita from Household Survey		-1.55	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		-1.62	2013-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.
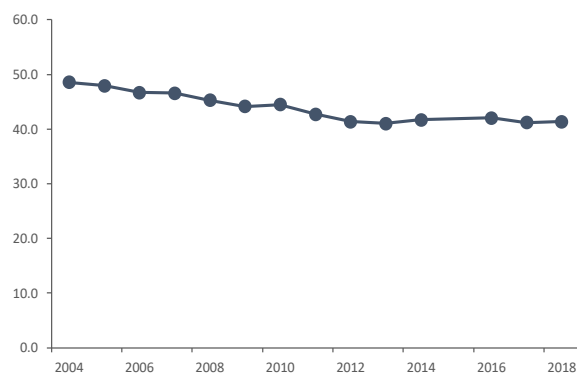
POVERTY HEADCOUNT RATE, 2004-2018

Poverty rate (%)	
■ International Poverty Line	● Lower Middle IC Line
● Upper Middle IC Line	National Poverty Line
▲ GDP	

GDP per capita (Thousand)

Source: World Bank using EPHC-S2/SEDLAC/GMD

INEQUALITY TRENDS, 2004-2018

Gini Index

Source: World Bank using EPHC-S2/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2018	Upper Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	90	10	40	60
Rural population	N/A*	N/A*	N/A*	N/A*
Males	91	9	40	60
Females	90	10	40	60
0 to 14 years old	82	18	62	38
15 to 64 years old	92	8	39	61
65 and older	99	1	10	90
Without education (16+)	90	10	43	57
Primary education (16+)	88	12	45	55
Secondary education (16+)	91	9	41	59
Tertiary/post-secondary education (16+)	98	2	16	84

Multidimensional Poverty Measures (% of people):	2018
Monetary poverty (Income)	
Daily income less than US$1.90 per person	1.0
Education	
At least one school-aged child is not enrolled in school	0.7
No adult has completed primary education	1.3
Access to basic infrastructure	
No access to limited-standard drinking water	0.3
No access to limited-standard sanitation	0.5
No access to electricity	0.0

Source: World Bank using EPHC-S2/SEDLAC/GMD

Source: World Bank using EPHC-S2/SEDLAC/GMD

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

POVERTY DATA AND METHODOLOGY

Official poverty estimates have been produced since 1988 by Argentina's National Statistical Office (INDEC), using income data from the Encuesta Permanente de Hogares (EPH). The survey is representative of the population living in the 31 largest urban areas in the country, which accounts for almost 62 percent of the total population. New regional poverty lines were introduced in 2016 based on 1997/98 and 2004/05 Household Expenditure Surveys and adjusted each period using official regional CPI. The official poverty methodology is based on adult equivalences, which adjusts by differing caloric needs per gender and age composition of household members. World Bank poverty estimates rely on a harmonized version of the EPH. All monetary measures, including poverty rates, are adjusted to US dollars in 2011 PPP using private estimates of inflation from 2007 to 2015, and official sources afterward. The harmonization process results in an income aggregate that undergoes specific imputations to make it comparable across countries. World Bank poverty estimates are produced based on international poverty lines, using a per capita approach. Due to differences in the poverty lines and in the construction of the income aggregate, official and international poverty rates are not comparable, and may follow different trends and levels. While International dollar-a-day methodology should be used for cross-country comparisons, the national official methodology should be used for country-specific analyses. In addition to monetary poverty, the Multidimensional Poverty Measure (MPM) includes indicators on education and access to basic infrastructure. The measure is anchored on the $1.90 (2011 PPP) monetary poverty line.

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.

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Trends in poverty and inequality in Bolivia can be characterized in three distinct periods: a period of significant poverty and inequality reduction from the 2000s to 2013, a period of poverty and inequality stagnation from 2013-2016, and once more a downward trend from 2017 onwards. A new period has emerged in light of the COVID-19 crisis.
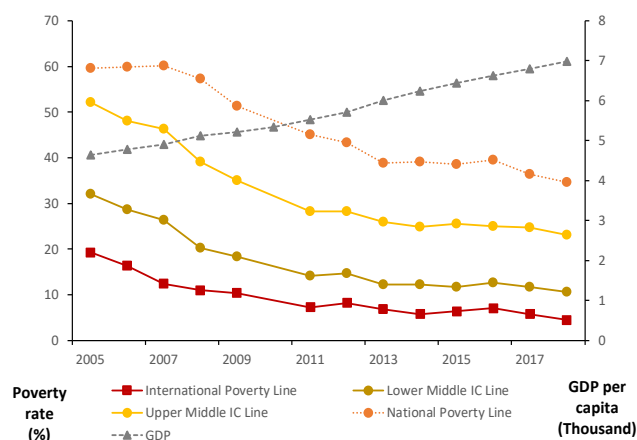
First, for the most part of the 2000s, economic growth was mainly driven by extractive industries, which benefited from a large demand from export markets in Brazil and Argentina. This growth resulted in significant reductions in poverty. Strong internal demand spurred activity in other sectors, including construction, services (among them finance, transport, and communications), and manufacturing. Higher labor earnings resulting from this process is the main factor behind poverty reduction. We observe a 10-point decline of the Gini index in the period 2005–2013.

Second, since 2013 and until 2016, there was almost null progress in poverty reduction and inequality likely linked to lower commodity prices and reduced potential for labor income gains. Poverty began to decline once more in 2017 and 2018 for both total and extreme poverty, and rural and urban areas, due to strong income growth for households at the bottom part of the income distribution. The declining trend may be associated, among others, with wage growth in certain sectors (including the retail services and manufacturing sectors) and lower inflation. The decline is highly vulnerable to reversals. Labor markets remain weak with a rising trend in lower-earnings self-employment, persistent by 2019 Q3 and particularly among women. Moreover, persistent disparities between groups in endowments and access to services need to be tackled. With GDP expected to contract in 2020 due to impacts from COVID-19 and low oil prices, poverty and inequality are expected to increase significantly. The main channel is through labor markets, affecting in particular informal salaried employees and the self-employed, and small businesses. Workers in urban areas and in sectors affected the most by social distancing measures, including in industry and services, will be more severely affected. The Government is introducing social assistance mechanisms through the existing programs, yet the lack of fiscal room and mechanisms to target the most vulnerable people may restrict sustained social assistance efforts.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	3,928.2	34.6	2018
International Poverty Line 7.4 in Bolivian boliviano (2018) or US$1.90 (2011 PPP) per day per capita	509.2	4.5	2018
Lower Middle Income Class Poverty Line 12.4 in Bolivian boliviano (2018) or US$3.20 (2011 PPP) per day per capita	1,208.5	10.6	2018
Upper Middle Income Class Poverty Line 21.3 in Bolivian boliviano (2018) or US$5.50 (2011 PPP) per day per capita	2,621.9	23.1	2018
Multidimentional Poverty Measure		12.4	2018
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		1.78	2013-2018
INEQUALITY			
Gini Index		42.2	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		3.43	2013-2018
GROWTH			
Annualized GDP per capita growth		3.06	2013-2018
Annualized Income Growth per capita from Household Survey		-1.65	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		-0.02	2013-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.
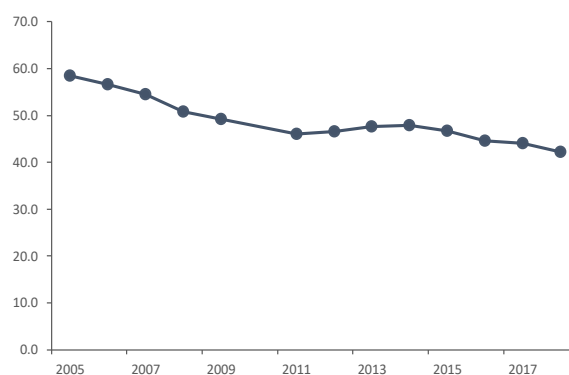
POVERTY HEADCOUNT RATE, 2005-2018

Poverty rate (%)	
■ International Poverty Line	● Lower Middle IC Line
● Upper Middle IC Line	● National Poverty Line
▲ GDP	

GDP per capita (Thousand)

Source: World Bank using EH/SEDLAC/GMD

INEQUALITY TRENDS, 2005-2018

Gini Index

Source: World Bank using EH/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2018	International Poverty Line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	99	1	28	72
Rural population	87	13	68	32
Males	95	5	39	61
Females	96	4	41	59
0 to 14 years old	93	7	53	47
15 to 64 years old	96	4	34	66
65 and older	98	2	40	60
Without education (16+)	92	8	67	33
Primary education (16+)	94	6	48	52
Secondary education (16+)	97	3	35	65
Tertiary/post-secondary education (16+)	99	1	13	87

Multidimensional Poverty Measures (% of people):	2018
Monetary poverty (Income)	
Daily income less than US$1.90 per person	4.5
Education	
At least one school-aged child is not enrolled in school	1.6
No adult has completed primary education	15.3
Access to basic infrastructure	
No access to limited-standard drinking water	9.4
No access to limited-standard sanitation	19.4
No access to electricity	7.2

Source: World Bank using EH/SEDLAC/GMD

Source: World Bank using EH/SEDLAC/GMD

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

POVERTY DATA AND METHODOLOGY

Official poverty estimates in Bolivia 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. The most recent official monetary poverty numbers in Bolivia correspond to 2018; the national total poverty rate was 34.6 percent and the national extreme poverty rate 15.2 percent. The total poverty line in local currency units in 2018 was 782 bolivianos per person per month for urban areas and 568 bolivianos for rural areas.

The international dollar a day methodology is based on $1.90 (2011 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: $3.20 and $5.50 (2011 PPP). In Bolivia, using the $1.90 poverty line shows a non-negligible poverty level of 5.8 percent for 2017, among the highest in South America. Both the national and international poverty measures have shown a similar trend in the past.

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.

Brazil's 2014-16 recession ended an eleven-year streak of poverty reduction. Recently released data show that it has disproportionately affected the poorest Brazilians – and an uneven recovery means that millions of Brazilians remain worse off than they were before the crisis. Between 2014 and 2016, over 5.6 million Brazilians fell into poverty (defined as living on less than $5.50 per day in 2011 PPP terms) as poverty increased from 17.7 percent to 20.1 percent. The number living on less than $1.90 per day 2011 PPP increased by over 2.5 million to surpass 8 million. While the recovery began in 2017, the number of Brazilians living on less than $1.90 continued to grow, reaching 9.3 million by 2018. Poverty rates at the $5.50 line, on the other hand, began to recover marginally in 2018 as 600,000 Brazilians exited poverty.

As of 2018, the recovery had yet to reach the poorest. In real terms, the average income of the poorest 40 percent was lower in 2018 than it had been in 2013, having fallen at an annualized rate of 0.5 percent, even as the average income grew at a rate of 0.33 percent per year during the same period. With significant income disruptions especially for informal and own-account workers, the COVID-19 pandemic is expected to increase poverty in 2020. As policies are implemented to mitigate its impact, it is crucial to consider the already weakened position of Brazil's poorest 40 percent.
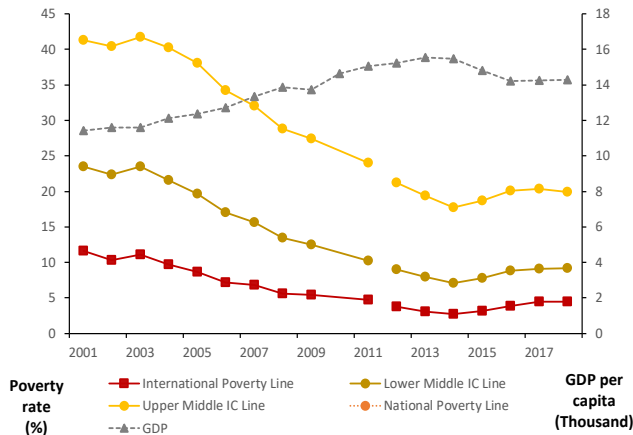
The crisis, and to a lesser degree the uneven recovery, has led to a significant rise in income inequality: the Gini index increased from 51.9 in 2015, already one of the highest in the region, to 53.3 in 2016. By 2018, it reached 53.9, higher than it had been in 2012. A decomposition analysis suggests that if growth had been evenly distributed, poverty would have fallen during this period.

Unemployment is the primary culprit behind increased poverty and inequality. Rates increased significantly from 6.5 percent in the fourth quarter of 2014 to 13.7 in the first quarter of 2017. As of the last quarter of 2019, unemployment was at 11.0 percent. Rates are higher for youth (23.8 percent for 18-24 age group), for women than for men (13.1 and 9.2 percent respectively), and for those with less schooling (18.5 percent for those with incomplete secondary and 5.6 for those with tertiary education).

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	N/A	N/A	N/A
International Poverty Line 4.8 in Brazilian real (2018) or US$1.90 (2011 PPP) per day per capita	9.3	4.4	2018
Lower Middle Income Class Poverty Line 8 in Brazilian real (2018) or US$3.20 (2011 PPP) per day per capita	19.2	9.2	2018
Upper Middle Income Class Poverty Line 13.8 in Brazilian real (2018) or US$5.50 (2011 PPP) per day per capita	41.7	19.9	2018
Multidimentional Poverty Measure		9.0	2018
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		-0.43	2013-2018
INEQUALITY			
Gini Index		53.9	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-1.09	2013-2018
GROWTH			
Annualized GDP per capita growth		-1.67	2013-2018
Annualized Income Growth per capita from Household Survey		0.66	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		0.42	2013-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.
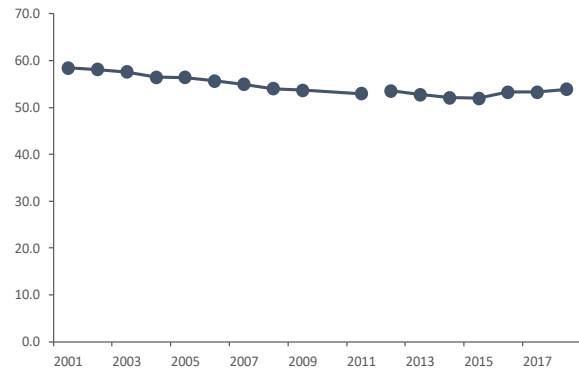
POVERTY HEADCOUNT RATE, 2001-2018

Source: World Bank using PNADC-E1/SEDLAC/GMD

INEQUALITY TRENDS, 2001-2018

Gini Index

Source: World Bank using PNADC-E1/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2018	Upper Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	83	17	36	64
Rural population	61	39	62	38
Males	80	20	40	60
Females	80	20	40	60
0 to 14 years old	65	35	60	40
15 to 64 years old	82	18	38	62
65 and older	96	4	15	85
Without education (16+)	78	22	45	55
Primary education (16+)	77	23	45	55
Secondary education (16+)	77	23	47	53
Tertiary/post-secondary education (16+)	91	9	23	77

Multidimensional Poverty Measures (% of people):	2018
Monetary poverty (Income)	
Daily income less than US$1.90 per person	4.4
Education	
At least one school-aged child is not enrolled in school	0.5
No adult has completed primary education	13.9
Access to basic infrastructure	
No access to limited-standard drinking water	1.8
No access to limited-standard sanitation	35.7
No access to electricity	0.3

Source: World Bank using PNADC-E1/SEDLAC/GMD

Source: World Bank using PNADC-E1/SEDLAC/GMD

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

POVERTY DATA AND METHODOLOGY

To make meaningful international comparisons, poverty is calculated using the same methodology across countries, that is, using the same consumption or income aggregate and poverty line. For this purpose, the World Bank publishes poverty rates calculated using three poverty lines: $1.90, $3.20, and $5.50 per person per day, in 2011 PPP terms. Brazil does not have an official poverty methodology, but the National Statistical Office (IBGE) has published national poverty rates based on several administrative and international lines.

The household survey used to calculate poverty since 2001, the PNAD, was recently replaced by the PNAD-Continua (PNADC). These two surveys are not strictly comparable. This limits the extent to which poverty and inequality dynamics before and after 2012 can be analyzed.

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.

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Social unrest during 2019 reflected frustration with high and persistent inequality of opportunities that prevailed despite vast improvements in social outcomes. Between 2013 and 2017, poverty at $5.50 per day fell from 6.9 percent to 3.7 percent. Income growth led to growth in the middle class, which is now the largest socioeconomic group, though most of it is close to the vulnerable population limit. Chile has also made considerable progress on shared prosperity. Between 2013 and 2017, incomes among the population in the bottom 40 percent of the income distribution, rose at an annualized rate of 4.92 percent, more rapid than the general population (3.83 percent).
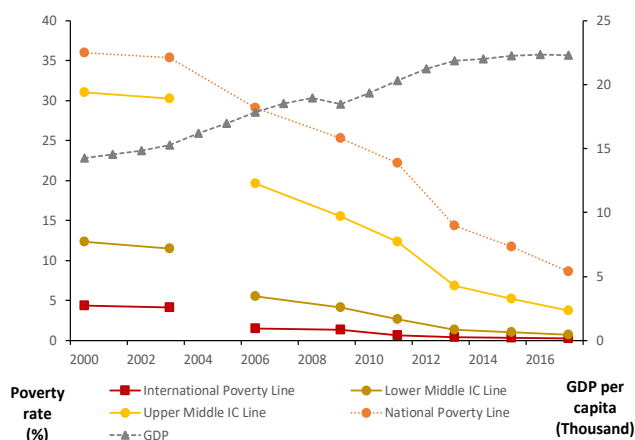
Although monetary measures of inequality have declined, they remain higher than most OECD countries. Chile's Gini index dropped from 45.8 in 2013 to 44.4 in 2017. However, this reduction in inequality of incomes does not necessarily reflect reductions in inequality of opportunities. Deeply segregated service provision in education and health care mean that options are limited, and these differences are reflected in Chile's segregated labor markets, where job creation and higher wage premiums have largely gone to skilled workers while those without a tertiary education have had limited gains. Among the growing elderly population, the pension replacement rate among low earners is only between 50 and 60 percent of pre-retirement earnings, which is among the lowest rates in the OECD.

The impacts of COVID-19 on the global economy and political uncertainty linked to the forthcoming constitutional reform is expected to lead to a decline in economic activity and a weaker labor market. As a result, poverty at $5.50 per day is projected to slightly increase in 2020. Chile is at the forefront of social protection policy, having consolidated an array of cash subsidies benefiting the bottom of the distribution with public transfers, and ensuring inclusion of isolated and disconnected households. The announced government package in response to the pandemic includes additional measures, including an emergency social transfer targeted to the 60 percent most vulnerable, and delayed tax payments and a solidarity fund for microenterprises.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	1,552.7	8.6	2017
International Poverty Line 910.2 in Chilean peso (2017) or US$1.90 (2011 PPP) per day per capita	53.1	0.3	2017
Lower Middle Income Class Poverty Line 1532.9 in Chilean peso (2017) or US$3.20 (2011 PPP) per day per capita	129.3	0.7	2017
Upper Middle Income Class Poverty Line 2634.7 in Chilean peso (2017) or US$5.50 (2011 PPP) per day per capita	688.0	3.7	2017
Multidimentional Poverty Measure		0.4	2017
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		4.92	2013-2017
INEQUALITY			
Gini Index		44.4	2017
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		1.09	2013-2017
GROWTH			
Annualized GDP per capita growth		0.49	2013-2017
Annualized Income Growth per capita from Household Survey		3.83	2013-2017
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		4.67	2013-2017

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.
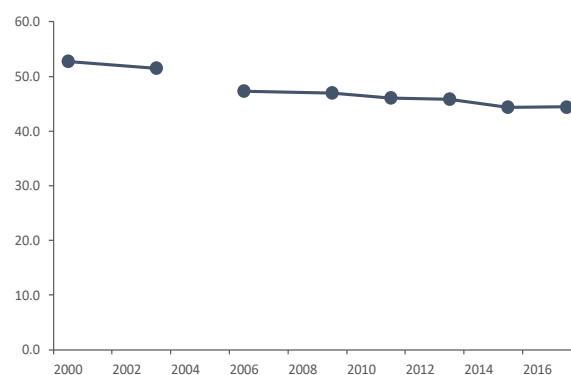
POVERTY HEADCOUNT RATE, 2000-2017

Poverty rate (%)		GDP per capita (Thousand)
■ International Poverty Line	● Lower Middle IC Line	
■ Upper Middle IC Line	● National Poverty Line	
▲ GDP		

Source: World Bank using CASEN/SEDLAC/GMD

INEQUALITY TRENDS, 2000-2017

Gini Index

Source: World Bank using CASEN/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2017	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	2017
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	100	0	38	62	**Monetary poverty (Income)**	
Rural population	100	0	51	49	Daily income less than US$1.90 per person	0.3
Males	100	0	39	61	**Education**	
Females	100	0	41	59	At least one school-aged child is not enrolled in school	0.4
0 to 14 years old	100	0	57	43	No adult has completed primary education	4.0
15 to 64 years old	100	0	38	62	**Access to basic infrastructure**	
65 and older	100	N/A*	26	74	No access to limited-standard drinking water	0.1
Without education (16+)	100	N/A*	51	49	No access to limited-standard sanitation	0.6
Primary education (16+)	100	0	47	53	No access to electricity	0.3
Secondary education (16+)	100	0	41	59		
Tertiary/post-secondary education (16+)	100	0	20	80		

Source: World Bank using CASEN/SEDLAC/GMD

Source: World Bank using CASEN/SEDLAC/GMD

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

POVERTY DATA AND METHODOLOGY

To allow for maximum comparability across countries we compare Chile's performance with other countries using the international poverty lines set at US$1.9, US$3.2, and US$5.5 a day, in 2011 PPP terms, per day per capita, even though these might differ from the official values. The most recent harmonization exercise led to changes in the 2006-2017 series on account of changes to the methodology used for imputing the rental value of owner-occupied housing, the treatment of labor incomes for individuals who do not respond, and greater alignment with the rest of the region.

Official poverty estimates in Chile are produced by the Ministry of Social Development (MDS) with The Economic Commission for Latin America (ECLAC) based on data from the Encuesta de Caracterización Socioeconómica Nacional (CASEN), which is available to the public. Chile introduced a new methodology for poverty measurement in 2013, the adjustment considers the composition of the household and the potential economies of scale generated within the household, leading to a measure of equivalized total household income. In addition, a multidimensional poverty indicator was introduced in 2015 and expanded in 2017. Notwithstanding these recent changes in poverty methodology, the Ministry of Social Development released, for 2006, 2009, 2011, 2013, and 2015 poverty figures using both the traditional and the new definitions, guaranteeing continuity and comparability while transitioning to the new methodology.

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.

Monetary poverty increased in 2018, thus reversing a sustained downward trend in poverty reduction since 2012. Official poverty rates show that the percentage of people in poverty changed from 26.9 percent in 2017 to 27.0 percent in 2018. In that year, 13,073,000 Colombians live in poverty, 190,000 more than in 2017. In urban areas (cabeceras) the poverty incidence grew from 24.2 percent to 24.4 percent between 2017 and 2018, with 150,000 people in cabeceras falling into poverty. Poverty in rural areas increased slightly from 36.0 percent to 36.1 percent, with 32,000 people falling into poverty. Extreme poverty went down to 7.2 percent in 2018 (a total of 3,508,000 Colombians) from 7.4 in 2017 (3,534,000).
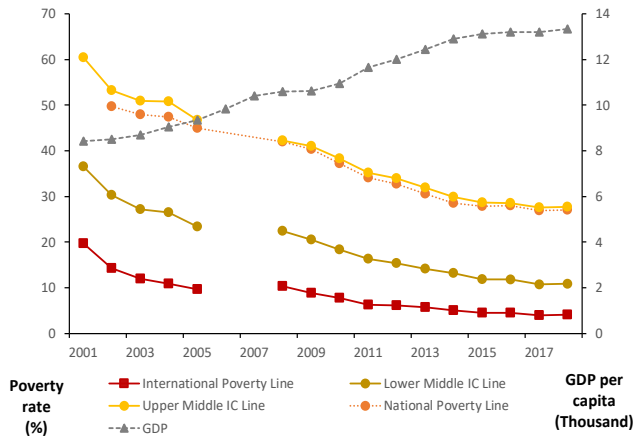
Inequality measured by the official Gini index rose from 50.8 in 2017 to 51.7 in 2018, reversing for the first time the equalizing trend started in 2010. Increases in inequality in urban areas explain this increment. In fact, inequality in rural areas continued to decline in 2018 although the change has not been sufficient to counteract the increase in inequality in urban areas. On the positive side, the evolution of the shared prosperity in Colombia reflects pro-poor growth in recent years. Between 2013 and 2018, households in the bottom 40 percent of Colombia's income distribution had income growth of 2.3 percent, compared to the 1.4 percent growth in average income per capita.

Unfortunately, the current global outbreak of covid-19 in 2020 is likely to have a substantial impact on poverty in Colombia. Multiple sectors are expected to see declines in employment directly attributed to the outbreak, including, among others, commerce, restaurants and hospitality services, and manufacturing—all activities with high levels of informality—; mining—as international prices for primary commodities drop—; and construction—following an economy-wide contraction. The increasing restrictions in international mobility are positive steps in curbing an early spread in Colombia. The implementation of the improved targeting tool— SISBEN IV—, the introduction of VAT reimbursements to the poor, and universal health insurance place Colombia in a solid position to mitigate the immediate effects of the crisis. However, an already stressed health care system and the operational obstacles to extend cash transfers and other mitigation to the newly poor and the currently excluded might affect the country's capacity to mitigate the socioeconomic impacts of a prolonged crisis.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	13.1	27.0	2018
International Poverty Line 3013.2 in Colombian peso (2018) or US$1.90 (2011 PPP) per day per capita	2.0	4.1	2018
Lower Middle Income Class Poverty Line 5074.9 in Colombian peso (2018) or US$3.20 (2011 PPP) per day per capita	5.4	10.9	2018
Upper Middle Income Class Poverty Line 8722.6 in Colombian peso (2018) or US$5.50 (2011 PPP) per day per capita	13.8	27.8	2018
Multidimentional Poverty Measure		5.6	2018
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		2.34	2013-2018
INEQUALITY			
Gini Index		50.4	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		1.93	2013-2018
GROWTH			
Annualized GDP per capita growth		1.39	2013-2018
Annualized Income Growth per capita from Household Survey		0.41	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.45	2013-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.
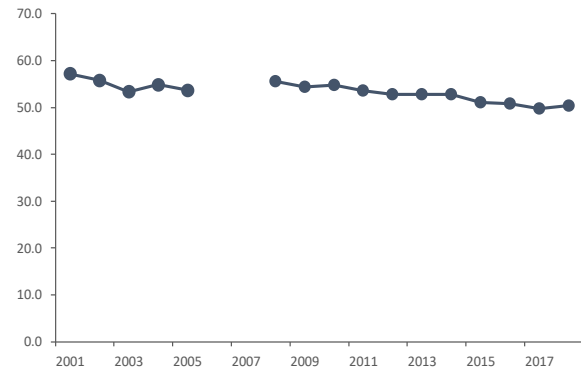
POVERTY HEADCOUNT RATE, 2001-2018

Source: World Bank using GEIH/SEDLAC/GMD

INEQUALITY TRENDS, 2001-2018

Gini Index

Source: World Bank using GEIH/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2018	Lower Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population				N/A
Rural population	77	23	65	35
Males	89	11	39	61
Females	89	11	41	59
0 to 14 years old	82	18	56	44
15 to 64 years old	91	9	35	65
65 and older	92	8	29	71
Without education (16+)	79	21	61	39
Primary education (16+)	85	15	50	50
Secondary education (16+)	91	9	38	62
Tertiary/post-secondary education (16+)	98	2	13	87

Multidimensional Poverty Measures (% of people):	2018
Monetary poverty (Income)	
Daily income less than US$1.90 per person	4.1
Education	
At least one school-aged child is not enrolled in school	2.6
No adult has completed primary education	5.5
Access to basic infrastructure	
No access to limited-standard drinking water	2.5
No access to limited-standard sanitation	8.3
No access to electricity	1.5

Source: World Bank using GEIH/SEDLAC/GMD

Source: World Bank using GEIH/SEDLAC/GMD

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

POVERTY DATA AND METHODOLOGY

Colombia's official poverty numbers are based on income, published once per year, and have been reported since 2002 except for 2006 and 2007, transition years for moving between the two surveys used to compute income (the former Encuesta Continua de Hogares and the Gran Encuesta Integrada de Hogares, used since 2008). The World Bank (WB) also uses income to estimate international poverty but the difference with the official aggregate is that the WB does not include domestic servants as members of the household. Additionally, the WB adjusts the per-capita income for people living in rural areas using an adjustment factor of 1.15. Regarding the poverty lines, the official methodology draws these thresholds from the consumption aggregate adjusted by spatial differences. The National Income and Expenditures Survey (ENIG) conducted in 2006–2007 was used to draw the official extreme poverty line, which reflects a minimum threshold of 2090 Kcal per person per day and includes 39 food products in urban areas, and 2,049 Kcal per person per day and 42 products in rural areas. The moderate poverty line uses an exogenous Orshansky coefficient of 2.4 (LAC Orshansky coefficient mean) and 1.74 for urban and rural areas, respectively. Poverty lines are updated across time using a CPI for low-income households by department. The official extreme and moderate poverty lines in 2011 PPP are $2.50 and $5.40, respectively.

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.

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Costa Rica remains among the least poor countries in LAC. Yet, the poverty response to economic growth has been limited since 2010, and national poverty rates point to an increase in poverty between 2017 and 2018, both in urban and rural areas. In fact, poverty rates went from 20 to 21.1 percent, adding 23,617 new households to poverty and 12,371 into extreme poverty (extreme poverty rates went from 5.7 to 6.3 percent). In 2019, progress in total poverty was null (from 21.1 to 21 percent), while there was a slight reduction in extreme poverty (6.3 to 5.8 percent). The national Gini coefficient remains at its 2010 level (0.503 in 2010 and 0.508 in 2019), but it declined between 2018 and 2019 (0.511 in 2018). Importantly, in 2000, Costa Rica lost the ranking of being one of the most egalitarian countries in LAC after Uruguay.

The labor market continues to weaken. The unemployment rate continues increasing and reached its highest point of 12.4 (October-December 2019) with around 15.5 thousand additional people now looking for jobs compared to the previous year. Although around 17 thousand jobs were created in this period, these were not enough to compensate for the marked increase in labor force participation, and employment losses have occurred among the lower skilled.

The COVID-19 crisis is leading the economy into recession in 2020, pushing poverty and inequality upwards. Informal, self-employed and micro and small business will bear the brunt of the shock. Workers and businesses in sectors like hotels, restaurants, and transport (which employ 277 thousand people, 61 percent unskilled and 11 percent poor) will be directly affected, exacerbating inequality. Regions with higher dependence on tourism like Chorotega and Pacifico Central may suffer most. Unemployment is expected to increase significantly, and a loss of just 14 days of monthly labor income among the informal self-employed and small business could push 310 thousand people into poverty ($5.5/day PPP). Mitigating measures include delayed tax payments for firms and social insurance measures, yet coverage and targeting gaps in social assistance and limited fiscal space could thwart mitigation responses.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	1,049.9	21.0	2019
International Poverty Line 785.5 in Costa Rican colón (2018) or US$1.90 (2011 PPP) per day per capita	70.9	1.4	2018
Lower Middle Income Class Poverty Line 1323 in Costa Rican colón (2018) or US$3.20 (2011 PPP) per day per capita	180.5	3.6	2018
Upper Middle Income Class Poverty Line 2273.8 in Costa Rican colón (2018) or US$5.50 (2011 PPP) per day per capita	545.6	10.9	2018
Multidimentional Poverty Measure		1.8	2018
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		1.40	2013-2018
INEQUALITY			
Gini Index		48.0	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		0.80	2013-2018
GROWTH			
Annualized GDP per capita growth		2.40	2013-2018
Annualized Income Growth per capita from Household Survey		0.60	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.58	2013-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.
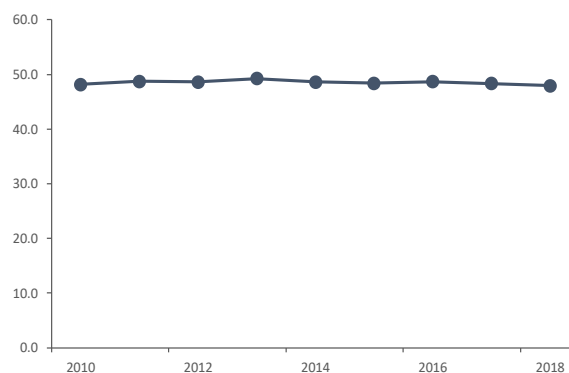
POVERTY HEADCOUNT RATE, 2010-2019
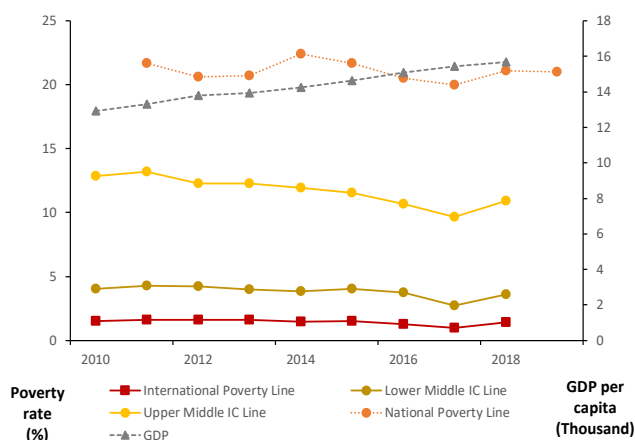
Source: World Bank using ENAHO/SEDLAC/GMD

INEQUALITY TRENDS, 2010-2018

Gini Index

Source: World Bank using ENAHO/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2018	Upper Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	91	9	34	66
Rural population	85	15	55	45
Males	90	10	39	61
Females	89	11	41	59
0 to 14 years old	79	21	60	40
15 to 64 years old	91	9	36	64
65 and older	96	4	27	73
Without education (16+)	84	16	58	42
Primary education (16+)	86	14	56	44
Secondary education (16+)	91	9	38	62
Tertiary/post-secondary education (16+)	99	1	9	91

Multidimensional Poverty Measures (% of people):	2018
Monetary poverty (Income)	
Daily income less than US$1.90 per person	1.4
Education	
At least one school-aged child is not enrolled in school	1.0
No adult has completed primary education	4.9
Access to basic infrastructure	
No access to limited-standard drinking water	0.1
No access to limited-standard sanitation	1.8
No access to electricity	0.4

Source: World Bank using ENAHO/SEDLAC/GMD

Source: World Bank using ENAHO/SEDLAC/GMD

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

POVERTY DATA AND METHODOLOGY

Official poverty estimates in Costa Rica are produced by the Instituto Nacional de Estadísticas y Censos (INEC) based on data from the Encuesta Nacional de Hogares (ENAHO), which are available to the public. Costa Rica estimates poverty based on the Cost of Basic Needs method by determining an absolute extreme and an overall poverty line per person per month. Poverty lines refer to the lack of per capita income required to access a basket of goods and services needed to achieve adequate living conditions. The most recent monetary poverty numbers (percentage of households) in Costa Rica correspond to 2019, and the extreme and overall official poverty rates at the national level were 5.8 and 21 percent, respectively. The latest harmonized poverty numbers for 2018 are available at the LAC Equity Lab. There are many differences between INEC's official poverty numbers and the harmonized international poverty measures. INEC's official methodology uses current income per adult equivalent, which includes labor income, public and private transfers, and capital rents. The value of official poverty lines is divided into urban and rural areas. Harmonized international poverty measures, on the other hand, use net income per household member, which includes the value for housing and self-consumption, and are spatially adjusted at the urban/rural level (not included in official estimates).

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.

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Dominican Republic

April 2020

Poverty at $5.50 per person per day (in PPP 2011) fell to 13.8 percent in 2018 from 15.9 percent in 2017. The decline in poverty in 2018 was faster in rural areas, from 18.7 to 14.7 percent, compared to a reduction from 15.2 to 13.6 percent in urban areas. Increasing labor income was the main driver behind poverty reduction in 2018, accounting for 80 percent of the total reduction in poverty. Employment increased across the income distribution, showing a slightly better performance in the highest deciles. Overall, employment grew 4.1 percent between 2017 and 2018. Population in the top 60 percent of the income distribution registered a 4.4 percent growth in employment, while a slower pace was registered on the bottom 40 percent of the distribution at 3.3 percent.

Poverty rates in 2017 and 2018 are calculated using a new permanent household survey and are not comparable to measurements for previous years that used a biannual household survey. Given that shared prosperity estimates are computed for the most recent 5-year period, these are produced for the period 2011-2016, that features the most recent comparable estimates. Incomes of households in the bottom 40 percent of the income distribution grew 0.9 percentage points faster than the average household income in the Dominican Republic during **2011–16.** However, since the average income of people in the bottom 40 percent of the income distribution is lower than the average income of the population overall, people in the bottom 40 percent gained only an extra $1 a day in 2016 compared to 2011, while the population as a whole gained on average an extra $2.40 in the same period.
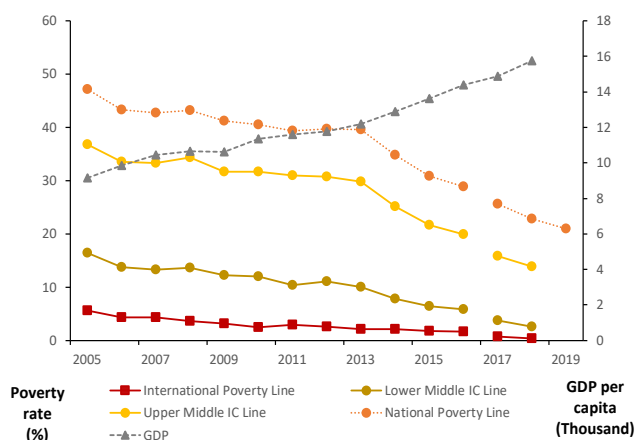
Between 2011 and 2016, GDP growth averaged 5.8 percent a year, the second highest in Latin America. This rapid economic growth, together with the higher growth of the income of the bottom 40 percent compared to the overall population, translated into poverty and inequality declines, with a 2-point decrease in the Gini index (from 47.7 to 45.7).

Near closure of a large part of the tourism industry and other economic activities to stop transmission of the virus will affect a very large share of the labor force, up to 25 percent according to preliminary estimates. This in turn will result in lower household income and higher poverty rates, potentially exceeding 30 percent of the population. The fall in remittances is expected to increase poverty since they account for up to a third of the income of the recipient households in the bottom 40 percent of the income distribution.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	2,175.1	21.0	2019
International Poverty Line 48.4 in Dominican peso (2018) or US$1.90 (2011 PPP) per day per capita	46.2	0.4	2018
Lower Middle Income Class Poverty Line 81.4 in Dominican peso (2018) or US$3.20 (2011 PPP) per day per capita	276.1	2.6	2018
Upper Middle Income Class Poverty Line 140 in Dominican peso (2018) or US$5.50 (2011 PPP) per day per capita	1,471.2	13.8	2018
Multidimentional Poverty Measure		6.0	2018
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		5.19	2011-2016
INEQUALITY			
Gini Index		43.7	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		0.94	2011-2016
GROWTH			
Annualized GDP per capita growth		4.42	2011-2016
Annualized Income Growth per capita from Household Survey		4.25	2011-2016
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		5.56	2011-2016

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.
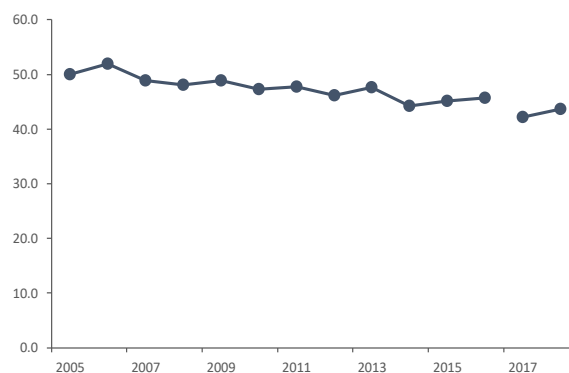
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Poverty Economist: Juan Carlos Parra Osorio

POVERTY HEADCOUNT RATE, 2005-2019

Poverty rate (%)

- ■ International Poverty Line
- ● Lower Middle IC Line
- ● Upper Middle IC Line
- ● National Poverty Line
- ▲ GDP

GDP per capita (Thousand)

Source: World Bank using ECNFT-Q03/SEDLAC/GMD

INEQUALITY TRENDS, 2005-2018

Gini Index

Source: World Bank using ECNFT-Q03/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2018	Upper Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	86	14	39	61
Rural population	85	15	43	57
Males	87	13	38	62
Females	85	15	42	58
0 to 14 years old	75	25	57	43
15 to 64 years old	89	11	35	65
65 and older	93	7	28	72
Without education (16+)	85	15	48	52
Primary education (16+)	88	12	38	62
Secondary education (16+)	89	11	37	63
Tertiary/post-secondary education (16+)	96	4	17	83

Multidimensional Poverty Measures (% of people):	2018
Monetary poverty (Income)	
Daily income less than US$1.90 per person	0.4
Education	
At least one school-aged child is not enrolled in school	26.7
No adult has completed primary education	14.4
Access to basic infrastructure	
No access to limited-standard drinking water	1.1
No access to limited-standard sanitation	6.7
No access to electricity	1.1

Source: World Bank using ECNFT-Q03/SEDLAC/GMD

Source: World Bank using ECNFT-Q03/SEDLAC/GMD

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

POVERTY DATA AND METHODOLOGY

Official poverty estimates in the Dominican Republic are produced jointly by the Ministerio de Economía, Planificación y Desarrollo (MEPyD) and the Oficina Nacional de Estadística (ONE) based on data from the Encuesta Nacional de Fuerza de Trabajo (ENFT), collected biannually (April and October) by the Banco Central de la República Dominicana and available upon written request. This survey was replaced in 2017 by the 'Continua (ENCFT)' with year-round data collection. The poverty estimates using the two different surveys are not comparable.

The poverty measurement methodology was discussed and approved by the Poverty Committee in 2012 with participation of high levels of government and the international community. Monetary poverty in the Dominican Republic is based on a per-capita income-based measure using two different poverty lines (moderate and extreme poverty) in local currency units for urban and rural areas. The series for poverty headcount rates and inequality measures from 2000-2004 are not comparable to the period 2005-2015, due to methodological differences.

The international poverty lines (USD 1.9, 3.2, and 5.5 a day, expressed in 2011 PPP) allow comparability across countries but differ from the official poverty lines. Despite differences in poverty levels resulting from the use of official or international poverty lines, the trends in poverty rates are very similar.

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.

Low economic growth translated into weaker labor market and social outcomes. Poverty reached 25 percent of the population in 2019 accordingly to official figures, affecting more than 4 million Ecuadorians. There has been a steady deterioration of labor market conditions: a significant decrease in formal jobs was partially compensated by an increase in jobs that offer workers fewer hours and lower salaries, or a combination of both. These factors resulted in a higher underemployment (18 percent) and informality rate in 2019, the highest levels since 2007 (46.7 percent). Labor market deterioration has also been reflected in the decline of the average real labor income by 2 percent for a second year in a row.

More educated, urban, non-indigenous and male headed households are less likely to be poor in Ecuador. Although poverty rates rise with an increase in household size, this happens at a decreasing rate. The probability of being poor is lower as more household members enter the labor market. Moreover, poverty is highest among individuals employed in agriculture. In contrast, non-farm, and non-agricultural households tend to be better off, regardless of their sector of employment.
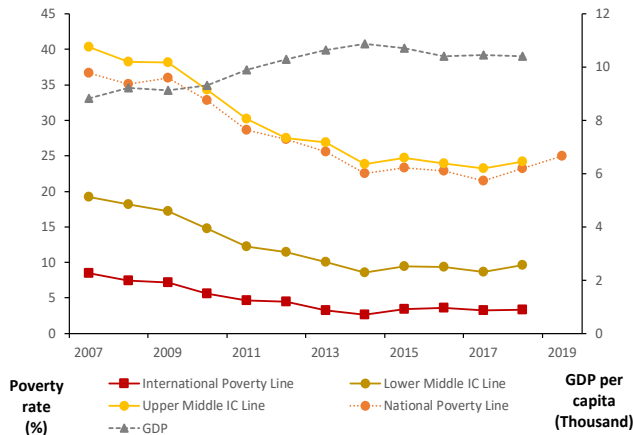
The gains of poverty reduction were shared at the lower end of the income distribution before the plunge in oil prices. Between 2007 and 2013, the income for the bottom 40 grew between 7 and 9 percent annually, compared to an overall mean growth rate of 4 percent. Nonetheless, since 2013 the income growth for both the bottom and the top percentiles of the income distribution stagnated. As a result, inequality, as measured by the Gini coefficient, shows ups and downs, but in 2019 (0.473) is roughly the same as that of 2012 (0.477).

Finally, preliminary results of the impact of the triplet crises -COVID19, a plunge in oil prices and tight constraints access to international financing- show that Ecuador is losing the gains of the past. More than a million people are expected to fall into poverty in 2020 and inequality would also increase by more than 2 points of Gini.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	4,271.1	25.0	2019
International Poverty Line 1.2 in U.S. dollar (2018) or US$1.90 (2011 PPP) per day per capita	565.7	3.3	2018
Lower Middle Income Class Poverty Line 2.1 in U.S. dollar (2018) or US$3.20 (2011 PPP) per day per capita	1,650.1	9.7	2018
Upper Middle Income Class Poverty Line 3.6 in U.S. dollar (2018) or US$5.50 (2011 PPP) per day per capita	4,135.0	24.2	2018
Multidimentional Poverty Measure		4.7	2018
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		1.25	2013-2018
INEQUALITY			
Gini Index		45.4	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		0.79	2013-2018
GROWTH			
Annualized GDP per capita growth		-0.42	2013-2018
Annualized Income Growth per capita from Household Survey		0.47	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.33	2013-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.
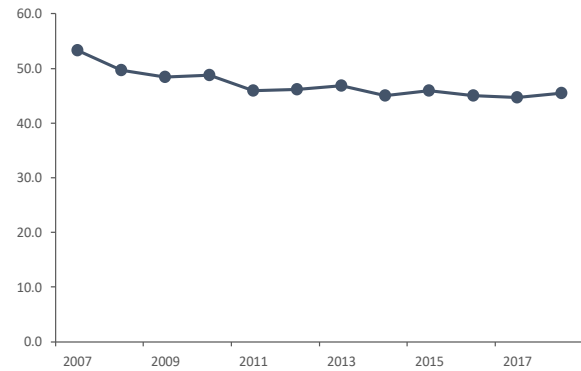
POVERTY HEADCOUNT RATE, 2007-2019

Poverty rate (%)	
■ International Poverty Line	● Lower Middle IC Line
● Upper Middle IC Line	···● National Poverty Line
--▲-- GDP	

GDP per capita (Thousand)

Source: World Bank using ENEMDU/SEDLAC/GMD

INEQUALITY TRENDS, 2007-2018

Gini Index

Source: World Bank using ENEMDU/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2018	Upper Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	82	18	32	68
Rural population	62	38	56	44
Males	76	24	40	60
Females	75	25	40	60
0 to 14 years old	65	35	54	46
15 to 64 years old	79	21	36	64
65 and older	88	12	24	76
Without education (16+)	69	31	49	51
Primary education (16+)	71	29	48	52
Secondary education (16+)	78	22	37	63
Tertiary/post-secondary education (16+)	95	5	11	89

Multidimensional Poverty Measures (% of people):	2018
Monetary poverty (Income)	
Daily income less than US$1.90 per person	3.3
Education	
At least one school-aged child is not enrolled in school	2.3
No adult has completed primary education	3.9
Access to basic infrastructure	
No access to limited-standard drinking water	4.4
No access to limited-standard sanitation	3.1
No access to electricity	1.3

Source: World Bank using ENEMDU/SEDLAC/GMD

Source: World Bank using ENEMDU/SEDLAC/GMD

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

POVERTY DATA AND METHODOLOGY

Ecuador's official poverty numbers are based on income, published twice per year (June and December), and because of consistency on both Encuesta Nacional de Empleo, Desempleo y Subempleo (ENEMDU) questionnaires and poverty methodology, are reported since 2007. The World Bank (WB) also uses income to estimate international poverty but there are some differences with the official aggregate: (1) WB does not include contributions to social security and taxes for salaried workers; (2) WB includes other public transfers while the official aggregate includes only the Bono de Desarrollo Humano; (3) WB includes imputed rent using hedonic model using the QR approach; (4) WB is adjusted by differences in urban/rural prices, while the official aggregate does not correct by spatial differences; and (5) WB does not include domestic workers as members of the household. Regarding the poverty line, the official methodology draws these thresholds from the consumption aggregate adjusted by spatial differences. The fifth round of the Quality of Life Survey (ECV) conducted in 2006 was used to draw both the official extreme poverty line, which reflects a minimum threshold of 2,144 Kcal per person per day, and the official moderate poverty line which uses an Engel coefficient of 56 percent. The poverty lines are updated across time using the total CPI. Both official extreme and moderate poverty lines are equivalent to $2.50 and $4.40 per day 2011 PPP. Official poverty numbers based on consumption are also available from 1998, but these are reported every eight years.

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.

Poverty, defined as living with an income below $5.50 per person per day in 2011 PPP, fell from 43 to 26 percent between 2008 and 2018 in El Salvador. Poverty reduction has been mainly driven by steeper poverty reduction in rural areas due to an increase in both rural labor and rural non-labor income. Rural labor income increased mainly in the industrial sector (agribusiness) and basic service sectors (electricity, gas, and water). Incomes in those sectors were low compared to urban incomes. Although urban labor income increased, non-labor income in urban areas remains largely unchanged. With significant income disruptions especially for informal and self-employed workers, representing 56 percent of the labor force, the COVID-19 pandemic is expected to increase poverty in 2020. As policies are implemented to mitigate its impact, it is crucial to consider that targeting of such policies to the most affected groups will remain a challenge as El Salvador does not have an information system that allow policy makers to identify the poor.
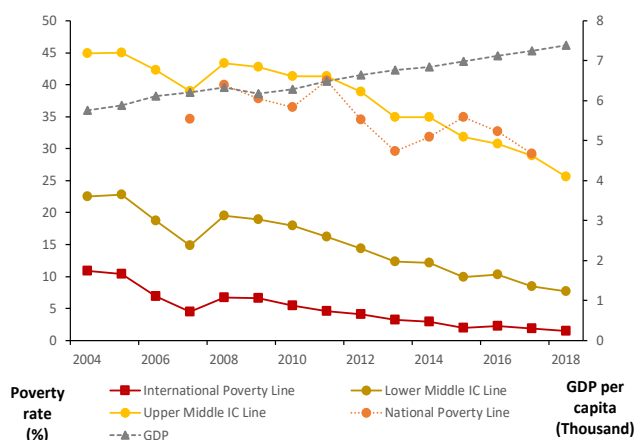
Income growth among poorer households, those at the bottom 40 percent of the income distribution, was 4 percent per year between 2013 and 2018. This change is around 2.1 percentage points higher than the per capita household income growth of the overall population. Growth was largely driven by services, mostly commerce (wholesale and retail) and real estate. Between 2013 and 2018, GDP per capita growth averaged 1.8 percent a year, while the annual median income (estimated from household surveys) averaged 3.6 percent per year.

Economic growth in El Salvador has been low but inclusive, translating into a decline in inequality. Reduction in inequality was mainly driven by those at the bottom 20 percent of the income distribution, their income growth almost tripled the income growth for the overall population. As such, El Salvador remained as the country with the lowest inequality in the region in 2018.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line (Households)	N/A	29.2	2017
International Poverty Line 1.1 in U.S. dollar (2018) or US$1.90 (2011 PPP) per day per capita	93.9	1.5	2018
Lower Middle Income Class Poverty Line 1.8 in U.S. dollar (2018) or US$3.20 (2011 PPP) per day per capita	494.4	7.7	2018
Upper Middle Income Class Poverty Line 3.1 in U.S. dollar (2018) or US$5.50 (2011 PPP) per day per capita	1,647.0	25.7	2018
Multidimentional Poverty Measure		7.3	2018
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		3.95	2013-2018
INEQUALITY			
Gini Index		38.6	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		2.13	2013-2018
GROWTH			
Annualized GDP per capita growth		1.79	2013-2018
Annualized Income Growth per capita from Household Survey		1.82	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		3.57	2013-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.
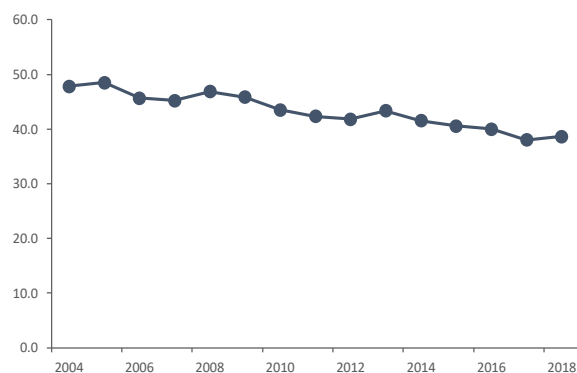
POVERTY HEADCOUNT RATE, 2004-2018

Poverty rate (%)	

Legend:
- International Poverty Line
- Upper Middle IC Line
- GDP
- Lower Middle IC Line
- National Poverty Line

GDP per capita (Thousand)

Source: World Bank using EHPM/SEDLAC/GMD

INEQUALITY TRENDS, 2004-2018

Gini Index

Source: World Bank using EHPM/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2018	Upper Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	82	18	31	69
Rural population	61	39	55	45
Males	74	26	40	60
Females	74	26	40	60
0 to 14 years old	63	37	53	47
15 to 64 years old	78	22	36	64
65 and older	81	19	32	68
Without education (16+)	65	35	53	47
Primary education (16+)	71	29	45	55
Secondary education (16+)	83	17	30	70
Tertiary/post-secondary education (16+)	96	4	9	91

Multidimensional Poverty Measures (% of people):	2018
Monetary poverty (Income)	
Daily income less than US$1.90 per person	1.5
Education	
At least one school-aged child is not enrolled in school	4.0
No adult has completed primary education	24.7
Access to basic infrastructure	
No access to limited-standard drinking water	3.8
No access to limited-standard sanitation	9.3
No access to electricity	3.0

Source: World Bank using EHPM/SEDLAC/GMD

Source: World Bank using EHPM/SEDLAC/GMD

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

POVERTY DATA AND METHODOLOGY

Official poverty estimates in El Salvador are produced by the General Directorate of Statistics and Census (DIGESTYC) based on data from the Household Survey of Multiple Purposes (EHPM). El Salvador uses an income-based monetary measure to estimate poverty. This household measure includes household labor and non-labor income. The national poverty lines reflect the cost of a minimum level of calories (extreme poverty line) and the cost of obtaining both food and other basic needs (overall poverty line).

The country estimates poverty based on the Cost of Basic Needs method by determining an absolute extreme poverty line (equivalent to the cost of the basic basket) and an overall poverty line (equivalent to double the cost of the basic basket). This poverty line refers to the lack of household income required to access a basket of goods and services needed to achieve adequate living conditions. The most recent monetary poverty numbers in El Salvador correspond to 2018, and the poverty rate using the official poverty line was 26 percent. The latest harmonized poverty numbers for 2017 are available at the LAC Equity Lab (https://www.worldbank.org/en/topic/poverty/lac-equity-lab1/poverty).

HARMONIZATION

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According to the most recent data for Guatemala (2014), about 49 percent of the population are poor, or live below the upper-middle income poverty line (defined as US$5.5 per day in 2011 PPP). The share of the population considered poor in 2014 increased from 43 percent in 2006 (date of the previous household survey), after having fallen in previous years.

While economic growth since 2000 has been close to the LAC average, per capita growth has been below the LAC average due to high population growth rates. Such limited economic growth between 2006 and 2014 (GDP per capita only grew 1.3 percent per year), and scarce public spending in social safety net programs, limited the progress in poverty reduction in Guatemala. Economic growth in Guatemala averaged 3.5 percent over the past five years, which might contribute to a slight reduction in poverty. A large increase in sugar exports in 2019 (22 percent in volume and 10 percent in value) may benefit small farmers and decrease poverty in rural areas.
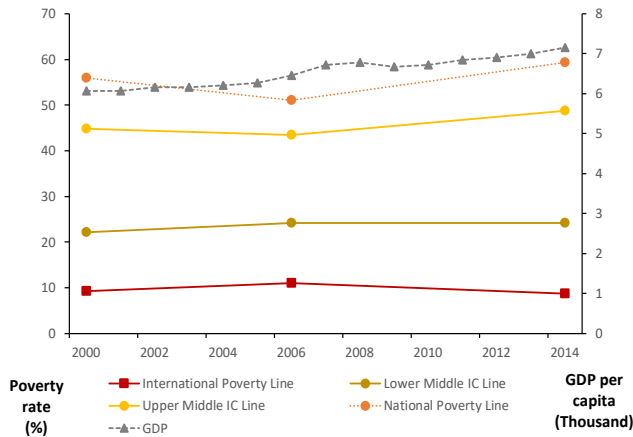
Per capita income growth for the overall population was negative between 2006 and 2014. However, income growth for the population at the bottom 40 percent of the income distribution was close to zero. The size of the middle class decreased from 21 percent of the population in 2006 to 15 percent in 2014. Inequality in Guatemala (48.3 as measured by the Gini index) is comparable to the inequality observed in other countries in Central America and higher than the average in the LAC region (Gini index of 46.9).

Declines in remittances due to the coronavirus are expected to increase poverty and food insecurity, and to lower investments in human capital, especially among poorer households. As social distancing measures in Guatemala escalate and persist over time, the incomes of the self-employed (around 40% of the labor force), temporary workers and workers in affected sectors (e.g. tourism and agriculture) will slump, resulting in lower activity and poverty increases. With more than 80 percent of its labor force not covered by the social security system, 85 percent of the population either poor or vulnerable to fall into poverty, and a social assistance program with low coverage, small transfers and inconsistent payments, well-designed mitigation and recovery measures to protect and increase the resilience of households will be needed to alleviate the negative impacts of the crisis on very large shares of the population.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	9.4	59.3	2014
International Poverty Line 8.3 in Guatemalan quetzal (2014) or US$1.90 (2011 PPP) per day per capita	1.4	8.7	2014
Lower Middle Income Class Poverty Line 13.9 in Guatemalan quetzal (2014) or US$3.20 (2011 PPP) per day per capita	3.9	24.2	2014
Upper Middle Income Class Poverty Line 24 in Guatemalan quetzal (2014) or US$5.50 (2011 PPP) per day per capita	7.8	48.8	2014
Multidimentional Poverty Measure		21.5	2014
SHARED PROSPERITY			
Annualized Income or Consumption Growth per capita of the bottom 40 percent		N/A	N/A
INEQUALITY			
Gini Index		48.3	2014
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		N/A	N/A
GROWTH			
Annualized GDP per capita growth		1.39	2009-2014
Annualized Income or Consumption Growth per capita from Household Survey		N/A	N/A
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		N/A	N/A

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.
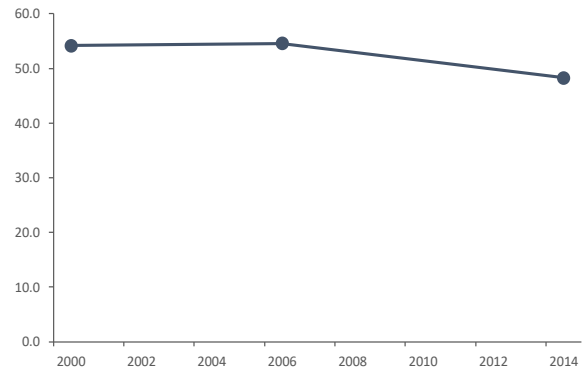
POVERTY HEADCOUNT RATE, 2000-2014

Poverty rate (%)	
■ International Poverty Line	● Lower Middle IC Line
● Upper Middle IC Line	••• National Poverty Line
▲ GDP	

GDP per capita (Thousand)

Source: World Bank using ENCOVI/SEDLAC/GMD

INEQUALITY TRENDS, 2000-2014

Gini Index

Source: World Bank using ENCOVI/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2014	Upper Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	66	34	26	74
Rural population	37	63	54	46
Males	51	49	40	60
Females	51	49	40	60
0 to 14 years old	41	59	50	50
15 to 64 years old	57	43	35	65
65 and older	60	40	33	67
Without education (16+)	38	62	53	47
Primary education (16+)	45	55	44	56
Secondary education (16+)	69	31	24	76
Tertiary/post-secondary education (16+)	96	4	3	97

Multidimensional Poverty Measures (% of people):	2014
Monetary poverty (Income)	
Daily income less than US$1.90 per person	8.7
Education	
At least one school-aged child is not enrolled in school	18.3
No adult has completed primary education	24.8
Access to basic infrastructure	
No access to limited-standard drinking water	8.4
No access to limited-standard sanitation	46.7
No access to electricity	16.5

Source: World Bank using ENCOVI/SEDLAC/GMD

Source: World Bank using ENCOVI/SEDLAC/GMD

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

POVERTY DATA AND METHODOLOGY

The data used to measure poverty in Guatemala come from the National Living Standards Measurement Study surveys (Encuesta Nacional de Condiciones de Vida - ENCOVI) for 2000, 2006, and 2014. There are also data for a 2011 round of the survey, but there are some methodological concerns about these data in terms of comparability, and they are not used here. The 2014 dataset is the most recently available that can be used to measure poverty. Guatemala uses a consumption-based monetary measure of poverty (in contrast, the international comparison is based on income). This per capita measure includes the consumption of: (1) purchased and non-purchased food (own production, gifts, and donations); (2) transport and communications; (3) consumer goods; (4) household services and legal costs; (5) utilities, education, and health; and (6) the annual use value of housing and durable goods. The national poverty lines reflect the cost of a minimum level of calories (extreme poverty line) and the cost of obtaining both food and other basic necessities (overall poverty line). Guatemala's national poverty line, calculated based on observed patterns of consumption, is close to the upper-middle income poverty line (US$5.5). Thus, the official poverty rates are substantially higher than those reported under either the international poverty line (US$1.9) or the lower-middle income poverty line (US$3.2).

HARMONIZATION

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The latest official poverty rates for Haiti are from 2012, when the estimated poverty rate was 58.5 percent. Extreme weather events such as hurricane Matthew in 2016 and the ongoing political crisis that started at the end of 2018 have inevitably affected welfare in the country.

In the absence of recent nationally representative official data, a 2017 survey using the Survey of Well-being via Instant and Frequent Tracking methodology was developed. The survey suggests that, while the GDP per capita increased from USD 1,590 (2011 PPP) to USD 1,653 (2011 PPP) in the 2012-2017 period, changes in poverty were marginal. The predicted poverty rate for 2017 was 57 percent. This prediction, however, is based on changes in the characteristics of the population such as labor outcomes. Other changes that reflect a further deterioration of livelihoods, including higher food insecurity, are not captured. The macroeconomic picture is also a cause for concern. GDP per capita growth has hovered around or below 0 percent between 2017-2019. Inflation figures have not been published since August 2019, but it is estimated that inflation closed around 20 percent by end of the year. The violent protests, temporary closures of schools at the start of the school year and several instances of 'peyi lok' (where general activity ceases due to insecurity) are phenomena that most likely have negatively impacted the economy. There is no official data on unemployment. Modeled estimates for 2019 suggest overall unemployment is at 13 percent, while the rate for youth was 30 percent. Finally, there is no recent data to analyze the evolution of inequality. However, it's expected to remain high. In 2012, the richest 20 percent of households held more than 64 percent of the total income of the country. In contrast, the poorest 20 percent of households hold 1 percent.

The poor population's vulnerability due to the continuous reliance on agriculture and the lack of a social assistance network, may be further increased by the effects of the COVID-19 pandemic. With a majority of workers being in the informal sector or uninsured, health shocks and slower economic activity can lead to large income losses that are not likely to be mitigated by the current safety net.

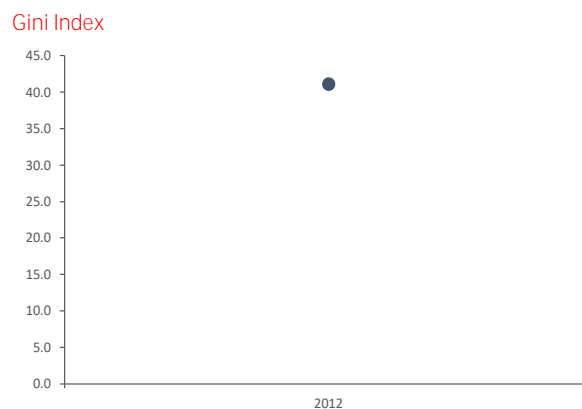| POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	6.0	58.5	2012
International Poverty Line 42.2 in Haitian gourde (2012) or US$1.90 (2011 PPP) per day per capita	2.5	24.2	2012
Lower Middle Income Class Poverty Line 71 in Haitian gourde (2012) or US$3.20 (2011 PPP) per day per capita	5.1	49.9	2012
Upper Middle Income Class Poverty Line 122.1 in Haitian gourde (2012) or US$5.50 (2011 PPP) per day per capita	8.0	78.4	2012
Multidimentional Poverty Measure		44.3	2012
SHARED PROSPERITY			
Annualized Income or Consumption Growth per capita of the bottom 40 percent		N/A	N/A
INEQUALITY			
Gini Index		41.1	2012
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		N/A	N/A
GROWTH			
Annualized GDP per capita growth		0.26	2007-2012
Annualized Income or Consumption Growth per capita from Household Survey		N/A	N/A
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		N/A	N/A

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.

POVERTY HEADCOUNT RATE, 2012

Poverty rate (%)	
■ International Poverty Line	● Lower Middle IC Line
● Upper Middle IC Line	National Poverty Line
▲ GDP	

GDP per capita (Thousand)

Source: World Bank using ECVMAS/SEDLAC/GMD

INEQUALITY TRENDS, 2012

Gini Index

Source: World Bank using ECVMAS/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2012	International Poverty Line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	91	9	20	80
Rural population	62	38	58	42
Males	75	25	41	59
Females	77	23	39	61
0 to 14 years old	70	30	48	52
15 to 64 years old	79	21	35	65
65 and older	77	23	39	61
Without education (16+)	65	35	53	47
Primary education (16+)	75	25	41	59
Secondary education (16+)	87	13	26	74
Tertiary/post-secondary education (16+)	98	N/A*	N/A*	94

Multidimensional Poverty Measures (% of people):	2012
Monetary poverty (Consumption)	
Daily consumption less than US$1.90 per person	24.2
Education	
At least one school-aged child is not enrolled in school	9.0
No adult has completed primary education	23.2
Access to basic infrastructure	
No access to limited-standard drinking water	33.5
No access to limited-standard sanitation	68.8
No access to electricity	64.3

Source: World Bank using ECVMAS/SEDLAC/GMD

Source: World Bank using ECVMAS/SEDLAC/GMD

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

POVERTY DATA AND METHODOLOGY

Poverty in Haiti is estimated with per capita expenditure as the welfare aggregate. Per capita expenditure is estimated using the "cost-of-basic needs" methodology including both food and non-food expenditures. The poverty line reflects a minimum threshold of 2,400 cal per person per day, including 26 food products. The official poverty line is 12 percent higher than the $3.20 international poverty line while the national extreme poverty line is 3 percent lower than the $1.90 PPP international poverty lines. Official poverty numbers are reported for 2012. Recent poverty data required to estimate trends in poverty and inequality and to measure shared prosperity are not available.

HARMONIZATION

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Honduras is one of the poorest countries in the Latin America and Caribbean (LAC) region and has faced relatively slow poverty reduction in recent years. According to revised official poverty estimates, based on an updated methodology, an estimated 48.3 percent of Hondurans (around 4.3 million people) lived below the national poverty line in 2018. Meanwhile an estimated 22.9 percent of Hondurans (around 2 million people) lived below the national extreme poverty line. International headcount estimates for 2018 show that 16.5 percent of the Honduran population lived on less than US$1.90 per day (the international poverty line), the second highest rate in LAC; and around half (50.3 percent) lived on less than US$5.50 per day (the upper middle-income global poverty line). In addition, a third of the population lives near the poverty line and is vulnerable to falling back into poverty, while Honduras' middle class (17 percent) is among the smallest in the region (average of 41 percent).
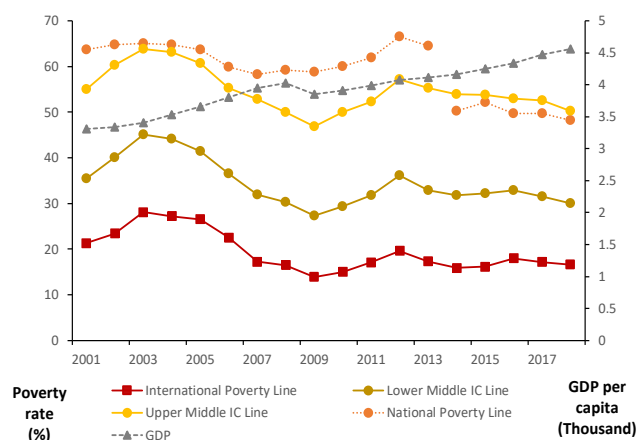
Rural poverty rates increased in the five years up to 2018 amid a deceleration of the labor-intensive agriculture sector and rising consumer prices. In 2018, 60.1 percent of the rural population lived below the official rural poverty line (around 2.5 million poor). In contrast, higher urban household incomes and increased employment in construction and manufacturing led to declines in urban poverty. In 2018, 38.4 percent of the urban population lived below the official urban poverty line. Remittances to Honduras, which are among the highest in the world, helped to buffer both rural and urban incomes. Shared Prosperity estimates for 2013-2018 showed a lower annualized per capita income growth for the bottom 40 percent than for the population as a whole, reflected in the inequality increase (Gini coefficient) in 2018.

The current COVID-19 pandemic is expected to result in a recession in Honduras, with increases in poverty and inequality as remittances decline and the most vulnerable (poor and near-poor) lose employment and income. The country faces weak institutions, inadequate infrastructure, vulnerability to shocks, and now worsening access to credit and basic services, all of which hamper human capital accumulation and economic activity, and lower overall welfare.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line (Households)	N/A	48.3	2018
International Poverty Line 25.7 in Honduran lempira (2018) or US$1.90 (2011 PPP) per day per capita	1.6	16.5	2018
Lower Middle Income Class Poverty Line 43.2 in Honduran lempira (2018) or US$3.20 (2011 PPP) per day per capita	2.9	30.0	2018
Upper Middle Income Class Poverty Line 74.3 in Honduran lempira (2018) or US$5.50 (2011 PPP) per day per capita	4.8	50.3	2018
Multidimentional Poverty Measure		20.6	2018
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		1.30	2013-2018
INEQUALITY			
Gini Index		52.1	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.42	2013-2018
GROWTH			
Annualized GDP per capita growth		2.09	2013-2018
Annualized Income Growth per capita from Household Survey		1.72	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		2.25	2013-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.
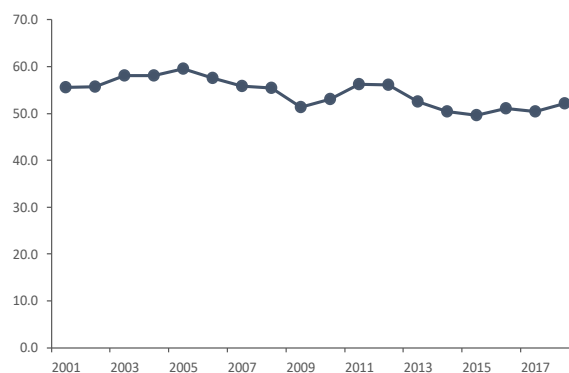
POVERTY HEADCOUNT RATE, 2001-2018

Poverty rate (%)		GDP per capita (Thousand)

- ■ International Poverty Line
- ● Lower Middle IC Line
- ● Upper Middle IC Line
- ○ National Poverty Line
- ▲ GDP

Source: World Bank using EPHPM/SEDLAC/GMD

INEQUALITY TRENDS, 2001-2018

Gini Index

Source: World Bank using EPHPM/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2018	Upper Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	68	32	21	79
Rural population	27	73	63	37
Males	49	51	40	60
Females	50	50	40	60
0 to 14 years old	39	61	50	50
15 to 64 years old	54	46	36	64
65 and older	58	42	34	66
Without education (16+)	32	68	58	42
Primary education (16+)	38	62	51	49
Secondary education (16+)	60	40	30	70
Tertiary/post-secondary education (16+)	88	12	7	93

Multidimensional Poverty Measures (% of people):	2018
Monetary poverty (Income)	
Daily income less than US$1.90 per person	16.5
Education	
At least one school-aged child is not enrolled in school	12.4
No adult has completed primary education	12.5
Access to basic infrastructure	
No access to limited-standard drinking water	8.4
No access to limited-standard sanitation	7.7
No access to electricity	8.4

Source: World Bank using EPHPM/SEDLAC/GMD

Source: World Bank using EPHPM/SEDLAC/GMD

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

POVERTY DATA AND METHODOLOGY

National poverty estimates in Honduras are produced by the Instituto Nacional de Estadística (INE) based on data from the Encuesta Permanente de Hogares de Propósitos Múltiples (EPHPM). Honduras uses a monetary poverty line to measure extreme and total poverty using per capita income as the welfare measure. A Technical Poverty Commission, which included INE, Coordination (SCGG), the Central Bank, and Labor Secretariat, as well as the WB and IDB, among others, was established in October 2018 to update the official poverty measurement methodology. Revised poverty estimates are available for 2014-2018, and are based on updated poverty lines, available for rural and urban areas (including separate poverty indicators for the two largest cities), estimated using baskets of goods and services based on the 1998 National Income and Expenditure Household Survey. For the time being, poverty estimates before 2014 continue to use the 1978 expenditure survey. The new official poverty series is reported as the share of individuals living in poverty (as with the international estimates), while the official series before 2014 continues to be based on the share of households living in poverty. Only the revised surveys are publicly available, however the data before 2014 has been shared by INE with the World Bank. While the national poverty headcount is used in Honduras for program and policy targeting, international poverty estimates allow for comparisons between countries. In particular, for country comparisons, the international poverty line of $5.50 per person per day is preferred, which is also closer to the value of Honduras' official poverty basket. Unlike in many Latin American countries, the International Poverty Line (IPL) of $1.90 in 2011 PPP remains an important indicator in Honduras as a sizeable share of the population continues to live in extreme poverty.

HARMONIZATION

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Progress towards poverty reduction and shared prosperity has been moderate, reflecting low economic growth and significant income and growth disparities. The official multidimensional poverty rate which combines income poverty with six indicators of social deprivation shows only a slight decline between 2008 and 2018; 41.9 percent of the population was classified as multidimensionally poor in 2018 compared to 44.4 percent in 2008. A new poverty series beginning in 2016 shows a decline in moderate poverty (at US$5.50/day per capita in 2011 PPP) from 25.7 percent in 2016 to 23 percent in 2018, with 29 million people continuing to be poor.
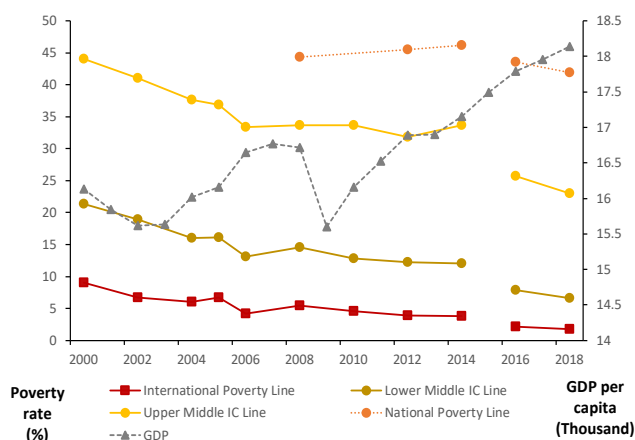
In addition, although it has narrowed slightly since 2008, income inequality remains high. Between 2016 and 2018 growth has been pro-poor, leading to a slight decline in inequality. However, with a Gini of 45.4 in 2018, inequality in Mexico is still among the highest in OECD countries. There are large differences between the industrialized north and the less well-developed south, with limited convergence between them. In 2018, 69 percent of the extremely poor lived in only six of Mexico's thirty-two states. Rural areas suffer a vicious cycle of low productivity, low investments in physical and human capital, and high poverty rates, particularly in the south of the country. At the same time, most of Mexico's poor live in urban areas with challenges in the provision of services.

A significant contraction of the economy is expected for 2020 as a result of the COVID-19 global pandemic. The slowdown in economic activity is expected to lead to an increase in monetary poverty in 2020. Employment is expected to decline in the formal sector, forcing many into inactivity or informality. At the same time, labor incomes in the informal sector are also likely to decline due to social distancing. Limited public health capacity could translate into increases in out-of-pocket health expenditures for COVID-19 affected households. The government has so far announced a limited response, including an advance payment, an increase in old-age social pensions and an increase in microcredit loans.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	52.4	41.9	2018
International Poverty Line 22.5 in Mexican peso (2018) or US$1.90 (2011 PPP) per day per capita	2.2	1.7	2018
Lower Middle Income Class Poverty Line 37.9 in Mexican peso (2018) or US$3.20 (2011 PPP) per day per capita	8.3	6.6	2018
Upper Middle Income Class Poverty Line 65.1 in Mexican peso (2018) or US$5.50 (2011 PPP) per day per capita	29.0	23.0	2018
Multidimentional Poverty Measure		3.3	2018
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		0.51	2010-2014
INEQUALITY			
Gini Index		45.4	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.24	2010-2014
GROWTH			
Annualized GDP per capita growth		1.50	2010-2014
Annualized Income Growth per capita from Household Survey		0.74	2010-2014
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		-0.36	2010-2014

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.
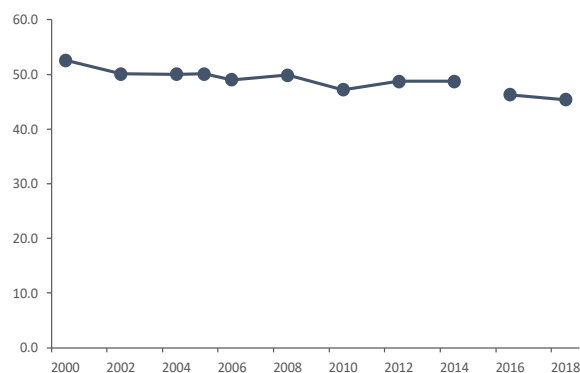
POVERTY HEADCOUNT RATE, 2000-2018

Poverty rate (%)	
■ International Poverty Line	● Lower Middle IC Line
● Upper Middle IC Line	● National Poverty Line
▲ GDP	

GDP per capita (Thousand)

Source: World Bank using ENIGHNS/SEDLAC/GMD

INEQUALITY TRENDS, 2000-2018

Gini Index

Source: World Bank using ENIGHNS/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2018	Upper Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	83	17	34	66
Rural population	59	41	60	40
Males	77	23	39	61
Females	77	23	41	59
0 to 14 years old	66	34	55	45
15 to 64 years old	81	19	35	65
65 and older	81	19	35	65
Without education (16+)	59	41	60	40
Primary education (16+)	69	31	50	50
Secondary education (16+)	80	20	38	62
Tertiary/post-secondary education (16+)	96	4	11	89

Multidimensional Poverty Measures (% of people):	2018
Monetary poverty (Income)	
Daily income less than US$1.90 per person	1.7
Education	
At least one school-aged child is not enrolled in school	2.5
No adult has completed primary education	4.3
Access to basic infrastructure	
No access to limited-standard drinking water	4.2
No access to limited-standard sanitation	6.2
No access to electricity	0.5

Source: World Bank using ENIGHNS/SEDLAC/GMD

Source: World Bank using ENIGHNS/SEDLAC/GMD

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

POVERTY DATA AND METHODOLOGY

Official poverty estimates in Mexico are released to the public every two years. In 2008, Mexico adopted an official multidimensional poverty measure that combines income-based monetary poverty with non-monetary dimensions of wellbeing, called social deprivations. Defined in the Constitution, these are education, health, food, social security, quality and space of the dwelling, and basic services in the dwelling. According to Mexico's methodology, an individual is considered poor if living below the wellbeing line and with at least one social deprivation. An individual is considered extremely poor if living below the minimum wellbeing line and with three or more social deprivations. The monetary component of poverty uses current income per adult equivalent, which includes labor income, public and private transfers, and capital rents. It excludes dwelling imputed rent, self-consumption, and temporal transfers. The wellbeing line is different in urban and rural areas. Values of income and expenditures produced in 2016 and 2018 from a new version of the household survey are not directly comparable with the historical series, and therefore WB monetary poverty rates using international lines derived from these data should not be compared with pre-2016 numbers. When available, the WB uses consumption-based welfare measures for global and regional poverty monitoring while Mexico's official poverty measure uses a measure based on income. For more details, visit the INEGI/CONEVAL web page.

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.

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The ongoing political crisis in Nicaragua has most likely halted the sustained reduction in poverty observed since 2005. Poverty, defined as living with an income below the $3.2 per person per day in 2011 PPP, fell from 27 to 9.5 percent between 2005 and 2017 but was expected to rise to 10.8 percent in 2018 and continue rising in 2019. The real GDP is projected to contract by 5.4 percent in 2019, with tourism and restaurants, and commerce and construction being the most affected sectors. The unemployment rate is expected to have increased in 2019, with the number of active contributors to the INSS decreasing by more than 150,000 individuals with respect to 2018. Remittances expectedly maintain their positive contribution to poverty reduction during this period of crisis. In contrast, due to the political crisis, the prospects of public spending, foreign investment, domestic credit and exports to mitigate this worsening of poverty remain rather slim.

The contraction of the economy is also expected to reduce the growth of incomes of the poor, or households (or people) at the bottom 40 percent of the income distribution. In the recent past, the growth of incomes of the bottom 40 fell short of the growth of the incomes of the entire population. It is unknown whether the contraction of incomes of the bottom 40 exceeded that of the entire population since recent data are not available. This is expected to be the case after expectations of further contractions in labor-intensive economic sectors and social spending materialized in 2019.
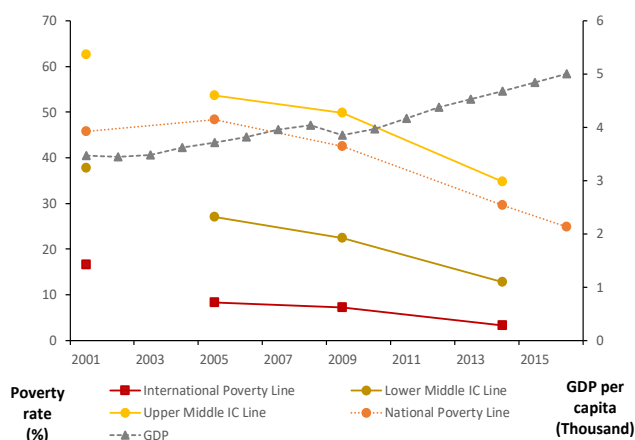
Using internationally comparable household per capita income, inequality, as measured by the Gini index, decreased from 49 to 44 between 2005 and 2009 while it increased slightly to 46 in 2014. Despite this slight increment, Nicaragua's economy was relatively egalitarian in the Latin America region in 2014, with the eighth lowest level of inequality among 20 countries where data are available. Official data suggest that inequality decreased between 2014 and 2016.

Progress achieved in poverty reduction since 2005 first halted due to the political crisis, and the Coronavirus crisis is expected to result in further increases in poverty as a result of deeper employment losses and declines in remittances.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	1,531.3	24.9	2016
International Poverty Line 21.5 in Nicaraguan córdoba (2014) or US$1.90 (2011 PPP) per day per capita	199.2	3.2	2014
Lower Middle Income Class Poverty Line 36.1 in Nicaraguan córdoba (2014) or US$3.20 (2011 PPP) per day per capita	787.1	12.8	2014
Upper Middle Income Class Poverty Line 62.1 in Nicaraguan córdoba (2014) or US$5.50 (2011 PPP) per day per capita	2,138.6	34.8	2014
Multidimentional Poverty Measure		15.0	2014
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		5.64	2009-2014
INEQUALITY			
Gini Index		46.2	2014
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.88	2009-2014
GROWTH			
Annualized GDP per capita growth		3.98	2009-2014
Annualized Income Growth per capita from Household Survey		6.52	2009-2014
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		6.20	2009-2014

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.
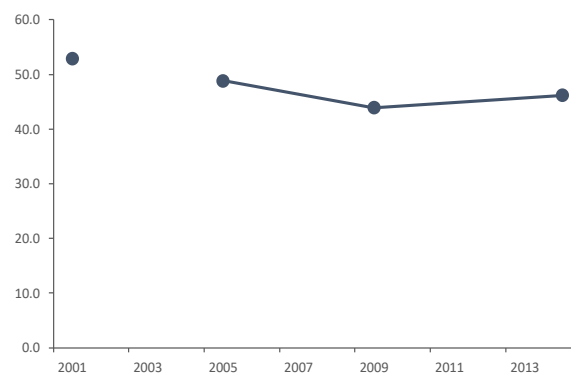
POVERTY HEADCOUNT RATE, 2001-2016

Poverty rate (%)		GDP per capita (Thousand)

- ■ International Poverty Line
- ● Lower Middle IC Line
- ● Upper Middle IC Line
- ····● National Poverty Line
- ▲ GDP

Source: World Bank using EMNV/SEDLAC/GMD

INEQUALITY TRENDS, 2001-2014

Gini Index

Source: World Bank using EMNV/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2014	Upper Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	77	23	29	71
Rural population	49	51	55	45
Males	65	35	40	60
Females	66	34	40	60
0 to 14 years old	57	43	49	51
15 to 64 years old	69	31	36	64
65 and older	68	32	37	63
Without education (16+)	50	50	56	44
Primary education (16+)	59	41	46	54
Secondary education (16+)	72	28	34	66
Tertiary/post-secondary education (16+)	92	8	11	89

Multidimensional Poverty Measures (% of people):	2014
Monetary poverty (Income)	
Daily income less than US$1.90 per person	3.2
Education	
At least one school-aged child is not enrolled in school	8.1
No adult has completed primary education	14.1
Access to basic infrastructure	
No access to limited-standard drinking water	12.5
No access to limited-standard sanitation	42.7
No access to electricity	20.0

Source: World Bank using EMNV/SEDLAC/GMD

Source: World Bank using EMNV/SEDLAC/GMD

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

POVERTY DATA AND METHODOLOGY

Official poverty estimates in Nicaragua are produced by the Instituto Nacional de Información de Desarrollo (INIDE) based on data from the Encuesta Nacional de Hogares sobre Medición de Nivel de Vida (EMNV) and are available to the public. Nicaragua uses a consumption-based monetary measure of poverty while the international comparison is based on income. This per capita measure includes the consumption of purchased and non-purchased food, transport, household services, education, health, and household consumption value and durables, among others. The poverty lines used reflect the costs of a minimum level of calories (extreme poverty line) and the cost of obtaining both food and other basic necessities (overall poverty line). The country estimates poverty based on the Cost of Basic Needs method by determining an absolute extreme poverty line of C$11,259 and an overall poverty line of C$18,311 per person per year in 2016 (equivalent to 997 and 1,623 in 2011 PPP dollars, respectively). This poverty line refers to the lack of per capita consumption required to access a basket of goods and services needed to achieve adequate living conditions. The most recent monetary poverty numbers in Nicaragua correspond to 2016, and the extreme and overall official poverty rates at the national level were seven and 25 percent, respectively. The latest harmonized poverty numbers for 2014 are available at the LAC Equity Lab.

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.

Monetary poverty marginally decreased in 2018 (to 12.7 from 14.1 percent in 2017), so just below 575,000 Panamanians currently live in poverty (17,000 people) when measured by the USD 5.5 international poverty line. Extreme poverty stayed put at 2.5 percent of the population (103,000 people). This reduction, while marginal, continues with the trend of significant reduction in poverty observed in recent years. This reduction in poverty has gone hand in hand with rapid economic growth. Social assistance programs comprising conditional cash transfers, universal school scholarships and the noncontributory old age pension have been critical for the poverty reduction in rural areas.
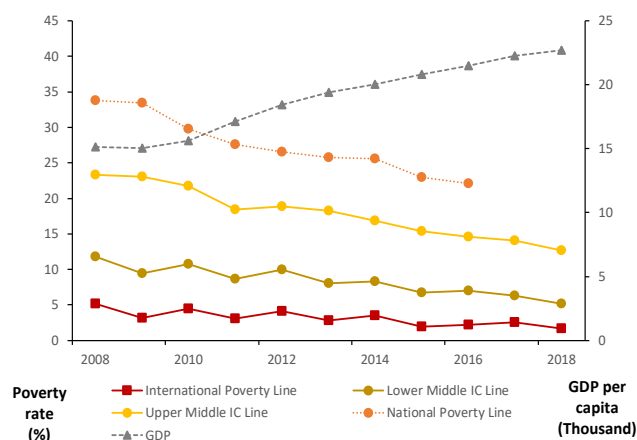
The model of inclusive growth in Panama does not benefit all Panamanians equally. The jobs-led poverty reduction approach has favored urban areas, where extreme poverty remains six times smaller than in rural areas. Within rural areas, Comarcas continue to disproportionally bear the brunt in terms of the incidence of poverty. Overall inequality remains high at 49.2 of the Gini index which measures the degree of inequality in the distribution of income. The income growth of the people in the bottom 40 percent of the income distribution has been positive but close to the average income growth.

Unfortunately, the current global outbreak of COVID-19 in 2020 is likely to have a substantial impact on poverty in Panama. The final impact on poverty and inequality will depend on its duration, severity and actions undertaken to curb its spread in Panama and closest partners. Increasing unemployment and informality will be the main transmission channel from COVID-19 to poverty. There might be multiple population groups affected by COVID-19, from relatively well educated, formal workers in the tourism, financial and logistic sectors in urban areas to less skilled workers in the mining industry, construction and the unmployed in comarcas. At the same time, the extent to which cuts in international oil prices bring down inflation might mean a cheaper consumption basket for the poor. Efforts to improve targeting of flagship social spending programs and the new anti-poverty strategy remain unfinished and, currently, do not cover the vulnerable or middle class that might also get affected by unemployment and public service disruptions. This reduces the flexibility of the social assistance system in the country to quickly mitigate the socioeconomic impacts of a potentially long-lived COVID-19 crisis.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	891.5	22.1	2016
International Poverty Line 1.2 in U.S. dollar (2018) or US$1.90 (2011 PPP) per day per capita	71.2	1.7	2018
Lower Middle Income Class Poverty Line 2.1 in U.S. dollar (2018) or US$3.20 (2011 PPP) per day per capita	217.8	5.2	2018
Upper Middle Income Class Poverty Line 3.5 in U.S. dollar (2018) or US$5.50 (2011 PPP) per day per capita	528.4	12.7	2018
Multidimentional Poverty Measure		N/A	N/A
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		5.29	2013-2018
INEQUALITY			
Gini Index		49.2	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		1.42	2013-2018
GROWTH			
Annualized GDP per capita growth		3.18	2013-2018
Annualized Income Growth per capita from Household Survey		3.87	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		4.87	2013-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.
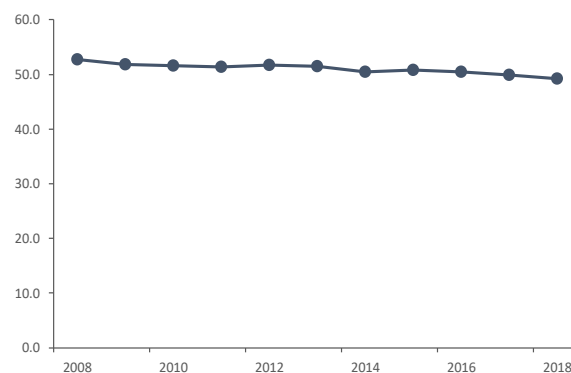
POVERTY HEADCOUNT RATE, 2008-2018

Poverty rate (%)

Legend:
- International Poverty Line
- Upper Middle IC Line
- GDP
- Lower Middle IC Line
- National Poverty Line

GDP per capita (Thousand)

Source: World Bank using EH/SEDLAC/GMD

INEQUALITY TRENDS, 2008-2018

Gini Index

Source: World Bank using EH/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2018	Lower Middle Income line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population				N/A	**Monetary poverty**	
Rural population	86	14	65	35	Daily income/consumption less than US$1.90 per person	N/A
Males	95	5	39	61	**Education**	
Females	95	5	41	59	At least one school-aged child is not enrolled in school	N/A
0 to 14 years old	91	9	57	43	No adult has completed primary education	N/A
15 to 64 years old	96	4	34	66	**Access to basic infrastructure**	
65 and older	99	1	31	69	No access to limited-standard drinking water	N/A
Without education (16+)	83	17	75	25	No access to limited-standard sanitation	N/A
Primary education (16+)	92	8	60	40	No access to electricity	N/A
Secondary education (16+)	97	3	36	64		
Tertiary/post-secondary education (16+)	99	1	10	90		

Source: World Bank using EH/SEDLAC/GMD

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

POVERTY DATA AND METHODOLOGY

As a high-income country, the international poverty line is of less relevance in Panama than the income class lines. For both income class lines (ICLs) and the official measures of poverty in Panama, the trends in poverty reduction are similar although the levels are not: the value of the official poverty line in Panama is above the ICLs. The data for the poverty measures came from the Household Survey (Encuesta de Hogares, or EH, carried out in August) until 2010 and, since 2011, from either the Encuesta del Mercado Laboral (August) or the Encuesta de Hogares de Propósitos Multiples (March). Panama estimates poverty using an absolute monetary measure based on income. The extreme poverty line corresponds to the per capita value of a food basket of goods while the general poverty line incorporates non-food items. The value of the two lines are defined separately for the urban area of the district of Panama and San Miguelito and the rest of the country. Household total income includes labor and non-labor income (pensions, private and public transfers, capital income, and others). The national methodology for constructing total household income does not include a use value for housing and includes domestic workers living in the household while the internationally comparable aggregated one by SEDLAC and the World Bank includes the former and excludes the latter. The country also constructs the national Multi-Dimensional Poverty Index (MPI) (started in 2017) and has just developed a child-centered MPI (in 2018).

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.

The COVID-19 outbreak hit Paraguay when poverty reduction slowed down after substantial progress since the early 2000s. By 2018, approximately 1.2 million people were still living on less than 2011 PPP US$5.5 per day. The uneven progress was particularly evident between 2013-2018 when poverty rates (2011 PPP US$5.50 per day) remained on average 18.8 percent and the income of individuals at the bottom 40 percent of the population grew only at an annualized rate of 1.57 percent (compared to the 2.5 percentage average growth).

The labor market is one of the transmission channels through which the slowdown on poverty reduction is explained; between 2013-2018, on average, 386,609 Paraguayans were either unemployed or underemployed. Also, with capital-intensive GDP growth not benefiting labor incomes, the stagnation in poverty has been the result of tenuous labor income growth accompanied by slight increases in non-labor income. In rural areas, the impressive growth of commercial agriculture has not been mirrored by family-based agriculture, leaving 135,259 Paraguayans either unemployed or underemployed, while in urban areas job creation was mostly in low-productivity sectors, especially services, leaving the elasticity of poverty reduction to economic growth rather low when compared to the average in the LAC region. Consistent with this pattern, the Gini index fell from 48.8 to 46.2, between 2017 and 2018.

Following a stagnation of gains between 2013-2016, poverty and shared prosperity resumed positive trajectories over 2017-2018 taking more than 100,000 people out of poverty. However, driven by the COVID-19 pandemic, poverty reduction is expected to stall, implying the need for stronger and more inclusive economic growth in the face of the expected global recession. Unemployment and underemployment are likely to increase in the commerce, services, and construction sectors and labor incomes to drop, especially for those in the informal sector in the urban areas. The performance of family-based agriculture will be crucial for the protection of the most vulnerable in the rural areas to bring significant improvements in livelihoods of those at the bottom of the income distribution.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	1,680.8	24.2	2018
International Poverty Line 5725.6 in Paraguayan guaraní (2018) or US$1.90 (2011 PPP) per day per capita	113.7	1.6	2018
Lower Middle Income Class Poverty Line 9643.1 in Paraguayan guaraní (2018) or US$3.20 (2011 PPP) per day per capita	412.9	5.9	2018
Upper Middle Income Class Poverty Line 16574.1 in Paraguayan guaraní (2018) or US$5.50 (2011 PPP) per day per capita	1,183.8	17.0	2018
Multidimentional Poverty Measure		4.7	2018
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		1.57	2013-2018
INEQUALITY			
Gini Index		46.2	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		1.23	2013-2018
GROWTH			
Annualized GDP per capita growth		2.80	2013-2018
Annualized Income Growth per capita from Household Survey		0.34	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.12	2013-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.
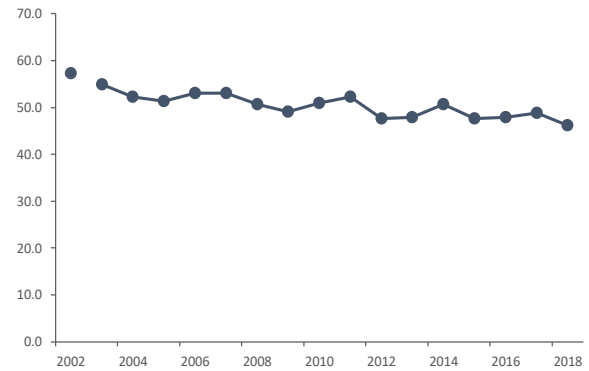
POVERTY HEADCOUNT RATE, 2002-2018
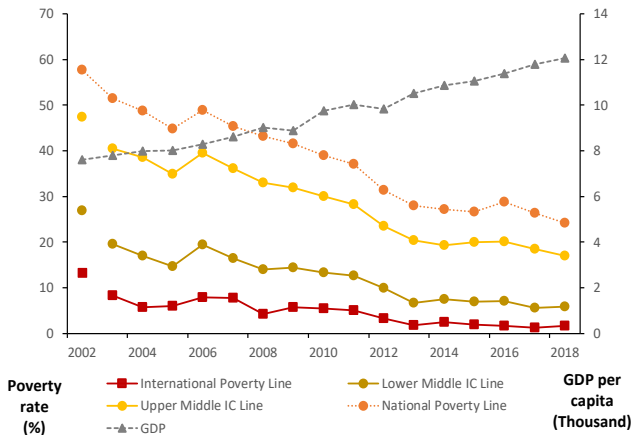
Source: World Bank using EPH/SEDLAC/GMD

INEQUALITY TRENDS, 2002-2018

Gini Index

Source: World Bank using EPH/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2018	International Poverty Line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	100	0	29	71
Rural population	96	4	58	42
Males	98	2	40	60
Females	98	2	40	60
0 to 14 years old	97	3	53	47
15 to 64 years old	99	1	35	65
65 and older	100	N/A*	34	66
Without education (16+)	97	N/A*	60	40
Primary education (16+)	97	3	57	43
Secondary education (16+)	99	1	36	64
Tertiary/post-secondary education (16+)	100	N/A*	9	91

Multidimensional Poverty Measures (% of people):	2018
Monetary poverty (Income)	
Daily income less than US$1.90 per person	1.6
Education	
At least one school-aged child is not enrolled in school	2.7
No adult has completed primary education	6.3
Access to basic infrastructure	
No access to limited-standard drinking water	2.8
No access to limited-standard sanitation	10.4
No access to electricity	0.5

Source: World Bank using EPH/SEDLAC/GMD

Source: World Bank using EPH/SEDLAC/GMD

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

POVERTY DATA AND METHODOLOGY

World Bank poverty estimates rely on a harmonized version of the household survey data from the Encuesta Permanente de Hogares (EPH), as part of the SEDLAC project (CEDLAS and World Bank). All monetary measures are expressed in 2011 PPP, and poverty is reported using international poverty lines. The harmonized income aggregate undergoes specific imputations to make it comparable across countries. In the case of Paraguay, the main difference relates to the special deflation factors. Official poverty estimates are produced by the Direccion General de Estadisticas, Encuestas y Censos (DGEEC) and use income as the welfare aggregate. In June 2016 the DGEEC released a new poverty series following the adoption of new population weights and new poverty lines. The difference in poverty lines and income aggregates keeps poverty estimates based on harmonized data from being strictly comparable to official poverty rates. While International dollar a day methodology should be used for cross-country comparisons, national official methodology is used for country-specific analyses. Nevertheless, both official poverty and poverty at $3.20 and $5.50 2011 PPP follow similar trends.

HARMONIZATION

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For most of the 2000s, Peru's rapid economic growth (averaging 5.3 percent between 2001 and 2015) was driven mostly by mining and urban services. Prosperity was widely shared, as growth in services, agriculture, and mining, coupled with well-targeted social policies, boosted income growth among the bottom 40 percent of population in the income distribution.

In 2017, modest economic growth, a stagnation of the labor market, and a halt in the expansion of social spending interrupted the longtime trend of poverty reduction, with a significant increase in total poverty of one percentage point, while the extreme poverty rate stagnated. The increase was largest in urban areas, and particularly in metropolitan Lima where total national poverty increased by 2.3 percentage points. In 2018, poverty rates recovered their 2017 loss; gains were driven by rural areas and sharper in the poorest regions, while in Metropolitan Lima it was practically stagnant (Lima, which accounts for 32% of the population and 21% of the poor, saw a drop in hourly wages between 2017 and 2018). In 2019, an economic slowdown translated into weaker labor markets and no significant progress in reducing poverty. While 357 thousand jobs were created, 320 thousand of these jobs were generated in the informal urban sector. Moreover, employment among the lower skilled declined (49,800 fewer jobs), with limited gains among youth, a distributional change that might expand inequality and vulnerability.

2020 brings significant challenges. Peru's output is expected to contract in 2020 due to the COVID-19 crisis, putting upwards pressure on poverty and inequality. The main impact will be through labor markets, including from social distancing measures. The shock is particularly affecting informal self-employed workers and MSMEs, particularly from affected sectors and further weakening jobs and earnings in urban areas. Due to high job informality, sectoral concentration, and lower access to social services and programs, Venezuelan migrants and refugees are particularly vulnerable to the shock, and their poverty rates are expected to skyrocket. The depth of the poverty impacts in Peru will depend on the duration of the shock and the Government's response, which has so far heavily focused on protecting poor families through social assistance measures.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	6,638.6	20.5	2018
International Poverty Line 3.7 in Peruvian nuevo sol (2018) or US$1.90 (2011 PPP) per day per capita	844.8	2.6	2018
Lower Middle Income Class Poverty Line 6.2 in Peruvian nuevo sol (2018) or US$3.20 (2011 PPP) per day per capita	2,671.0	8.3	2018
Upper Middle Income Class Poverty Line 10.6 in Peruvian nuevo sol (2018) or US$5.50 (2011 PPP) per day per capita	7,069.3	22.1	2018
Multidimentional Poverty Measure		5.9	2018
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		2.45	2013-2018
INEQUALITY			
Gini Index		42.8	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		0.96	2013-2018
GROWTH			
Annualized GDP per capita growth		1.74	2013-2018
Annualized Income Growth per capita from Household Survey		1.49	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.46	2013-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.
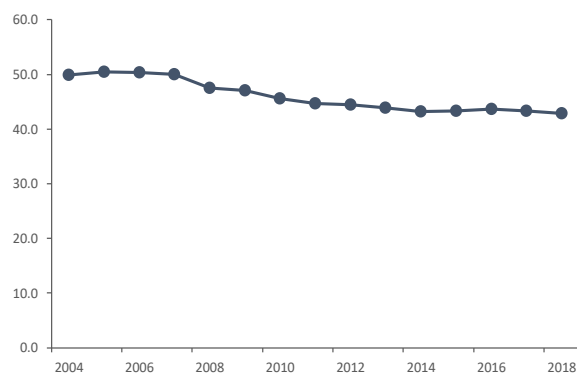
POVERTY HEADCOUNT RATE, 2004-2018
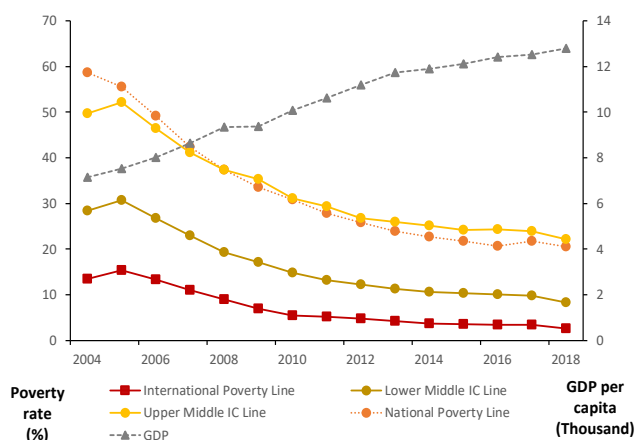
Source: World Bank using ENAHO/SEDLAC/GMD

INEQUALITY TRENDS, 2004-2018

Gini Index

Source: World Bank using ENAHO/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2018	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	2018
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	99	1	28	72	**Monetary poverty (Income)**	
Rural population	91	9	79	21	Daily income less than US$1.90 per person	2.6
Males	97	3	39	61	**Education**	
Females	97	3	40	60	At least one school-aged child is not enrolled in school	0.6
0 to 14 years old	96	4	53	47	No adult has completed primary education	5.7
15 to 64 years old	98	2	35	65	**Access to basic infrastructure**	
65 and older	99	1	34	66	No access to limited-standard drinking water	6.8
Without education (16+)	95	5	65	35	No access to limited-standard sanitation	12.2
Primary education (16+)	96	4	58	42	No access to electricity	4.8
Secondary education (16+)	98	2	38	62		
Tertiary/post-secondary education (16+)	100	0	14	86		

Source: World Bank using ENAHO/SEDLAC/GMD

Source: World Bank using ENAHO/SEDLAC/GMD

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

POVERTY DATA AND METHODOLOGY

Peru uses monetary poverty lines to measure extreme and total poverty using consumption per capita as the welfare measure. The total poverty line represents the minimum cost of acquiring a basket of goods and services necessary to achieve adequate living conditions, and this basket varies by geographic region as well as by rural and urban situations. The most recent official poverty numbers in Peru correspond to 2018 and indicate that the national poverty rate was 20.5 percent while extreme poverty was 2.8 percent. The national poverty line in local currency was 344 soles per capita per month and the national extreme poverty line was 183 soles per capita per month. The international dollar a day methodology is based on the $ 1.90 (2011 PPP), using income per capita as the welfare aggregate measure. However, by this definition, most Latin American countries (including Peru) have very low extreme poverty rates. For this reason, higher poverty lines that are more in line with the region's reality are used: $3.20 (2011 PPP) and $5.50 (2011 PPP). The latest harmonized poverty numbers for 2017 are available at the LAC Equity Lab. Both poverty definitions show similar trends but differ on the welfare aggregate measure used. While the international poverty measures use income per capita, the national methodology is based on per capita consumption.

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.

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Poverty & Equity Brief

Latin America & the Caribbean

St. Lucia

April 2020

The most recent poverty estimates are from 2016. They showed that 20.3 percent of Saint Lucia's population were poor (or live below $5.50 dollars a day) at the time. During the 10-year period between 2006 and 2016, Saint Lucia managed to maintain its progress toward poverty reduction despite adverse shocks from the Great Recession of 2008/09 and extreme weather events in 2010 and 2013. The official poverty rates showed the poverty headcount falling by 3.8 percentage points from 28.8 percent (in 2006) to 25.0 percent (in 2016). This decline was most pronounced in the rural areas of Saint Lucia. Since 2016, poverty reduction was expected to have been keeping pace with recent economic growth led by strong performance of tourism and recovery of the agricultural sector. The economic recovery from 2016 to 2018 has reversed the trend of rising unemployment and brought down the unemployment rate to pre-Great Recession levels, 20.2 percent in 2018, improving the income-generating ability of households. At the same time, inflation was well-controlled. Food price inflation has been low, offsetting the impact of higher oil prices in transportation and energy on the purchasing power of the poor.

Unfortunately, inequality did not improve between 2006 and 2016. In 2016, the income Gini index was estimated at 51.3, with the bottom 40 percent of the income distribution earning slightly more than 10 percent of the total income of the country. The low-income groups also have lower access to services such as improved sanitation, insurance coverage, and banking finance. The frequency of extreme weather events makes Saint Lucian households highly vulnerable to poverty. They aggravate the consequences of having unequal access to services for at-risk households who often have to resort to negative coping mechanisms that can have negative welfare implications in the longer term.
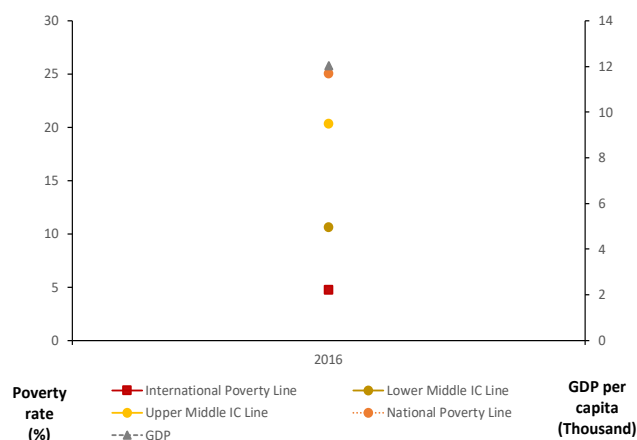
Because of the COVID-19 crisis, Saint Lucia is expected to experience negative growth, increased unemployment and increased inflation in 2020. These are expected to significantly increase poverty . At the upper middle-income international poverty line of $5.50 per person per day, poverty rates are projected to increase to 21.2 percent in 2020 and then gradually resume their decline to about 19.8 percent in 2022.

Moreover, a prolonged COVID-19 crisis combined with a possible extreme weather event may drastically increase poverty in Saint Lucia. The country may need to create fiscal space to expand its main social assistance program, Public Assistant Programme (PAP). An increase in PAP's coverage could significantly mitigate the poverty impact of such shocks with a relatively modest fiscal cost.

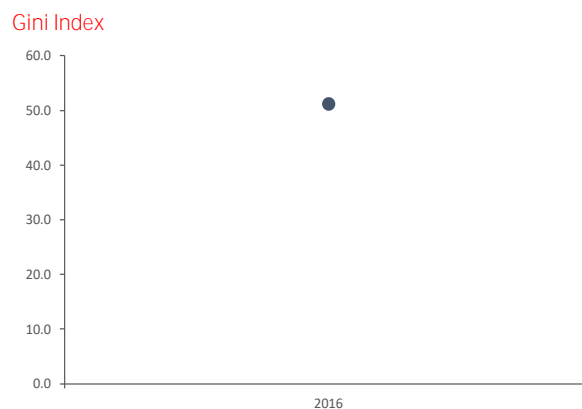| POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	44.5	25.0	2016
International Poverty Line 3.8 in Eastern Caribbean dollar (2016) or US$1.90 (2011 PPP) per day per capita	8.5	4.7	2016
Lower Middle Income Class Poverty Line 6.4 in Eastern Caribbean dollar (2016) or US$3.20 (2011 PPP) per day per capita	19.1	10.6	2016
Upper Middle Income Class Poverty Line 11.1 in Eastern Caribbean dollar (2016) or US$5.50 (2011 PPP) per day per capita	36.5	20.3	2016
Multidimentional Poverty Measure		N/A	N/A
SHARED PROSPERITY			
Annualized Income or Consumption Growth per capita of the bottom 40 percent		N/A	N/A
INEQUALITY			
Gini Index		51.3	2016
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		N/A	N/A
GROWTH			
Annualized GDP per capita growth		-0.03	2011-2016
Annualized Income or Consumption Growth per capita from Household Survey		N/A	N/A
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		N/A	N/A

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.

POVERTY HEADCOUNT RATE, 2016

Poverty rate (%)		GDP per capita (Thousand)
■ International Poverty Line	● Lower Middle IC Line	
● Upper Middle IC Line	● National Poverty Line	
▲ GDP		

Source: World Bank using /SEDLAC/GMD

INEQUALITY TRENDS, 2016

Gini Index

Source: World Bank using /SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2016	International Poverty Line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	95	5	39	61	**Monetary poverty**	
Rural population	95	5	42	58	Daily income/consumption less than US$1.90 per person	N/A
Males	95	5	37	63	**Education**	
Females	95	5	42	58	At least one school-aged child is not enrolled in school	N/A
0 to 14 years old	93	7	52	48	No adult has completed primary education	N/A
15 to 64 years old	96	4	35	65	**Access to basic infrastructure**	
65 and older	92	8	46	54	No access to limited-standard drinking water	N/A
Without education (16+)	90	10	53	47	No access to limited-standard sanitation	N/A
Primary education (16+)	92	8	47	53	No access to electricity	N/A
Secondary education (16+)	96	4	39	61		
Tertiary/post-secondary education (16+)	98	2	13	87		

Source: World Bank using /SEDLAC/GMD

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

POVERTY DATA AND METHODOLOGY

Poverty in Saint Lucia is estimated with per capita expenditure as the welfare aggregate. Per capita expenditure is estimated using the "cost-of-basic needs" methodology including both food and non-food expenditures. The poverty line reflects a minimum threshold of 2,400 Kcal per person per day. The official poverty line is 40 percent higher than the $5.5 international poverty line while the national extreme poverty line is 35 percent higher than the $1.90 PPP international poverty line. While the country reports the consumption Gini index, this table shows the income Gini index. Official poverty numbers are reported for 2016. Frequent poverty data required to estimate trends in poverty and inequality and to measure shared prosperity are missing.

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.

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Uruguay's poverty rate is the lowest in Latin America. The share of individuals living on less than $5.5 (in 2011 PPP) is only 2.9 percent, according to the most recent estimate using data from 2018. This represents a marginal increase from the 2017 estimate of 2.8 percent. Several years of providing and expanding social programs, as well as the continuous push from the 'councils of salaries' have promoted steady increases in income among the bottom of the population. In the period between 2013 and 2018, overall per capita income grew at 1.43 percent annually, surpassed by growth in the bottom 40 of the income distribution (at 2 percent).

The country still faces several challenges. Poverty on average is low, but certain departments in the north show much higher rates than the average, as do certain municipalities within Montevideo, the capital city. Poverty is also concentrated in younger generations as those up to 6 years old showing double the rates of the population as a whole. In regard to the labor market, recent years have failed to show continuous improvements. For instance, the unemployment rate (8.8) in the last quarter of 2019 is largely unchanged from that of 2018 (8.5 percent) and higher than 2017 (7.9 percent). Women continue to show higher unemployment rates than men. It must be noted that safety nets in the shape of social assistance programs continue to play an important role in the containment of poverty and vulnerability.

Uruguay is the least unequal country in the region among countries with comparable income. The estimated Gini index is 39.7 as of 2018, which is barely higher than a year before (39.5). Poverty and inequality estimates (based on official welfare and poverty lines) for 2019 were published in March 2020 showing slight increases from 2018: poverty reached 8.8% and the Gini index reached 38.3. Further deteriorations of welfare indicators are expected for 2020 as the COVID-19 pandemic affects the population and overall economic activity. The retail and hospitality sectors, comprising 25% of workers in the bottom 40 percent of the income distribution, are expected to be hit the hardest. Announced increased targeted social programs' benefits may help mitigate the impacts on the poorest.

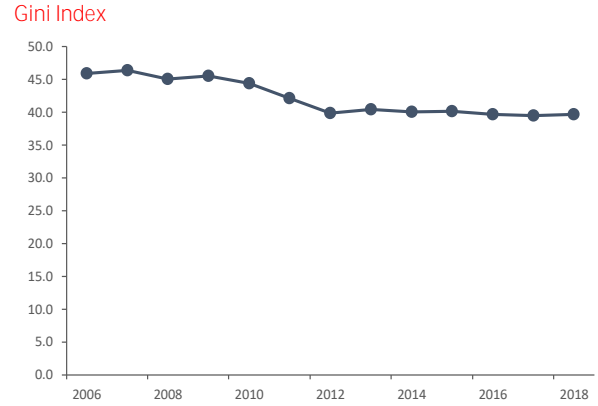| POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	284.0	8.1	2018
International Poverty Line 51.3 in Uruguayan peso (2018) or US$1.90 (2011 PPP) per day per capita	1.9	0.1	2018
Lower Middle Income Class Poverty Line 86.4 in Uruguayan peso (2018) or US$3.20 (2011 PPP) per day per capita	12.4	0.4	2018
Upper Middle Income Class Poverty Line 148.5 in Uruguayan peso (2018) or US$5.50 (2011 PPP) per day per capita	98.5	2.9	2018
Multidimentional Poverty Measure		0.1	2018
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		2.00	2013-2018
INEQUALITY			
Gini Index		39.7	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		0.57	2013-2018
GROWTH			
Annualized GDP per capita growth		1.54	2013-2018
Annualized Income Growth per capita from Household Survey		1.43	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.42	2013-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.

POVERTY HEADCOUNT RATE, 2006-2018
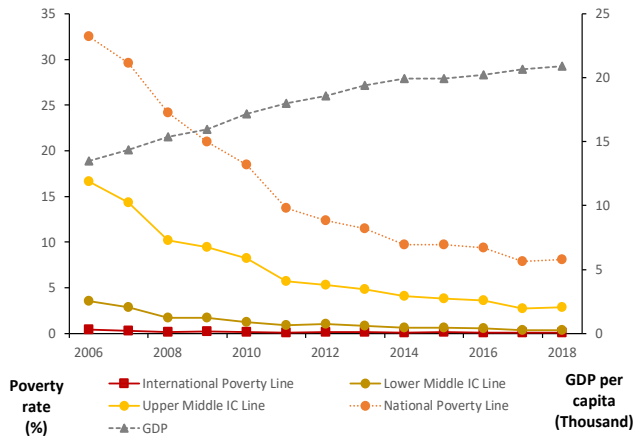
Source: World Bank using ECH/SEDLAC/GMD

INEQUALITY TRENDS, 2006-2018

Gini Index

Source: World Bank using ECH/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2018	Upper Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	97	3	39	61
Rural population	98	2	51	49
Males	97	3	40	60
Females	97	3	40	60
0 to 14 years old	93	7	63	37
15 to 64 years old	98	2	38	62
65 and older	100	N/A*	17	83
Without education (16+)	98	N/A*	46	54
Primary education (16+)	97	3	43	57
Secondary education (16+)	98	2	39	61
Tertiary/post-secondary education (16+)	100	N/A*	8	92

Multidimensional Poverty Measures (% of people):	2018
Monetary poverty (Income)	
Daily income less than US$1.90 per person	0.1
Education	
At least one school-aged child is not enrolled in school	0.7
No adult has completed primary education	2.2
Access to basic infrastructure	
No access to limited-standard drinking water	0.4
No access to limited-standard sanitation	0.9
No access to electricity	0.2

Source: World Bank using ECH/SEDLAC/GMD

Source: World Bank using ECH/SEDLAC/GMD

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

POVERTY DATA AND METHODOLOGY

Official poverty estimates are produced annually by the Instituto Nacional de Estadística (INE) using income as a welfare measure. The poverty lines used correspond to the updated monetary value of the basic food and non-food baskets considering economies of scale for the non-food expenditures introduced by geographical area. The latest official national estimate of the poverty rate in Uruguay is 8.1 percent of the population, based on income data from the 2018 edition of the Encuesta Continua de Hogares (ECH).

The World Bank poverty estimates rely on a harmonized version of the household survey data from the ECH; the latest harmonization available corresponds to data from 2018. All monetary measures are adjusted to USD in 2011 PPP. Thus, poverty is estimated using international poverty lines based on the "dollar a day" methodology that allow comparability across countries and years. The harmonized microdata for Uruguay is part of the SEDLAC project (CEDLAS and World Bank). Official microdata are available through Uruguay's national statistical office. Because of the methodological differences in the estimation process, the levels and trends of the national and international poverty rates can differ.

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.

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