Following a historical economic decrease of 3.9 percent in GDP due to the COVID-19 pandemic, Brazil's economy bounced back by 4.6 percent in 2021. The industry and services sectors, where 90 percent of the labor force works, fell 3.4 and 4.3 percent in 2020, respectively, but recovered quickly, reaching their pre-pandemic levels. Still, the labor market was less dynamic. On average, there were about 2.5 million fewer individuals participating in the labor force in 2021, and 1.16 million more unemployed than in 2019. Poverty in 2020 was expected to surpass the 2019 rate of 20.6 percent ($5.50 per day in 2011 PPP terms). However, the government response led to lower poverty rates (13.1 percent) – making Brazil an exception in the region. The pace of labor market recovery in 2021, the reduction in the government's emergency measures, and the 10.6 percent inflation (including an increase of 8 percent in the food and beverages index) are expected to contribute to an increase in poverty. Moreover, food insecurity - already higher in 2020 than 2019- may have worsened. In mid-2021, according to a national Phone Survey, over 18 percent of households declared running out of food in the last 30 days due to lack of resources.
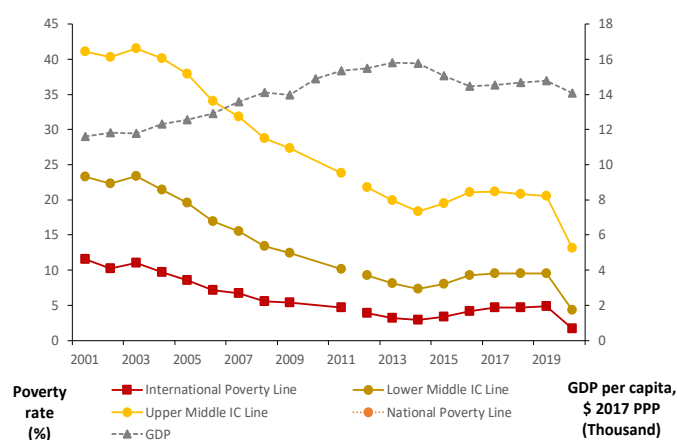
Before the pandemic, the Brazilian economy had not been conducive to economic development among the most vulnerable. In 2019, households' income among the bottom 40 percent of the income distribution was lower in real terms than it was before the 2014 recession hit. In the post crisis years, the economy grew but job creation was slow. The safety net program that protected the vulnerable in 2020 was, unfortunately, not deployed with the same force. Thus, between 2014-2019 there were about 6.5 million more individuals in poverty, and 4.5 million more people in extreme poverty. Unemployment rates hit double digits (11 percent) by 2019-Q4, with women, especially Afro-Brazilian women, faring worse (13.1 and 18.8 percent, respectively) than men. The average income per capita grew in real terms between 2014-2019, while that of the bottom 40 percent fell.

Brazil's inequality, measured by the Gini index, fell significantly in 2020 to 48.9 (from 53.4 in 2019) due mainly to the generosity of the emergency government measures. The drop, distinctively different from the high and stagnant levels observed since 2012, is likely to be reversed in 2021. The underlying disparities in human capital, job opportunities, and access to basic services across race, gender, and location are expected to be reflected in monetary inequality as soon as the emergency programs end.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	N/A	N/A	N/A
International Poverty Line 5.1 in Brazilian real (2020) or US$1.90 (2011 PPP) per day per capita	3.7	1.7	2020
Lower Middle Income Class Poverty Line 8.6 in Brazilian real (2020) or US$3.20 (2011 PPP) per day per capita	9.2	4.3	2020
Upper Middle Income Class Poverty Line 14.7 in Brazilian real (2020) or US$5.50 (2011 PPP) per day per capita	27.9	13.1	2020
Multidimensional Poverty Measure		5.6	2019
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		-1.40	2014-2019
INEQUALITY			
Gini Index		48.9	2020
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-1.54	2014-2019
GROWTH			
Annualized GDP per capita growth		-1.28	2014-2019
Annualized Income Growth per capita from Household Survey		0.13	2014-2019
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		0.11	2014-2019

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of April 2022, and Global Monitoring Database for the rest.
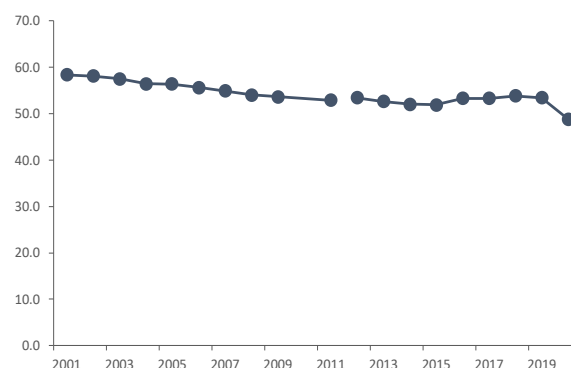
POVERTY HEADCOUNT RATE, 2001-2020

Poverty rate (%)		GDP per capita, $ 2017 PPP (Thousand)
■ International Poverty Line	● Lower Middle IC Line	
● Upper Middle IC Line	○ National Poverty Line	
▲ GDP		

Source: World Bank using PNADC-E5/SEDLAC/GMD

INEQUALITY TRENDS, 2001-2020

Gini Index

Source: World Bank using PNADC-E5/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2020	Upper Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	89	11	37	63
Rural population	75	25	58	42
Males	87	13	39	61
Females	87	13	41	59
0 to 14 years old	76	24	61	39
15 to 64 years old	89	11	37	63
65 and older	97	3	16	84
Without education (16+)	87	13	40	60
Primary education (16+)	86	14	42	58
Secondary education (16+)	89	11	40	60
Tertiary/post-secondary education (16+)	97	3	13	87

Source: World Bank using PNADC-E5/SEDLAC/GMD

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

Multidimensional Poverty Measures: 2019	(% of population)
Monetary poverty (Income)	
Daily income less than US$1.90 per person	4.9
Education	
At least one school-aged child is not enrolled in school	0.4
No adult has completed primary education	15.0
Access to basic infrastructure	
No access to limited-standard drinking water	1.8
No access to limited-standard sanitation	34.3
No access to electricity	0.2

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

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 replaced by the PNAD-Continua (PNADC) in 2012. 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.