COUNTRY POVERTY BRIEF

LATIN AMERICA & THE CARIBBEAN

COLOMBIA

October 2017

| POVERTY	Rate (Number of Poor)	Period
National Poverty Line	28.0% (13.5 million)	2016
International Poverty Line 2648.9 in Local Currency Unit or US$1.90 (2011 PPP) per day per capita	5.5% (2.6 million)	2015
Lower Middle Income Class (IC) Poverty Line 4461.3 in Local Currency Unit or US$3.20 (2011 PPP) per day per capita	13.1% (6.3 million)	2015
Upper Middle Income Class (IC) Poverty Line 7667.9 in Local Currency Unit or US$5.50 (2011 PPP) per day per capita	29.8% (14.4 million)	2015
SHARED PROSPERITY		
Income or Consumption growth of the bottom 40 percent	4.4%	2010-2015
INEQUALITY		
Gini Coefficient	0.51	2015
Shared Prosperity Premium — Difference between the income or consumption growth of the bottom 40 percent and that of the average	2.7pp	2010-2015
GDP GROWTH		
Annualized GDP per capita growth	3.6%	2010-2015

Sources: WDI, LACTSD using GEIH/SEDLAC/GMD. National poverty lines are provided by national statistical offices.

PROGRESS ON POVERTY AND EQUITY

In 2016 official monetary poverty halted its downward trend reaching 28%, 0.2 percentage points higher than in 2015. This mild poverty growth was driven by urban areas where poverty incidence rose by 0.8 percentage points from 24.1% in 2015 to 24.9% in 2016 due to the deterioration of labor income joint with increases in prices. On the contrary, poverty in rural areas fell by 1.7 percentage points from 40.3% in 2015 to 38.6% in 2016 driven by higher activity in the agricultural sector. The improvement in the agricultural sector was large enough to offset price increases, allowing for the reduction in rural poverty.

A relative improvement of rural households and a relative deterioration of the well-being of urban households led to a reduction in the well-being gap in 2016, reflected in a slight reduction in the national indicator of inequality in Colombia. Inequality measured through the Gini coefficient fell from 52.2 in 2015 to 51.7 in 2016, continuing a negative trend started in 2010. However, in the last 14 years, the Gini coefficient in Colombia fell only 5 points, an average reduction of less than a 1 percent per year, a modest reduction compared with other countries in the region. The evolution of the share prosperity in Colombia reflects the pro-poor growth in recent years. Between 2002 and 2015, the bottom 40 percent of Colombia's income distribution had an income growth of 4.4 percent, compared to the 3.1 percent growth in average income per capita. Higher growth rates of incomes for those in the bottom two quintiles of the income distribution translated into lower inequality, with the Gini index declining from 56.7 to 52.2 between 2008 and 2015.

POVERTY HEADCOUNT RATE, 2001-2015

Poverty rate
(Percentage)

GDP per capita
(Thousand)

- **National Poverty Line** (orange dotted)
- **International Poverty Line** (red squares)
- **GDP per capita (US$2011 PPP)** (grey triangles dotted)
- **Upper Middle IC Line** (yellow)
- **Lower Middle IC Line** (olive)
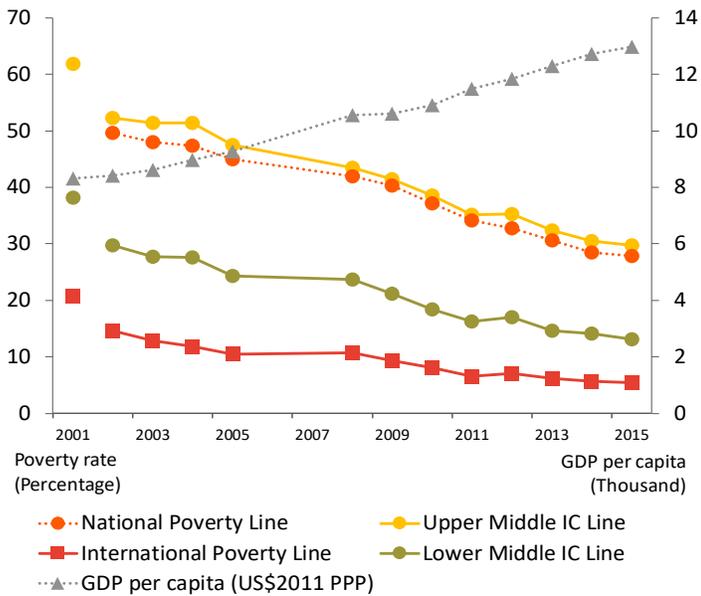
Source: World Bank using GEIH/SEDLAC/GMD

SHARED PROSPERITY AND SHARED PROSPERITY PREMIUM, 2010-2015

Global Shared
Prosperity Values

Distribution of Performance in Shared Prosperity

- **Shared Prosperity** (orange circle)
- **Shared Prosperity Premium** (green triangle)
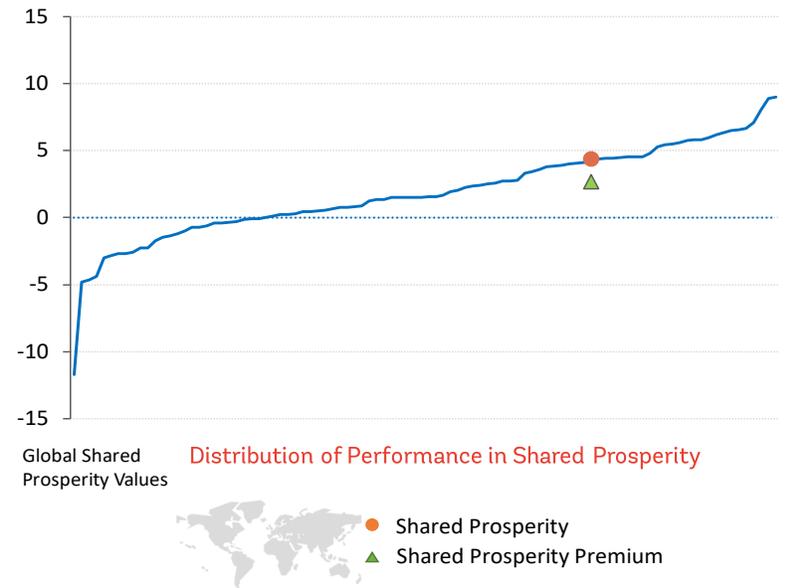
Source: World Bank using GEIH/SEDLAC/GMD

INEQUALITY TRENDS, 2001-2015

Gini Coefficient
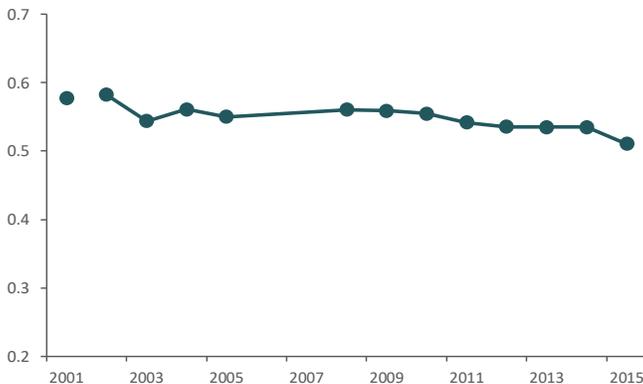
Source: World Bank using GEIH/SEDLAC/GMD

% CONTRIBUTION TO POVERTY CHANGE, 2010-2015

- **Growth**
- **Distribution**

Upper Middle ICL

Lower Middle ICL

International Line
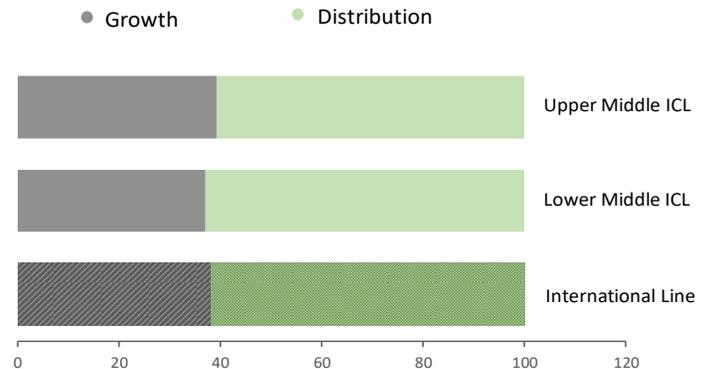
Source: World Bank using GEIH/SEDLAC/GMD

POVERTY DATA AND METHODOLOGY

Even though poverty trends using international and official lines are similar, there are some methodological differences between the SEDLAC and the Official welfare aggregate (i.e. income per capita based on GEIH) as well as in the poverty lines. The main differences on the computation of the income per capita are: 1- SEDLAC only assigns rent to owners, instead DANE assign rent to owners and to households with housing in usufruct or without property title; 2- SEDLAC adjusts by differences in urban and rural prices while the official aggregate does not correct by spatial differences; and 3- SEDLAC does not include domestic servants as members of the household. The computation of the official extreme poverty line includes 39 food products for urban areas and 42 for rural areas, while the consumption aggregate is 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/person/day in urban areas and 2049 Kcal/person/day 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 U$S 2.5 and U$S 5.4 respectively. Official poverty based on income are reported since 2002, except for 2006 and 2007, since those were transition years to move between the two surveys used to compute income (the Encuesta Continua de Hogares was the survey used up to 2006, since 2008 it is use the Gran Encuesta Integrada de Hogares).

HARMONIZATION

The numbers presented in the brief are based on the regional data harmonization effort known as 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 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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