Poverty & Equity Brief

Latin America & The Caribbean

Brazil

April 2018

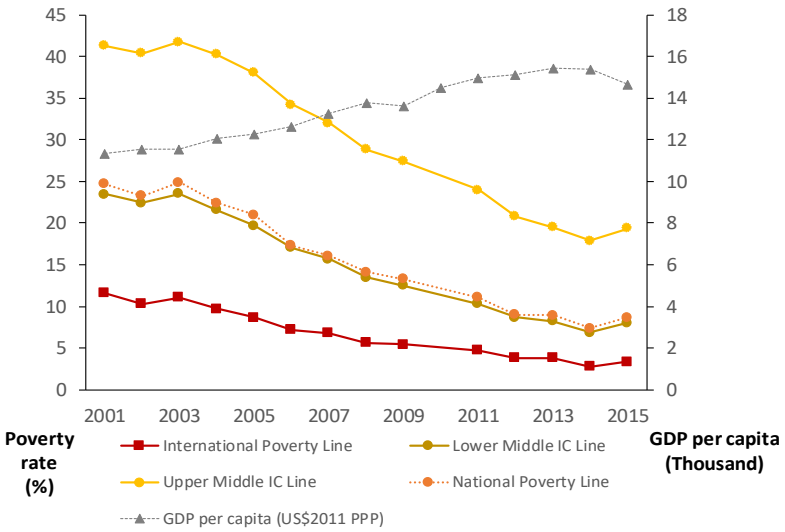
After a sustained decade of poverty reduction, the large contraction of the Brazilian economy in 2015 led to a sharp increase in poverty rates (measured as the share of individuals living on less than 2011 PPP $5.50 per day), which reached 19.4 percent. The dire macroeconomic performance in 2016 led to a further increase in poverty. Poverty rates vary substantially across states, from over 45 percent in states in the Northeast to less than 15 percent in states in the South. The growth rebound in 2017 and projected strengthening of recovery in 2018 are expected to reverse the increase in poverty. Between 2015 and 2016 the mean labor incomes of the poorest 30 percentiles decreased, while it increased for the rest. Social protection programs show a good level of coverage, with 68 percent of households in the first quintiles receiving at least one type of social assistance program.

Brazil has accomplished impressive reductions in inequality between 2000 and 2014, as a result of rapidly growing formal employment, higher real wages, and redistributive social assistance programs. The Gini index decreased by 8.5 points—from 59.4 to 51.5—between 2001 and 2014. However, in 2015 it leveled off at 51.3, and in 2016 it increased. Access to some basic services is a concern for the poor and also for the non-poor. Seventy-eight million individuals do not have access to all three basic sanitation services (sewage, water supply via general distribution network, and garbage collection). Sixty percent of these (47 million) are not considered monetary poor as they live on more than 2011 PPP $5.50 per day.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	17.9	8.7	2015
International Poverty Line 4.1 in Brazilian real (2015) or US$1.9 (2011 PPP) per day per capita	6.9	3.4	2015
Lower Middle Income Class (IC) Poverty Line 7 in Brazilian real (2015) or US$3.2 (2011 PPP) per day per capita	16.5	8.0	2015
Upper Middle Income Class (IC) Poverty Line 12 in Brazilian real (2015) or US$5.5 (2011 PPP) per day per capita	39.9	19.4	2015
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		3.80	2011-2015
INEQUALITY			
Gini Index		51.3	2015
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		1.61	2011-2015
GROWTH			
Annualized GDP per capita growth		-0.5	2011-2015
Annualized Income Growth per capita from Household Survey		2.19	2011-2015

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

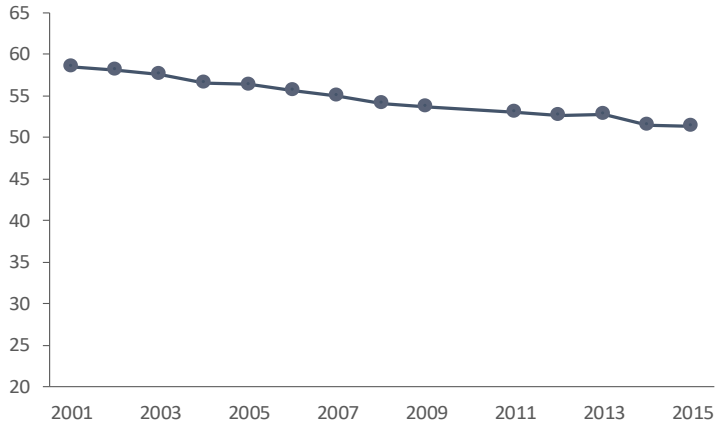
POVERTY HEADCOUNT RATE, 2001-2015



Source: World Bank using PNAD/SEDLAC/GMD

INEQUALITY TRENDS, 2001-2015

Gini Index



Source: World Bank using PNAD/SEDLAC/GMD

KEY INDICATORS (distribution among groups)

	International Poverty Line (%)		Relative Group (%)		Year
	Poor	Non-Poor	Bottom 40	Top 60	
Urban population	2	98	36	64	2015
Rural population	9	91	60	40	2015
Males	3	97	40	60	2015
Females	3	97	40	60	2015
0 to 14 years old	7	93	62	38	2015
15 to 64 years old	3	97	37	63	2015
65 and older	0	100	16	84	2015
Without education (age 16 and older)	3	97	43	57	2015
Primary education (age 16 and older)	4	96	44	56	2015
Secondary education (age 16 and older)	2	98	35	65	2015
Tertiary/post-secondary education (age 16 and older)	0	100	9	91	2015

Source: World Bank using Global Monitoring Database

POVERTY DATA AND METHODOLOGY

To make meaningful international comparisons, poverty is calculated using the same methodology across countries, that is, the same consumption 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. For Brazil, we report only the latter. National poverty rates are estimated using the unofficial poverty lines of R$70 and R$140 per capita per month (in June 2011 prices), based on the thresholds used to determine eligibility in the Brasil Sem Miséria Plan and the Bolsa Família Program.

The household survey traditionally used to calculate poverty, the PNAD, was completely replaced in 2016 by the PNAD-C. The PNAD-C has a larger sample and has richer information on employment. However, at this moment, the two series cannot be fully compared. Thus, any detailed analysis of the determinants of the poverty and inequality dynamics cannot be undertaken.

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.