

COUNTRY POVERTY BRIEF

LATIN AMERICA & THE CARIBBEAN

BRAZIL

October 2017

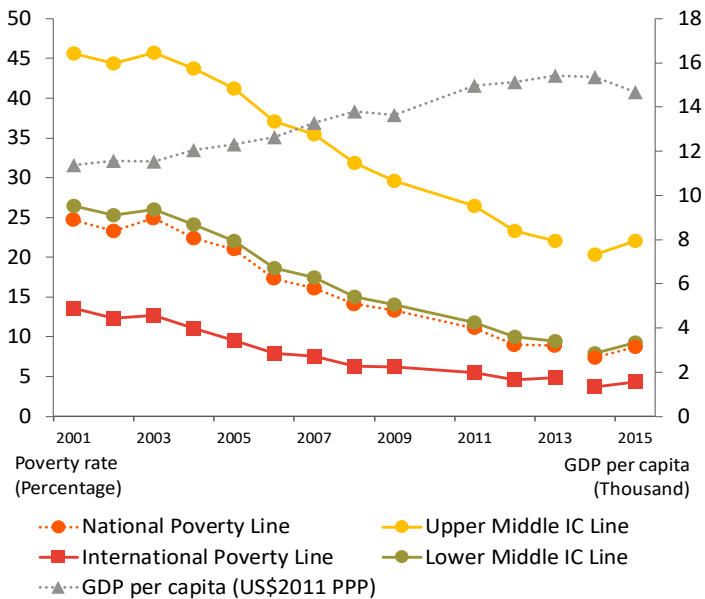
POVERTY		Rate (Number of Poor)	Period
National Poverty Line		8.7% (17.8 million)	2015
International Poverty Line 4.1 in Local Currency Unit or US\$1.90 (2011 PPP) per day per capita		4.3% (8.9 million)	2015
Lower Middle Income Class (IC) Poverty Line 7.0 in Local Currency Unit or US\$3.20 (2011 PPP) per day per capita		9.3% (19.1 million)	2015
Upper Middle Income Class (IC) Poverty Line 12.0 in Local Currency Unit or US\$5.50 (2011 PPP) per day per capita		22.1% (45.5 million)	2015
SHARED PROSPERITY			
Income or Consumption growth of the bottom 40 percent		3.9%	2009-2015
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	1.7pp	2009-2015
GDP GROWTH			
Annualized GDP per capita growth		1.2%	2009-2015

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

PROGRESS ON POVERTY AND EQUITY

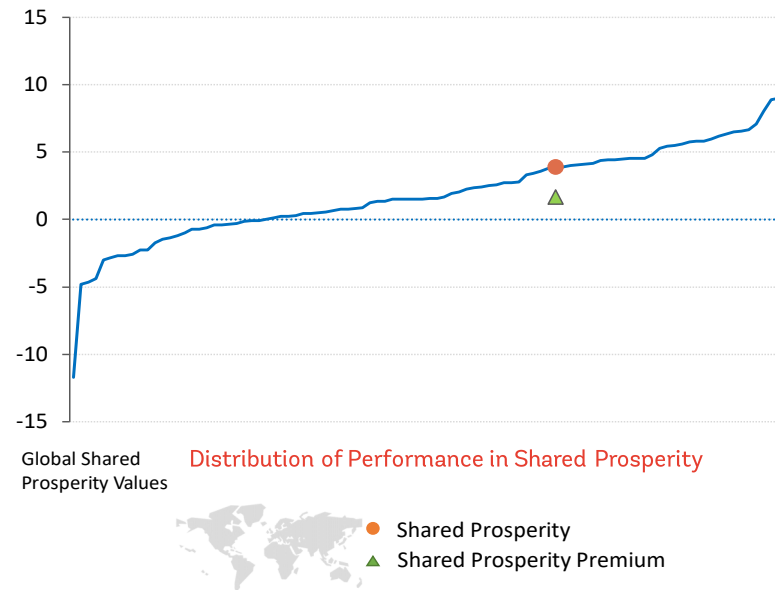
The large contraction of the economy in 2015 led to a sharp increase in poverty, which reached 22.1 percent at the \$5.5/day (2011 PPP), after ten consecutive years of poverty reduction. The increase in poverty was observed in most regions but was largest in the Northeast and in urban non-metropolitan areas. The newly poor Brazilians are more skilled and younger than the previously poor population. The rise in poverty is explained in large part by a decline in labor income, through declines in the share of occupied population and declines in the labor income of those occupied. Reductions in social transfers and capital income had a minor contribution to the increase in poverty. Given the GDP contraction in 2016, poverty rates are estimated to have increased further to 23.5 percent at \$5.5/day (2011 PPP) in that year. In 2015 growth in incomes was much lower than in previous years. Mean income annualized growth was 2.2 percent, compared to 4.1 percent between 2009 and 2014 and 4.8 percent between 2009 and 2012. However, incomes among the bottom 40 percent rose more rapidly than the general population (3.9 percent compared to 2 percent). In 2015 mean incomes decreased by 6.5 percent for the bottom 40 and 6.4 percent for the top 60. 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 coefficient decreased by 8.5 points between 2001 and 2014, going from 59.4 to 51.5. In 2015 it leveled off at 51.4.

POVERTY HEADCOUNT RATE, 2001-2015



Source: World Bank using PNAD/SEDLAC/GMD

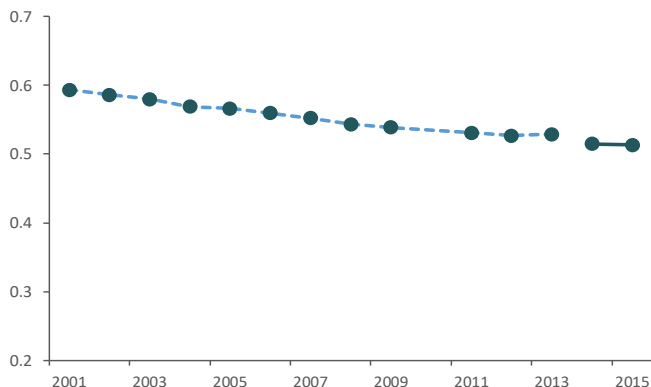
SHARED PROSPERITY AND SHARED PROSPERITY PREMIUM, 2009-2015



Source: World Bank using PNAD/SEDLAC/GMD

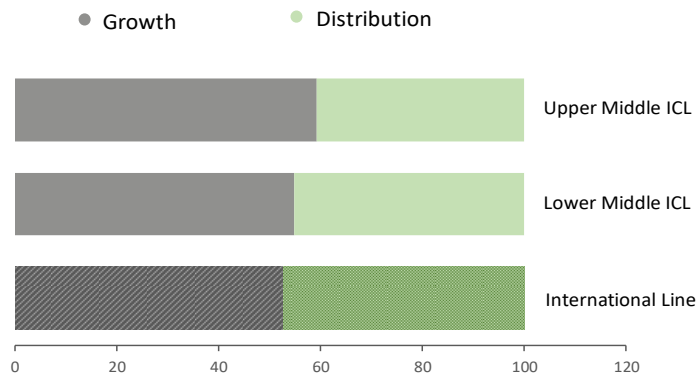
INEQUALITY TRENDS, 2001-2015

Gini Coefficient



Source: World Bank using PNAD/SEDLAC/GMD

% CONTRIBUTION TO POVERTY CHANGE, 2009-2015



Source: World Bank using PNAD/SEDLAC/GMD

POVERTY DATA AND METHODOLOGY

To make meaningful international comparisons, poverty is calculated using the same methodology across countries, i.e. same consumption aggregate and poverty line. For this purpose, the World Bank publishes poverty rates calculated a three poverty lines: US\$1.90 a day, in 2011 PPP terms, US\$3.2 a day, in 2011 PPP terms, and US\$5.5 a 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.

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.