

Poverty & Equity Brief

Latin America & the Caribbean

Guatemala

April 2019

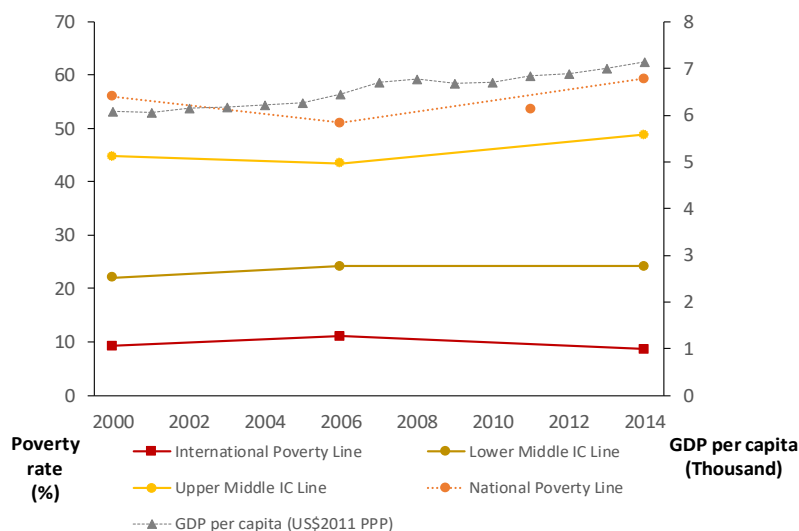
The most recent data for Guatemala, from 2014, show close to 10 percent of the population living below the international poverty line and a quarter living below the US\$3.2 line. There is some evidence of monetary welfare gains among the very poorest decile of the population between 2006 and 2014: poverty measured at the international poverty line decreased. However, poverty measured at the official and US\$5.5 lines rose in the **2006–2014** period, after having fallen in previous years. The lack of significant progress on poverty reduction reflects limited growth in GDP per capita (only 1.3 percent per year between 2006 and 2014) and scarce public spending on social safety net programs. 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. Growth slowed to 2.8 percent in 2017, one of the lowest rates in the last 15 years. Large declines in sugar (-25 percent) and coffee (-9.4 percent) exports in 2018 can hurt small farmers and increase poverty in rural areas. The rise in food prices in the past year (twice the general inflation rate) is likely to negatively affect welfare as the bulk of households, even in rural areas, are net consumers. The strong growth of remittances does not appear to reach the poorest households.

Overall per capita income growth was negative, while that of the bottom 40 percent of the population was close to zero. Only the top 10 percent of the population are classified as either middle class or rich, and the middle class share of the population fell from 14 to 9 percent between 2006 and 2014. The Gini index is 48.3, lower than in previous years.

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
SHARED PROSPERITY			
Annualized Income 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		1.4	2009-2014
Annualized Income Growth per capita from Household Survey		N/A	N/A

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of March 2019, and Global Monitoring Database for the rest.

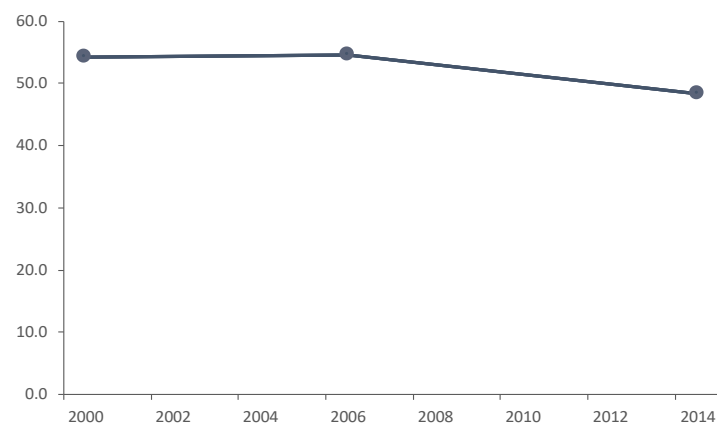
POVERTY HEADCOUNT RATE, 2000-2014



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)

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

Source: World Bank using Global Monitoring Database

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

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.