

COUNTRY POVERTY BRIEF

LATIN AMERICA & THE CARIBBEAN

BOLIVIA

October 2017

POVERTY	Rate (Number of Poor)	Period
National Poverty Line	38.6% (4.1 million)	2015
International Poverty Line 6.8 in Local Currency Unit or US\$1.90 (2011 PPP) per day per capita	7.1% (0.8 million)	2015
Lower Middle Income Class (IC) Poverty Line 11.4 in Local Currency Unit or US\$3.20 (2011 PPP) per day per capita	12.9% (1.4 million)	2015
Upper Middle Income Class (IC) Poverty Line 19.7 in Local Currency Unit or US\$5.50 (2011 PPP) per day per capita	27.7% (3.0 million)	2015
SHARED PROSPERITY		
Income or Consumption growth of the bottom 40 percent	6.3%	2009-2014
INEQUALITY		
Gini Coefficient	0.46	2015
Shared Prosperity Premium Difference between the income or consumption growth of the bottom 40 percent and that of the average	1.5pp	2009-2014
GDP GROWTH		
Annualized GDP per capita growth	3.7%	2009-2014

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

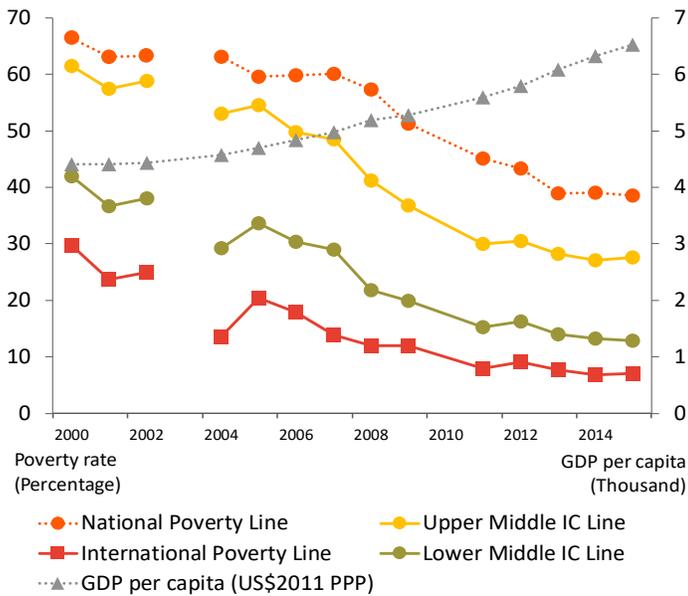
PROGRESS ON POVERTY AND EQUITY

Economic growth in the 2005-2015 period allowed significant reductions in poverty. The share of Bolivians living under US\$5.5 per capita per day (2011 PPP) declined from 54.6% in 2005 to 27.8% in 2015, and those living under US\$3.2 (2011 PPP) fell from 33.7% to 12.9% in the same period. Higher labor earnings due to the commodity boom and a fast urbanization process contributed to poverty reduction. Estimations suggest that poverty fell further in 2016, although at a slower pace, and it is expected to stagnate in the near future as sectors that primarily employ the Bottom 40% slow down, and public investment shrinks.

Over the 2009-2014 period, annualized income growth for the Bottom 40 was 6.3%, slightly above the 4.8% mean growth; thus the so-called "shared prosperity premium" was 1.5 percentage points. However, the Bottom 40 gained only an extra US\$ 1.1 per capita per day (2011 PPP) vis-à-vis US\$ 2.9 for the average Bolivian, so that the gap in per capita mean income increased from US\$ 7.7 to US\$ 9.5 per capita per day (2011 PPP). Income growth for the Bottom 40 is expected to fall: growth has been less pro-poor since 2011, even showing higher growth rates for the top percentiles in the 2011-2014 period.

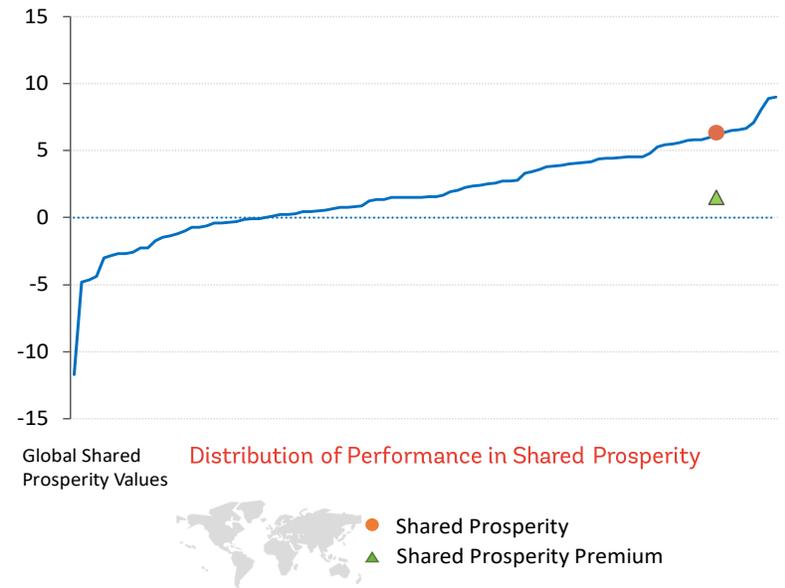
In the past decade, income growth was highly pro-poor and inclusive. Thus, inequality reduced significantly, as reflected in the 7 percentage points decline of the Gini index in the period 2005-15 down to 0.46. Nevertheless, given the recent economic outlook, inequality could increase in the coming years.

POVERTY HEADCOUNT RATE, 2000-2015



Source: World Bank using EH/SEDLAC/GMD

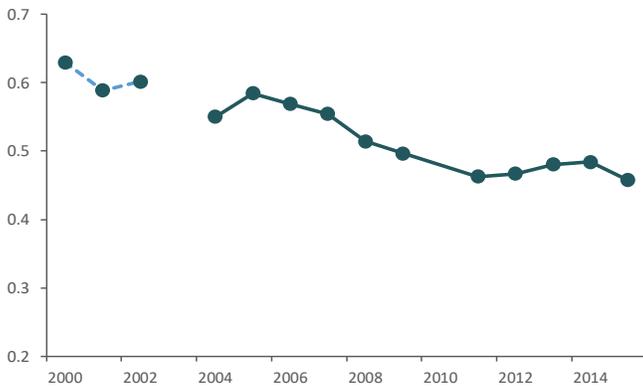
SHARED PROSPERITY AND SHARED PROSPERITY PREMIUM, 2009-2014



Source: World Bank using EH/SEDLAC/GMD

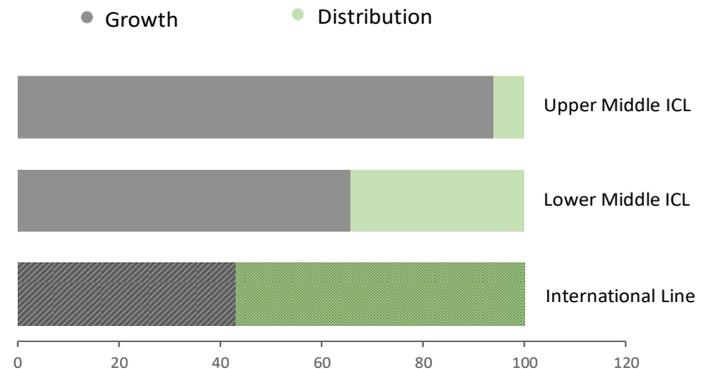
INEQUALITY TRENDS, 2000-2015

Gini Coefficient



Source: World Bank using EH/SEDLAC/GMD

% CONTRIBUTION TO POVERTY CHANGE, 2009-2014



Source: World Bank using EH/SEDLAC/GMD

POVERTY DATA AND METHODOLOGY

Official poverty estimates in Bolivia are produced by the Ministerio de Planificación del Desarrollo, Unidad de Análisis de Políticas Sociales y Económicas (UDAPE) and the National Statistics Office (INE) based on data from the Encuesta de Hogares (EH), which is available to the general public. Bolivia estimates official poverty using an income-based measure that relies on an absolute poverty line representing the minimum cost of purchasing a basket of goods and services necessary to achieve adequate living conditions. The most recent monetary poverty numbers in Bolivia correspond to 2015 and the official poverty rate at the national level was 38.6 percent. The extreme poverty rate was 16.8 percent. The poverty line in local currency units in 2015 was B\$ 760.4 for urban areas and B\$ 550.6 for rural areas.

The international dollar a day methodology is based on the US\$ 1.90 (2011 PPP), using income per capita as the welfare aggregate measure. However, by this definition, most Latin American countries have very low extreme poverty rates. For this reason, higher poverty lines that are more coherent with the region's reality are used: US\$ 3.2 (2011 PPP) and US\$ 5.5 (2011 PPP). The latest harmonized poverty numbers for 2015 are available at the LAC Equity Lab. In the case of Bolivia, using the US\$ 1.90 poverty line shows a non-negligible poverty level of 7% for 2015, among the highest in South America. Both the national and international poverty measures have a similar downward trend, only diverging in magnitude due to different values in local currency unit.

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.