

Poverty & Equity Brief

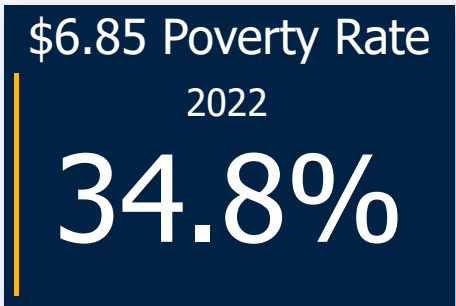
October 2024

COLOMBIA

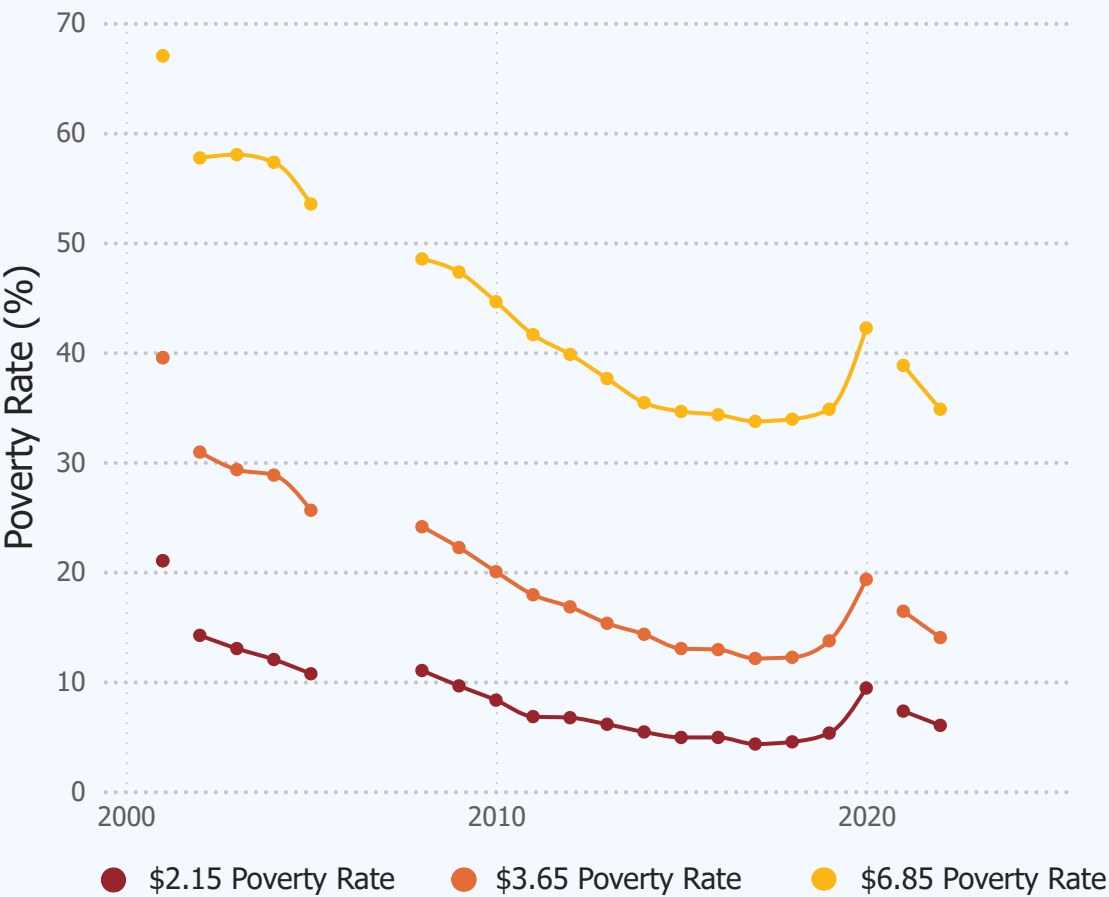
Between 2021 and 2023, poverty in Colombia has been on a downward trend, as the economic effects of the COVID-19 crisis have abated. High economic growth in 2022 was accompanied by a sustained labor market recovery. Employment and labor participation increased across population groups (by gender, ethnicity, and location), although at lower levels in rural areas and high-poverty regions. The share of the population living below the national poverty line declined from 39.7 percent in 2021 to 36.6 percent in 2022. Progress was limited by high inflation (food inflation reached 27.8 percent in 2022), which eroded labor income gains and explained the stagnation of the national extreme poverty rate (at 13.8 percent in 2022).

In 2023, the official poverty and extreme poverty rates further declined (to 33 and 11.4 percent, respectively), in both urban and rural areas. The middle class has expanded (according to the national methodology), and inequality has declined. This trend was driven by a rise in incomes (10 percent among the lowest quintile), mostly from labor market earnings. Conversely, social transfers' income declined among the poorest, due partly to the closing of emergency social program Ingreso Solidario. Multidimensional poverty also declined in 2023, with the highest deprivations remaining in education and informal employment. In Q2 2024, employment and unemployment rates have slightly worsened, mainly in larger cities. Women have disproportionately left the labor force compared to men. Labor outcomes and poverty rates continue to show wide variations across regions and socioeconomic groups. Indigenous populations have poverty rates almost double those of non-ethnic groups (60 percent vs. 31 percent) and have shown a much slower reduction in poverty: 1.9 percentage points for indigenous populations compared to 7.5 for non-ethnic groups since 2021. International (mostly Venezuelan) migrants, however, have experienced a larger poverty reduction in the past three years (a decline of 10 percentage points, from 58 to 48 percent), although they still face higher poverty than the national average.

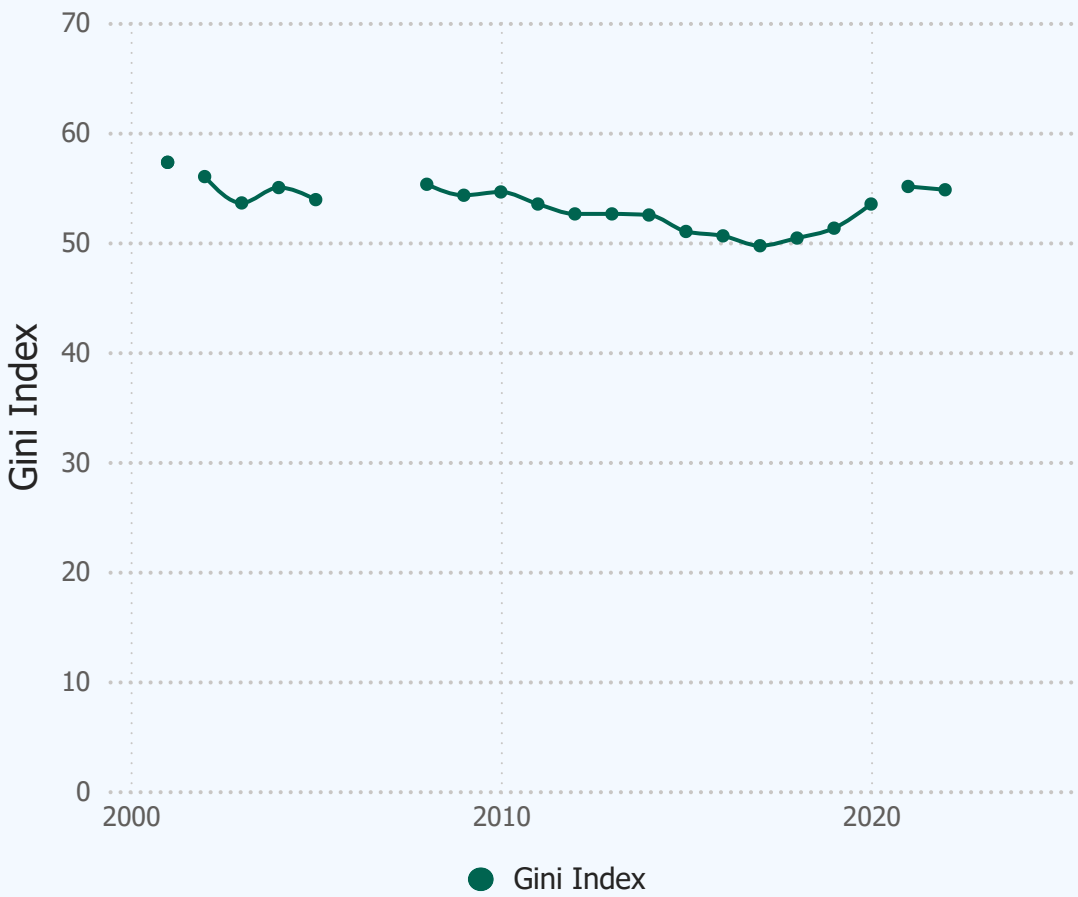
Amid moderate economic growth (forecasted at 1.5 percent) in 2024, modest progress is expected in poverty reduction. Inflation has declined, easing pressures on households' rising costs of living. Food security continues to be a source of concern, and climate shocks will continue to hit households, particularly in vulnerable regions like Caribe and Pacífico. The reform to the social assistance system (new Renta Ciudadana program) and the outcome of reforms on labor (proposed) and pensions (and their impact, for example, on labor costs and informality) may influence the outlook. Structural challenges that limit upward socioeconomic mobility still need to be addressed, including low quality of education, territorial disparities in opportunities, and low productivity and quality jobs.



Poverty Rate



Inequality



Poverty at Different Lines

Poverty Line	Number of Poor (Thousands)	Rate (%)	Year
National Poverty Line	16,708.2	33.0	2023
International Poverty Line (\$2.15/day)	3,131.4	6.0	2022
Lower Middle Income Class Poverty Line (\$3.65/day)	7,285.7	14.0	2022
Upper Middle Income Class Poverty Line (\$6.85/day)	18,044.6	34.8	2022
Multidimensional Poverty Measure		6.5	2022

Group and Multidimensional Poverty

Poverty by Group	Poverty Rate (%)	Multidimensional Poverty Components	(% of Pop.)
Urban population	N/A	Daily income less than US\$2.15 per person	6.0
Rural population	57.5	At least one school-aged child is not enrolled in school	2.7
Males	34.0	No adult has completed primary education	5.0
Females	35.6	No access to limited-standard drinking water	3.0
0 to 14 years old	51.1	No access to limited-standard sanitation	6.9
15 to 64 years old	30.6	No access to electricity	1.4
65 and older	25.5		
Without education (16+)	55.3		
Primary education (16+)	40.2		
Secondary education (16+)	33.2		
Tertiary/post-secondary education (16+)	11.4		

Note:
Data for the "Poverty by Group" table is derived from a 2022 survey and data for the "Multidimensional Poverty Components" table is derived from a 2022 survey. The rates in the "Poverty by Group" table above are shown at the \$6.85 upper-middle income line. "N/A" denotes a missing/removed value, while "N/A*" refers to a value which was removed due to having fewer than 30 observations.

Poverty Data & Methodology

Colombia's official poverty numbers are based on income, published once per year, and have been reported since 2002 except for 2006 and 2007, transition years for moving between the two surveys used to compute income (the former Encuesta Continua de Hogares and the Gran Encuesta Integrada de Hogares, used since 2008). The World Bank also uses income to estimate international poverty but the difference with the official aggregate is that the WB does not include domestic workers as members of the household. Additionally, the WB adjusts the per-capita income for people living in rural areas using an adjustment factor of 1.15.

A new poverty series was launched by the Colombia statistics office in 2022 with an updated sampling frame from the 2018 Census, and thus allowing comparisons between 2021 and 2023. Methodological changes included new sample stratification among municipalities, changes to sample size and distribution, among others. Estimates are expected to be revised backwards by the national statistics office to allow for a longer time series. The official per-capita poverty line in 2023 was \$435,375 Colombian pesos, and the per capita extreme poverty line was \$218,846.

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.