

Poverty & Equity Brief

Latin America & the Caribbean

Colombia

April 2024

Following the COVID-19 shock, poverty has been on a downward trend. High economic growth in 2022 was accompanied by a continued labor market recovery. Employment and participation increased across population groups (by gender, ethnicity, and location), although with lower growth for rural areas and high-poverty regions.

On the measurement side, Colombia started a new poverty rates series in 2021, based on the Census 2018 sampling frame. For now, poverty rates are only comparable between 2021 and 2022. Based on these, national poverty declined from 39.7 percent in 2021 to 36.6 percent in 2022. Progress was limited by inflation (food inflation reached 27.8 percent in 2022), which eroded labor income gains and explained the stagnation of the extreme poverty rate (at 13.8 percent in 2022). The multidimensional poverty index also declined between 2021 and 2022, going from 16 to 12.9 percent, with 1.4 million people escaping poverty, linked to improvements in school attendance and access to health services. Yet, there is high heterogeneity in poverty measures across regions and groups: in 2022, poverty rates reached 64.6 percent for women (who systematically fare worse than men) among the indigenous population, 48.8 percent among afro descendants, and 64.1 percent for Venezuelan migrants.

Labor markets improved little in 2023, in line with a GDP growth of 0.6 percent, and did not benefit youth, women, or rural areas. Employment and unemployment only improved significantly in cities (unemployment falling by 1.7 percentage points in the main 10 cities in December 2023, year-over-year); yet, among women, the only significant change in employment was among unpaid family workers. The emergency social program, Ingreso Solidario, was no longer active in 2023, reducing the incomes of the bottom quintile by around 8 percent. Poverty rates (total and extreme) are estimated to have remained stagnant at best in 2023, with persisting wide variations across the territory and socioeconomic groups.

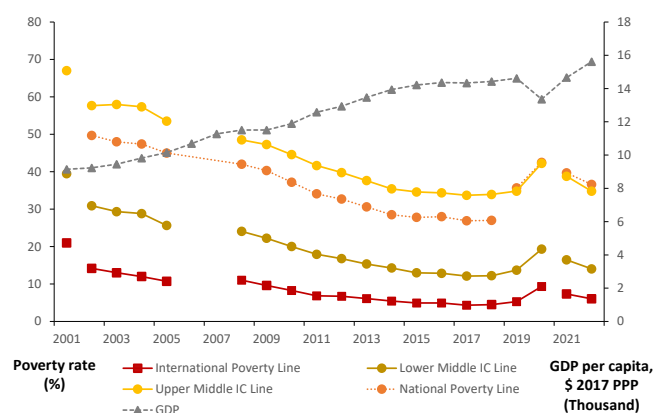
For 2024, amid moderate economic growth (forecasted at 1.3 percent), limited progress is expected in poverty reduction. Inflation has declined, easing pressures on households' rising costs of living (food inflation is estimated at 1.9 percent in February 2024, year-over-year). Yet, food security continues to be a source of concern, and climate shocks will continue to hit households, particularly the vulnerable in regions like Caribe and Pacifico. The reform to the social assistance system (new Renta Ciudadana program) and the outcome of proposed reforms on labor and pensions (and their impact, for example, on labor costs and informality) may influence the outlook.

Structural challenges that limit upward socioeconomic mobility, particularly for some population groups and some regions (linked to low quality of education, territorial disparities in opportunities, and low productivity and quality jobs), need to be addressed to reduce inequality and accelerate poverty reduction.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	19.0	36.6	2022
International Poverty Line 3958.3 in Colombian peso (2022) or US\$2.15 (2017 PPP) per day per capita	3.1	6.0	2022
Lower Middle Income Class Poverty Line 6719.9 in Colombian peso (2022) or US\$3.65 (2017 PPP) per day per capita	7.3	14.0	2022
Upper Middle Income Class Poverty Line 12611.2 in Colombian peso (2022) or US\$6.85 (2017 PPP) per day per capita	18.0	34.8	2022
Multidimensional Poverty Measure		6.5	2022
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		-4.65	2015-2020
INEQUALITY			
Gini Index		54.8	2022
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-1.99	2015-2020
GROWTH			
Annualized GDP per capita growth		-1.24	2015-2020
Annualized Income Growth per capita from Household Survey		-2.66	2015-2020
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		-3.40	2015-2020

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of October 2023, and Global Monitoring Database for the rest.

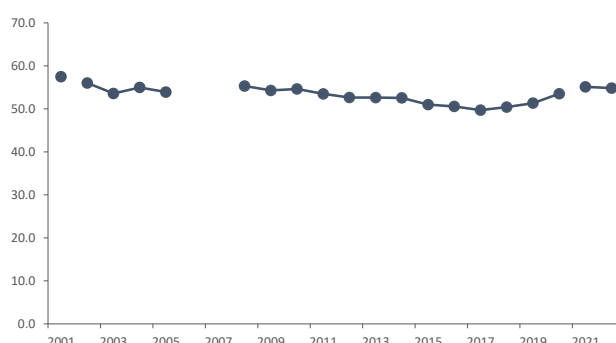
POVERTY HEADCOUNT RATE, 2001-2022



Source: World Bank using GEIH/SEDLAC/GMD

INEQUALITY TRENDS, 2001-2022

Gini Index



Source: World Bank using GEIH/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2022	Lower Middle Income line(%)		Relative group (%)		Multidimensional Poverty Measures: 2022	(% of population)
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population				N/A	Monetary poverty (Income)	
Rural population	72	28	63	37	Daily income less than US\$2.15 per person	6.0
Males	86	14	39	61	Education	
Females	86	14	41	59	At least one school-aged child is not enrolled in school	2.7
0 to 14 years old	77	23	57	43	No adult has completed primary education	5.0
15 to 64 years old	88	12	36	64	Access to basic infrastructure	
65 and older	90	10	29	71	No access to limited-standard drinking water	3.0
Without education (16+)	74	26	61	39	No access to limited-standard sanitation	6.9
Primary education (16+)	84	16	46	54	No access to electricity	1.4
Secondary education (16+)	88	12	39	61		
Tertiary/post-secondary education (16+)	96	4	14	86		

Source: World Bank using GEIH/SEDLAC/GMD

Source: World Bank using GEIH/SEDLAC/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND 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 (WB) 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 far allowing comparisons for 2021 and 2022. 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 2022 was \$396,864 Colombian pesos, and the per capita extreme poverty line was \$198,698.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

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.