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Poverty & Equity Brief

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BOLIVIA

The latest official statistics indicate that living conditions in Bolivia deteriorated in 2022, following a post-pandemic rebound in 2021. Employment declined in Q4 2022 (year-over-year), real labor income stagnated, widespread COVID-19 transfers were phased out, and food prices increased by 5 percent, negatively affecting households' purchasing power. In 2022, the poverty rate stood at 16.2 percent ($6.85/day per capita in 2017 PPP), up from 15.2 percent in 2021, and above pre-pandemic levels (15.5 percent in 2019). Poverty remained especially high in rural areas (35 percent), among indigenous people (26 percent), and among children (25 percent).

The economy grew by 3.1 percent in 2023 as growth continued to slow due to declining gas exports, dollar and fuel shortages, and a severe drought. Labor market participation and employment rates recovered in Q4 2023 (YoY), approaching the levels observed in 2021. Unemployment steadily declined over 2021-23 and reached 2.8 percent by Q4 2023, but underemployment still stands above pre-pandemic levels and job quality remains a structural problem in Bolivia. In Q4 2023, 73 percent of workers were not covered by social security, 42 percent earned less than a minimum wage, and 46 percent were self-employed. Labor informality disproportionately affects women, young adults, and those engaged in the agricultural sector.

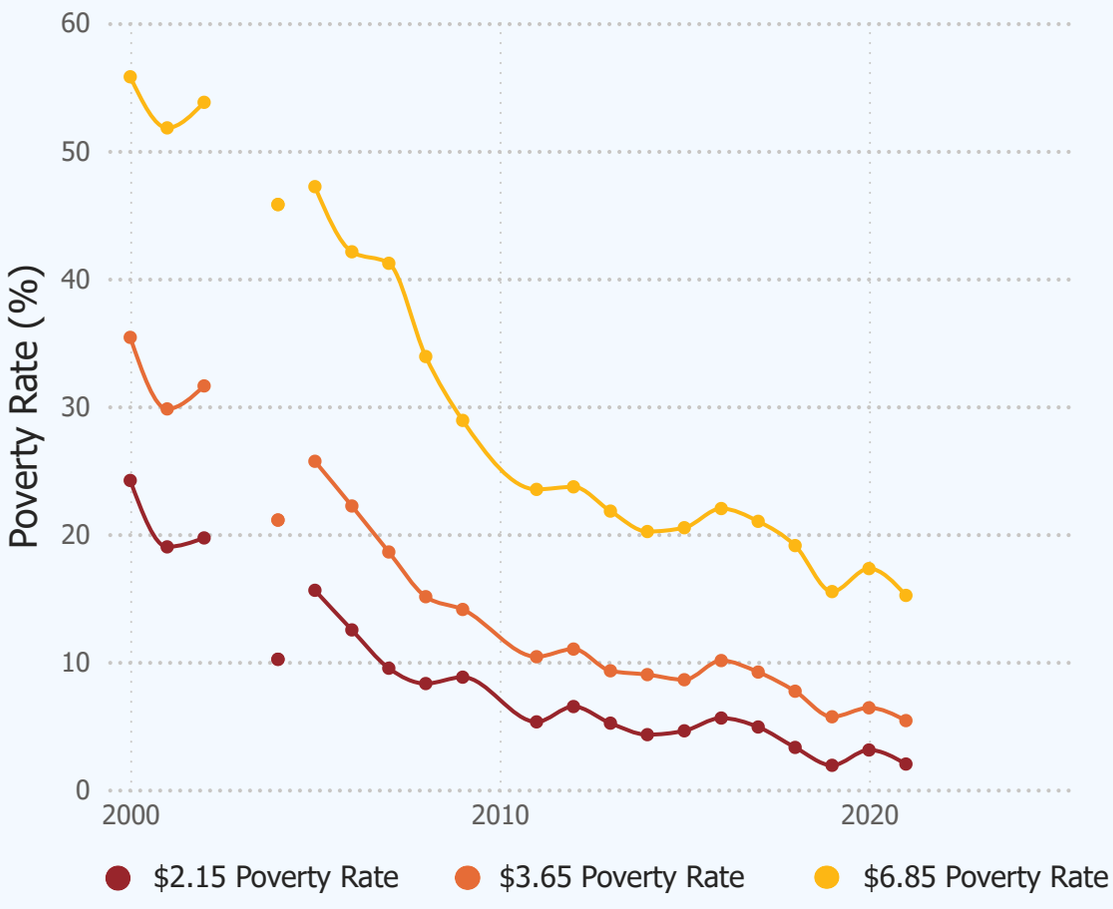
Real per-capita household income in 2023 is expected to remain below its 2021 levels. While average labor income has slightly increased in real terms between 2021 and 2023, particularly among agricultural workers and the self-employed, the value of public transfers has decreased due to the phasing out of widespread COVID-19 programs and social assistance benefits that have not kept pace with the rise in prices. In this context, monetary poverty is estimated at 16 percent in 2023 ($6.85/day per capita in 2017 PPP), affecting approximately two million Bolivians. In addition, 32.2 percent of Bolivians are estimated to be vulnerable to falling into poverty in the presence of shocks. The Gini index is projected at 41.1, just above the threshold of high-inequality countries.

Bolivia lags in critical non-monetary welfare dimensions compared to the regional average, such as maternal mortality (161 vs. 88 per 100,000 live births in 2020) and infant mortality (20 vs. 14 per 1,000 live births in 2022). Access to basic services is not widespread, with approximately 14 percent of the population lacking access to improved sanitation facilities and 10 percent to safe drinking water in 2021.

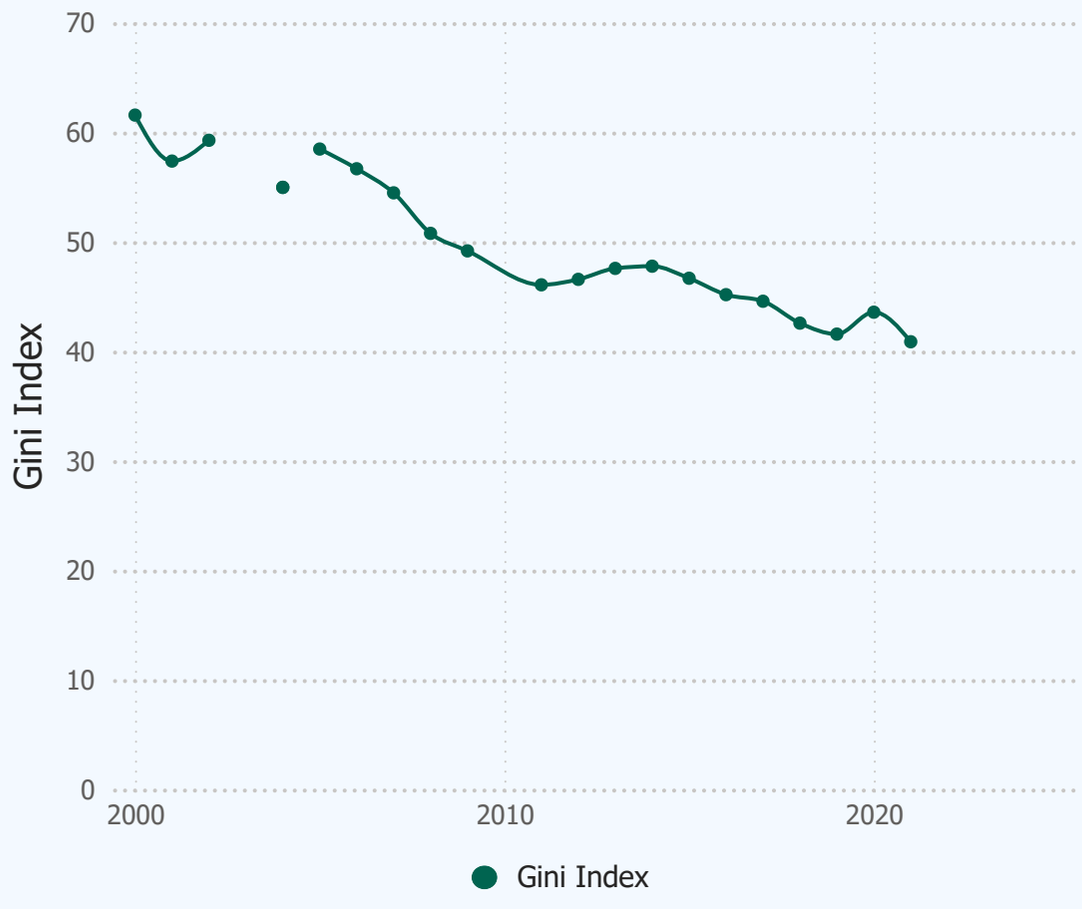
Macroeconomic imbalances, accompanied by rising political tensions, limit the prospects for economic growth and poverty reduction. Under the current context of limited fiscal space, special attention is needed to increase the efficiency, progressivity, and adaptiveness of public spending.

$2.15 Poverty Rate	$6.85 Poverty Rate	Gini Index	Prosperity Gap
2021	2021	2021	2021
2.0%	15.2%	40.9	2.5

Poverty Rate



Inequality



Poverty at Different Lines

Poverty Line	Number of Poor (Thousands)	Rate (%)	Year
National Poverty Line	4,552.7	37.7	2022
International Poverty Line ($2.15/day)	237.3	2.0	2021
Lower Middle Income Class Poverty Line ($3.65/day)	652.7	5.4	2021
Upper Middle Income Class Poverty Line ($6.85/day)	1,834.1	15.2	2021
Multidimensional Poverty Measure		4.5	2021

Group and Multidimensional Poverty

Poverty by Group	Poverty Rate (%)
Urban population	8.2
Rural population	31.8
Males	14.8
Females	15.5
0 to 14 years old	22.7
15 to 64 years old	12.1
65 and older	11.9
Without education (16+)	29.6
Primary education (16+)	18.7
Secondary education (16+)	11.7
Tertiary/post-secondary education (16+)	2.7

Multidimensional Poverty Components	(% of Pop.)
Daily income less than US$2.15 per person	2.0
At least one school-aged child is not enrolled in school	1.4
No adult has completed primary education	12.3
No access to limited-standard drinking water	9.9
No access to limited-standard sanitation	13.9
No access to electricity	2.9

Note:
Data for the "Poverty by Group" table is derived from a 2021 survey and data for the "Multidimensional Poverty Components" table is derived from a 2021 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

Official poverty estimates are annually produced by the Unidad de Análisis de Políticas Sociales y Económicas and the National Statistics Office based on data from the Encuesta de Hogares, which is collected during the last quarter of the year. Bolivia estimates monetary poverty using an income-based measure that relies on an absolute poverty line representing the cost of purchasing a basket of goods and services necessary to achieve adequate living conditions. In 2019, Bolivia updated its poverty line (with the previous one dating back to the early 1990s). The most recent official monetary poverty numbers in Bolivia correspond to 2022: the national poverty rate was 37.7 percent, and the extreme poverty rate was 12.5 percent. The average poverty line in local currency units in 2022 was bolivianos 938 per person per month for urban areas and bolivianos 658 for rural areas. To allow comparability across countries and years, poverty is also estimated using the international poverty lines. Still, the national and international poverty measures have shown a similar trend in the past.

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.

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