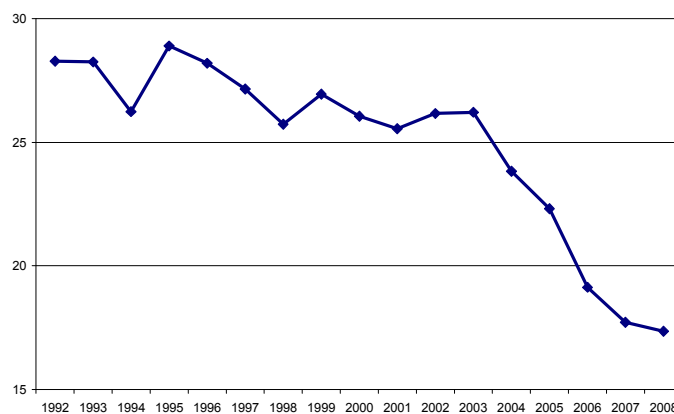


March, 2010 \*

## New poverty estimates for Latin America

According to estimates based on the Socioeconomic Database for Latin America and the Caribbean (SEDLAC), income poverty in Latin America fell between the early 1990s and the late 2000s. While 28 out of 100 Latin-Americans lived with less than USD 2.5 a day in 1992,<sup>1</sup> today that share is ten percentage points lower at 17% (figure 1). This trend of lower income poverty in Latin America also holds when using alternative poverty lines.

**Figure 1**  
**Poverty in Latin America**  
 Poverty headcount  
 International poverty line (US\$ 2.5-a-day)



Source: SEDLAC (CEDLAS and the World Bank).

This decrease, however, has not been uniform. Poverty fell slightly during the 1990s, increased during the crisis at the turn of the century and finally declined sharply during the economic expansion of the 2000s. In particular, between 2003 and 2007 the Latin American economies experienced a period of economic expansion and extensive social policies which resulted in a sustained reduction in all indicators of material deprivation. The available evidence indicates that this pattern of accelerated poverty reduction came to a halt in 2008; in correspondence first with the increase in food prices, and then with the global economic crisis. The 2008 poverty rate (17.4%) for Latin America is not

\* Please cite as SEDLAC (2009). Socioeconomic Database for Latin America and the Caribbean, CEDLAS and the World Bank, Brief 6, March 2010.

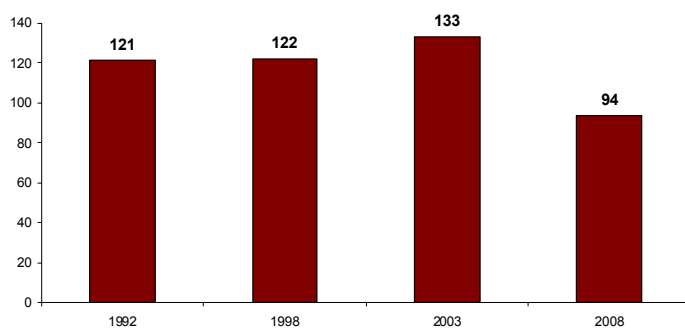
<sup>1</sup> The USD-2.5-a-day line adjusted for purchasing parity power (PPP) ratios is an international poverty line that allows poverty comparisons across countries. It coincides with the median value of the extreme poverty lines chosen by the Latin American countries.

significantly different from the 2007 rate (17.7%). Preliminary estimates using data from the few countries that have published data of their household surveys for 2009 suggest that monetary poverty increased that year, though very moderately (17.6%).

The positive aggregate performance of Latin America in the last two decades is largely determined by the successful social performance in Mexico and especially Brazil, the two most populous nations in the region, which together account for 55% of its population. Nonetheless, if poverty is calculated as a simple regional average of national values (unweighted by population) Latin American performance remains positive: the average poverty rate fell from 28.3% in 1992 to 19.8% in 2008.

The number of people living below the international line of 2.5 dollars was reduced in the last two decades from 121 million to 94 million (figure 2), largely due to the drop in poverty rates during 2003 and 2007).

**Figure 2**  
**Poverty in Latin America**  
 Number of poor people  
 International poverty line (US\$ 2.5-a-day)



Source: SEDLAC (CEDLAS and the World Bank).