



Departmental poverty dynamics in Colombia 1993-2005 ¹

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Executive Summary

This document provides poverty and inequality indicators at municipal level for Colombia for the years 1993 and 2005, while also analysing the spatial and intertemporal dynamic of poverty and inequality between those years. As household surveys conducted in the country are only representative at regional level, the methodology of Elbers, Lanjouw and Lanjouw (2003) has been used in order to obtain municipal estimates. This methodology is based on census data in order to provide estimates that are more disaggregated than those derived from representative surveys. The study uses household consumption to determine income level. Based on household per capita consumption, average household consumption is calculated, the percentage of poor living in each municipality and the Gini index of inequality.

The economic performance of Colombia between 1993 and 2005 was uneven, with a major crisis between 1996 and 1999. In spite of the aforementioned, per capita expenditure in Colombia posted a national increase of 32% between 1993 and 2005, leading to annual growth of approximately 2.8%. There are

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broad differences among poverty estimates per region, with values that fluctuate between 20% in the country's capital to over 60% in the poorest regions. Regarding the national aggregate, poverty in 1993 stood at 43% and for 2005 at 41%. Lastly, although the municipal Gini coefficient is found in a range that varies between 0.35 and 0.55 for both years, the national aggregate is unchanged, remaining constant at 0.50.

The results of our municipal estimates show that there is a strong variation in the growth of per capita expenditure between the country's different municipalities during the study period: 65% of Colombians are resident in municipalities where per capita expenditure did not grow. This heterogeneity is also found in results for inequality: 70% of Colombians live in municipalities where inequality did not improve. The most pessimistic result, however, is related to poverty indexes: almost all Colombians (99%) live in municipalities where the percentage of poor during the study period either remained unchanged or increased. In a high proportion of municipalities that witnessed an increase in per capita expenditure, the increase in inequality offset this improvement. In those municipalities with a constant per capita income, there was no fall in inequality that would have generated a reduction in poverty levels.