Poverty & Equity Brief

Latin America & the Caribbean

Honduras

October 2019

Poverty rates in Honduras seem to have stagnated in recent years and continue to be among the highest in the region. According to official poverty indicators, 61.9 percent of Honduran households (or 67.1 percent of the population) lived in poverty in 2018. Poverty rates have fluctuated between 61 and 64 percent over the last 5 years, since having peaked in 2012 following the 2009 political crisis and its aftermath. The latest available international headcount estimates show that, as of 2017, 17.2 percent of the Honduran population lived on less than $1.90 per day, one of the highest rates in Latin America, and more than half (52.6 percent) lived on less than $5.50 per day. While the official methodology is not comparable with that used for international poverty estimates, the trends largely coincide.
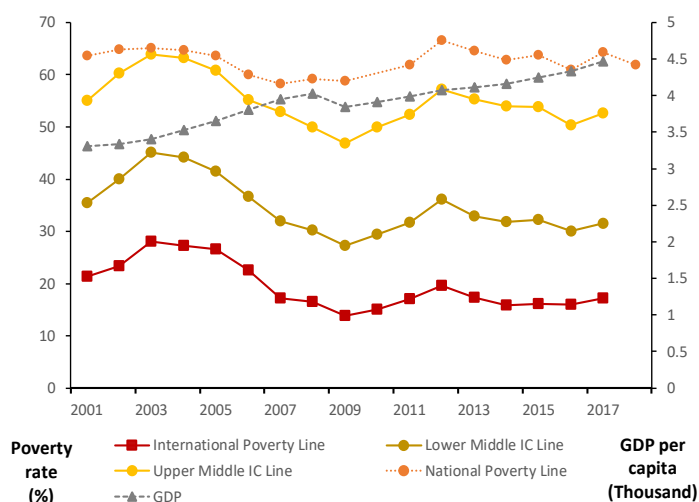
The deceleration of the labor-intensive agricultural sector in 2018, including coffee production, and rising consumer prices, adversely affected rural household incomes and increased rural poverty. On the other hand, urban poverty declined as urban household incomes and employment in construction and manufacturing increased. Honduras' maquila and construction sectors are beneficial to lower-income households. In addition, higher remittances in 2018 helped buffer incomes. Nevertheless, the country continues to face high levels of crime and violence that hamper human capital and economic activity, and lower overall welfare. Shared Prosperity estimates for 2012-2017 show an annualized per capita income growth of 2.5 percent for households in the bottom 40 percent of the income distribution, as opposed to the negative growth seen in the upper part of the income distribution. This is also reflected in the decrease in inequality over the 5-year period. However, this income growth of the bottom 40 percent is below the average for Latin America and inequality (as measure by the Gini) is showing stagnation in recent years.

The poverty and inequality series will be updated in the near future. The authorities have established a Technical Poverty Commision that is in the process of updating the official poverty methodology.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line (Households)	N/A	61.9	2018
International Poverty Line 24.7 in Honduran lempira (2017) or US$1.90 (2011 PPP) per day per capita	1.6	17.2	2017
Lower Middle Income Class Poverty Line 41.6 in Honduran lempira (2017) or US$3.20 (2011 PPP) per day per capita	3.0	31.6	2017
Upper Middle Income Class Poverty Line 71.5 in Honduran lempira (2017) or US$5.50 (2011 PPP) per day per capita	5.0	52.6	2017
Multidimentional Poverty Measure		20.4	2017
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		2.48	2012-2017
INEQUALITY			
Gini Index		50.5	2017
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		3.17	2012-2017
GROWTH			
Annualized GDP per capita growth		1.9	2012-2017
Annualized Income Growth per capita from Household Survey		-0.70	2012-2017
MEDIAN INCOME			
Growth of the annual median income		2.08	2012-2017

WORLD BANK GROUP
Poverty & Equity

Poverty Economist: Carolina Diaz-Bonilla

POVERTY HEADCOUNT RATE, 2001-2018

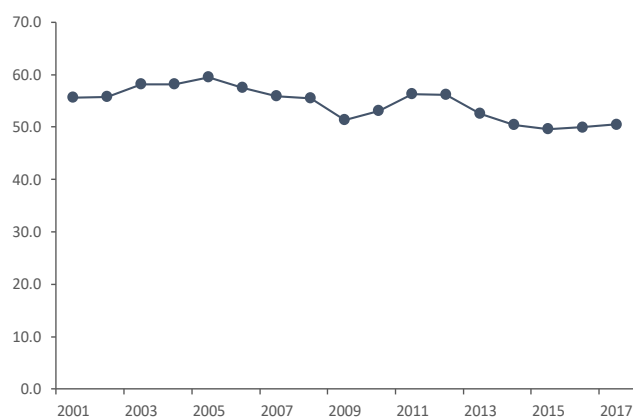| Poverty rate (%)		
■ International Poverty Line	● Lower Middle IC Line	GDP per capita (Thousand)
● Upper Middle IC Line	● National Poverty Line	
▲ GDP		

Source: World Bank using EPHPM/SEDLAC/GMD

INEQUALITY TRENDS, 2001-2017

Gini Index

Source: World Bank using EPHPM/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2017	International Poverty Line (%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	65	35	21	79
Rural population	27	73	62	38
Males	47	53	40	60
Females	47	53	40	60
0 to 14 years old	37	63	50	50
15 to 64 years old	52	48	36	64
65 and older	55	45	33	67
Without education (16+)	31	69	56	44
Primary education (16+)	36	64	51	49
Secondary education (16+)	57	43	30	70
Tertiary/post-secondary education (16+)	92	8	4	96

Source: World Bank using EPHPM/SEDLAC/GMD

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

Multidimensional Poverty Measures (% of people): 2017	
Monetary poverty (Income)	
Daily income less than US$1.90 per person	17.2
Education	
At least one school-aged child is not enrolled in school	11.2
No adult has completed primary education	12.3
Access to basic infrastructure	
No access to limited-standard drinking water	11.1
No access to limited-standard sanitation	15.6
No access to electricity	9.9

Source: World Bank using EPHPM/SEDLAC/GMD

POVERTY DATA AND METHODOLOGY

National poverty estimates in Honduras are produced by the Instituto Nacional de Estadística (INE) based on data from the Encuesta Permanente de Hogares de Propósitos Múltiples (EPHPM). This survey is not publicly available, but is shared by INE with the World Bank. Honduras uses a monetary poverty line to measure extreme and total poverty using per capita income as the welfare measure. These lines, available for rural and urban areas (including separate poverty indicators for each of the two largest cities), are estimated using baskets of goods and services based on an expenditure survey from the late 1970s, with some updates from 1998. The national poverty series is reported as the percent of households living in poverty, while the headcount estimates based on international poverty lines are based on the share of individuals living in poverty.

While the national poverty headcount is used in Honduras for program and policy targeting, international poverty estimates allow for comparisons between countries. To facilitate comparisons with its neighbors in Latin America and the Caribbean, the international poverty line of $5.50 per person per day is preferred. This line is also closer to the value of Honduras' official poverty basket. Unlike in many LAC countries, the International Poverty Line (IPL) of $1.90 in 2011 PPP remains an important indicator in Honduras as a sizeable share of the population continues to live in extreme poverty.

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.