

## Poverty & Equity Brief

Latin America & the Caribbean

# Honduras

April 2024

After a one-year hiatus, in December 2023, the INE (Instituto Nacional de Estadística) released the official poverty estimates for Honduras for that year. Close to 64 percent of Honduran households lived under the national poverty line in 2023, a decline from 73.6 percent in 2021. Similarly, extreme poverty declined by 12.2 pp, reaching 41.5 percent in 2023. These trends are explained by the economic recovery from the 2020 crisis and a remarkable growth in the inflow of remittances (growth of 29 percent and 18 percent in 2021 and 2022, reaching 27 percent of GDP in 2022). Nevertheless, poverty incidence remains above the 2019 levels, when poverty was 59.3 percent and extreme poverty was 36.7 percent, showing a partial recovery from the pandemic and hurricanes Eta and Iota. This is consistent with unemployment, which declined from 8.6 percent in 2021 to 6.4 percent in June 2023 but has not reached its pre-pandemic level.

The recently released numbers also highlight that poverty has changed very little since 2014, when 62.8 percent of households lived in poverty. Limited progress in poverty reduction is observed despite moderate economic growth, averaging 3.4 percent in the last decade, and an average inflow of remittances above 21 percent of GDP since 2014. Poverty stagnation is partly explained by a highly informal labor market (more than 70 percent) with substantial gender disparities, as well as stagnant real agricultural incomes in rural areas. Moreover, significant differences between the poor and non-poor are evident in 2023 across various dimensions, particularly in access to basic services. While 58 percent of poor households have access to sanitation and only 37.2 percent have access to the internet at home, these figures reach 74.4 and 48.6 percent for non-poor households, respectively. This gap is also visible in the labor market: the average employment rate for poor household heads is 60 percent, while for non-poor households is 74 percent.

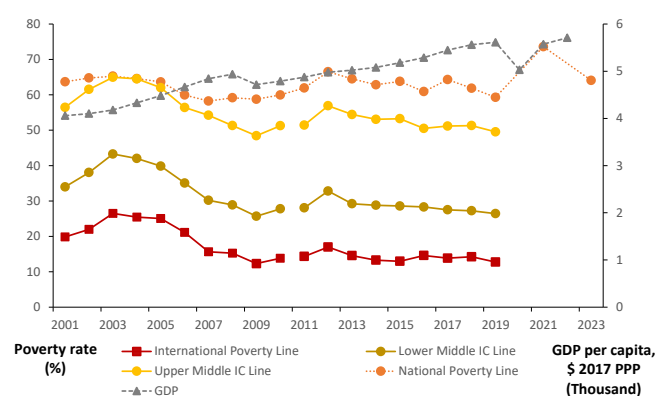
Honduras remains one of the poorest and most unequal countries in the region. Estimates for 2023, using microsimulations, show that international poverty under the international poverty line (US\$6.85 2017 PPP), reached 51.3 percent in 2023 (these numbers are currently being updated with the new data). This is higher than the average for Central America (36.4 percent), and twice as high as the LAC region average (25.2 percent) for that year. For that same year, poverty under the US\$2.15 line is estimated to reach 12.2 percent, and inequality, measured by the Gini index is projected to remain at high levels, near 47.3 (these numbers are also being updated with the new data).

Honduras also faces high vulnerability to climate-change related events, and municipalities with the highest exposure to climate risk are characterized by high poverty incidence. Human development outcomes are weak. A child born in 2020 in Honduras will only be 48 percent as productive when she reaches the labor market as she could be if she had access to high-quality education and healthcare (Human Capital Index). Food insecurity is also high, climbing from 40.9 percent in 2018 to 56.1 percent in 2021.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	6.2	64.1	2023
International Poverty Line 25.4 in Honduran lempira (2019) or US\$2.15 (2017 PPP) per day per capita	1.3	12.7	2019
Lower Middle Income Class Poverty Line 43.1 in Honduran lempira (2019) or US\$3.65 (2017 PPP) per day per capita	2.6	26.4	2019
Upper Middle Income Class Poverty Line 80.9 in Honduran lempira (2019) or US\$6.85 (2017 PPP) per day per capita	4.9	49.5	2019
Multidimensional Poverty Measure		14.8	2019
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		1.00	2014-2019
INEQUALITY			
Gini Index		48.2	2019
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		0.35	2014-2019
GROWTH			
Annualized GDP per capita growth		2.02	2014-2019
Annualized Income Growth per capita from Household Survey		0.64	2014-2019
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.76	2014-2019

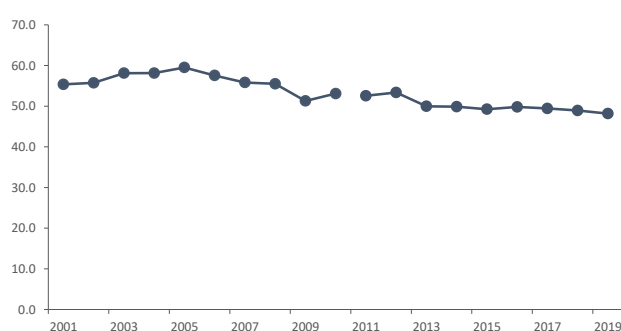
Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of October 2023, and Global Monitoring Database for the rest. The 2023 PIP numbers are currently being updated.

## POVERTY HEADCOUNT RATE, 2001-2023



## INEQUALITY TRENDS, 2001-2019

### Gini Index



Source: World Bank using EPHM/SEDLAC/GMD. The 2023 PIP numbers are currently being updated.

## KEY INDICATORS

Distribution among groups: 2019	Upper Middle income line(%)		Relative group (%)		Multidimensional Poverty Measures: 2019	(% of population)
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	67	33	24	76	<b>Monetary poverty (Income)</b>	
Rural population	29	71	61	39	Daily income less than US\$2.15 per person	12.6
Males	50	50	41	59	<b>Education</b>	
Females	51	49	39	61	At least one school-aged child is not enrolled in school	10.0
0 to 14 years old	40	60	50	50	No adult has completed primary education	10.1
15 to 64 years old	55	45	36	64	<b>Access to basic infrastructure</b>	
65 and older	56	44	36	64	No access to limited-standard drinking water	5.7
Without education (16+)	29	71	60	40	No access to limited-standard sanitation	5.8
Primary education (16+)	43	57	46	54	No access to electricity	6.7
Secondary education (16+)	70	30	22	78		
Tertiary/post-secondary education (16+)	92	8	5	95		

Source: World Bank using EPHM/SEDLAC/GMD

Source: World Bank using EPHM/SEDLAC/GMD

Note: The 2023 PIP numbers are currently being updated

## POVERTY DATA AND METHODOLOGY

National monetary 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 (EPHM). Honduras uses a poverty line to measure extreme and total poverty using per capita income as the welfare measure. Official poverty estimates continue to use a basket of goods and services obtained from the 1978 expenditure household survey, despite the fact that this methodology had been discontinued in 2020. In 2021, changes to the questionnaire compromise the comparability of labor income with other years, and there is no official poverty estimate for 2022. While the national poverty headcount is used in Honduras for program and policy targeting, international poverty estimates allow comparisons between countries. For cross-country comparisons, the international poverty line of US\$6.85 (per person per day in 2017 PPP) is preferred, which is also closer to the value of Honduras' official poverty basket. Unlike in many Latin American countries, the International Poverty Line (IPL) of US\$2.15 in 2017 PPP remains an important indicator in Honduras, as a sizeable share of the population continues to live in extreme poverty.

**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](http://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.