Poverty & Equity Brief

October 2024

HONDURAS

Honduras remains one of the poorest and most unequal countries in the region. Preliminary estimates for 2023 show that 51.9 percent of the population live under the upper middle-income country poverty line of $6.85/day (2017 PPP). This is higher than the averages for Central America (37.5 percent) and LAC (26 percent). Moreover, poverty under the $2.15 line remains high, at an estimated 14.1 percent, and is also higher than most countries in the region. Inequality, measured by the Gini Index, is estimated to be 47.8. Honduras is also highly vulnerable to the impacts of climate change, with poverty and climate risks often concentrated in the same geographic areas.
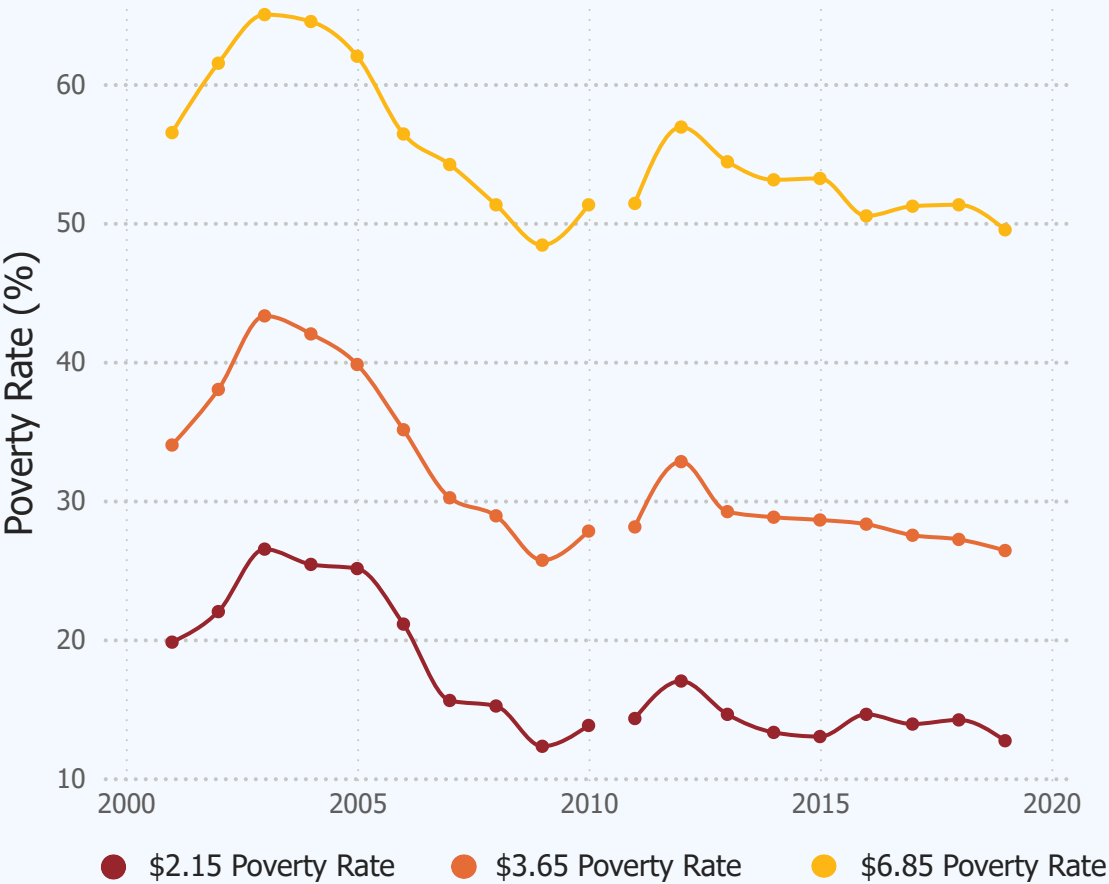
Poverty in Honduras has changed very little over the past ten years. Despite an average economic growth rate of 3.4 percent in the last decade, and the remittance inflow representing on average 22 percent of GDP since 2014, poverty rates have not improved significantly. Stagnation in poverty is partly attributed to the lack of quality job creation, substantial gender disparities in the labor market, and stagnant agricultural labor incomes. Notably, in 2023, the agricultural sector experienced a turnaround with a 4 percent growth rate, following four consecutive years of decline. This contributed to reducing the disparity in poverty rates between rural and urban areas.

According to the official poverty estimate released by the INE (Instituto Nacional de Estadística) for 2023, close to 64 percent of Honduran households were living below the national poverty line, a reduction of 9.5 percentage points from 2021 (no estimate was released for 2022). The official estimate for extreme poverty also declined between 2021 and 2023, reaching 41.5 percent in 2023 (a 12.2 percentage points decrease). These downward trends are explained by the economic recovery following the 2020 crisis, and a significant surge in remittance inflows (growth of 29 and 18 percent in 2021 and 2022, respectively). Nevertheless, poverty incidence remains above pre-pandemic figures, when the official poverty rate was 59.3 percent and extreme poverty was 36.7 percent in 2019. This aligns with unemployment, which declined from 8.9 percent in 2022 to 6.4 percent in 2023, also above its pre-pandemic level of 5.7 percent.
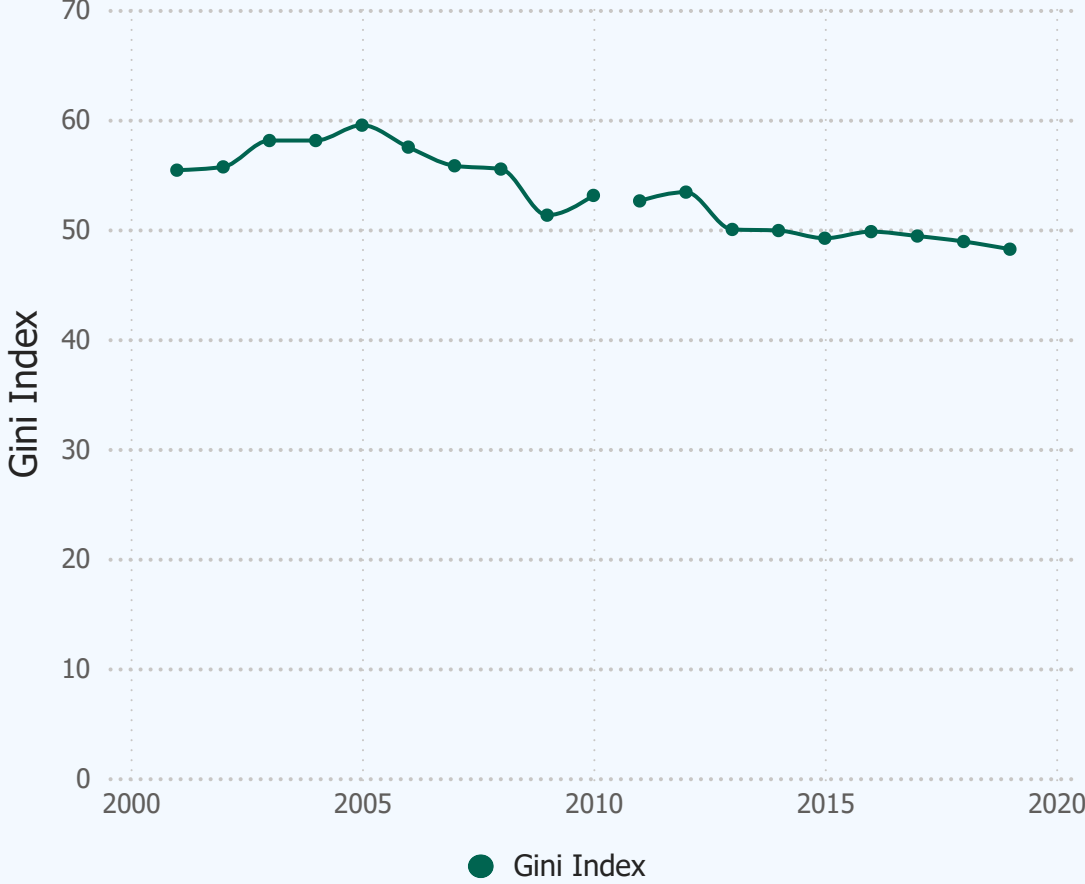
Non-monetary aspects of poverty are also concerning. Food insecurity is high, affecting 56.1 percent of the population. A child born in Honduras in 2020 is expected to reach just 48 percent of their potential earnings with complete education and healthcare (Human Capital Index). Moreover, disparities between poor and non-poor households are stark across multiple dimensions, especially in access to basic services such as sanitation facilities and piped water at home.

$2.15 Poverty Rate 2019	$6.85 Poverty Rate 2019	Gini Index 2019	Prosperity Gap 2019
12.7%	49.5%	48.2	6.2

Poverty Rate

Inequality

Poverty at Different Lines

Poverty Line	Number of Poor (Thousands)	Rate (%)	Year
National Poverty Line	6,244.7	64.1	2023
International Poverty Line ($2.15/day)	1,269.1	12.7	2019
Lower Middle Income Class Poverty Line ($3.65/day)	2,631.9	26.4	2019
Upper Middle Income Class Poverty Line ($6.85/day)	4,934.1	49.5	2019
Multidimensional Poverty Measure		14.8	2019

Group and Multidimensional Poverty

Poverty by Group	Poverty Rate (%)
Urban population	33.2
Rural population	71.0
Males	49.8
Females	49.3
0 to 14 years old	60.3
15 to 64 years old	45.1
65 and older	44.1
Without education (16+)	70.9
Primary education (16+)	57.1
Secondary education (16+)	30.3
Tertiary/post-secondary education (16+)	7.6

Multidimensional Poverty Components	(% of Pop.)
Daily income less than US$2.15 per person	12.6
At least one school-aged child is not enrolled in school	10.0
No adult has completed primary education	10.1
No access to limited-standard drinking water	5.7
No access to limited-standard sanitation	5.8
No access to electricity	6.7

Note:
Data for the "Poverty by Group" table is derived from a 2019 survey and data for the "Multidimensional Poverty Components" table is derived from a 2019 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

National poverty estimates in Honduras are produced by the Instituto Nacional de Estadística (INE) based on the Encuesta Permanente de Hogares de Propósitos Múltiples (EPHPM). Honduras employs a poverty line to measure extreme and total poverty, and per-capita income as the welfare measure. Official poverty estimates continue to use a basket of goods and services obtained from the 1978 income and expenditure household survey, even though this methodology had been discontinued in 2020. In 2021, changes to the questionnaire compromised the comparability of labor income with other years. The latest round of the EPHPM is for the year 2023, making it the first comparable round with the 2019 and previous years' rounds.

While the national poverty headcount is used in Honduras for policy targeting, international poverty estimates allow comparisons between countries. For cross-country comparisons, the international poverty line of $6.85 (2017 PPP) is preferred, which is also closer to the value of Honduras' official poverty basket. However, unlike in many Latin American countries, the International Poverty Line (IPL) of $2.15 (2017 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.