Acknowledgements
This brief utilizes the global Multidimensional Poverty Index (MPI) 2021 microdata to conduct an analysis of countries within the Latin America and the Caribbean (LAC) region included in the 2021 global MPI database. The microdata were cleaned, standardized, and produced for further analysis by Alkire, Kanagaratnam and Suppa (2021). Significant recognition goes to the hard work of Usha Kanagaratnam and Nicolai Suppa for their role in preparing the data analysed within this report, and to Human Development Report Office colleagues for their leadership within UNDP. We are grateful to Oxford Poverty and Human Development Initiative team members Ross Jennings, Usha Kanagaratnam, Fanni Kovesdi and Putu Natih for their analysis. The authors gratefully acknowledge support from the United Nations Development Programme in commissioning, reviewing and contributing to this brief. Special thanks go to Mansour Ndiaye, Nathalie Bouche, Christian Oldiges, and colleagues of the Inclusive Growth team at the UNDP Bureau for Programme and Policy Support (BPPS) for their comments and inputs. All errors remain our own.

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Introduction
This report examines the most recent trends in multidimensional poverty using the global Multidimensional Poverty Index (MPI) microdata from countries in the Latin American and Caribbean (LAC) region included in the 2021 global MPI database. Trends within the global MPI and its components, i.e., the headcount ratio (H) and the intensity of poverty (A), are examined. Furthermore, an analysis of possible disparities across urban and rural areas and subnational regions is also presented. Examining patterns and changes in the global MPI across time seeks to uncover rich evidence, which may guide our understanding on the progress made within this region, whilst also pinpointing crucial areas where advancements are still needed.

Key findings:

- Countries within the LAC region experienced significantly different levels and intensities of poverty, where according to global MPI computations, the largest percentage of people living in multidimensional poverty was found in Haiti (41.3 percent) and the lowest (0.5 percent) in Costa Rica.
- Countries with the highest levels of global MPI poverty were also those that achieved the largest absolute annualized reductions in multidimensional poverty across the time periods examined. These countries were Honduras (2005/06–2011/12), Nicaragua (2001–2011/12) and Haiti (2012–2016/17). The absolute change across time periods analysed is the simple difference between the value of these measures in the two available years, which is expressed in annualized terms to account for the fact that each country has different time intervals.
- Honduras (2005/06–2011/12), Nicaragua (2001–2011/12) and Haiti (2012–2016/17) also experienced the strongest absolute reductions in the incidence of MPI poverty and also reduced the intensity.
- Four out of the thirteen countries examined, i.e., Bolivia (2008–2016), the Dominican Republic (2007–2014), Honduras (2005/06–2011/12) and Nicaragua (2001–2011/12) experienced statistically significant reductions in deprivation within all their global MPI indicators.
- Crucial inequalities within these countries were also unravelled, such as disparities pointing toward a rural vs. urban divide when it comes to where poverty is most prevalent in this region.
- Rural areas, however, exhibited the largest decrease in multidimensional poverty across the time periods studied.
- When disaggregating global MPI information by subnational regions, poverty was found to be unevenly distributed across the LAC countries examined. Progressive trends were found in that the largest improvements were evident in regions with the highest baseline incidences of poverty.
- Overall, the patterns of poverty reduction within the LAC region followed a heterogeneous yet progressive trend.

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1 The headcount ratio, or incidence of poverty, is the proportion of people who are multidimensionally poor, while the intensity reflects the depth of poverty by identifying the average share of weighted deprivations that those who are poor experience simultaneously.
Which Countries are Studied?
Global MPI 2021 computations cover 22 countries in the LAC region.\(^2\) They encompass those of low, lower-middle, upper-middle and high-income status, with GNI per capita incomes ranging from $3,040 in Haiti to $27,140 in Trinidad and Tobago.\(^3\) The global MPI scores for each country in this region vary from 0.002 for Costa Rica and Trinidad and Tobago, to 0.200 in Haiti.

In addition to this, in 2021, trends in the global MPI over time were analysed for 13 countries within the LAC region where multiple datasets were available: Belize, Bolivia, Colombia, Dominican Republic, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Peru, Suriname, Trinidad and Tobago.\(^4,5\) The first year of analysis for these countries ranges between 2001 and 2014, and the second year ranges from 2011 to 2019/20.\(^6\) Using this information on changes over time in the global MPI, the analysis presented within this report seeks to act as a powerful illustrative example of the kinds of studies which may be conducted by utilizing post-COVID data on multidimensional poverty, before further analysis can be done using tailored national MPI data. Where the global MPI is useful when comparisons are sought across developing countries, national MPIs become pivotal when countries seek to measure and address domestic poverty (Alkire et al. 2016).

The crucial roles that both the global and national MPIs play is particularly evident within the LAC region, where significant advancements have been made with regard to the development of nationally relevant tools to measure multidimensional poverty and where, along with the global MPI, national MPIs are extensively utilized to guide policy.

Regional Overview: State of Multidimensional Poverty in LAC
The 22 LAC countries included within the analysis of this report are home to 37.5 million people living in multidimensional poverty. This figure accounts for 6.9 percent of the region’s population. Thus, although the global MPI is a measure of acute poverty, still, a significant number of individuals were identified as multidimensionally poor within this region (Moreno and Pinilla-Roncancio 2021).\(^7,8\) Figure 1 illustrates in further detail the levels of incidence and intensity of poverty experienced within these 22 countries.

\(^2\) Please refer to Appendix 1 of this report for a full list of the LAC countries with available global MPI data, the surveys used, and time periods analysed.
\(^3\) This data is for country level GNI per capita, PPP (current international $) for the year 2019 (World Bank 2020).
\(^4\) Where countries have harmonized estimates for three time periods, the changes over time analysis uses the more recent time period estimates. For more information on this dataset please refer to Alkire, Kanagaratnam and Suppa (2021).
\(^5\) Please refer to Appendix 2 of this report for a full list of the 13 LAC countries with available changes over time data, the surveys used, and time periods analysed.
\(^6\) For further information on the methodological steps taken within the changes over time analysis of the global MPI please refer to Alkire, Kanagaratnam and Suppa (2021).
\(^7\) All regional figures reported utilized population weights computed using 2019 figures, as these were the most recent available.
\(^8\) Similar results are found within Moreno and Pinilla-Roncancio (2021).
Referring to Figure 1, Haiti exhibited the largest incidence of multidimensional poverty within this region, with 41.3 percent of its population categorized as multidimensionally poor. Haiti is followed by Guatemala, which recorded a headcount poverty rate of 28.9 percent. On the other hand, Costa Rica (0.5 percent), Trinidad and Tobago (0.6 percent) and Cuba (0.7 percent), reported the lowest incidence of poverty within this region. As for the intensity of poverty, the country with the highest incidence of poverty, Haiti, also had the highest intensity of multidimensional poverty at 48.4 percent. Levels of intensity do not necessarily track the levels of incidence of poverty. For example, Barbados, which does not have the lowest incidence of poverty, was found to have experienced the lowest level of intensity at 34.2 percent.9,10

**How Did Multidimensional Poverty Change Over Time?**
To track changes within the global MPI, this report employs two simple measures – the absolute and relative change in poverty. These measures are utilized to examine the dynamics within the incidence (H) and intensity (A) of poverty, alongside trends in the overall MPI across the time periods analysed. All country datasets in this section were strictly harmonized to enable analysis of trends.

9 Similar findings were reported within Moreno and Pinilla-Roncancio (2021).
10 Please refer to Appendix 1 for a list of survey years for each of these countries.
How did countries perform across time? Absolute and relative progress

Figures 2 and 3 illustrate the absolute and relative changes in the incidence and intensity of poverty across the 13 LAC countries included within the global MPI changes over time database. Referring to Figure 2, of the 13 LAC countries, almost all, except for Jamaica and Trinidad and Tobago, experienced statistically significant absolute annualized reductions in incidence of multidimensional poverty. Honduras, Nicaragua and Haiti led these countries with their outstanding absolute decreases in headcount poverty, followed by Bolivia, Peru, Dominican Republic, Belize, Suriname, Guyana, Mexico and Colombia. Honduras had the fastest progress in absolute terms within this region, displaying a fall in MPI from 0.191 to 0.093 and a fall in incidence (H) from 37.8 percent to 20.0 percent between 2005/2006 and 2011/2012. Honduras’ fast reduction in its MPI is followed by Nicaragua (2001–2011/2012) and Haiti (2012–2016/2017). Looking at Figure 3, Honduras also significantly reduced its intensity of poverty (A) from 50.6 percent to 46.6 percent within the six-year period analysed. Absolute reductions in intensity across the time periods analysed, were strongest in Nicaragua, followed by Honduras, Suriname, Bolivia and Guyana.

Absolute changes are utilized as key statistics when analysing progress and trends across time. However, while a country with a relatively high poverty level, such as Honduras, where the incidence of multidimensional poverty was 37.8 percent at the initial time period, may be able to reduce their poverty incidence by 17.8 percentage points; Guyana, with an H of only 3.3 percent at the baseline, could never do so. With this in mind, Figures 2 and 3 also summarize the compound annualized relative reductions in the incidence and intensity of multidimensional poverty across the 13 countries examined. Looking at Figure 2, of the 13 countries, the biggest relative reductions in the incidence of poverty were found in Guyana, Honduras and Bolivia, where the proportion of people experiencing multidimensional poverty was cut by around 10 percent every year. Guyana slashed its incidence of poverty (H) by -11.7 percent per year while there was a relative annualized reduction in incidence of -10.1 percent in Honduras. Looking at Figure 3, Honduras also experienced a significant relative reduction in its intensity of poverty. Coupling both significant reductions in its headcount and intensity of poverty, Honduras was able to achieve an annualized relative decrease in its original MPI of around 11.3 percent per year, making it a success in both relative and absolute terms.
Figure 2. Annualized absolute and relative change in the incidence of poverty (H), by country

Note: Countries are ordered by the size of the annualized absolute change.
Statistical significance for absolute change: ***significant at $\alpha=0.01$, **significant at $\alpha=0.05$, *significant at $\alpha=0.10$.
Source: Alkire, Kanagaratnam and Suppa (2021).

Figure 3. Annualized absolute and relative change in the intensity of poverty (A), by country

Note: Countries are ordered by the size of the annualized absolute change.
Statistical significance for absolute change: ***significant at $\alpha=0.01$, **significant at $\alpha=0.05$, *significant at $\alpha=0.10$.
Source: Alkire, Kanagaratnam and Suppa (2021).
Changes in headcount vs. intensity of poverty
Comparing absolute reductions in incidence vs. intensity, the majority of countries reduced incidence more than intensity. The exceptions to this were Jamaica, Guyana, Suriname and Mexico where the intensity of poverty saw larger decreases. From Figures 2 and 3, out of 13 countries studied, 11 countries reduced their incidence of multidimensional poverty (H) significantly, and eight reduced intensity (A) significantly. Honduras and Nicaragua experienced significant absolute reductions in all three measures of MPI, incidence (H) and intensity of multidimensional poverty (A).

Overall, none of the 13 countries included within this analysis experienced a significant increase in poverty during the periods analysed. The poorest countries in this region had the largest absolute annualized reductions in multidimensional poverty: Honduras, Nicaragua and Haiti. These countries had a baseline incidence level of poverty (H), ranging from 37.8 percent in Honduras to 48.4 percent in Haiti. In general, countries with lower baseline incidence levels experienced lower levels of absolute annualized reductions in their MPIs. These countries include Mexico, which had a baseline incidence of poverty of 7.5 percent, and Guyana, which had a baseline incidence level of 3.3 percent.

Which indicators drove progress?
As illustrated within the previous sections, the global MPI provides a powerful informational platform, enabling countries to analyse progress with regard to changes in their levels of poverty across time, whilst importantly, also allowing the study of trends in the levels of intensity of deprivations experienced by the poor. Another key feature of the global MPI is its ability to track where progress was most felt, i.e., which indicators experienced the most reductions in deprivation across the time periods analysed. This feature makes visible policy successes and highlights what went right about the efforts countries have undertaken to alleviate poverty. With this in mind, this section presents an analysis of the global MPI, broken down by its 10 indicators.


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11 Bolivia and Nicaragua have information for all 10 of the global MPI indicators, the Dominican Republic has missing information on nutrition and Honduras has missing information on electricity (Alkire, Kanagaratnam and Suppa 2021).
and Colombia saw significant reductions in six indicators (Colombia had no data for nutrition). Trinidad and Tobago had a significant decrease in only one indicator related to drinking water, while Jamaica had no significant reductions in any of the indicators. None of the 13 countries included within this analysis experienced significant increases in deprivation within any of their global MPI indicators during the periods analysed. Thus, for most countries, improvements within deprivation rates for each of their indicators contributed to a significant decrease within their MPIs. Countries however, reduced their MPIs by addressing challenges within different indicators. On average, across the 13 countries, the fastest reductions were made by improving sanitation and housing. Strong reductions were also found within the average reduction in deprivation in the school attendance and cooking fuel indicators, followed by nutrition, drinking water, assets, electricity and years of schooling. A slower reduction was seen within the child mortality indicator; however, censored headcounts within this indicator were relatively low compared to those experienced within other indicators, in the baseline years for almost all countries analysed.

Figure 5. Absolute annualized change in censored headcounts within each indicator for top-performing LAC countries

Note: Statistical significance for absolute change: ***significant at \( \alpha = 0.01 \), **significant at \( \alpha = 0.05 \), *significant at \( \alpha = 0.10 \).

Source: Alkire, Kanagaratnam and Suppa (2021).
Figure 5 illustrates this further, by presenting the reductions in percentage of the population that is poor and deprived in each of the 10 global MPI indicators within four of the top performing countries in this region, i.e., Bolivia, Haiti, Honduras and Nicaragua. Figure 5 shows how country profiles of deprivation reductions across the 10 indicators may vary: Bolivia had the highest reductions within the child mortality indicator, Haiti in years of schooling, Honduras in school attendance and Nicaragua in sanitation. The ability to zoom into these specific indicators thus enables governments to celebrate areas where policies have worked, while underlining aspects that need further support.

Who was left behind? Urban vs. rural trends

By learning from the past, whilst also looking towards the future, this report aims to address the key concern underpinning the formulation and adoption of the Sustainable Development Goals (SDGs), i.e., the pledge to leave no one behind, to ensure that the needs and freedoms for all, most notably those who are most vulnerable, are met, when development policies and action are implemented. With this in mind, this section and the next examine trends within subgroup decompositions of the global MPI. This section explores differences between poverty within urban and rural settings across the LAC countries included within this analysis. For all of the 13 countries studied, except for Trinidad and Tobago (whose survey report specified that it was not representative for such disaggregation), changes in their MPIs were analysed across urban and rural areas.

Figure 6. Annualized absolute reduction in the incidence of poverty (H) across urban and rural areas

Note: Statistical significance for absolute change: ***significant at $\alpha=0.01$, **significant at $\alpha=0.05$, *significant at $\alpha=0.10$.
Source: Alkire, Kanagaratnam and Suppa (2021).

Figure 6 highlights absolute annual reductions in the incidence of poverty (H) by urban and rural areas. Poverty was found to be higher in rural areas when compared to urban areas for all 12 countries analysed,
within both time periods covered. As described within Figure 6, higher poverty reductions were experienced within poorer rural regions within the LAC region. Bolivia, Honduras and Nicaragua were among those experiencing the largest absolute reductions in headcount ratios across both rural and urban areas, within the years of analysis included in this report.

For these countries, however, absolute reductions in the incidence of poverty within rural was significantly higher when compared to reductions in urban poverty. The only exception was in Colombia where the incidence of poverty reduced by -0.16 percentage points per annum in both rural and urban areas. There was, however, a significant increase in the incidence of poverty in urban areas in Guyana, with the result that the incidence in 2019/2020 was similar in urban (1.6 percent) and rural (1.7 percent) areas.

Who was left behind? Subnational trends

For the analysis within this report, changes over time were recorded for 13 countries and 129 subnational regions within these countries. Within these 129 subnational regions, the largest absolute annualized reductions of the incidence of poverty were found within countries with relatively higher poverty rates in their baseline years. In particular, subnational regions in Honduras experienced the largest decreases in absolute annualized incidence of poverty, with the highest reductions found within the Olancho, Santa Bárbara and Intibucá subnational regions. Figure 7 illustrates these findings.

Figure 7. Absolute annualized changes in the incidence of poverty (H) across 127 subnational regions in LAC

Source: Alkire, Kanagaratnam and Suppa (2021).
Conclusion
This policy briefing illustrates how multidimensional poverty has changed across countries within the LAC region. It dissects how multidimensional poverty was experienced within this region, by analysing which indicators contributed the most to poverty reduction, examining urban-rural differences and analysing how poverty is felt by those living within different subnational regions. This report found that countries with the highest levels of multidimensional poverty were also those which achieved the largest reductions in poverty across the years under study. The top performing countries reduced both the headcount and intensity of poverty. Furthermore, rural areas showed the largest reductions in multidimensional poverty. In sum, the patterns of poverty reduction within the LAC region followed a heterogeneous, yet generally progressive and pro-poor trend.

Crucially, however, poverty is measured and analysed to support efforts to eradicate it. As poignantly argued within literature driving efforts to better measure and analyse poverty, “poverty carries with it the implication and moral imperative that something should be done about it.”

The analysis in this report seeks to act as a powerful illustrative example of how analysis of trends in multidimensional poverty may support the formation of robust evidence-based policies within the LAC region.

“It is important to measure, but not only to measure, we also have to act to face poverty in a multidimensional way.”
H.E. Sebastian Piñera, President of Chile (MPPN Side Event, UNGA 75, 2020)

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References


## Appendix 1. Country coverage in the global MPI 2021 for LAC region

<table>
<thead>
<tr>
<th>Country</th>
<th>Survey</th>
<th>Year</th>
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Source: Alkire, Kanagaratnam and Suppa (2021).

## Appendix 2. Household surveys for changes over time

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