

Multidimensional Poverty and COVID-19 in Latin America and the Caribbean: Recent Trends and the Route Ahead

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INTRODUCTION

The ongoing COVID-19 pandemic has altered people's lives in a multifaceted way. It is now clear that the progress in poverty reduction is also at stake. This briefing analyses the most recent and up-to-date trends in multidimensional poverty in Latin America and the Caribbean (LAC) prior to the pandemic, which is essential for understanding both the progress made in the past and for use as a benchmark for the future.

The briefing first presents the levels of multidimensional poverty in LAC according to the global Multidimensional Poverty Index (MPI) 2020. The results show that the experience of acute poverty in the LAC region is very het-

erogeneous. For instance, Haiti has the largest percentage of people living in multidimensional poverty (41.3%), whereas Cuba has the lowest incidence of poverty (0.4%) in the region. Despite these differences, the vast majority of countries have an incidence of poverty below the regional average of 7.2%. Important inequalities are illuminated within countries, such as between urban and rural areas: 67% of poor people live in rural areas. However, rural poverty is also unevenly distributed across the whole region. The Haitian subnational region of Grand'Anse, for example, is the poorest subregion in the LAC region, where nearly three out of five people are multidimen-



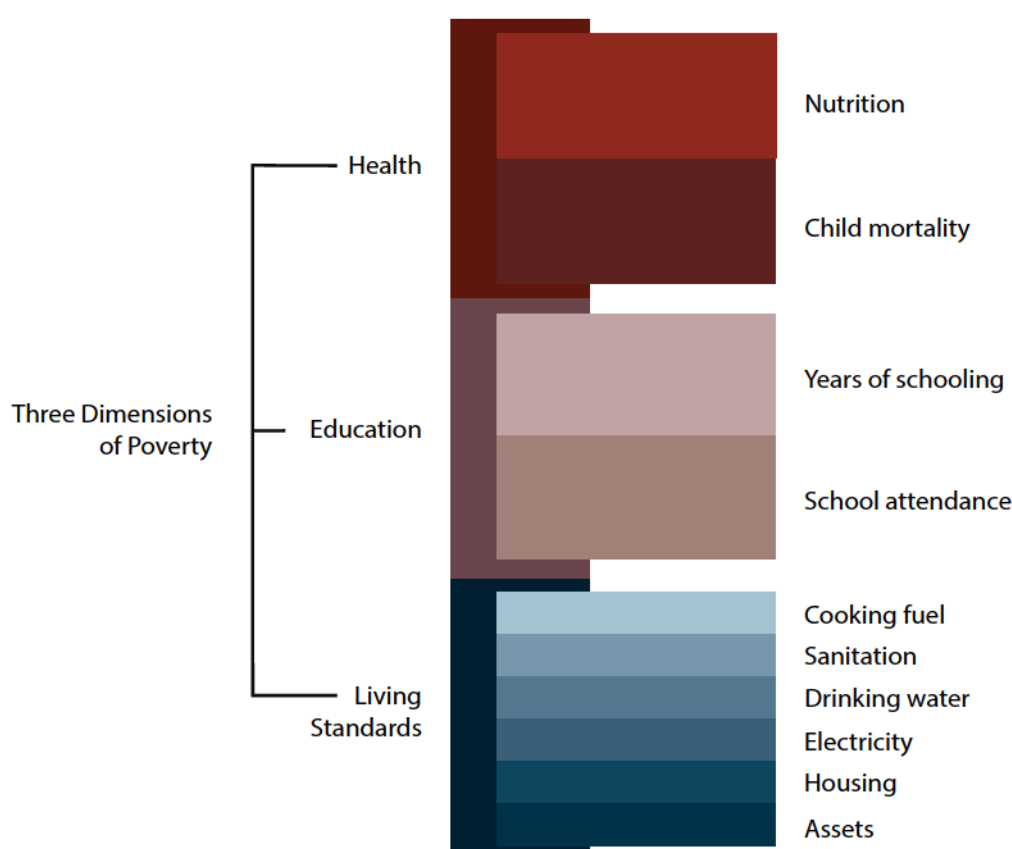
sionally poor; whereas, the poverty incidence in half of the subnational regions examined (133 out of 265) is below the regional average (7.2%). In terms of population groups, children and older adults in the LAC region are still the groups most likely to live in poverty.

Differences between countries, subnational divisions, and other population groups besides area and age are evident across the LAC region. However, recent trends do confirm a clear pattern of convergence in which the poorest population groups tend to register the largest absolute reductions in poverty over time. This is observed in multiple domains: 1) the poorest countries in the region displayed the largest poverty reductions in the most recent years with available information for each country; 2) rural areas registered the largest drops in terms of multidimensional poverty; and 3) some of the traditionally poorest subnational regions had significant reductions (ten of them with reductions of at least 4 percentage points per year in the headcount ratio). Overall, the trends in pov-

erty reduction in the region follow a heterogeneous but progressive pattern.

Long after the initial outbreak, the quickly evolving COVID-19 pandemic is still growing in the LAC region. Indeed, most of the widely used statistics on the pandemic confirm a high prevalence and rising trends for the countries in the region.¹ Previous research conducted by OPHI and reported in this briefing reveal without a doubt that the pandemic will reverse the progress in poverty reduction worldwide, with the expected setback being three to nine years. The future, of course, is still uncertain, and information on overlapping deprivations, analysed in this briefing, identifies the populations that remain particularly vulnerable to COVID-19. Despite this, the briefing also shows that there is room for hope as, according to OPHI's pre-COVID-19 projections, most LAC countries would have halved the levels of multidimensional poverty between 2015 and 2030.

Figure 1. The global MPI structure



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Source: OPHI (2018).

Key messages:

- The trends in poverty reduction before the COVID-19 pandemic suggest that all countries in Latin America and the Caribbean with global MPI data were on track to halve multidimensional poverty by 2030.
- The percentage of population that is poor and at 'high risk' of COVID-19 ranges from 1.2% to 41.2%. This population faces simultaneous vulnerabilities in key indicators that can lead to a more acute course of this disease.
- The outbreak is still on the rise in the region and some countries have larger incidence.

The global MPI 2020: A tool for international and intertemporal comparisons

The global MPI is a measure co-designed by OPHI and UNDP and estimated for over 100 countries in developing regions since 2010. It reflects the multiple deprivations of those unable to reach minimum standards in the dimensions of health, education, and living standards. The global MPI measures acute poverty (Alkire, Kanagaratnam, and Suppa, 2020) using ten indicators grouped into the three equally weighted dimensions (see Figure 1).

The global MPI 2020 covers 107 countries worldwide (Alkire, Kanagaratnam, and Suppa, 2020). In the LAC region, the global MPI 2020 covers 21 countries. While most of the data comes from international surveys such

as the Multiple Indicator Cluster Surveys (MICS) and the Demographic and Health Surveys (DHS), around a third of the LAC countries use national household surveys. Although this is the most recent information available, only half of the surveys were fielded between 2015 and 2018, and all the information predates the COVID-19 pandemic (see Appendix 1).

In 2020, trends in the global MPI over time were launched for 80 countries and five billion people, using two rounds of comparable cross-sectional data (Alkire, Kovesdi, Scharlin-Pettee, and Pinilla-Roncancio, 2020). In the LAC region, trends are available for 13 countries (see Appendix 2 for details on years and used surveys): Belize, Bolivia, Colombia, Dominican Republic, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Peru, Suriname, and Trinidad and Tobago. The first year of analysis ranges between 2001 and 2012, although the majority refer to 2009 onwards. The second year ranges from 2008 to 2018.

A BRIEF INTRODUCTION TO THE ALKIRE-FOSTER METHOD

The MPI conveys information regarding both the incidence and the intensity of poverty. The incidence of poverty is the proportion of people who are identified as poor. This is the proportion of the population experiencing multiple and simultaneous deprivations and is denoted by H, which stands for headcount ratio. The intensity of poverty is the average proportion of (weighted) deprivations poor people experience and is denoted by A. The MPI is the product of both and can be simply obtained by the interaction of the incidence of poverty and the intensity of poverty: $MPI = H \times A$.

Source: Alkire and Foster (2011).

REGIONAL OVERVIEW

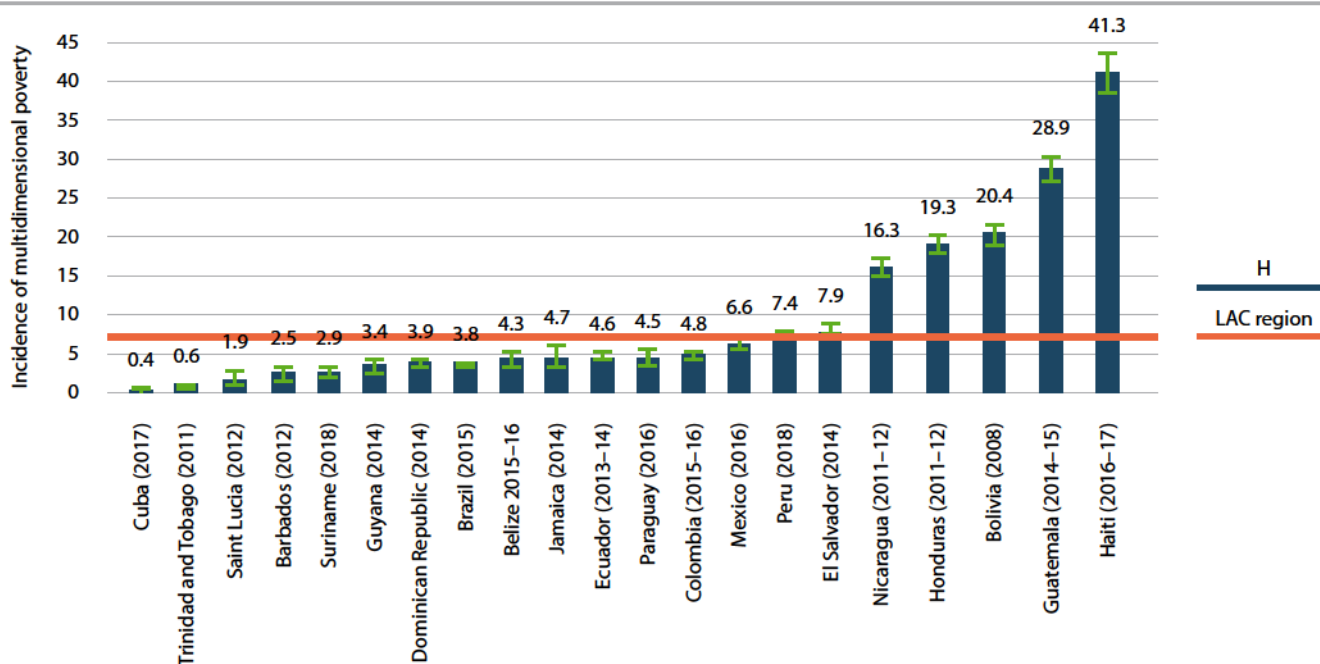
The 21 LAC countries included in the global MPI are home to 38 million people living in multidimensional poverty. This figure accounts for 7.2% of the region's population. Because the global MPI measures acute poverty, which is relatively low in the region, LAC region's contribution to global poverty is considerably smaller than its contribution in terms of the global population (9.1%). The MPI poor in the region experience 41% of the (weighted) deprivations, on average, yielding a regional MPI of 0.031.² This means that roughly seven out of 100 Latin Americans experience simultaneously at least four of the ten deprivations included in the measure – still a sobering figure.

National results

During the period 2016–2017, Haiti had the highest incidence of multidimensional poverty with 41.3% of its population living in multidimensional poverty. Haiti is followed by Guatemala with an incidence of 28.9%, based on survey data from 2014–2015.³ Conversely, the two countries with the lowest incidence are Cuba (0.4%) and Trinidad and Tobago (0.6%). The vast majority of countries have an MPI incidence below the regional average of 7.1%, which is similar to the incidence observed in Peru (7.4%). The exceptions are El Salvador, Nicaragua, Honduras, Bolivia, Guatemala, and Haiti, which are well above the region's average (See Figure 2).

The intensity of multidimensional poverty ranges from 34.2% to 48.4% in Barbados and Haiti, respectively. Table 1 shows that the largest numbers of poor people are to be found in the most populous countries of the region: Brazil (roughly 8 million people) and Mexico (8.3 million) – and in Guatemala it's 5 million and in Haiti, 4.6 million. Thus although the global MPI measures acute poverty, and often the levels seem relatively low, in fact 38 million people in the region experience this condition, and 42% of them live in Mexico and Brazil.

Figure 2. Level of multidimensional poverty (H) in LAC region



Source: Based on Table 1.1 in Alkire, Kanagaratnam, and Suppa (2020).



Table 1. Global MPI results by country in the LAC region

Country	MPI	Incidence (H)	Intensity (A)	Population 2018	Number of poor people (2018)
Cuba (2017)	0.002	0.4	36.8	11,338	50
Trinidad and Tobago (2011)	0.002	0.6	38.0	1,390	9
Saint Lucia (2012)	0.007	1.9	37.5	182	3
Barbados (2012)	0.009	2.5	34.2	287	7
Suriname (2018)	0.011	2.9	39.4	576	16
Guyana (2014)	0.014	3.4	41.8	779	26
Dominican Republic (2014)	0.015	3.9	38.9	10,627	412
Brazil (2015)	0.016	3.8	42.5	209,469	8,048
Belize (2015–2016)	0.017	4.3	39.8	383	16
Jamaica (2014)	0.018	4.7	38.7	2,935	138
Ecuador (2013–2014)	0.018	4.6	39.9	17,084	782
Paraguay (2016)	0.019	4.5	41.9	6,956	313
Colombia (2015–2016)	0.020	4.8	40.6	49,661	2,407
Mexico (2016)	0.026	6.6	39.0	126,191	8,284
Peru (2018)	0.029	7.4	39.6	31,989	2,358
El Salvador (2014)	0.032	7.9	41.3	6,421	505
Nicaragua (2011–2012)	0.074	16.3	45.2	6,466	1,051
Honduras (2011–2012)	0.090	19.3	46.4	9,588	1,851
Bolivia (2008)	0.094	20.4	46.0	11,353	2,316
Guatemala (2014–2015)	0.134	28.9	46.2	17,248	4,981
Haiti (2016–2017)	0.200	41.3	48.4	11,123	4,590
LAC region	0.031	7.2	41.4	532,045	38,165

Source: Based on Table 1.1 in Alkire, Kanagaratnam, and Suppa (2020).

Subnational disaggregation

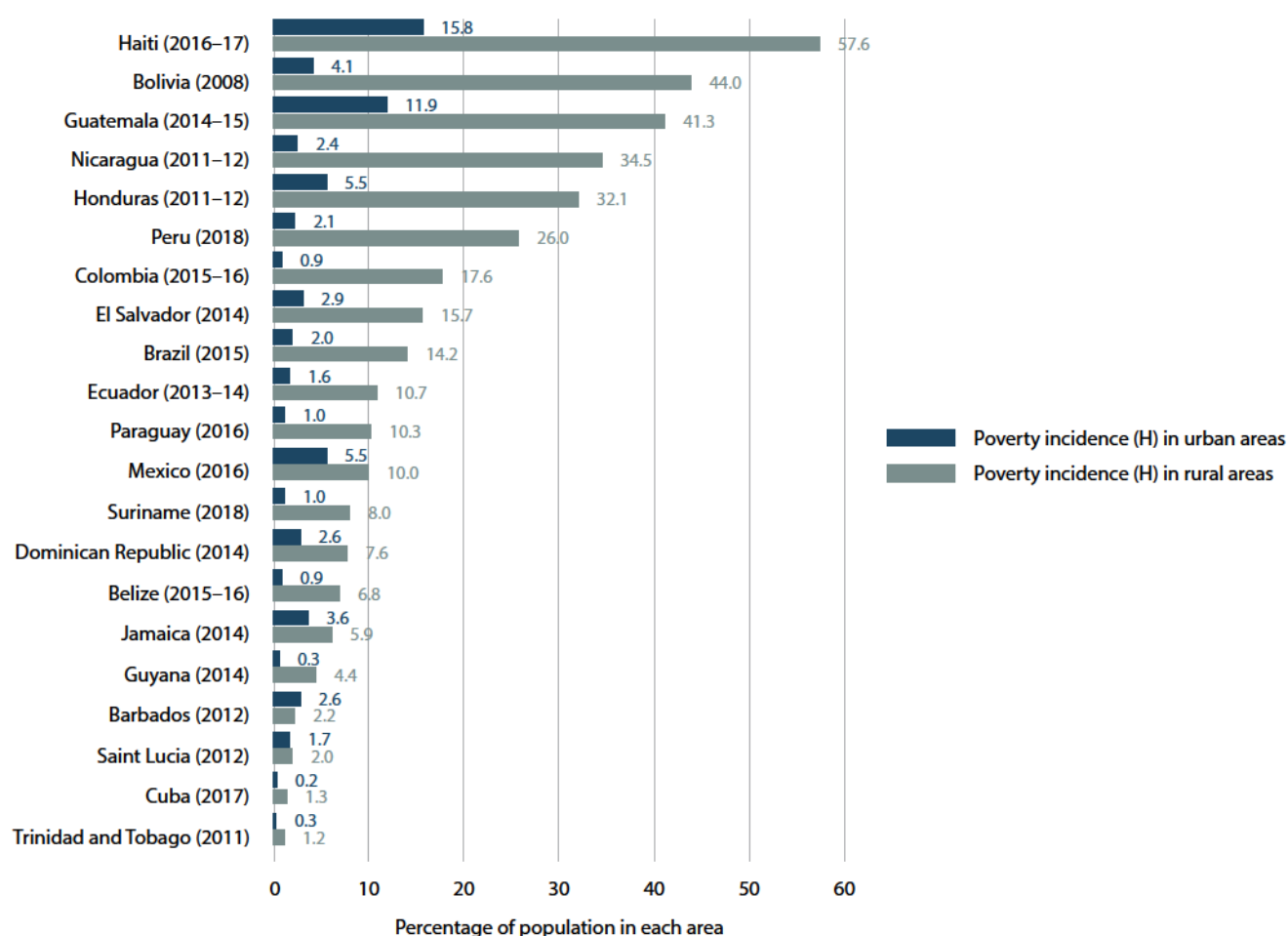
MPI in rural and urban areas in the LAC region

In the LAC region, 67% of multidimensionally poor people live in rural areas; however, the extent of rural poverty is heterogeneous. For example, the incidence of multidimensional poverty in rural areas ranges from 1.15% in Trinidad and Tobago to 57.6% in Haiti. The range for urban areas is smaller: it goes from 0.17% in Cuba to 15.75% in Haiti (see Figure 3). There are stark differences within countries. In Haiti, for instance, the incidence of poverty in rural areas is nearly four times larger than in urban areas. Pockets of poverty may be more densely observed in rural regions.

Subregions

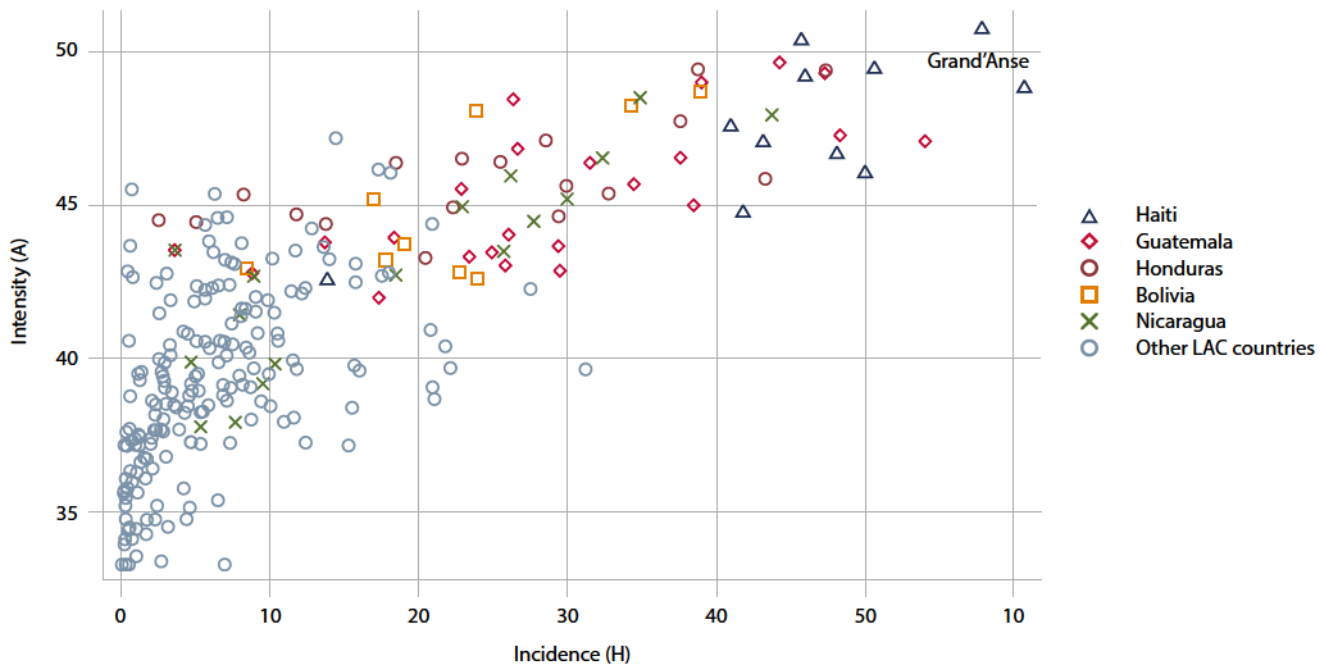
The global MPI can be disaggregated to enable international comparisons at subnational as well as national levels. In the LAC region, data on the level and composition of MPI are available for 265 subnational areas. Figure 4 plots the incidence and the intensity of multidimensional poverty using data from subnational regions. The scatterplot clearly shows that a larger incidence tends to be associated with a more intense experience of poverty. So not only is a higher share of the population poor, but each poor person faces a larger set of deprivations. To some extent, subnational patterns of high poverty reflect national ones. The 25 subregions with the highest poverty levels in the LAC region are within the countries with the highest incidence of poverty: ten in Haiti, seven in Guatemala, four in Honduras, and two in Bolivia and Nicaragua.

Figure 3. Incidence of poverty in rural and urban areas in the LAC region



Source: Based on Table 4.1 in Alkire, Kanagaratnam, and Suppa (2020). Ordinarily sorted by H (rural areas).

Figure 4. Incidence (H) and intensity (A) of MPI poverty by subnational region in the LAC region

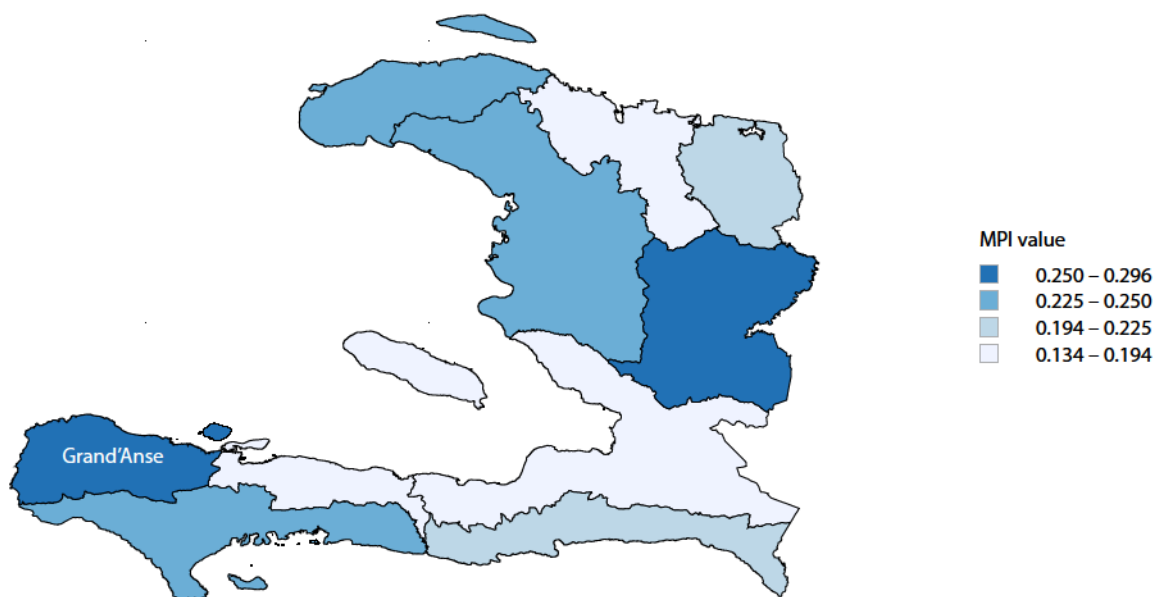


Source: Based on Table 5.1 in Alkire, Kanagaratnam, and Suppa (2020).

Grand'Anse in Haiti is the poorest subnational area in the LAC region with an incidence of multidimensional poverty equal to 60.7%. In Grand'Anse, multidimensionally poor individuals experience, on average, nearly half of all the (weighted) deprivations. The value of the

MPI then is 0.294, which is the highest in the region. Figure 5 shows its location on the island, which reveals the uneven distribution of the MPI and the existence of pockets of poverty.

Figure 5. MPI in Haiti by subnational regions in 2016–2017



Source: Based on Table 5.1 in Alkire, Kanagaratnam, and Suppa (2020).

CHANGES OVER TIME: RECENT TRENDS IN MULTIDIMENSIONAL POVERTY

National results

The global MPI enables the tracking and analysis of changes over time (Alkire, Kovesdi, Mitchell, Pinilla-Roncancio, and Scharlin-Pettee, 2020). This analysis extends here to 13 LAC countries with specific time periods in each case: Belize, Bolivia, Colombia, Dominican Republic, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Peru, Suriname, and Trinidad and Tobago. This briefing employs a simple indicator – the absolute change in poverty – to examine the poverty dynamics in the incidence, the intensity, and the MPI. The absolute change across periods is the simple difference between the value of these indicators in the two available years. This difference is expressed in annualized terms to account for the fact that each country has different time intervals.

Honduras is an interesting example in the region. Between 2005/06 and 2011/12, this country reduced the incidence of poverty from 37.9% to 20.0%, which represents an absolute reduction of nearly 18 percentage points. Therefore, the absolute annualized change for this six-year period is -3 percentage points (this is: -18/6). Honduras had the fastest reduction in the region, followed by Bolivia (2003–2008) and Nicaragua (2001–2011/12).

In general, none of the 13 examined countries experienced an increase in poverty during these periods of analysis. This assertion holds for any indicator in the MPI as well. As a matter of fact, three of the 13 countries experienced a poverty reduction larger than 2%, two countries showed reductions larger or equal to 1% but less than 2% per year, and eight countries had reductions of less than 1% annually (Table 2). According to this set of countries, the region as a whole experienced a considerable reduction in MPI except in the case of Jamaica and Trinidad and Tobago, where the size of the poverty reduction was not statistically significant.

Interestingly, the poorest countries in the region had the largest reductions in multidimensional poverty: Bolivia, Honduras, Nicaragua, and Haiti, where the incidence of poverty in the baseline was 35% or higher. These improvements are much smaller in countries with initially low levels of poverty except for Peru and Suriname where the incidence of MPI poverty was already higher than 10% in the initial year (see Figure 6).

Table 2. Changes in MPI over time at the national level

Country	Time period		MPI				Incidence (H)				Intensity (A)			
			Value		Annualized abs. change		Value		Annualized abs. change		Value		Annualized abs. change	
	Year 1	Year 2	Year 1	Year 2	Value	Sig.	Year 1	Year 2	Value	Sig.	Year 1	Year 2	Value	Sig.
Belize	2011	2015/16	0.030	0.020	-0.002	**	7.4	4.9	-0.5	**	41.1	40.2	-0.2	
Bolivia	2003	2008	0.168	0.096	-0.014	***	34.3	20.8	-2.7	***	49.1	46.2	-0.6	***
Colombia	2010	2015/16	0.024	0.020	-0.001	***	6.0	4.8	-0.2	***	40.4	40.6	0.0	
Dominican Rep.	2007	2014	0.032	0.015	-0.002	***	7.8	3.9	-0.6	***	41.1	38.9	-0.3	***
Guyana	2009	2014	0.023	0.014	-0.002	**	5.5	3.3	-0.4	**	42.2	41.9	-0.1	
Haiti	2012	2016/17	0.237	0.192	-0.01	***	48.4	39.9	-1.9	***	48.9	48.1	-0.2	
Honduras	2005/06	2011/12	0.192	0.093	-0.016	***	37.9	20.0	-3.0	***	50.6	46.5	-0.7	***
Jamaica	2010	2014	0.021	0.018	-0.001		5.3	4.7	-0.2		40.4	38.7	-0.4	
Mexico	2012	2016	0.030	0.025	-0.001	**	7.5	6.4	-0.3	*	40.7	38.9	-0.4	**
Nicaragua	2001	2011/12	0.221	0.074	-0.014	***	41.7	16.5	-2.4	***	52.9	45.3	-0.7	***
Peru	2012	2018	0.053	0.029	-0.004	***	12.7	7.4	-0.9	***	41.6	39.6	-0.3	***
Suriname	2006	2010	0.059	0.037	-0.006	***	12.8	8.4	-1.1	***	46.3	43.9	-0.6	*
Trinidad and Tobago	2006	2011	0.021	0.018	-0.001		5.7	5.0	-0.1		36.2	36.1	0.0	

Note: Statistical significance for the absolute change: *** statistically significant at $\alpha=0.01$, ** statistically significant at $\alpha=0.05$, * statistically significant at $\alpha=0.10$.

Source: Alkire, Kovesdi, Mitchell, Pinilla-Roncancio and Scharlin-Pettee (2020).

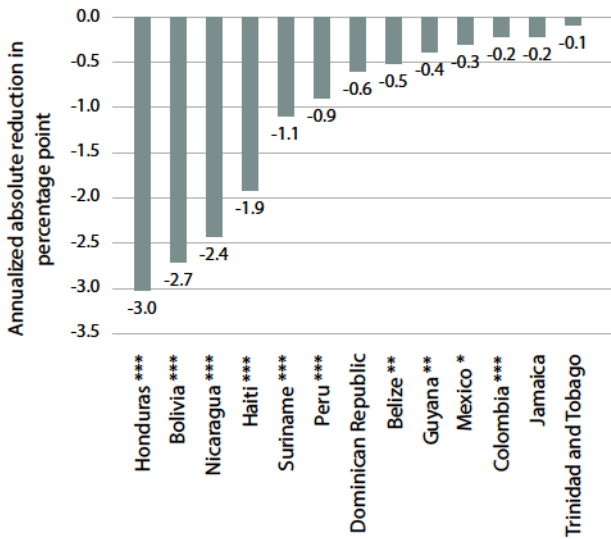
Changes over time at the subnational level

MPI in rural and urban areas

These converging patterns in multidimensional poverty are visible in rural and urban areas.⁴ Although it is well known that the incidence of poverty in the LAC region is much higher in urban areas, in terms of trends, the poverty reductions over time tended to be larger in the poorer rural areas. This means that the national trends in poverty reduction described above are largely driven by improvements in localities with higher poverty, although there are some exceptions (Figure 7).

This urban-rural divide exposes alternative patterns of poverty reduction when the analysis turns to countries with low incidences of poverty, such as Belize, Mexico, and Peru. Interestingly, even when there were small variations in the incidence of poverty at the country level, the changes observed in these countries, particularly in Mexico and Jamaica, were fundamentally driven by significant improvements in rural areas. The incidence of poverty in these two countries is larger in rural areas. With respect to urban areas, improvements are primarily observed in the group of countries with the highest levels of poverty reduction in the region: Haiti, Nicaragua, Honduras, and Bolivia. This again confirms the progressive nature of poverty reduction in the region.

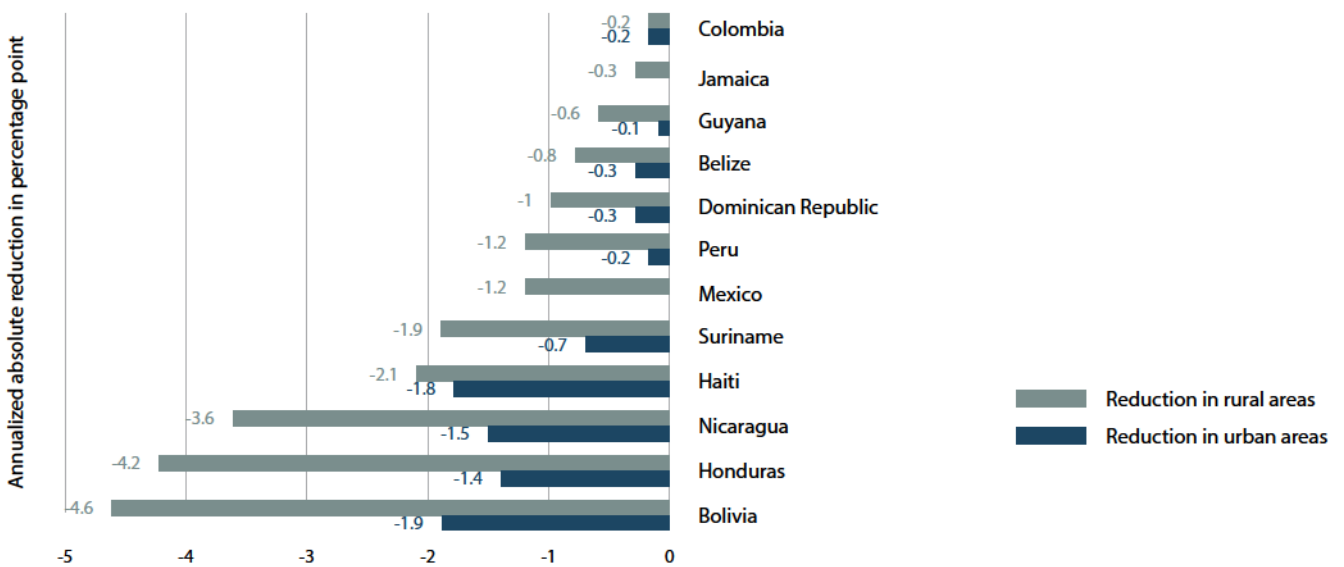
Figure 6. Annualized absolute change in incidence of poverty (H) in LAC region



Note: *** statistically significant at $\alpha=0.01$, ** statistically significant at $\alpha=0.05$, * statistically significant at $\alpha=0.10$.

Source: Alkire, Kovesdi, Mitchell, Pinilla-Roncancio, and Scharlin-Pettee (2020).

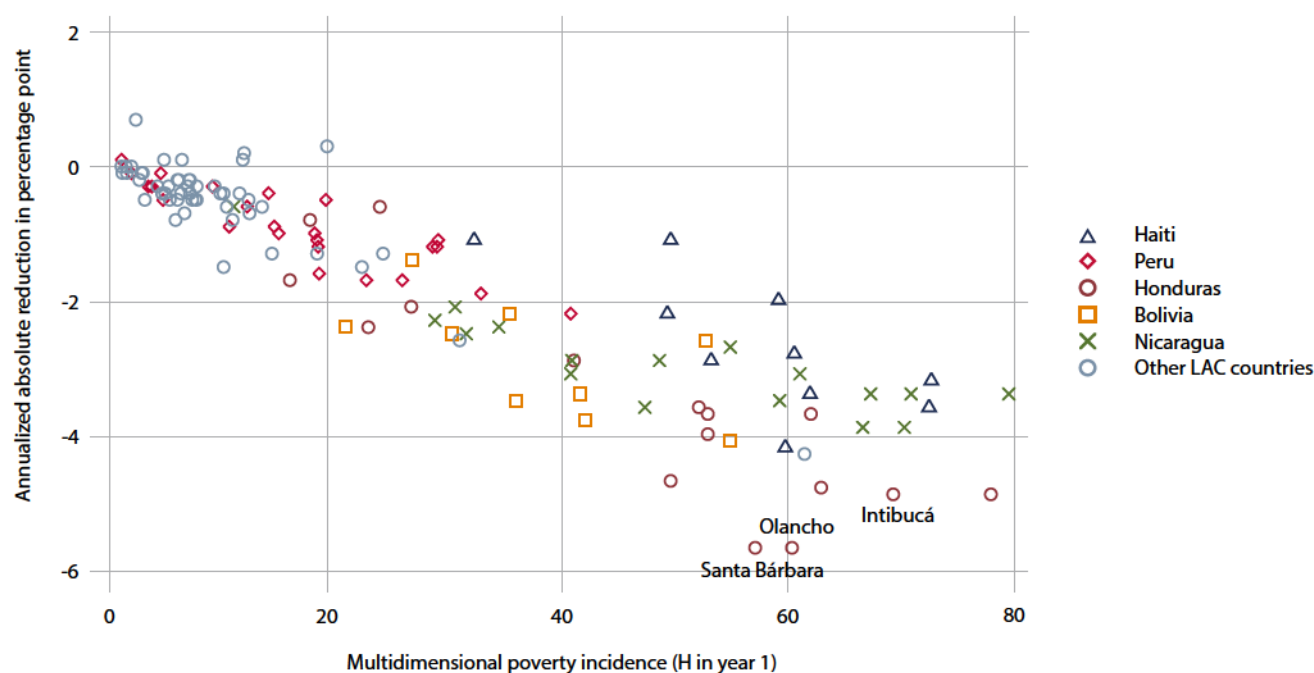
Figure 7. Annualized absolute poverty reduction (H) in rural and urban areas in LAC region



Note: Countries ordered by the reduction in rural areas. Changes statistically significant at $\alpha=0.05$ except for Guyana (significant at $\alpha=0.10$ in urban areas). Changes are not statistically significant in Jamaica (both urban and rural areas), Mexico (urban areas), and Colombia (rural areas).

Source: Based on Alkire, Kovesdi, Mitchell, Pinilla-Roncancio, and Scharlin-Pettee (2020).

Figure 8. Incidence of poverty reduction (H) in subnational regions in LAC region



Source: Based on Alkire, Kovesdi, Mitchell, Pinilla-Roncancio and Scharlin-Pettee (2020).

Subnational regions

In terms of the 127 subnational regions, the most recent data confirm a clear and progressive trend in poverty reduction in which the largest improvements occurred in the counties with the highest incidence of poverty. The top three subnational regions with the largest reductions in the LAC region are in Honduras (2005/06–2011/12): Santa Bárbara, Olancho, and Intibucá, with annualized variations of -5.7 percentage points, -5.7 percentage points, and -4.9 percentage points, respectively (See Figure 8). Conversely, a few subnational regions display increases in the incidence of poverty, but these are smaller than 1 percentage point. Indeed, the largest rise in the whole LAC region is to be found in Jamaica (Other Towns) with an increase of 0.7 percentage points between 2010 and 2014.

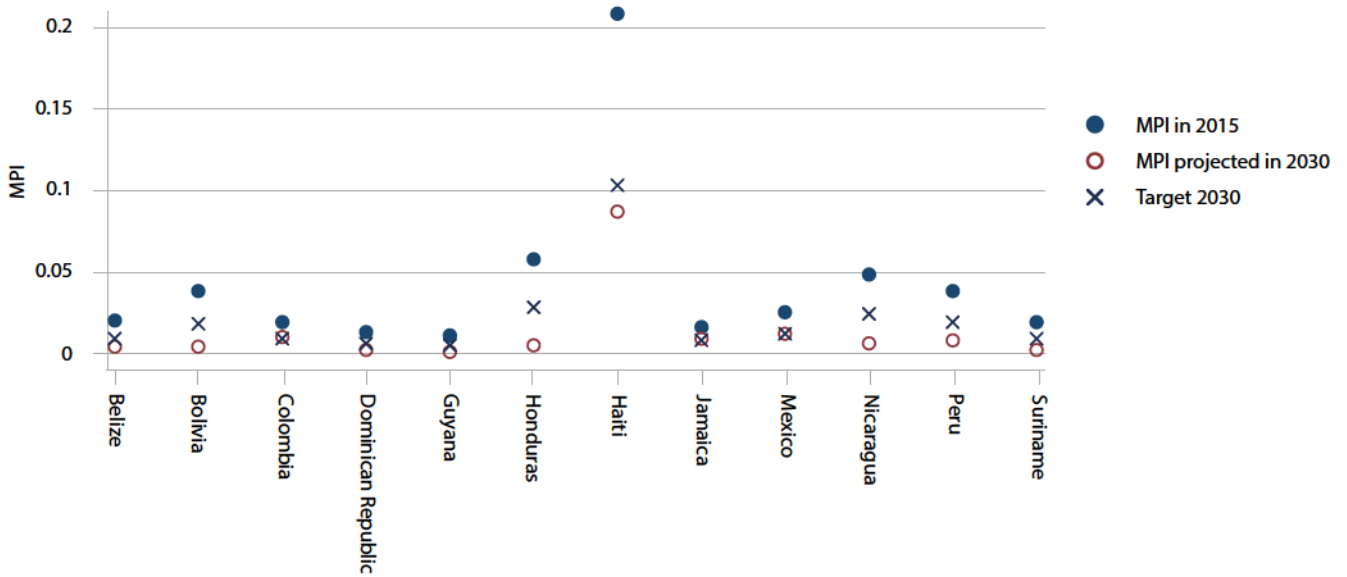
MULTIDIMENSIONAL POVERTY AND THE COVID-19 PANDEMIC: THE WAY AHEAD

Pre-COVID-19 projections: 2015–2030

Previous sections documented great heterogeneity in terms of both levels and trends of poverty in the LAC region. However, recent data tendencies suggest a clear process of convergence in which the poorest countries displayed the fastest reductions. This section looks forward and employs poverty projections for 2030 based on pre-COVID-19 information. The analysis is available for 12 LAC countries: Belize, Bolivia, Colombia, Dominican Republic, Guyana, Honduras, Haiti, Jamaica, Mexico, Nicaragua, Peru, and Suriname (Alkire, Nogales, Quinn, and Suppa, 2020).⁵

These potential trajectories consider three elements: the MPI in 2015, its projection for 2030, and the target of poverty reduction for 2030. In other words, the figure assesses whether countries were on track to halve their global MPI value 2015–2030 if the observed trends continue. Results displayed in Figure 9 suggest that all LAC countries included in the analysis would have halved their levels of multidimensional poverty between 2015 and 2030 using the global MPI as the indicator of poverty. It is worthwhile to highlight that these figures predated the COVID-19

Figure 9. MPI projections for 2015–2030 (if observed trends continue)



Source: Alkire, Nogales, Quinn, and Suppa, (2020).

pandemic and that they refer to the MPI, which accounts for both the incidence and intensity of poverty.

These results unambiguously show that the region as a whole had a clear trend of poverty reduction. This is even the case for countries with already low MPIs, such as Colombia and Mexico, where this trend is less evident given that the incidence of acute poverty is already low in these countries. More importantly, most of these countries were going to exceed this target, i.e. more than halve poverty in terms of the MPI. Representative cases include Haiti, Honduras, Bolivia, and Nicaragua.

In the case of Haiti, the projections suggested that its global MPI was expected to fall from around 0.20 in 2015 to nearly 0.09 by 2030. Therefore, despite having the highest incidence of poverty in the region, Haiti was clearly on track to meet Target 1.2 of the Sustainable Development Goals for poverty reduction (set at around 0.10). Bolivia is a contrasting case study. The baseline Bolivian MPI was much smaller than that of Haiti in 2015. Despite this, Bolivia's projected reduction was remarkably larger than the other countries (the distance between the projected MPI and the target MPI was the largest). This was also the case for Nicaragua. These examples suggest that the prospects of poverty reduction that preceded the current COVID-19 pandemic were not conditional on

having an initially high – or low – MPI poverty. Hence, the success of poverty reduction did not seem to be determined by initial MPIs.

Vulnerability to COVID-19 (risk factors)

This section provides information on the share of the population with simultaneous vulnerabilities in key indicators that can lead to a more acute course of this disease. Following Alkire, Dirksen, Nogales, and Oldiges (2020), this section explores the joint distribution of three COVID-19 risk indicators from the global MPI: nutrition, drinking water, and cooking fuel. The analysis distinguishes between two degrees of risk: 1) persons are at 'risk' if they are deprived in at least one of these indicators and 2) persons are at 'high risk' if they suffer deprivation in all three indicators simultaneously.

In general, the results reveal that the LAC region has a very uneven distribution of COVID-19 vulnerable populations. However, it is clear that Haiti, Guatemala, Honduras, and Nicaragua are the countries with the largest percentages of their populations who are at 'risk' or at 'high risk' from the pandemic.

Haiti, the country with the highest poverty levels, is an interesting case. About 12.5% of its population are at 'high risk' (i.e. simultaneously lacking of appropriate

Table 3. MPI and COVID-19 risk indicators in LAC region: Percentage of people at risk by risk level in each country

Country	Three risk indicators	One risk indicator	MPI poor and at high risk	MPI poor and at risk
Belize	0.4	23.9	0.4	4.1
Bolivia	3.1	46.1	3.1	20.8
Brazil	2.8	17.2	1.1	2.4
Barbados	0.0	2.8	0.0	2.5
Colombia	6.5	18.6	2.8	4.2
Dominican Republic	2.0	17.4	0.6	2.4
Ecuador	0.6	27.1	0.6	4.3
Guatemala	6.6	89.6	5.6	28.8
Guyana	0.9	16.2	0.9	3.0
Honduras	3.7	77.9	3.6	25.5
Haiti	12.5	95.9	12.0	41.2
Jamaica	0.2	35.8	0.2	4.5
Mexico	0.3	24.1	0.3	6.5
Nicaragua	3.5	62.1	3.3	16.2
Peru	0.8	32.4	0.7	7.7
Paraguay	0.5	38.8	0.5	4.4
El Salvador	2.2	65.2	2.1	20.1
Suriname	0.0	11.4	0.0	2.1
Trinidad and Tobago	0.0	34.8	0.0	1.2

Source: Based on Alkire, Dirksen, Nogales, and Oldiges (2020).

nutrition, drinking water, and cooking fuel), but nearly 95% of Haitians are at 'risk' (i.e. experiencing only one deprivation in these indicators). These results differ when the analysis focuses on the population that is multidimensionally poor. For instance, the percentage of the Haitian population that is poor and vulnerable to a more severe course of COVID-19 is 12%. This means that almost one in ten of the multidimensionally poor population might have a difficult course of the disease.

Post-COVID-19 projections

The pandemic in the LAC region is still spreading. Indeed, most of the typical statistics used to track its development describe a high prevalence and upward trends for the region. For instance, according to the Total Deaths Attributed to COVID-19 (per 1,000,000 people), the pandemic has been active for more than six months (as measured from the time when the total confirmed cases

of COVID-19 first reached 30 per day) in Bolivia, Brazil, Chile, Ecuador, Panama, Peru, and México (see Roser, Ritchie, Ortiz-Ospina and Hasell 2020).⁶ In each of these countries, the pandemic has exceeded more than 500 deaths per million people.⁷ There are, of course, nuances. In Aruba and the Bahamas, the pandemic started more recently (again since the total confirmed cases of COVID-19 first reached 30 per day), but the mortality trends were on the rise at the time of writing.

A simple correlation analysis between the most recent data concerning multidimensional poverty and multiple COVID-19 indicators (detailed below), using country-level information, shows a low degree of association. This assertion applies to multiple indicators related to the pandemic such as the total deaths attributed to COVID-19 (per 1,000,000 people), the number of days since the confirmed cases first reached 30 per day, and the

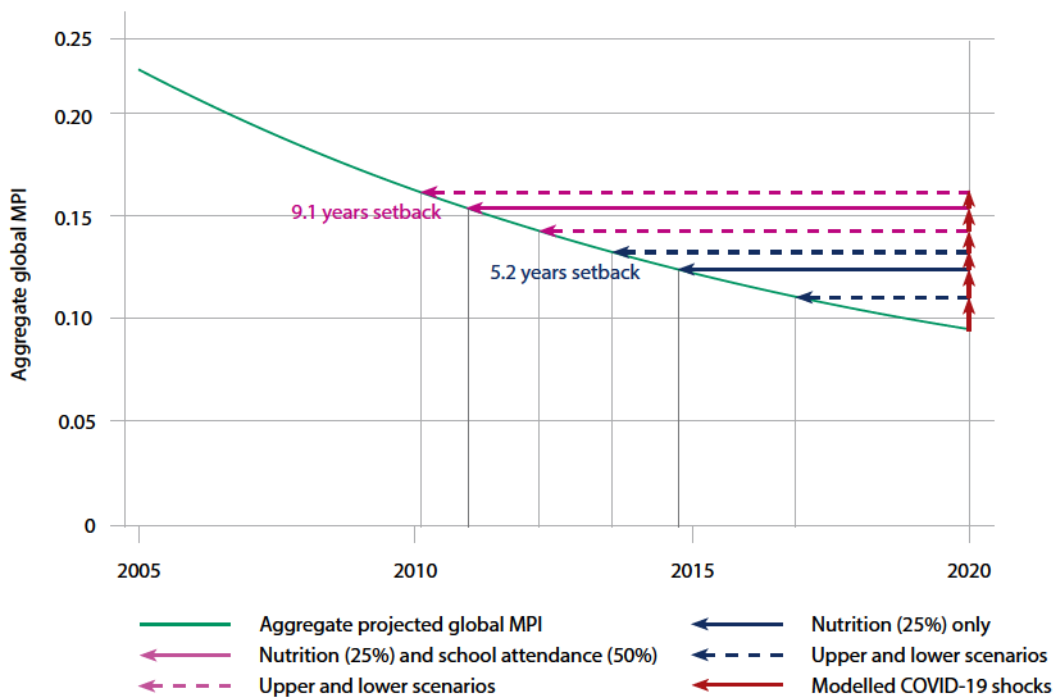
total confirmed cases of COVID-19 (per 1,000,000 people). This also holds for either both the incidence and the intensity of multidimensional poverty and for the MPI overall. Similarly, there seems to be a weak correlation between these indicators and indicators concerning changes over time in multidimensional poverty. In all cases, the correlation coefficient is well below 0.2 in absolute value. These results are restricted to the country-level information referred to above and so the implications are not conclusive. If anything, these figures confirm the complexity of the pandemic and the importance of institutions in shaping its prevalence.

To cope with data limitations, the analysis builds on the post-COVID-19 poverty projections from Alkire, Nogales, Quinn, and Suppa (2020). Their work used the global MPI and simulation techniques over a set of 75 countries worldwide and found a potential setback in the reduction of multidimensional poverty of about three to nine years worldwide (see Figure 10). The implemented simulation consisted in inducing deprivations in two global MPI indicators: nutrition and school attendance. These results confirm that the current COVID-19 pandemic is already disrupting the progress in poverty reduction. Due to data requirements these trends are only available globally and,

because of this, these estimates are not available for the LAC region; however, these estimates are still informative with respect to the potential effects on the region.

The social effects of the pandemic will be felt in multiple domains – beyond nutrition and school attendance in the LAC region. In terms of the social costs, the pandemic may jeopardize the progress in job formality and labour market participation, particularly for women. Indeed, the economic halt resulting from this pandemic is already hitting the labour market, with a disproportionate burden borne by women (Gutiérrez, Martin, and Ñopo, 2020). Because of this, the emerging literature for the region points out alternative targets and instruments. Lustig and Tommasi (2020), for instance, suggest implementing actions at the local level, going beyond cash transfers, to reduce epidemiological risks, protect livelihoods, and protect human capital accumulation. Similarly, in terms of policy adjustments, Levy (2020) highlights the importance of maintaining formal employment through subsidies targeted to reduce the cost of employment (labour costs) and through access to credit to avoid bankruptcies of formal companies. The MPI then emerges as a useful tool to monitor the effectiveness of such policies at subnational levels and among different social groups.

Figure 10. Impact of COVID-19 on multidimensional poverty



Source: Alkire, Nogales, Quinn, and Suppa (2020).

CONCLUDING REMARKS

The first quarter of 2021 continues to reveal the devastating and multifaceted nature of the current COVID-19 pandemic. It is clearer than ever the extent to which its impacts jeopardize the progress against poverty and how the pandemic and the crisis attached to it affect people differently. Yet more must be learned in order to cope with its impacts and more precise information is required to act against its adverse consequences, particularly with respect to those most deprived. To this end, this briefing has synthesized information on where the region stands in terms of poverty levels and trends to better understand the way ahead.

The case of Haiti is perhaps a good closing example for multiple reasons. On the one hand, Haiti was the country with the largest MPI and incidence of multidimensional poverty in the LAC region according to the most up-to-date information (2016/17). Haiti is also the country with the largest incidence of poverty in both rural and urban areas, and houses the poorest subnational region in the LAC region (Grand'Anse). On the other hand, Haiti illustrates important characteristics, both in terms of poverty dynamics, as observed in the two most recent time periods, and in terms of its poverty projections for the year 2030. During the period between 2012 and 2016/17, Haiti's reduction in MPI was the fourth largest among LAC countries and, at the same time, emerged as the country with the most encouraging prospects in terms of MPI poverty reduction for the period 2015–2030 (if the observed trends are maintained). In other words, this country illustrates that poverty reduction is feasible despite the high and generalized initial levels of poverty.

These findings are compatible with the most up-to-date MPI estimates that showed a very heterogeneous experience of acute multidimensional poverty in the region. The briefing shows that as the pandemic reverses the hard-won advances in poverty reduction, better information is required to improve decision making in a context of limited fiscal resources. For example, information on overlapped deprivations, analysed in this briefing, may help to set some principles for identifying those who are most prone to suffering the severest adverse effects of this pandemic. This information, in line with SDG Target 1.5, could serve as a guide for countries to create tailored policies at subnational levels.⁸ For instance, in the case of Haiti, the population that is at risk amounts to 95% (i.e. without either appropriate nutrition, drinking water, and cooking fuel) but nearly one in ten is at 'high' risk (i.e. experiencing these three deprivations simultaneously).

The briefing also has conveyed a message of hope. According to pre-pandemic projections, and in keeping with SDG Target 1.2, most LAC countries would have halved the levels of multidimensional poverty between 2015 and 2030 if the observed trends had continued. A reason to maintain hope emerges then when observing these projections as the region overall was on a clear path to halve the MPI by 2030. The case of Haiti is just one example but other useful lessons may still come from countries like Honduras, Bolivia, and Nicaragua, which were also on track to more than halve their MPIs between 2015 and 2030.

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APPENDIX

Table A1. Country coverage in the global MPI 2020 for LAC region

Country	Survey	Year
Cuba	Encuesta Nacional de Ocupación (ENO)	2017
Trinidad and Tobago	Multiple Indicator Cluster Survey (MICS)	2011
Saint Lucia	Multiple Indicator Cluster Survey (MICS)	2012
Barbados	Multiple Indicator Cluster Survey (MICS)	2012
Suriname	Multiple Indicator Cluster Survey (MICS)	2018
Guyana	Multiple Indicator Cluster Survey (MICS)	2014
Dominican Republic	Multiple Indicator Cluster Survey (MICS)	2014
Brazil	Pesquisa Nacional por Amostra de Domicílios (PNAD)	2015
Belize	Multiple Indicator Cluster Survey (MICS)	2015/2016
Jamaica	Jamaica Survey of Living Conditions (JSLC)	2014
Ecuador	Encuesta de Condiciones de Vida (ECV)	2013/2014
Paraguay	Multiple Indicator Cluster Survey (MICS)	2016
Colombia	Demographic and Health Survey (DHS)	2015/2016
Mexico	Encuesta Nacional de Salud y Nutrición (ENSANUT)	2016
Peru	Encuesta Demográfica y de Salud Familiar (ENDES)	2018
El Salvador	Multiple Indicator Cluster Survey (MICS)	2014
Nicaragua	Demographic and Health Survey (DHS)	2011/2012
Honduras	Demographic and Health Survey (DHS)	2011/2012
Bolivia	Demographic and Health Survey (DHS)	2008
Guatemala	Demographic and Health Survey (DHS)	2014/2015
Haiti	Demographic and Health Survey (DHS)	2016/2017

Source: Alkire, Nogales, Quinn, and Suppa (2020).

Table A2. Household surveys for changes over time

Country	MPI Data Source Year 1		MPI Data Source Year 2	
	Survey	Year 1	Survey	Year 2
Belize	MICS	2011	MICS	2015/16
Bolivia	DHS	2003	DHS	2008
Colombia	DHS	2010	DHS	2015/16
Dominican Republic	DHS	2007	MICS	2014
Guyana	DHS	2009	MICS	2014
Haiti	DHS	2012	DHS	2016/17
Honduras	DHS	2005/06	DHS	2011/12
Jamaica	JSLC	2010	JSLC	2014
Mexico	ENSANUT	2012	ENSANUT	2016
Nicaragua	DHS	2001	DHS	2011/12
Peru	DHS-Cont	2012	ENDES	2018
Suriname	MICS	2006	MICS	2010
Trinidad and Tobago	MICS	2006	MICS	2011

Note: Acronym definitions in Table A1.

Source: Alkire, Kovesdi, Scharlin-Petee, and Pinilla-Roncancio (2020). Acronym definitions in Table A1.

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ENDNOTES

- 1 Last update available at the time of writing: September 28, 2020.
- 2 All regional figures reported here are weighted by population using 2018 figures, which are the most recent available.
- 3 See table in Appendix 1 for survey years.
- 4 The analysis is not disaggregated into urban and rural areas for Trinidad and Tobago due to data restrictions.
- 5 Estimates for Trinidad and Tobago are not available for the analysis due to data restrictions.
- 6 This indicator is not excepted from measurement errors but may be less prone to them in comparison with alternative statistics. For instance, in the case of total COVID-19 cases only the fraction that is confirmed by a test is known (Roser, Ritchie, Ortiz-Ospina, and Hasell, 2020) and the number of conducted tests, a reference indicator to facilitate its cross-country comparison, is very dissimilar across the region.
- 7 As of September 15, 2020.
- 8 'By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.'

FUNDING

This publication arises from research activities funded by the International Development Research Centre (IDRC), Canada. As part of Canada's international development efforts, IDRC invests in knowledge, innovation, and solutions to improve the lives of people in the developing world. We most gratefully acknowledge the support received.