



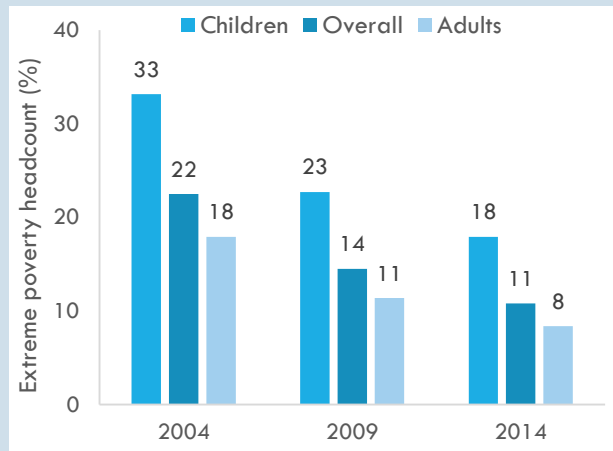
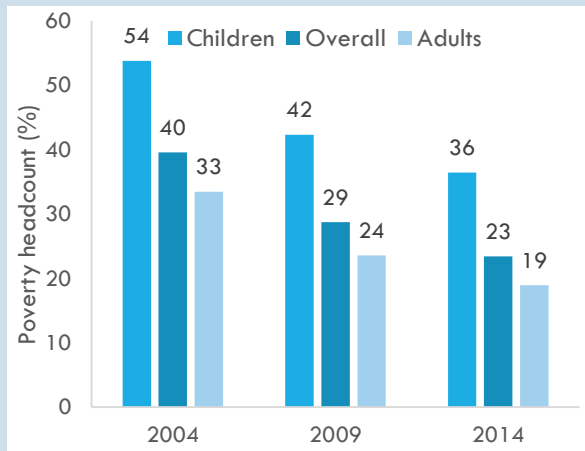
Childhood Poverty in Latin America and the Caribbean

Following steep declines in poverty rates over the past decade, the Latin America and Caribbean (LAC) region reduced childhood poverty by a third and childhood extreme poverty almost by half between 2004 and 2014.¹ Childhood poverty, defined as the percentage of children below the age of 15 living on less than \$4 per day, fell from 54 percent in 2004 to 36 percent in 2014 (Figure 1) in LAC.² Similarly, the extreme poverty rate for children, which refers to those children living on less than \$2.5 per day, almost halved over the same period from 33 percent to 18 percent.

Despite these gains, children in LAC have seen slower reductions in poverty than the overall population and continue to be more likely than adults to live in poverty. Poverty rates remained higher among families with children, and kids below

age 15 continued to be one of the groups most disadvantaged in terms of poverty reduction, although public transfer programs targeting families with children are widespread in LAC. In 2014, childhood poverty rate (36 percent) was almost twice that of adults (19 percent). From 2004 to 2014 adult poverty rates decreased faster than childhood poverty, falling at annualized rates of 5.5 percent per year versus 3.8 percent. Like adult poverty, childhood poverty is higher in rural areas; poverty and extreme poverty rates among rural children are about twice (59 percent) those for children in urban areas (29 percent). In addition, poverty rates in rural areas fell more slowly for children (annualized rate of 12 percent) than for adults (at a 14 percent annualized rate). Moreover, the gap in childhood poverty between urban and rural areas remained around 30 percentage points from 2004 to 2014, while it fell from 31 to 25 percentage points among adults.

Figure 1. Poverty rates for children in LAC have fallen but remain higher than those of adults
Total poverty (\$4 a day, 2005 PPP) Extreme poverty (\$2.5 a day, 2005 PPP)



Source: SEDLAC (CEDLAS and the World Bank). Note: The figure reports the poverty headcount rates at \$4 per day adjusted to 2005 purchasing power parity (PPP) and the extreme poverty headcount rates at \$2.5 per day adjusted to 2005 PPP.

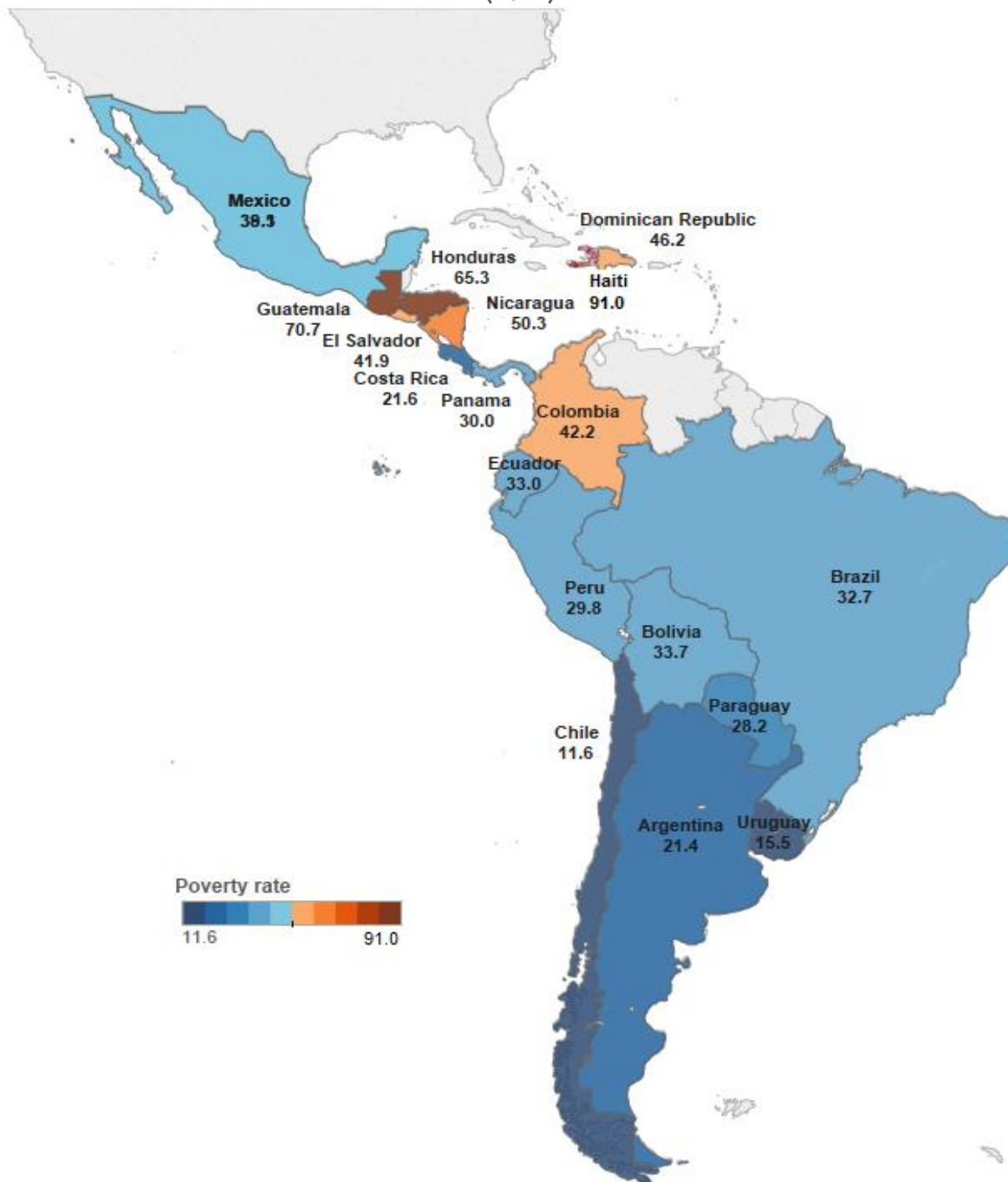
The incidence of childhood poverty in Central America and the Caribbean remains the highest in the region. Haiti had the highest rate of childhood

poverty in the region, with 91 percent living in poverty, including 82 percent living on less than \$2.5 per day (Figure 2). Rates in Guatemala and

Honduras also remained high, with more than 6 out of 10 children living in poverty. On the other hand, countries in the Southern Cone showed the lowest

childhood poverty, with Chile, at 12 percent, and Costa Rica, at 16 percent, having the two lowest rates in the region.

Figure 2. Childhood poverty rates (\$4 per day) are higher in Central America and the Caribbean (2014)



Note: Tabulations based on SEDLAC (CEDLAS and the World Bank). Note: Children are defined as ages 14 and under. These poverty rates are based on harmonized data from 18 countries, using the nearest available year of data; in the following cases data are not from 2014: Chile and Dominican Republic (2013) and Haiti (2012).

Table 1. Childhood poverty in Latin America and the Caribbean (%)

Country	\$2.5 a day (2005 PPP)		\$4.0 a day (2005 PPP)	
	2004	2014	2004	2014
Argentina	28.4	9.3	47.0	21.4
Bolivia	44.4	19.0	64.6	33.7
Brazil	38.4	14.9	58.5	32.7
Chile	12.6	3.4	30.3	11.6
Colombia	40.1	22.3	64.0	42.2
Costa Rica		8.6		21.6
Dominican Republic	37.5	21.5	60.7	46.2
Ecuador	37.8	13.5	59.6	33.0
Guatemala	41.8	46.4	63.0	70.7
Haiti		82.1		91.0
Honduras	54.6	43.9	71.5	65.3
Mexico	20.0	17.7	40.5	38.3
Nicaragua	47.3	25.9	69.7	50.3
Panama		17.5		30.0
Peru	36.3	14.7	56.4	29.8
Paraguay	29.0	14.5	51.7	28.2
El Salvador	29.2	17.6	52.3	41.9
Uruguay	20.8	5.1	20.8	15.5
LAC	33.2	36.4	53.8	36.4

Note: Tabulations of SEDLAC (CEDLAS and the World Bank), children are defined as ages 14 and under. These poverty rates are based on harmonized data from 18 countries, using the nearest available year of data. The following countries data is not from 2004: Bolivia and Nicaragua (2005), Chile (2003), and Guatemala (2006). In the following cases data are not from 2014: Chile and Dominican Republic (2013) and Haiti (2012). In order to analyze the same set of countries for the LAC total, interpolation was applied when country data were not available for a given year. Due to data limitations, Haiti is not included in the LAC total.

Important socioeconomic and demographic factors are behind the slower gains in poverty reduction for children. In part, households with more children

are more likely to be poor simply because there are more dependents per worker in the household. At the same time, another important consideration is that

poorer households are also more likely to have more children. For instance, in 2014 households living in poverty had 1.7 children on average, while this indicator was 0.9 for those not in poverty. Moreover, teenage fertility is higher in the poorest quintiles of wealth, with negative implications for the mother's education in the short run.³

The high levels of childhood poverty have significant consequences for the future of the LAC region. While high rates of malnutrition continue to be a challenge in countries like Haiti, Honduras and Guatemala, access to good quality services –

including education and healthcare – remains limited for children in the region. International test scores show LAC countries trailing globally in quality of education, while also revealing significant gaps in academic achievement between children of high and low socioeconomic groups.⁴ These facts suggest that today's childhood poverty has significant implications for tomorrow's labor force, limiting their potential to gain the skills necessary to exit poverty as adults. To prepare children for tomorrow's jobs, policies need to prioritize access to good quality education and basic services, including nutrition, healthcare, and water.

¹This brief was produced by the Latin America and Caribbean Team for Statistical Development (LAC TSD) in the Poverty and Equity Global Practice of the World Bank. The core team consisted of Leonardo Lucchetti, Eduardo Malasquez, Emma Monsalve, German Reyes, Liliana D. Sousa, and Martha Viveros. The team worked under the guidance of Oscar Calvo-Gonzalez and received valuable contributions from Andrés Castañeda, Giselle Del Carmen, Karem Edwards, Laura Moreno, Miriam Muller, Thiago Scot, Daniel Valderrama, and Martha Viveros.

² Poverty status is calculated based on per capita daily household income. Income is adjusted for cost of living differences using income adjusted to 2005 PPP.

³ According to the World Bank (2012), in Bolivia, Colombia, Dominican Republic and Peru the number of births per 1,000 women aged 15 to 19 in the lowest income quintile is between 140 and 160; while in the highest quintile is between 20 and 50. "Teenage Pregnancy and Opportunities in Latin America and the Caribbean. On Teenage Fertility Decisions, Poverty and Economic Achievement."

⁴ For example, World Bank (2014). "Social Gains in the Balance: A Fiscal Policy Challenge for Latin America and the Caribbean." Report 85162 (February), World Bank, Washington, DC.