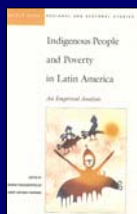

Indigenous Peoples, Poverty and Human Development in Latin America: 1994-2004

MLI 2006: Policy Seminar I
Soumya Chattopadhyay



Principal Findings: World Bank 1994 book



At outset of 1990s in Urban Bolivia, Guatemala, Mexico and Peru:

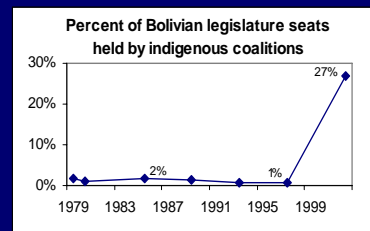
Poverty among indigenous pervasive and far higher than among non-indigenous

- Living conditions generally abysmal
- Low schooling levels
- Discrimination (48-52%) and human capital explain earnings



Motivation for current study

- UN Decade and global focus on indigenous (1994-2004)
- Changes in indigenous political influence
- Upheavals: Mexico, Ecuador, Bolivia
- Indigenous representation increasing; power of organizing in Bolivia:
- Globalization and inequality debate



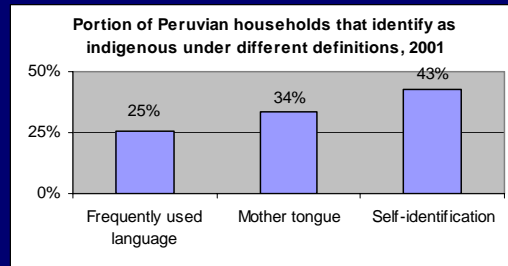
Policy setting for indigenous peoples

- International
 - ILO 169, UN Permanent Forum, World Bank OD 4.20
- National law
 - Constitutional and legal provisions
 - Guatemala 1996 accords, Mexico 2002 Cong. Decree
- National policy
 - Increased social and poverty-targeted expenditures
 - Bilingual education: 6 countries in 1970s, 18 today
 - Recognition of traditional health care



How many indigenous?

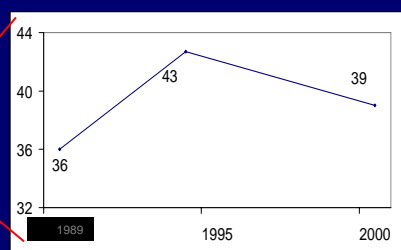
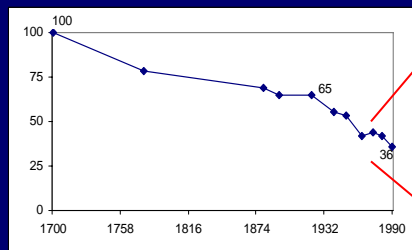
- Right to self-identify
- Population size can be political issue
- Results depend on indigenous definition used



Temporal changes in population size

Proportion of Guatemala identified as indigenous decreased consistently through 1989...

...then increased for the first time in the 1990s



Poverty reduction among indigenous people

- Few gains:
 - Poverty rates hardly changed for indigenous people over the 1990s,
 - and where poverty declined, progress was slower for indigenous peoples

Change in headcount poverty rate between earliest and latest survey year			
Country	Period	Non-Indigenous	Indigenous
Bolivia	1997-2002	- 8 %	< 0.1 %
Ecuador	1994-2003	+ 14 %	< 0.1 %
Guatemala	1989-2000	- 25 %	-15 %
Mexico	1992-2002	- 5 %	< 0.1 %
Peru	1994-2000	+ 3 %	< 0.1 %

Effects of economic crises

- Low responsiveness:
 - Poverty rates of indigenous peoples climbed less rapidly during crises,
 - Recovery was slower

Change in headcount poverty rate		
Country	Non-Indigenous	Indigenous
Ecuador		
Crisis (1998-1999)	+ 6 %	+ 5 %
Recovery (2000-2003)	- 14 %	- 5 %
Mexico		
Crisis (1994-1996)	+ 27 %	+ 8 %
Recovery (1996-2000)	- 25 %	- 1 %

Reducing Poverty Gap

- Poverty gap deeper among indigenous populations
- Decline in poverty gap for indigenous populations lagged that of the non-indigenous peoples

Change in size of poverty gap, earliest and latest survey year			
Country	Period	Non-indigenous	Indigenous
Bolivia	1997-2002	- 2 %	+ 8 %
Guatemala	1989-2000	- 29 %	- 22 %
Mexico	1992-2002	- 7 %	- 6 %

Propensity for being poor

- Being indigenous increases the probability of being poor, even controlling for other common predictors of poverty
- No decline in probability of being poor over time

Increase in probability of being poor, if indigenous		
Country	Early 1990s	Latest Available Year
Bolivia	16 %	13 %
Ecuador	n.a.	16 %
Guatemala	11 %	14 %
Mexico	25 %	30 %
Peru	n.a.	11 %

Labour market discrimination

- Discrimination accounts for a quarter and half of the labour earnings gap between indigenous and non-indigenous people
- No clear pattern of change in earnings gap over time

Percentage of labour earnings gap (males) arising from discrimination		
Country	Early 1990s	Latest Available Year
Bolivia (urban only)	28 %	26 %
Ecuador	33 %	45 %
Guatemala	52 %	42 %
Mexico	48 %	42 %
Peru	50 %	58 %