Indigenous peoples make up perhaps the largest disadvantaged group in Latin America.¹ It is estimated that there are 28–34 million indigenous peoples in the region, or roughly 10 per cent of the total population.² The failure to implement policies that direct sufficient resources and opportunities to this group who are among the poorest of the poor goes some way towards explaining the slow rate of poverty reduction in the region. Even good policies have not benefited all of the poor equally. Some historically excluded groups such as indigenous peoples have yet to benefit from the many poverty reduction initiatives that have been implemented in the region over the past decade, either because the programmes have failed to reach them, are of poor quality or inadequately address the composite causes of their poverty.

This book updates the findings presented by George Psacharopoulos and Harry Patrinos, in their 1994 book, which documented for the first time the severe poverty and low human capital of indigenous peoples. It considers how conditions have changed since the early 1990s in the five Latin American countries with the largest indigenous populations: Bolivia, Ecuador, Guatemala, Mexico and Peru. This concluding chapter draws together the findings from the five country studies to examine poverty trends among indigenous peoples, the main determinants of these trends and how human capital indicators have changed over time for both indigenous and non-indigenous groups. It closes by proposing an agenda for human development policy based on the findings in this book.

Poverty reduction

Little progress was made in reducing poverty among indigenous peoples during the Indigenous Peoples’ Decade (1994–2004). In four of the five countries studied, virtually no reduction occurred in the proportion of indigenous peoples living in poverty during the years for which data are available (Bolivia 1997–2002, Ecuador 1994–2003, Mexico 1992–2002, Peru 1994–2000) (Table 8.1), although in two of these countries (Mexico and
Bolivia) the poverty rate did fall for non-indigenous people. In Guatemala between 1989–2000 the indigenous poverty rate fell, but at a slower pace than that for non-indigenous people. In Ecuador and Peru the national poverty rate rose over the period, but indigenous peoples were less affected than non-indigenous people by that increase. Taken together these findings indicate that the incomes of indigenous peoples are little affected by poverty reduction efforts and macroeconomic trends, whether positive or negative.

Indigenous peoples recover more slowly from national economic crises. In the case of Ecuador and Mexico the data permit close analysis of how the poverty rates evolved during and after the economic crises in these countries (Table 8.2). In both cases there was a similar pattern. Indigenous peoples were less affected than non-indigenous people by the crisis as it unfolded, but they recovered more slowly from the losses incurred, in fact so slowly that the net impact of the crisis was actually worse for them. There are two lessons to be learned from this. First, policies that successfully reduce poverty for the population as a whole may not equally benefit indigenous peoples. Second, crises can be particularly harmful to indigenous peoples’ wellbeing. Even though the negative impact of the shock tends to be less severe, the post-shock recovery of their incomes is severely constrained.

Indigenous poverty is deeper and the indigenous/non-indigenous poverty gap narrowed only slowly during the 1990s. Not only did a larger proportion of indigenous peoples begin the decade in poverty but also their poverty was