Consejo Nacional de Evaluación de la Política de Desarrollo Social

A Methodology for the Measurement of Multidimensional Poverty

June, 2010

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New Methodology, why?

- It's a mandate from Congress (Social Development Law)
- The Law creates Coneval (The National Council for the Evaluation of Social Policies) for this purpose, in order to have an autonomous institutions measuring poverty
- The Law indicates the methodology should use at least 8 dimensions
- Besides normative issues, it was essential to include multiple dimensions in order to understand better the social problems in the country

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New Methodology, how?

- The process started in 2006
- Permanent advise from national and international experts: D. Gordon, S. Chakravarty, James Foster, E. Thorbecke, S. Alkire, ECLAC, F. Bourguignon.
- Since Congress asked for the methodology, Coneval adopted a method using public elements, along with academic ones
- The methodology was issued on 10 December 2009

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Advantages of this methodology

- The methodology has a social rights perspective

- It's possible to see clearer the interaction between **social policy** and **economic policy**

- We can analyze different sub-populations

Indigenous People

Elderly population

Children

States

Municipalities (2010)

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Advantages

- **Poverty** becomes visible, but now the **vulnerable** population is also visible

- The methodology makes clearer than before the policies that must be simultaneously applied to improve social development:

  ✓**Social and economic policies**
  ✓**Universal and targeted policies**
  ✓**Complementary actions instead of isolated actions**

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Measuring poverty by mandate of the Law

Social Development Law

Dimensions for poverty measurement

- **Current income per capita**
- **Educational gap**
- **Access to health services**
- **Access to social security**
- **Quality of living spaces**
- **Housing access to basic services**
- **Access to food**
- **Degree of social cohesion**

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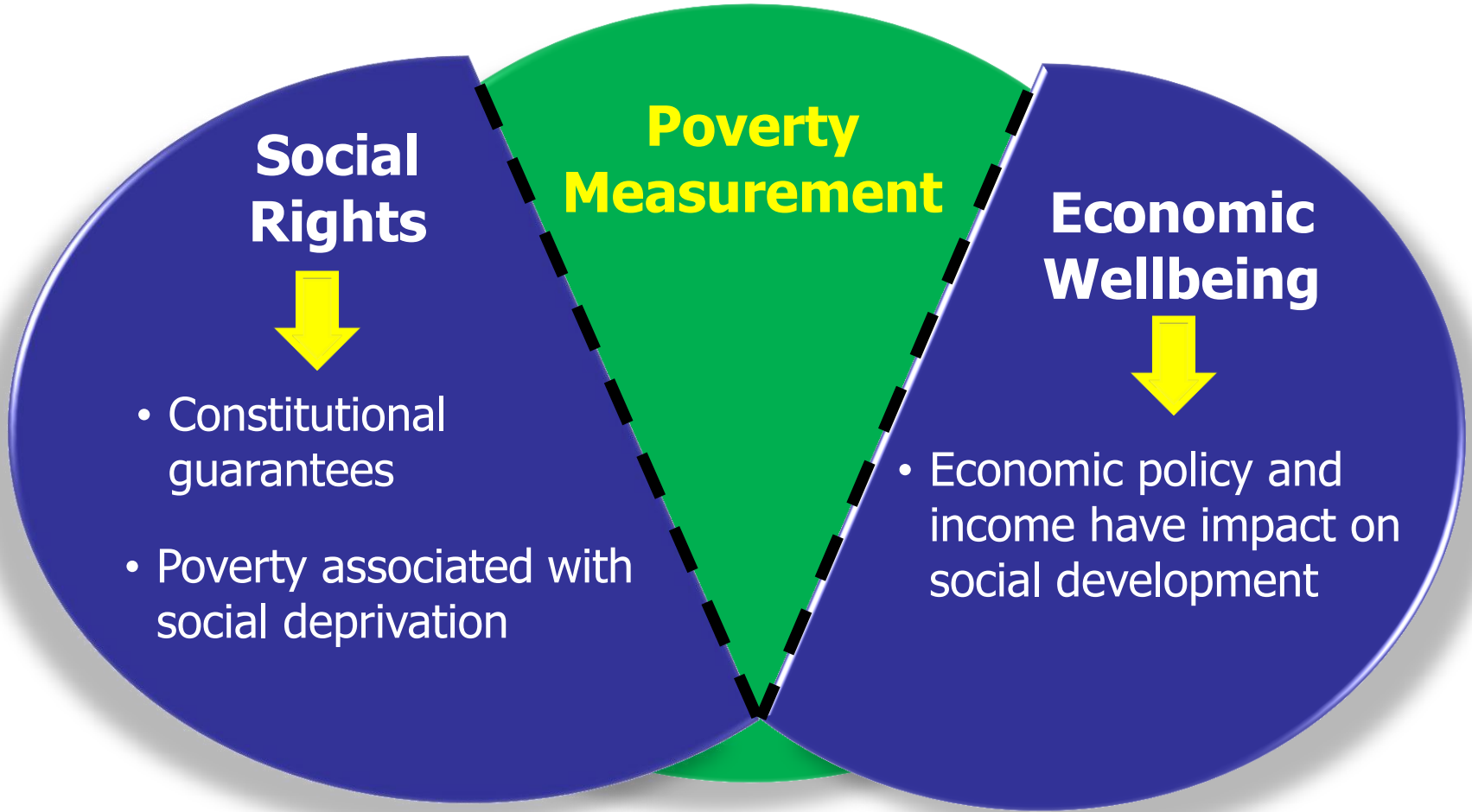
Methodological approach



What are the main features of the new methodology?

Current income per capita

Mexican Population

Wellbeing

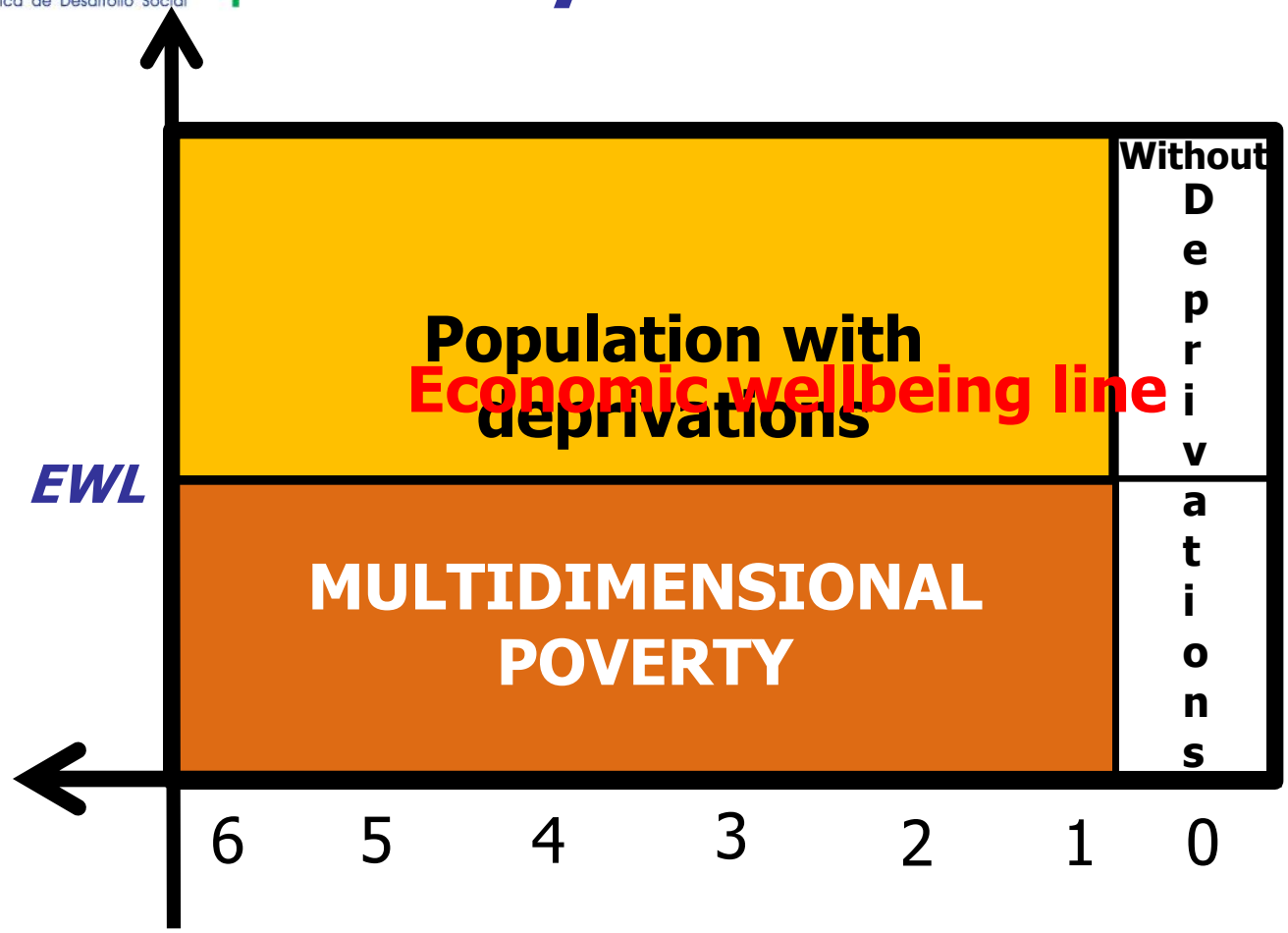
Income

6 5 4 3 2 1 0

Deprivations Social Rights

- Education
- Health
- Social Security
- Housing
- Basic services
- Feeding

Poverty identification



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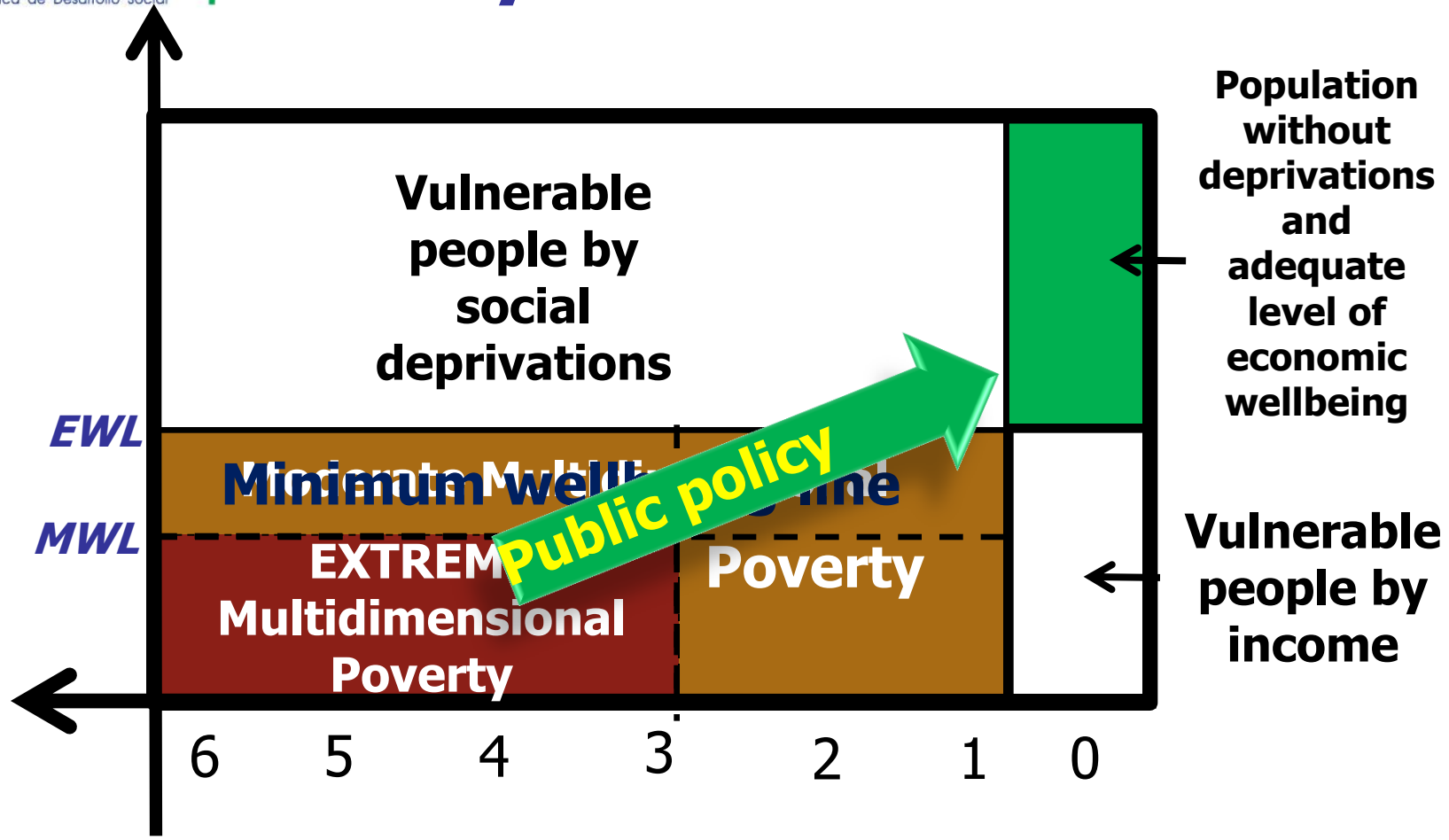
Definition of multidimensional poverty

"A person is considered to be in multidimensional poverty when she/he has at least one social deprivation and insufficient income to satisfy its needs"

Poverty identification



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Examples

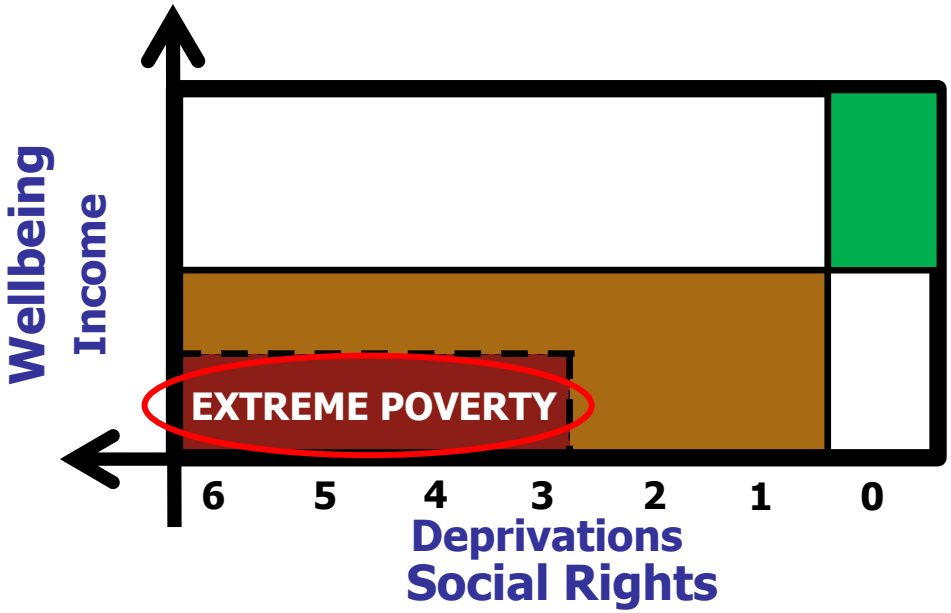
She is 15 years old

She quitted school to help her family

She lives in a house with one bedroom for 8 people

She completed the 1st year of secondary school and does not have social security

Sometimes her family eats once a day due to lack of resources



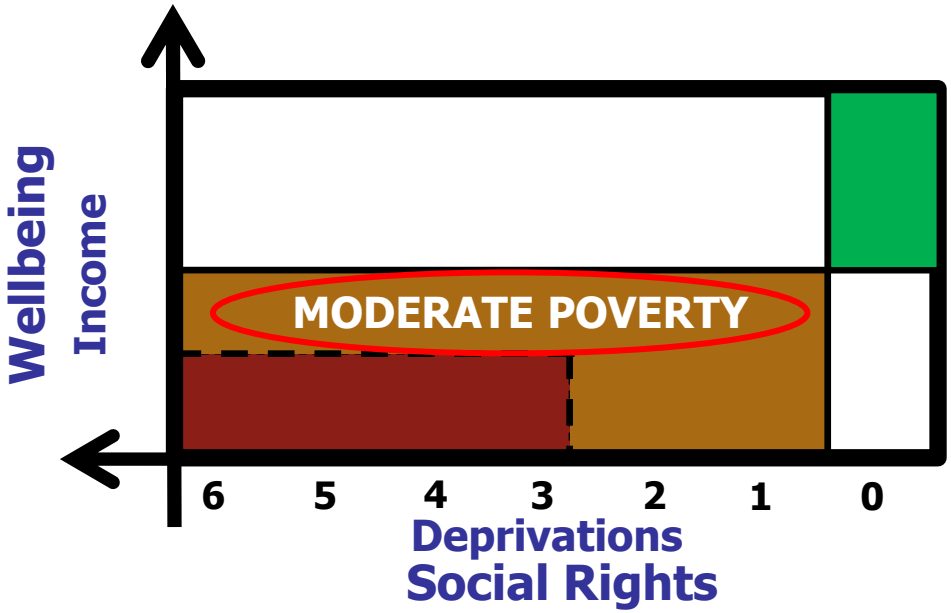
Examples

He works as a manual worker

His house has no tap water

His income is below the wellbeing line

He completed primary school



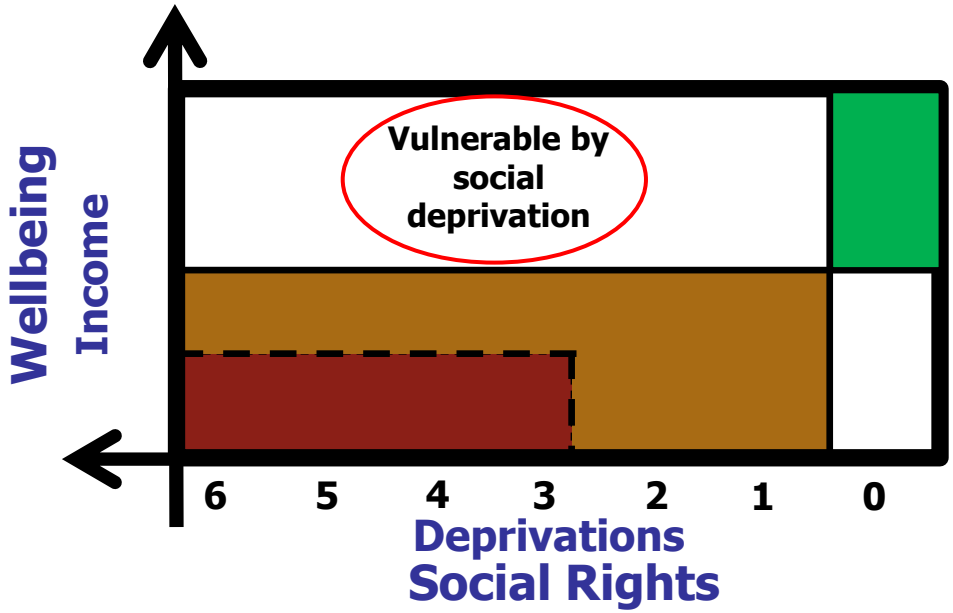
Examples

Self-employed

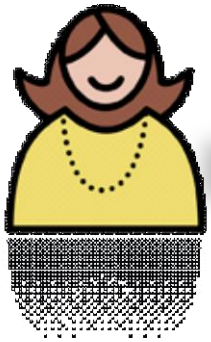
Earns an average of 2,400 dlls monthly

He does not have social security

He will turn 62 years old



Examples

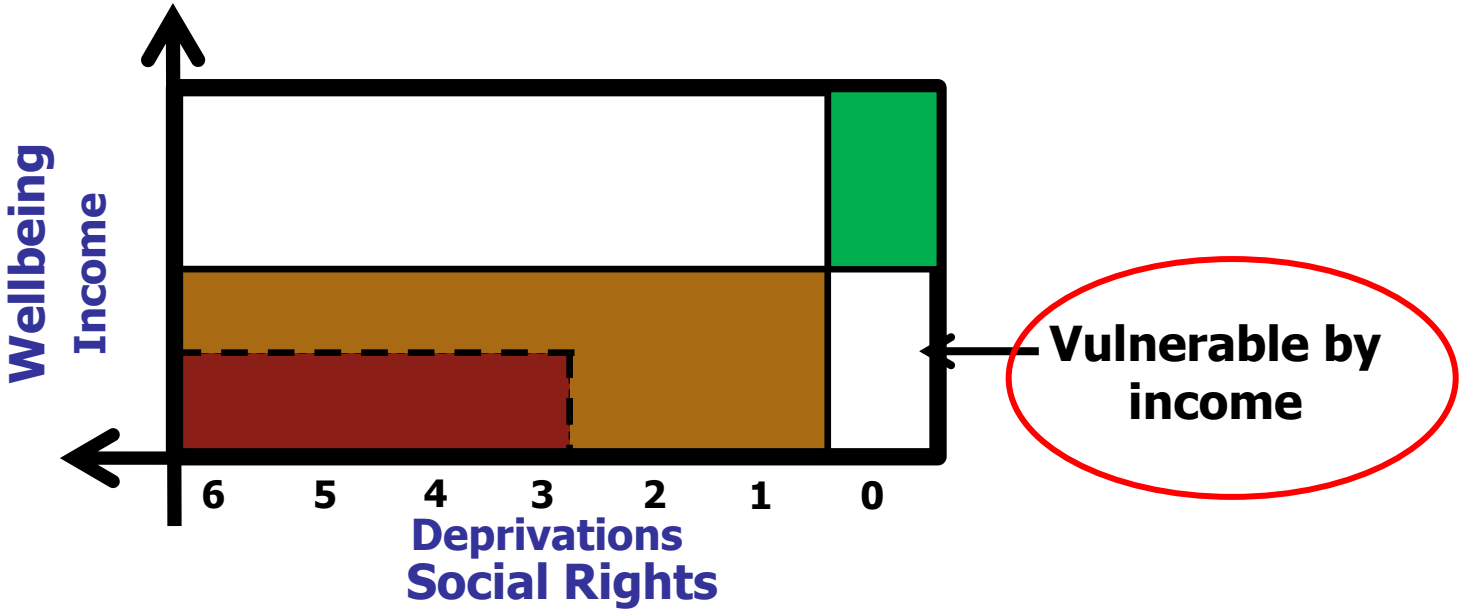


Her sales fell

She owns her home which has all services

She pays voluntary social security. She finished high school

For the last four months her company costs are larger than her income



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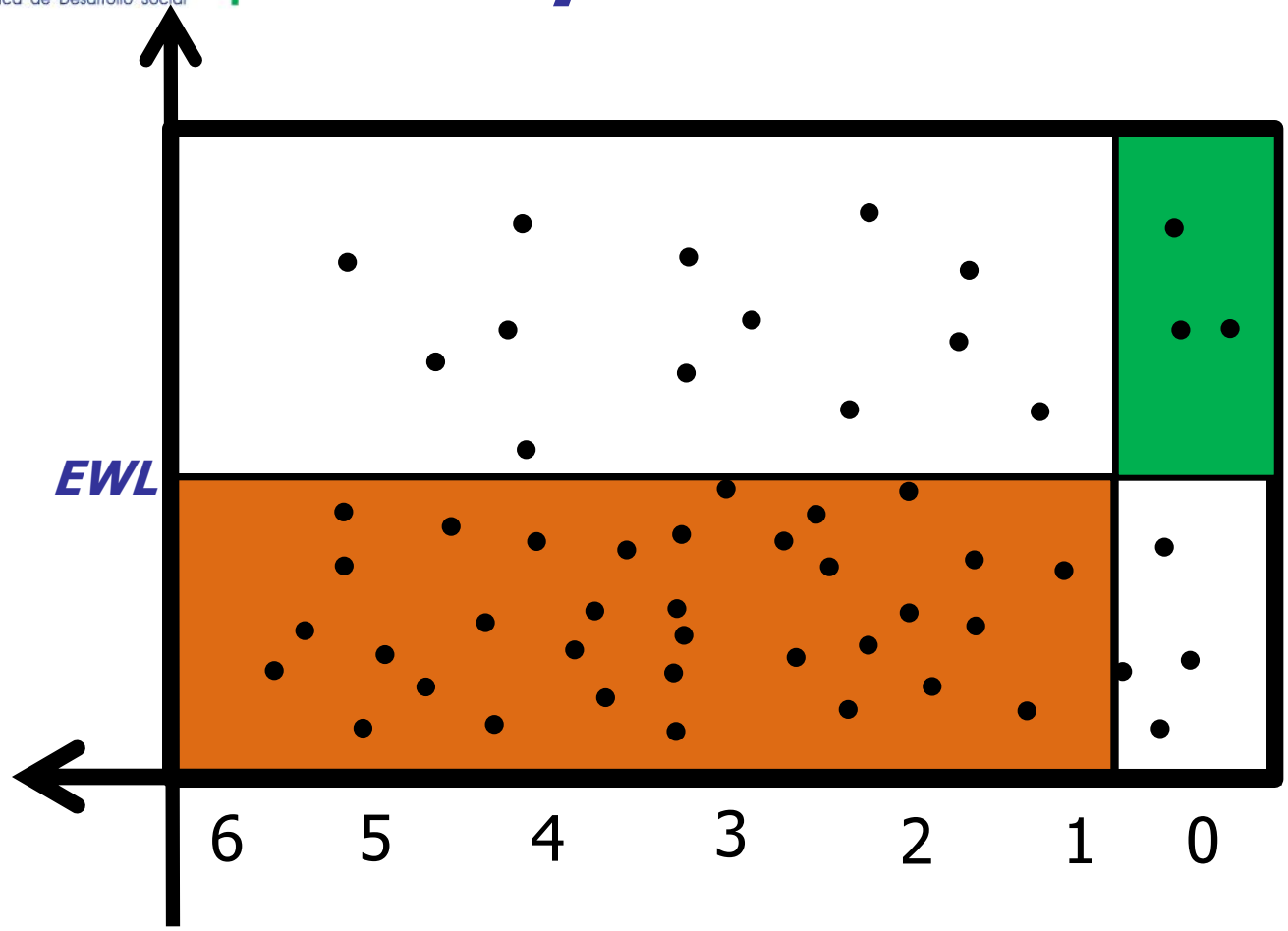
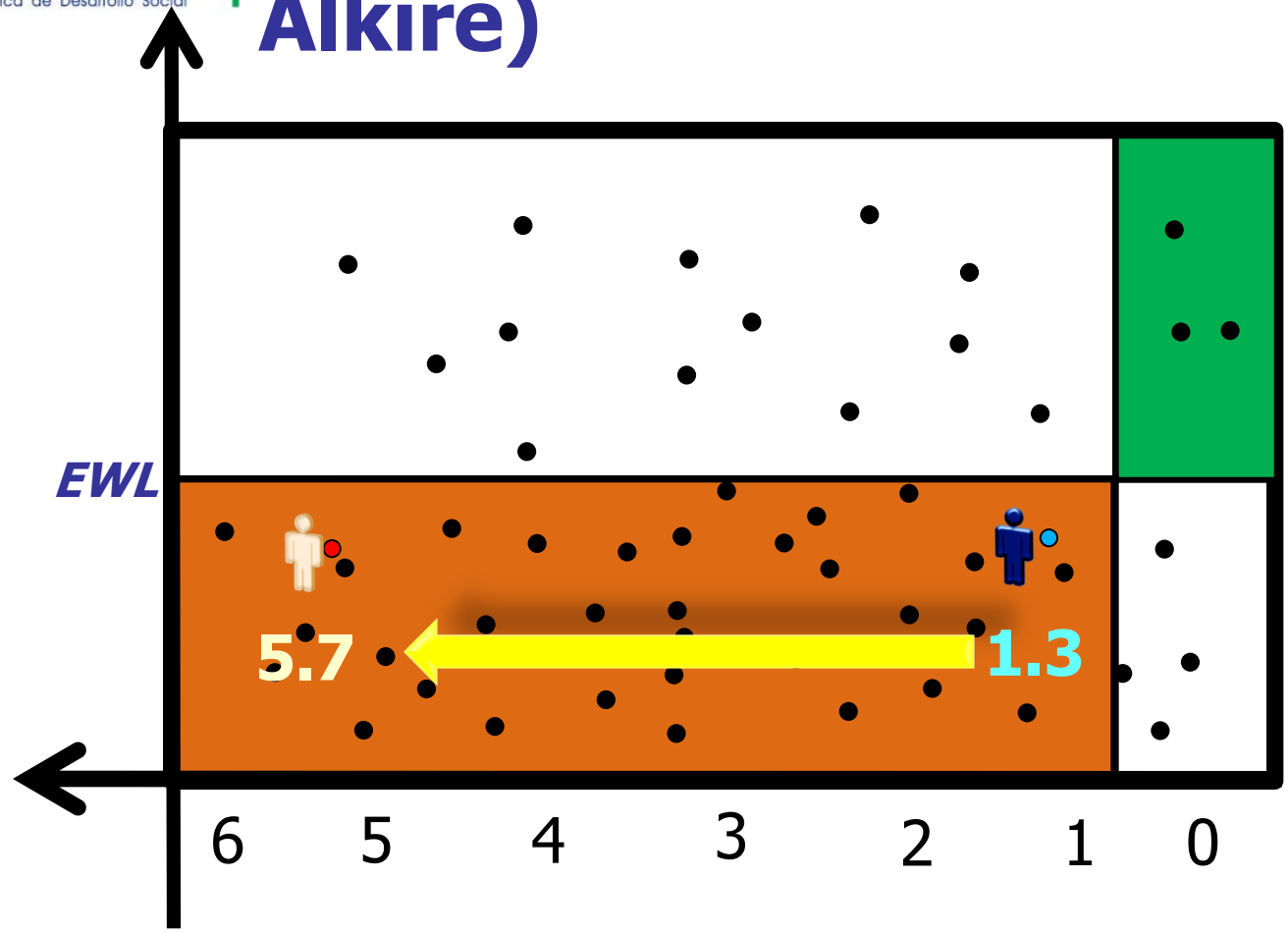
Poverty Identification



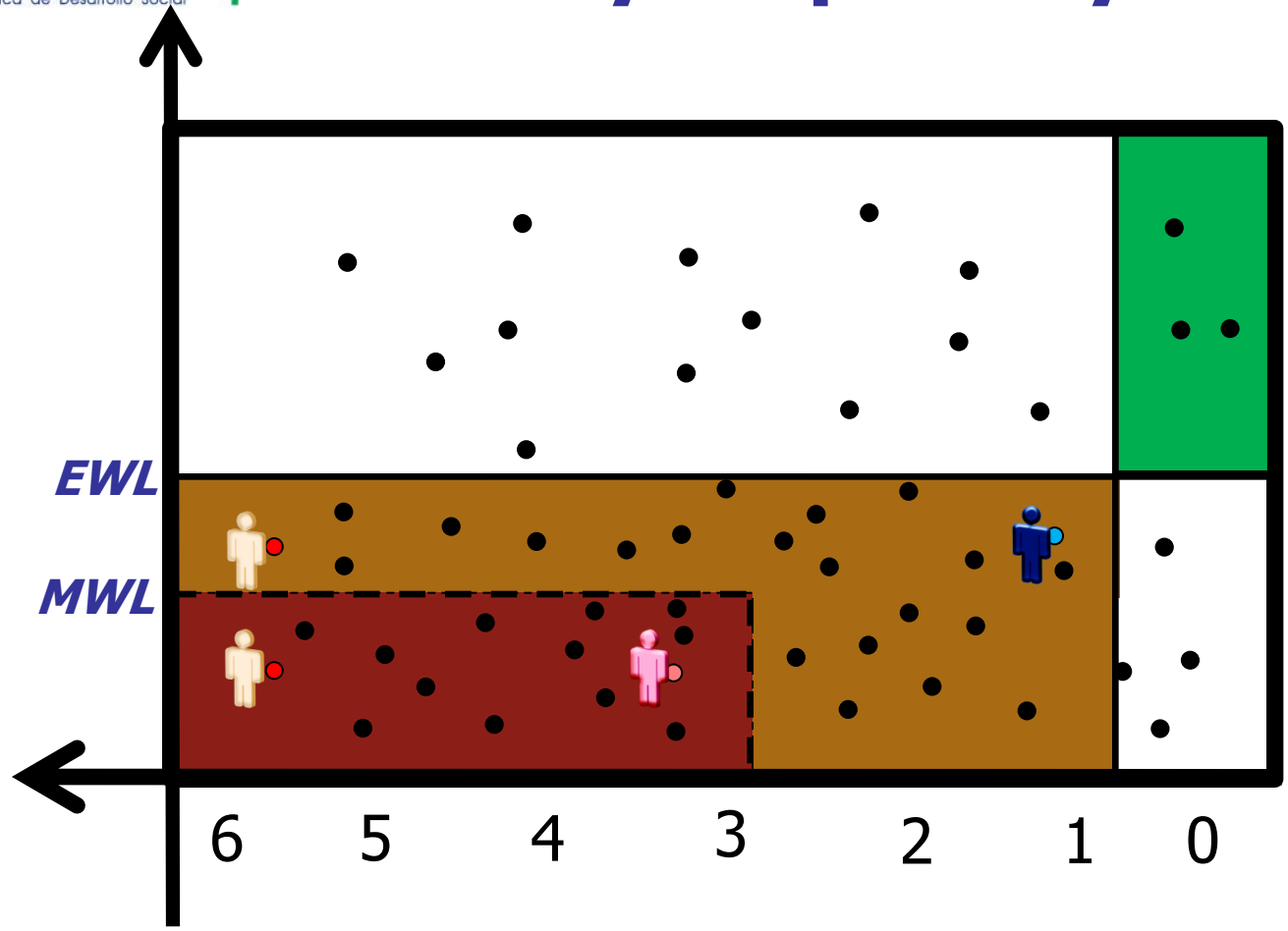
Deprivations

Social Rights

Intensity of poverty (Foster-Alkire)



Intensity of poverty



Deprivations

Social Rights

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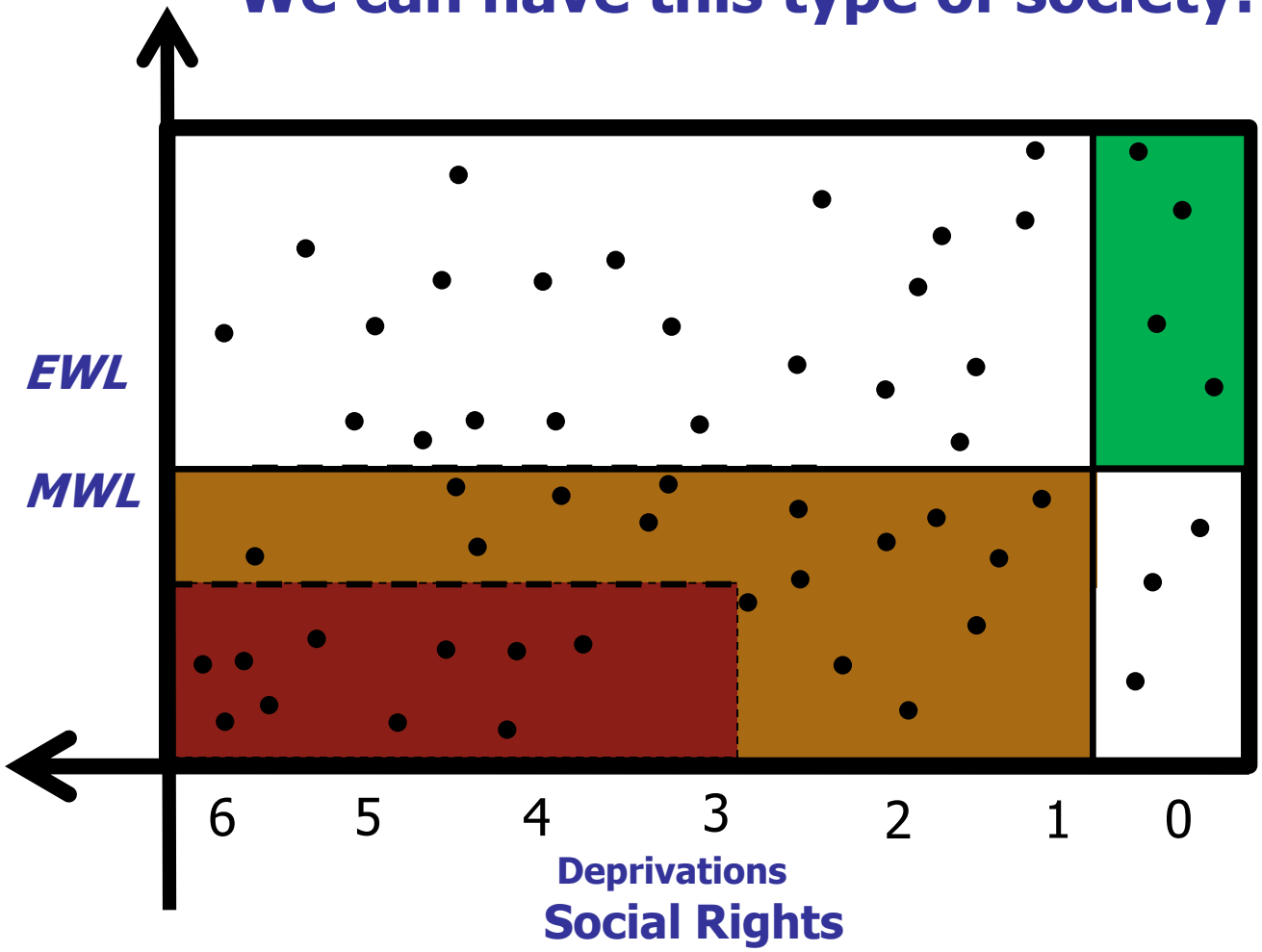
Social Cohesion

We can have this type of society:



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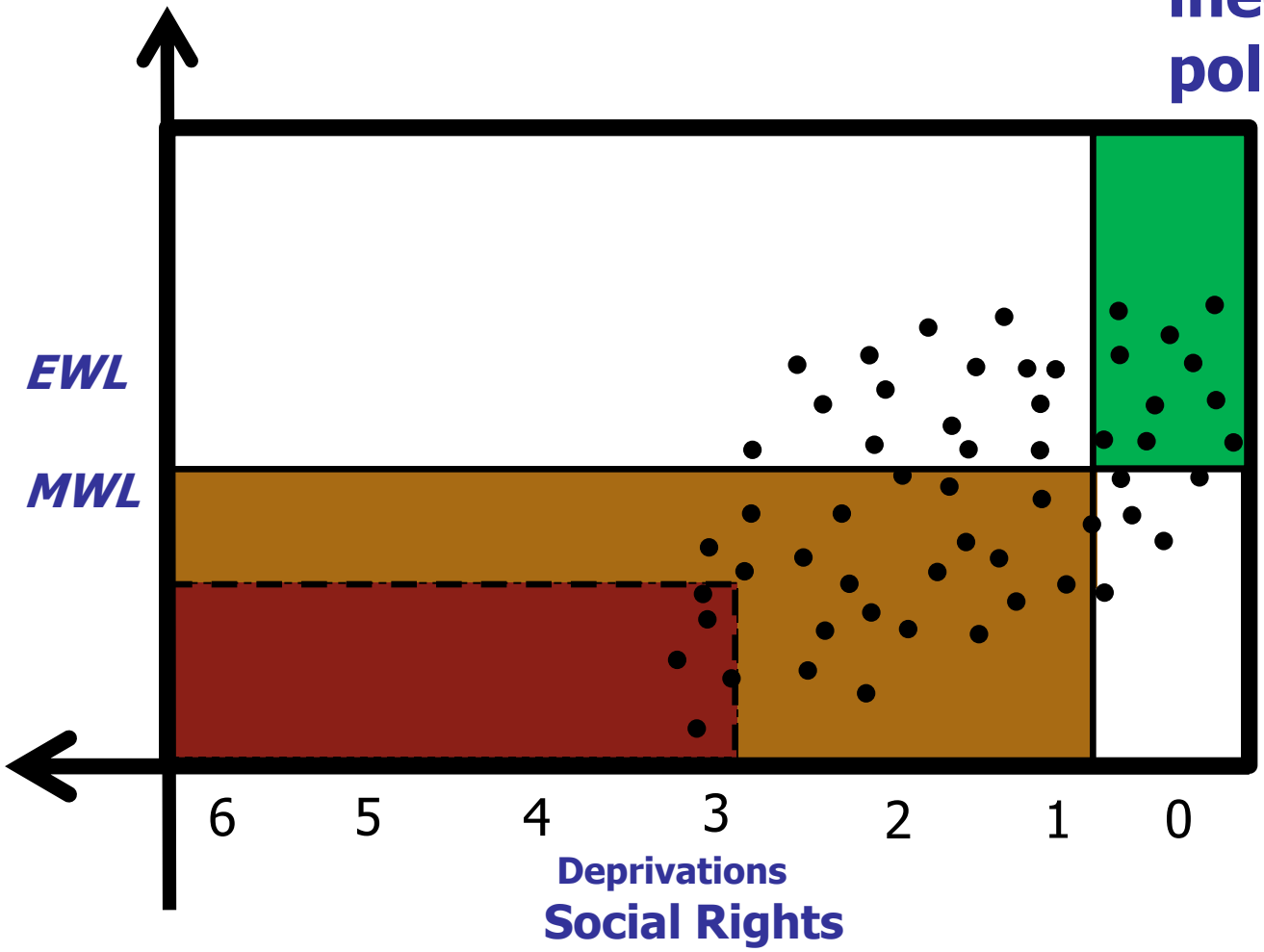
...or one like this one:

Social dispersion: inequality, polarization



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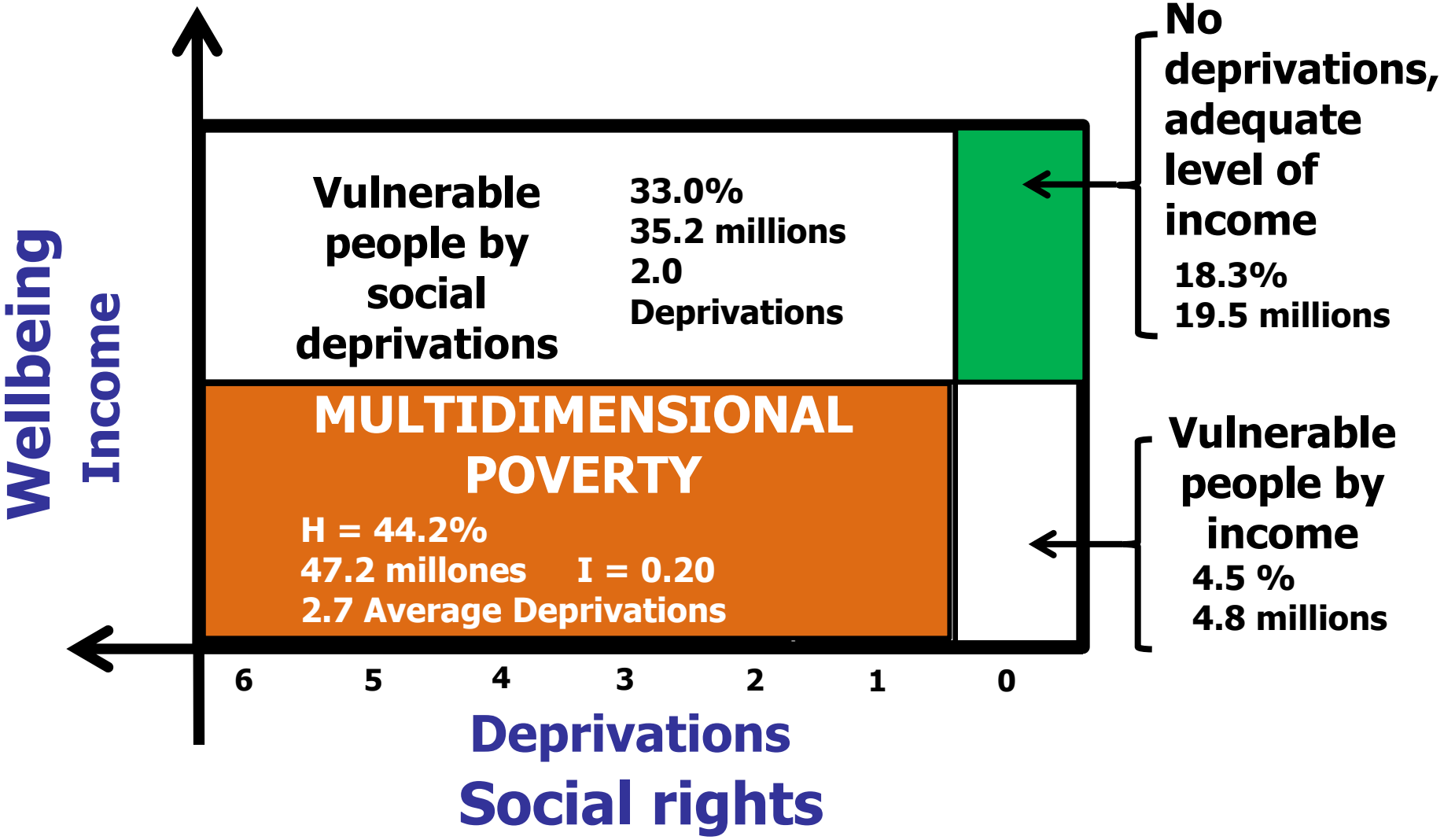
MULTIDIMENSIONAL POVERTY IN MEXICO

Total Population 2008 (106,680,526)



Fuente: estimaciones del CONEVAL con base en el MCS-ENIGH 2008.

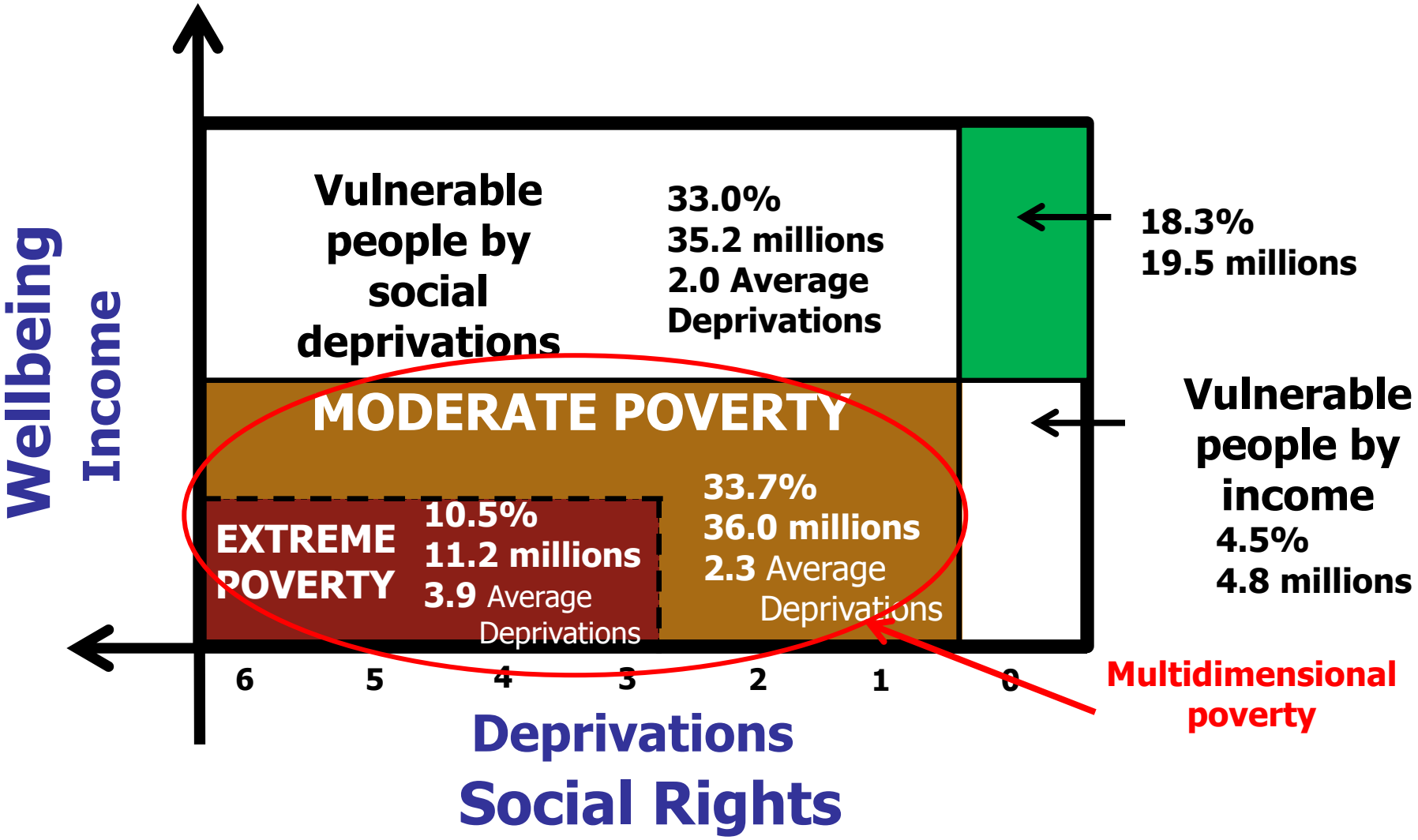
Intensity of poverty (Foster-Alkire)

- Incidence $H = \frac{q}{n} = \frac{47.2}{106.7} = 0.44$
- Average Proportion of deprivations $A = \frac{\bar{d}_q}{D} = \frac{2.7}{6} = 0.45$
- Intensity $I = A\,H = 0.45 * 0.44 = 0.20$

$$I = \frac{d_q}{D}\,\frac{q}{n} = \frac{Nr\ of\ deprivations\ of\ the\ poor}{Nr\ of\ potential\ deprivations\ for\ all}$$

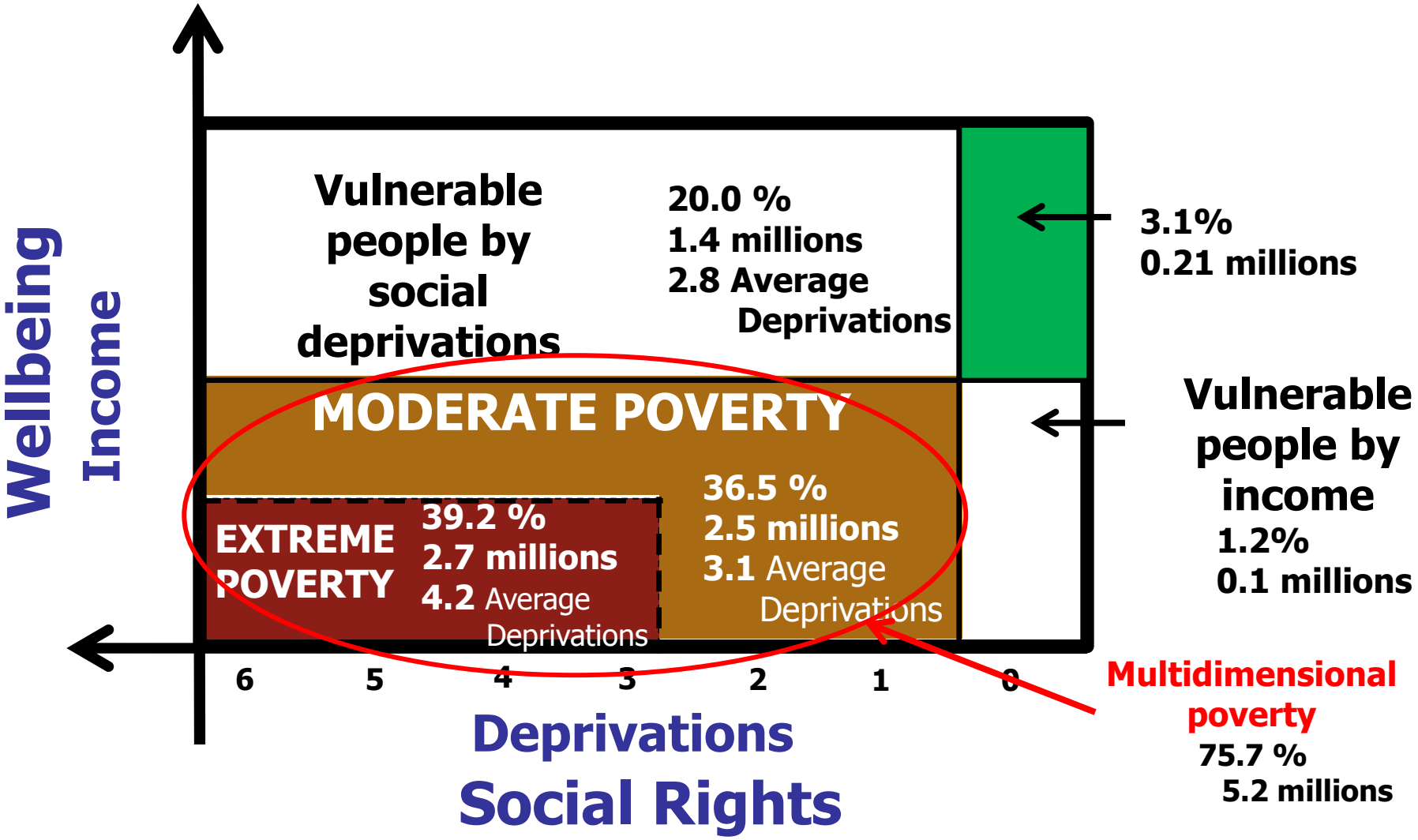
$$I = \frac{127.4\ million}{640.2\ million} = 0.20$$

Total Population 2008 (106,680,526)



Source: estimates of the CONEVAL based on MCS-ENIGH 2008.

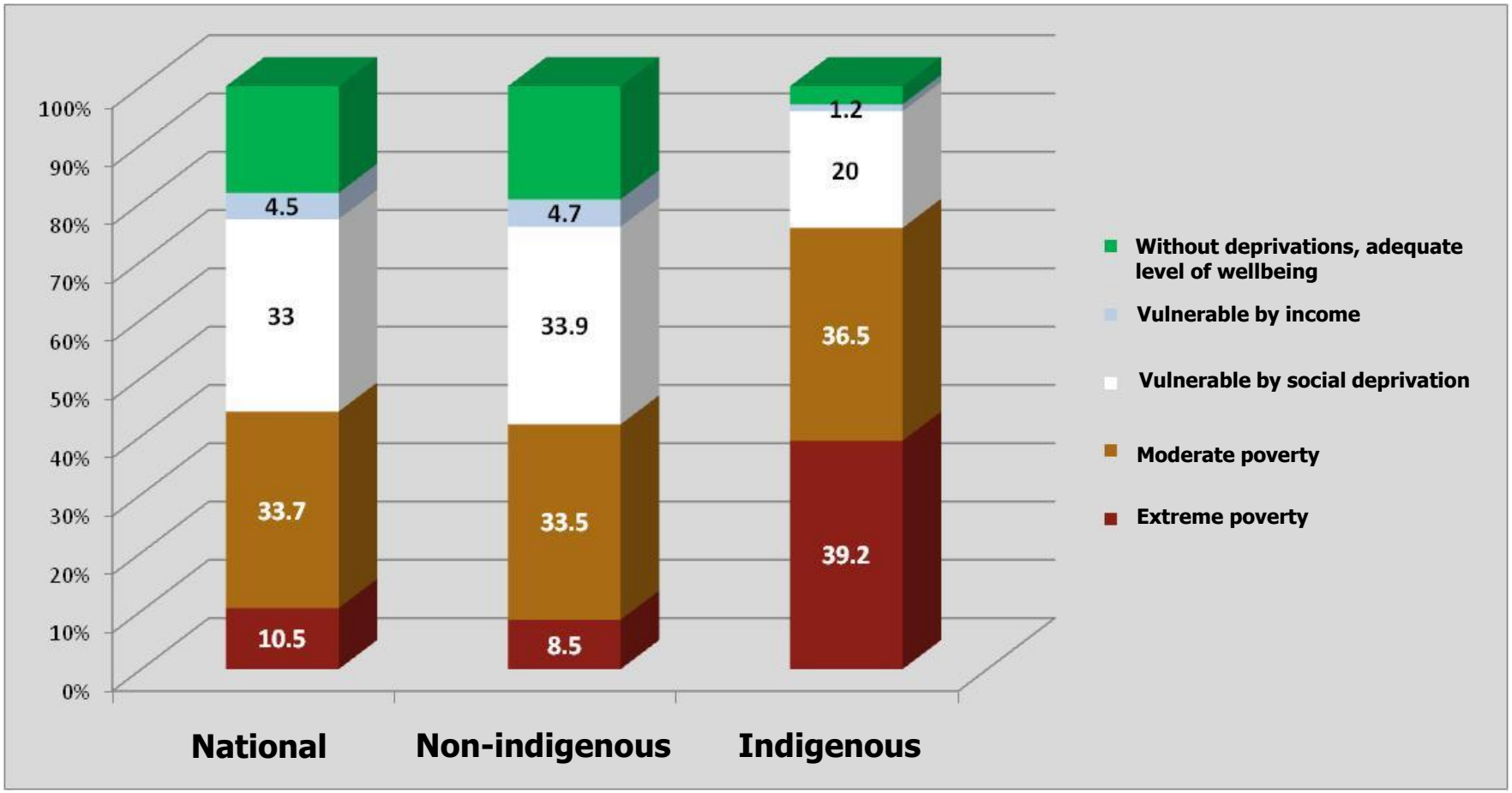
Indigenous people 2008 (6,829,067)



Source: estimates of the CONEVAL based on MCS-ENIGH 2008.

Indigenous and non-indigenous population

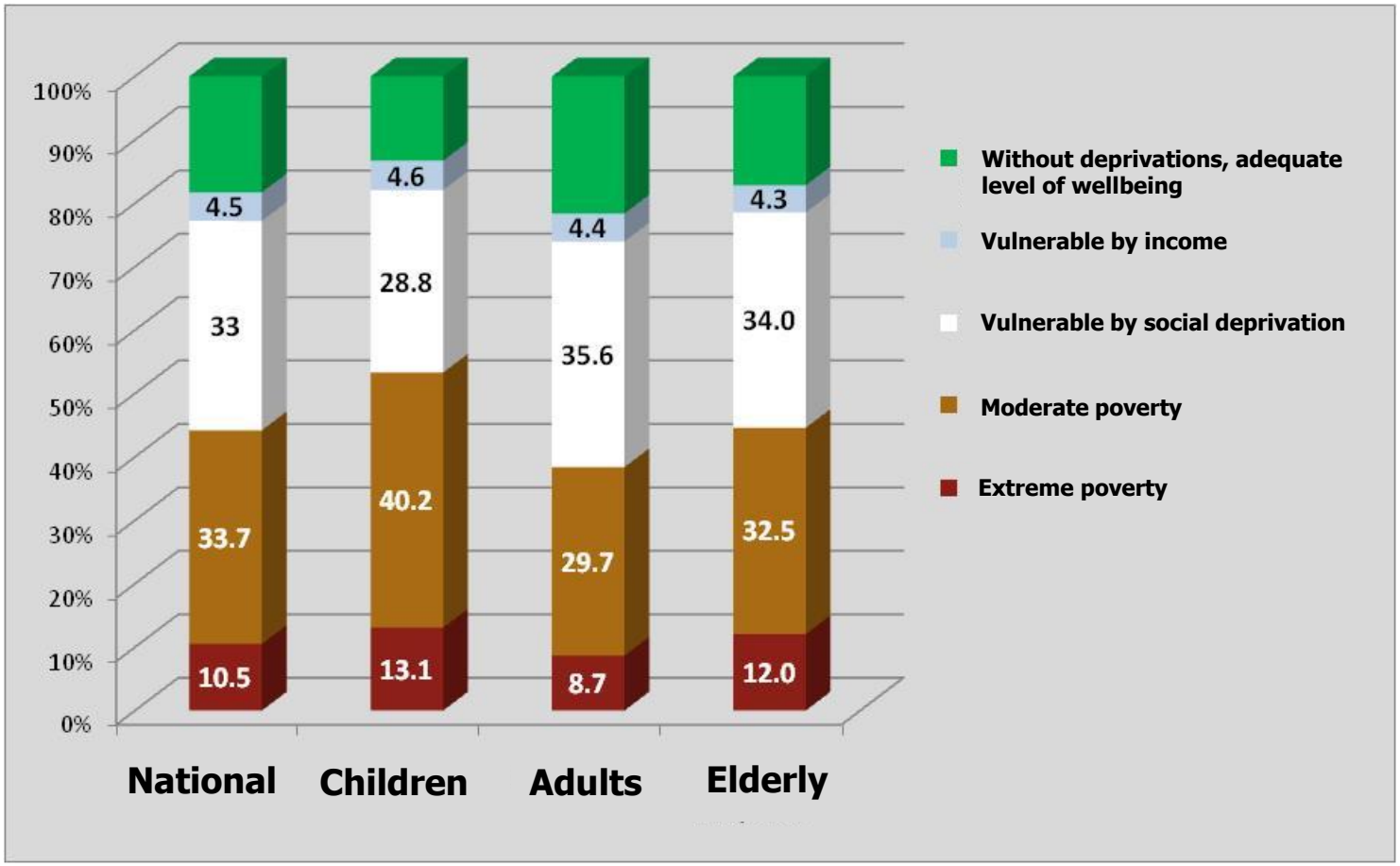
Percentage of population in multidimensional poverty depending on whether they speak or not an indigenous language



Source: estimates of the CONEVAL based on MCS-ENIGH 2008.

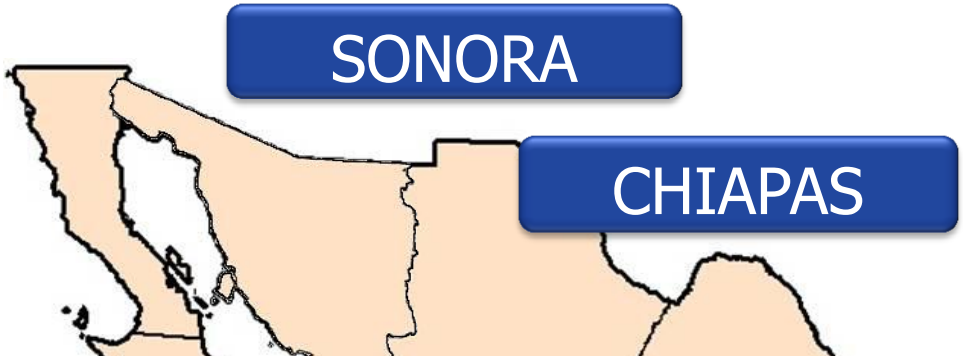
Children, elderly 2008

Percentage of population in multidimensional poverty according to age group

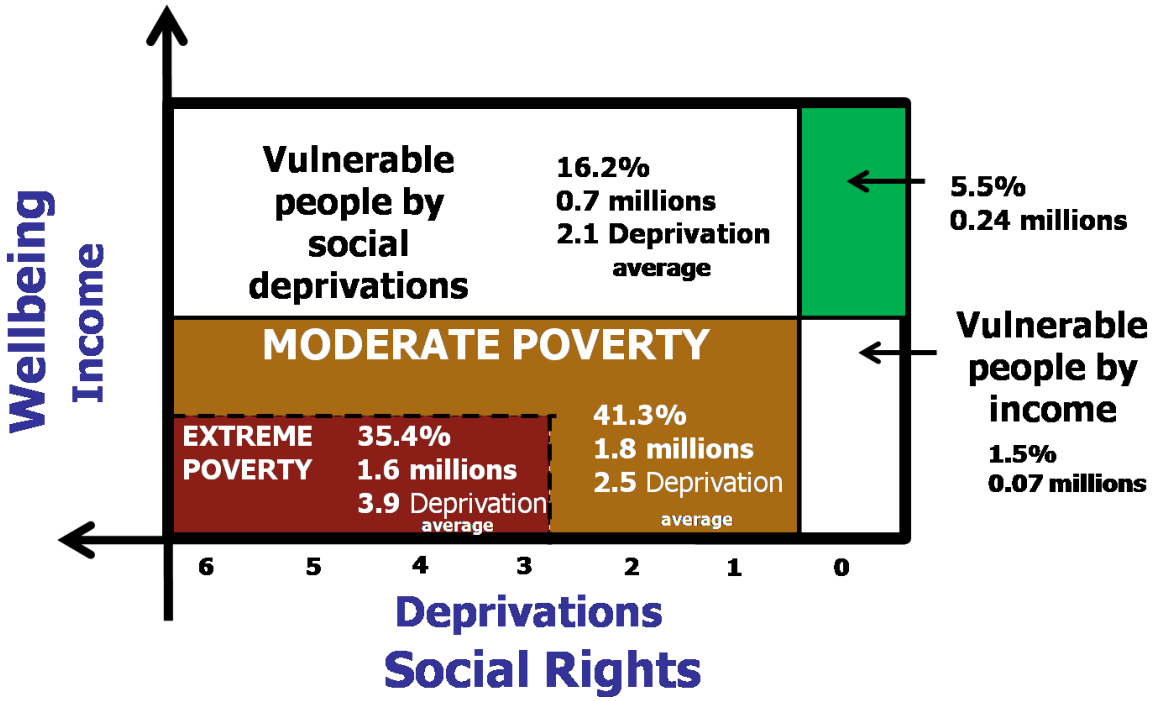


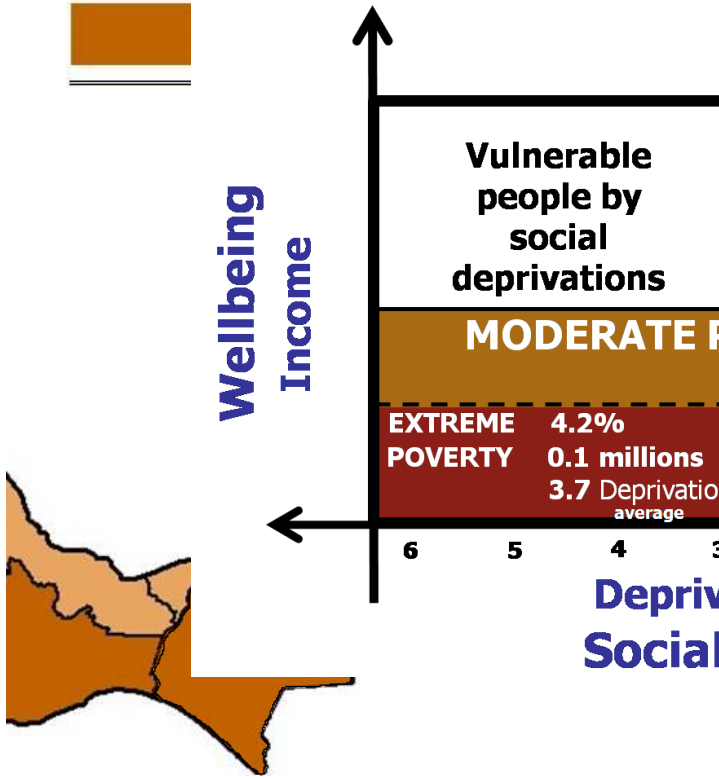
Source: estimates of the CONEVAL based on MCS-ENIGH 2008.

Multidimensional poverty by State



Ranks	Total of States
[20% - 40%)	14
[40% - 60%)	14





Source: estimates of the CONEVAL based on MCS-ENIGH 2008.

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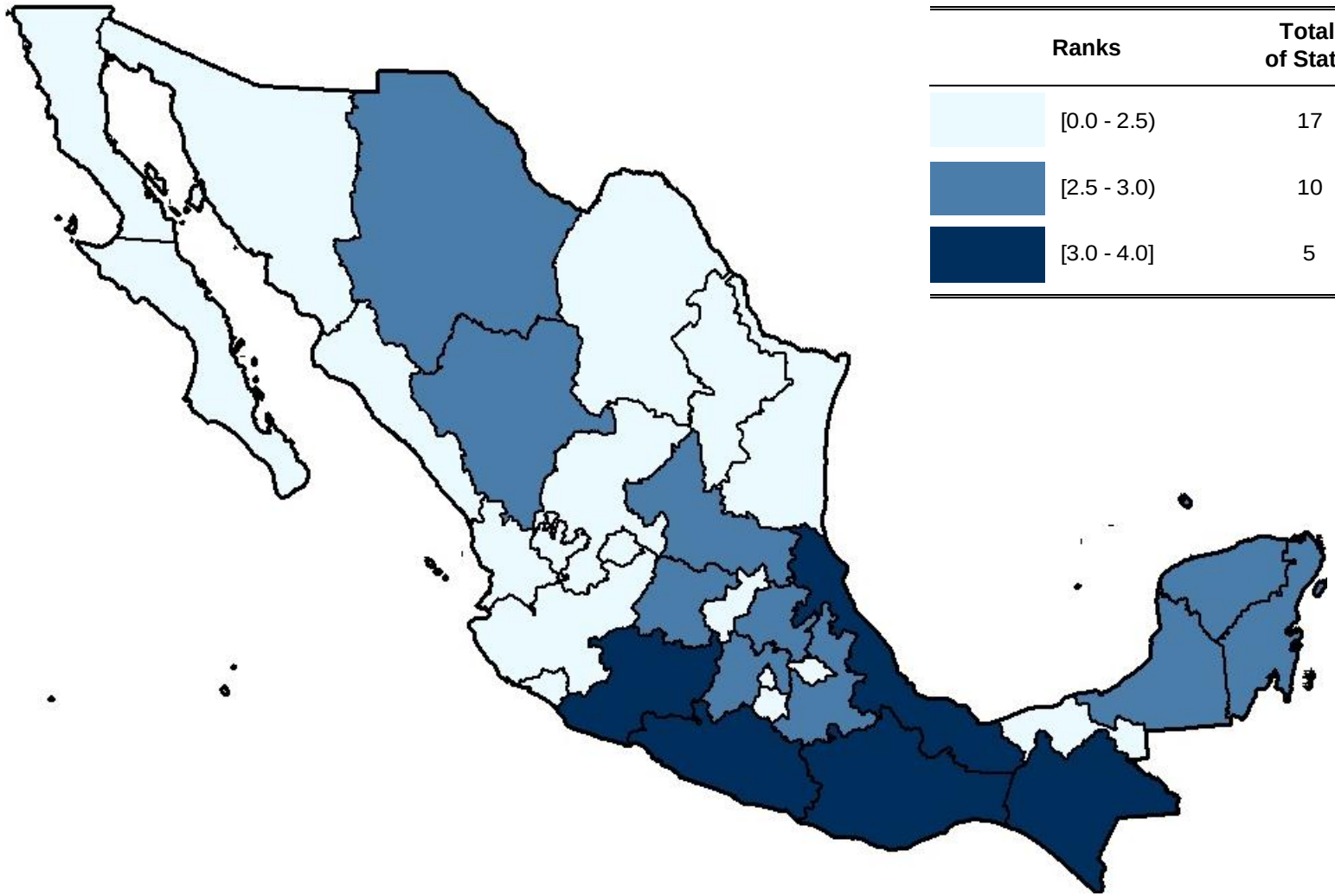
Average number of deprivations of the population in multidimensional poverty



Ranks	Total of States
[0.0 - 2.5)	17
[2.5 - 3.0)	10
[3.0 - 4.0]	5

Source: estimates of the CONEVAL based on MCS-ENIGH 2008.

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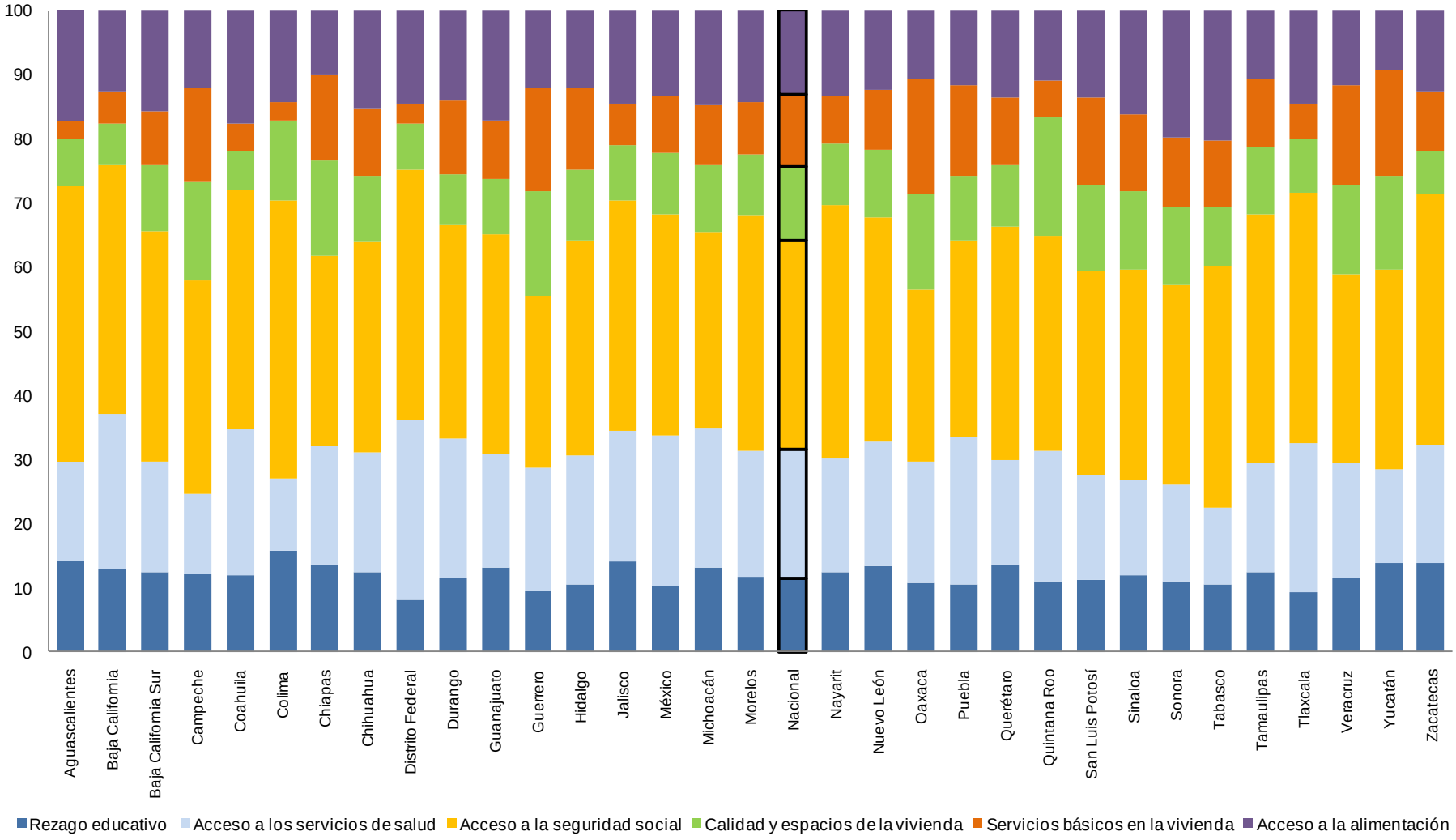
Percentage of population with social deprivations Mexico, 2008

Social deprivation	Percentage
Access to social security	64.7
Access to health services	40.7
Educational gap	21.7
Access to food	21.6
Housing access to basic services	18.9
Quality of living spaces	17.5

Source: estimates of the CONEVAL based on MCS-ENIGH 2008.

Contribution of deprivations by State, 2008

Contribución de cada indicador de carencia social a la intensidad de la pobreza multidimensional, México, 2008



Fuente: estimaciones del CONEVAL con base en el MCS-ENIGH 2008.

Source: estimates of the CONEVAL based on MCS-ENIGH 2008.

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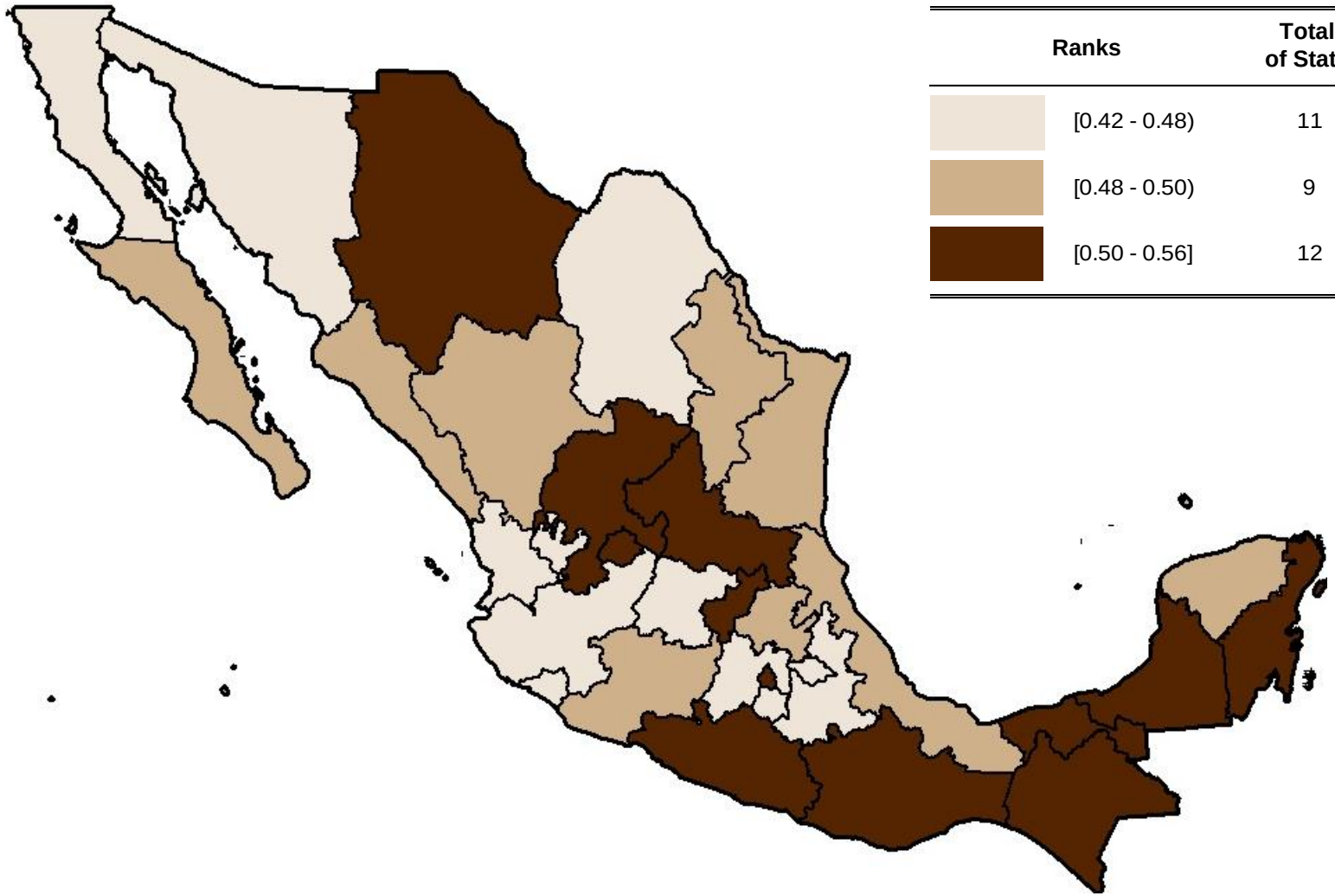
Gini Index



Ranks	Total of States
[0.42 - 0.48)	11
[0.48 - 0.50)	9
[0.50 - 0.56]	12

Source: estimates of the CONEVAL based on MCS-ENIGH 2008.

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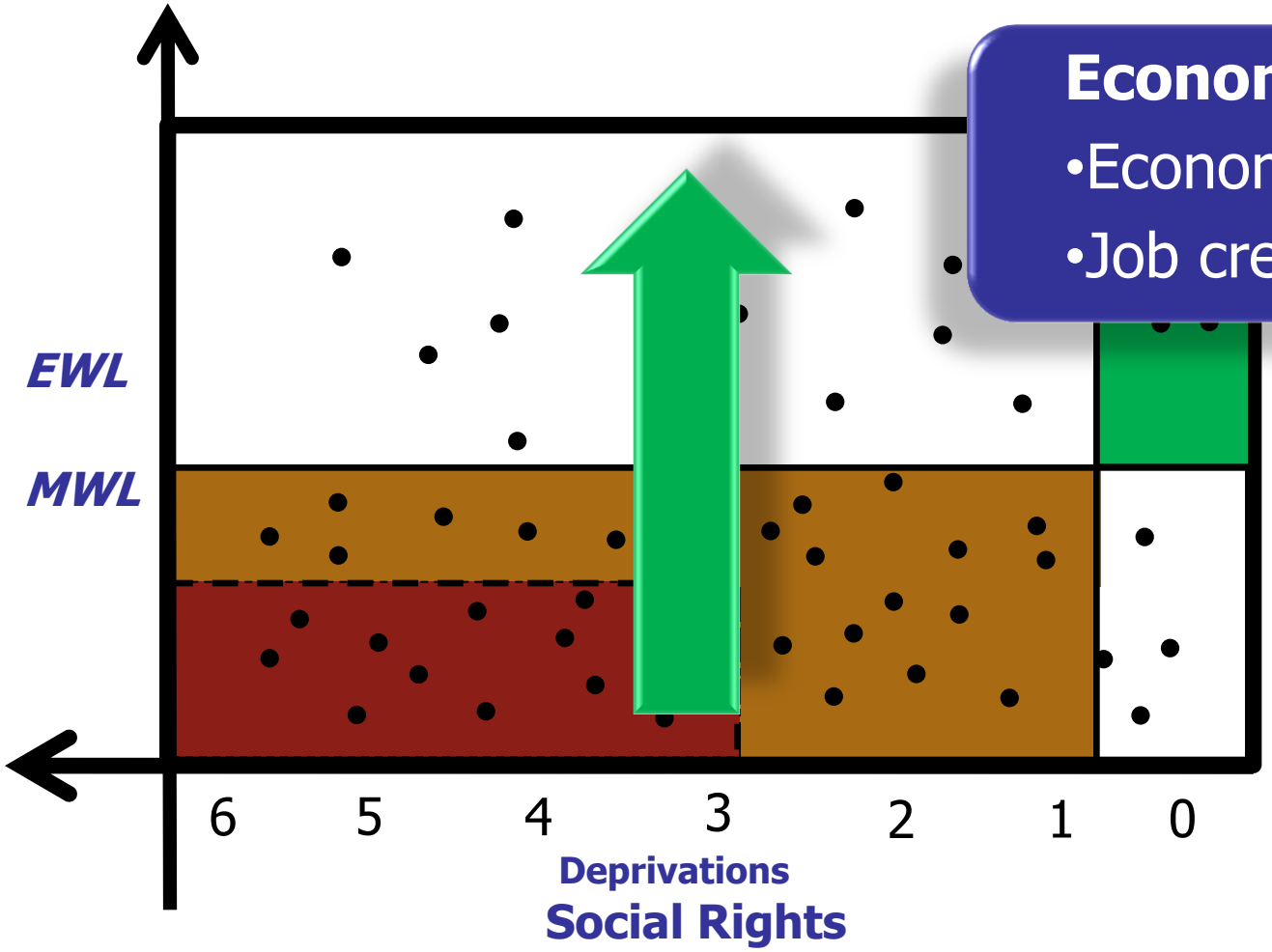
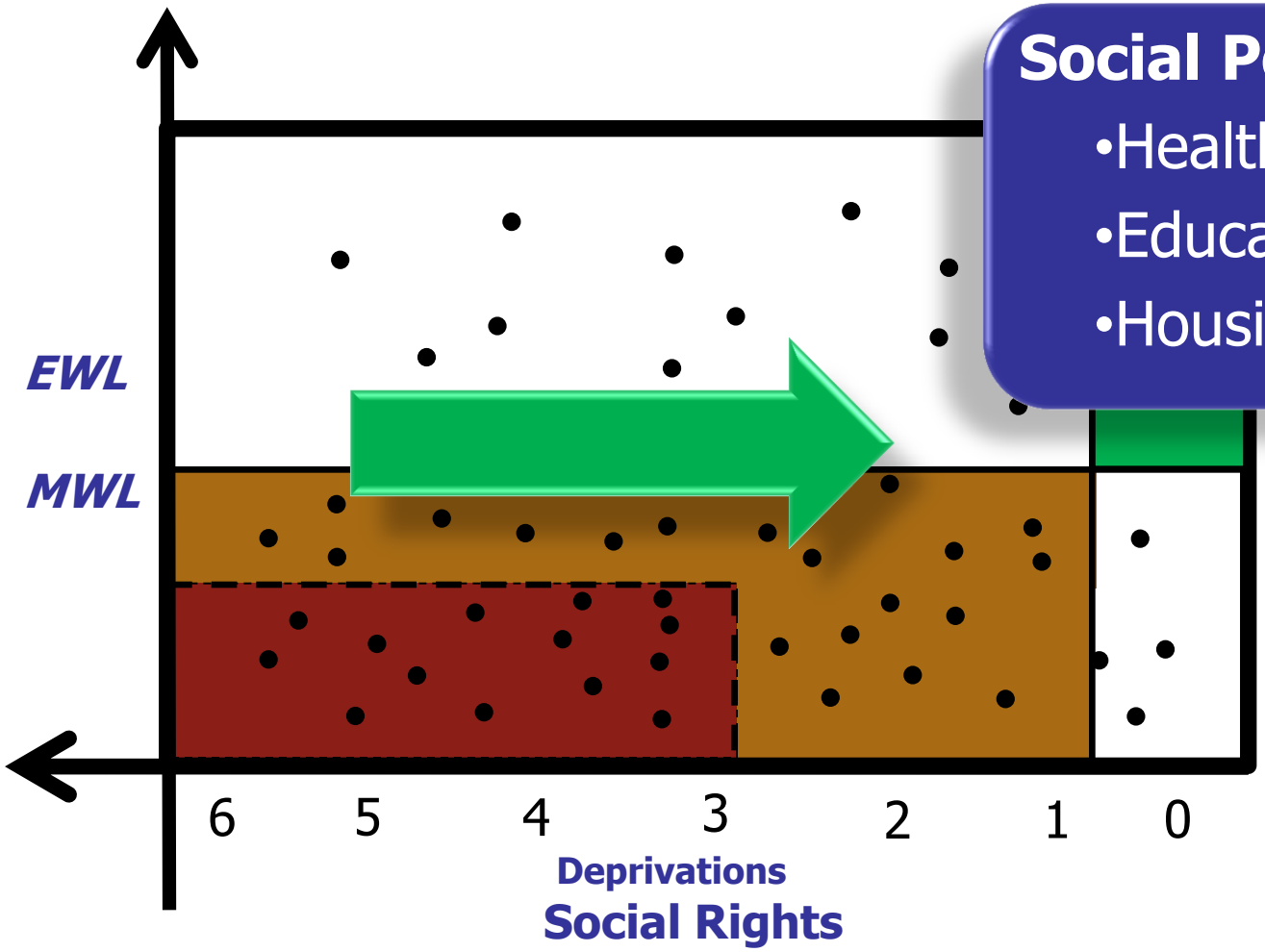
What policies should be carried out?



Economic Policies:

- Economic growth
- Job creation

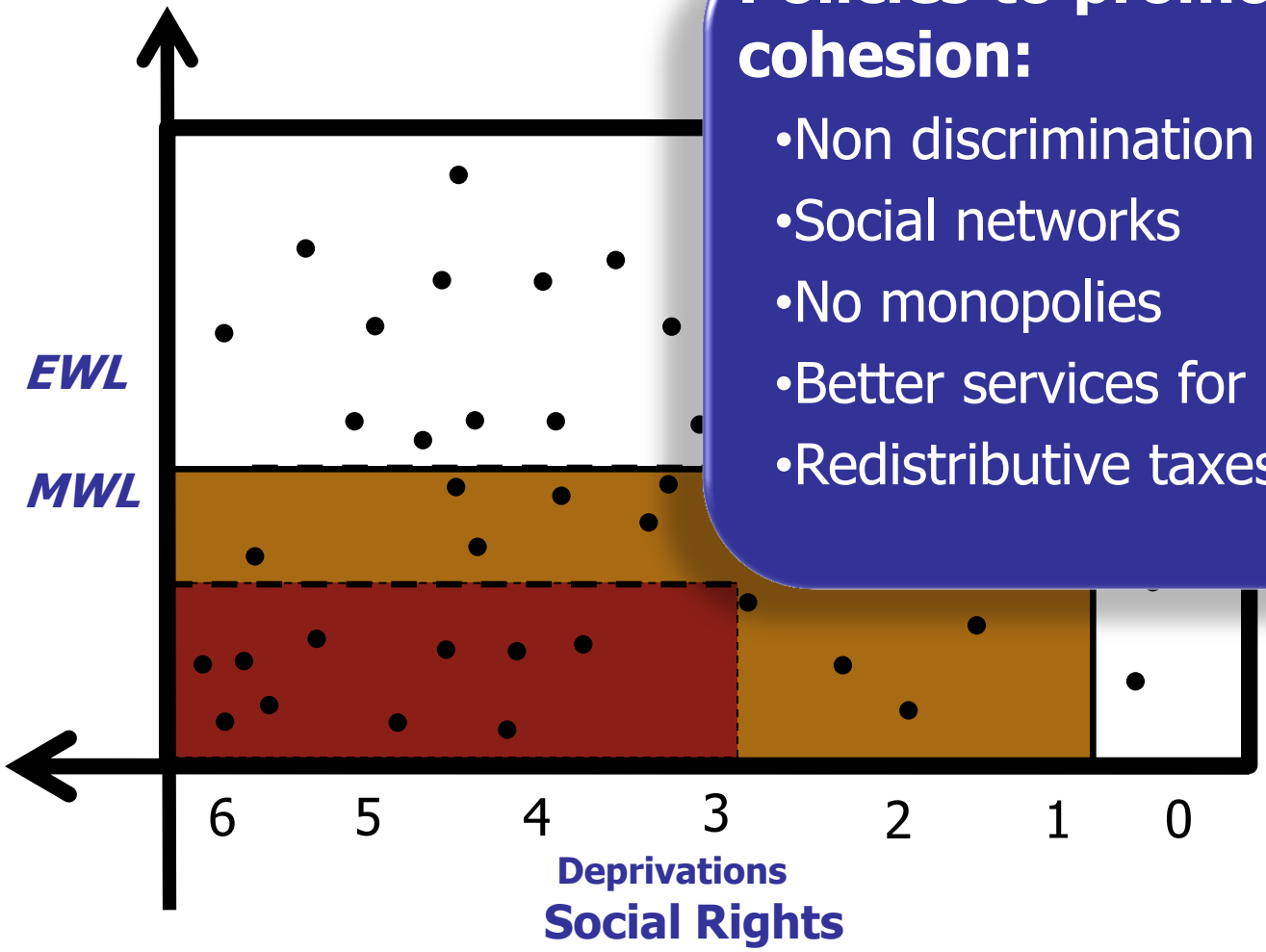
What policies should be carried out?



Social Policies:

- Health
- Education
- Housing

Social dispersion: inequality, polarization



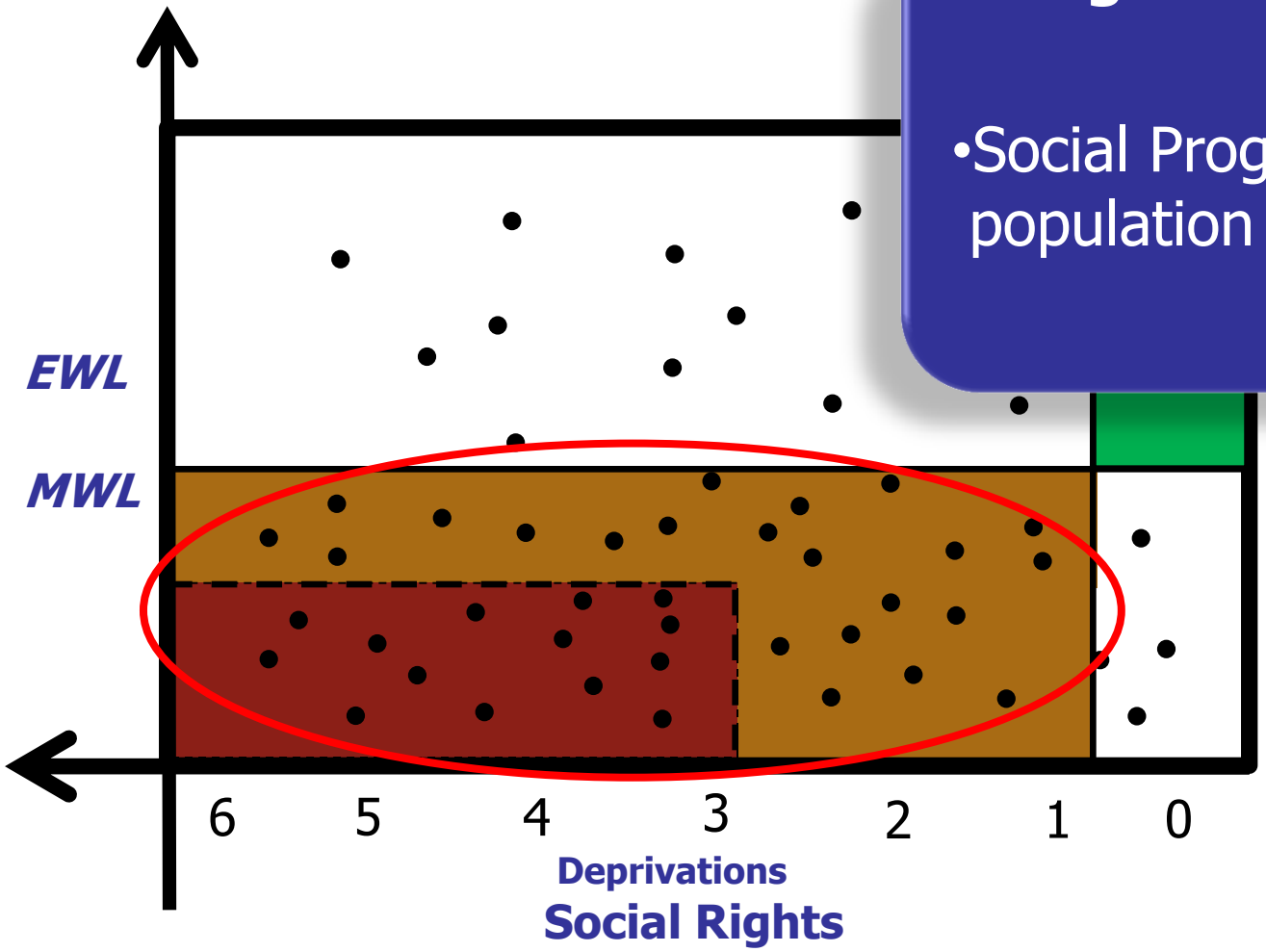
Policies to promote social cohesion:

- Non discrimination
- Social networks
- No monopolies
- Better services for poor people
- Redistributive taxes

What policies should be carried out?

Targeted policies

- Social Programs for the population in poverty



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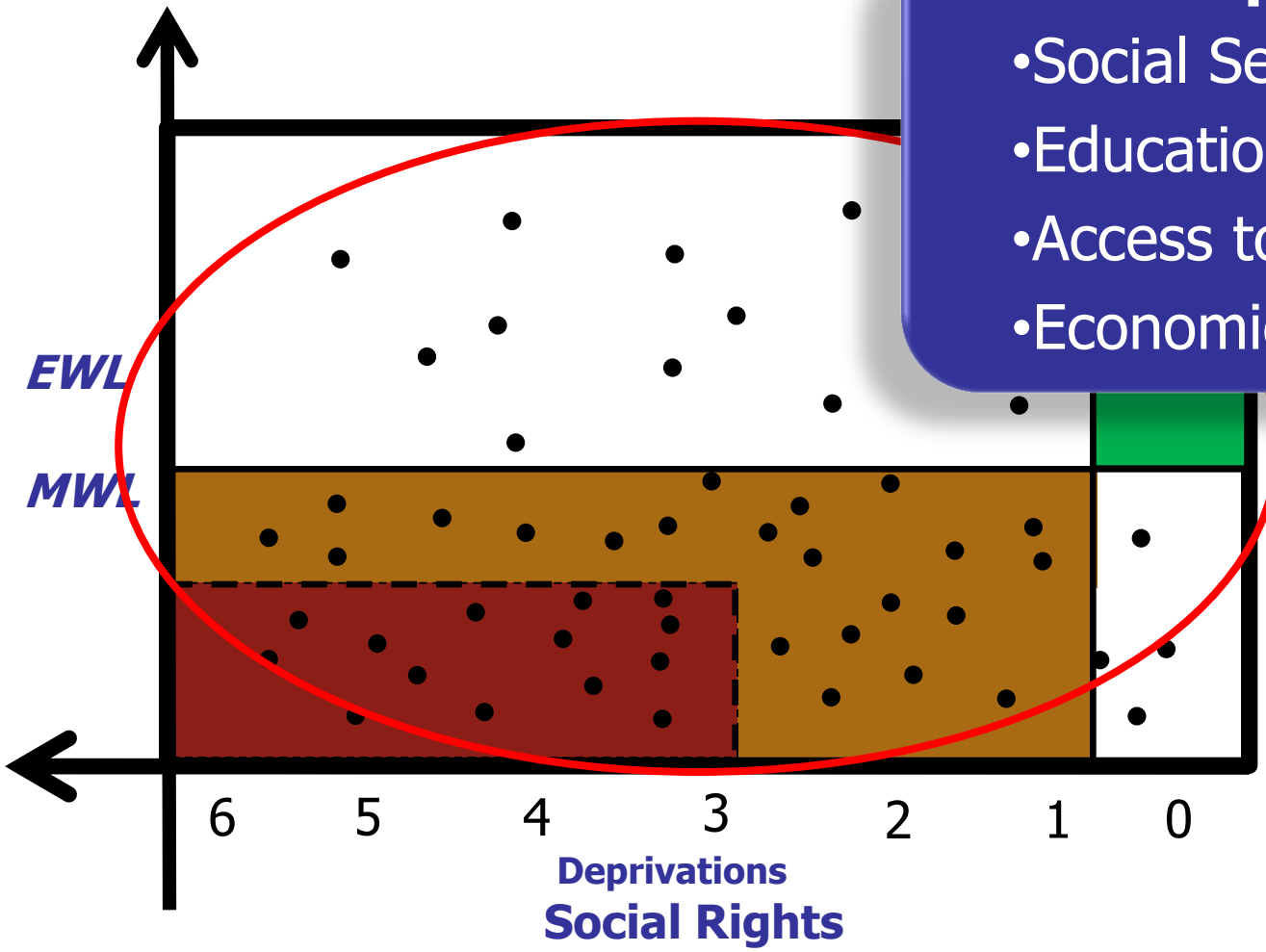
What policies should be carried out?

Universal policies

- Social Security
- Education for all
- Access to health services
- Economic growth



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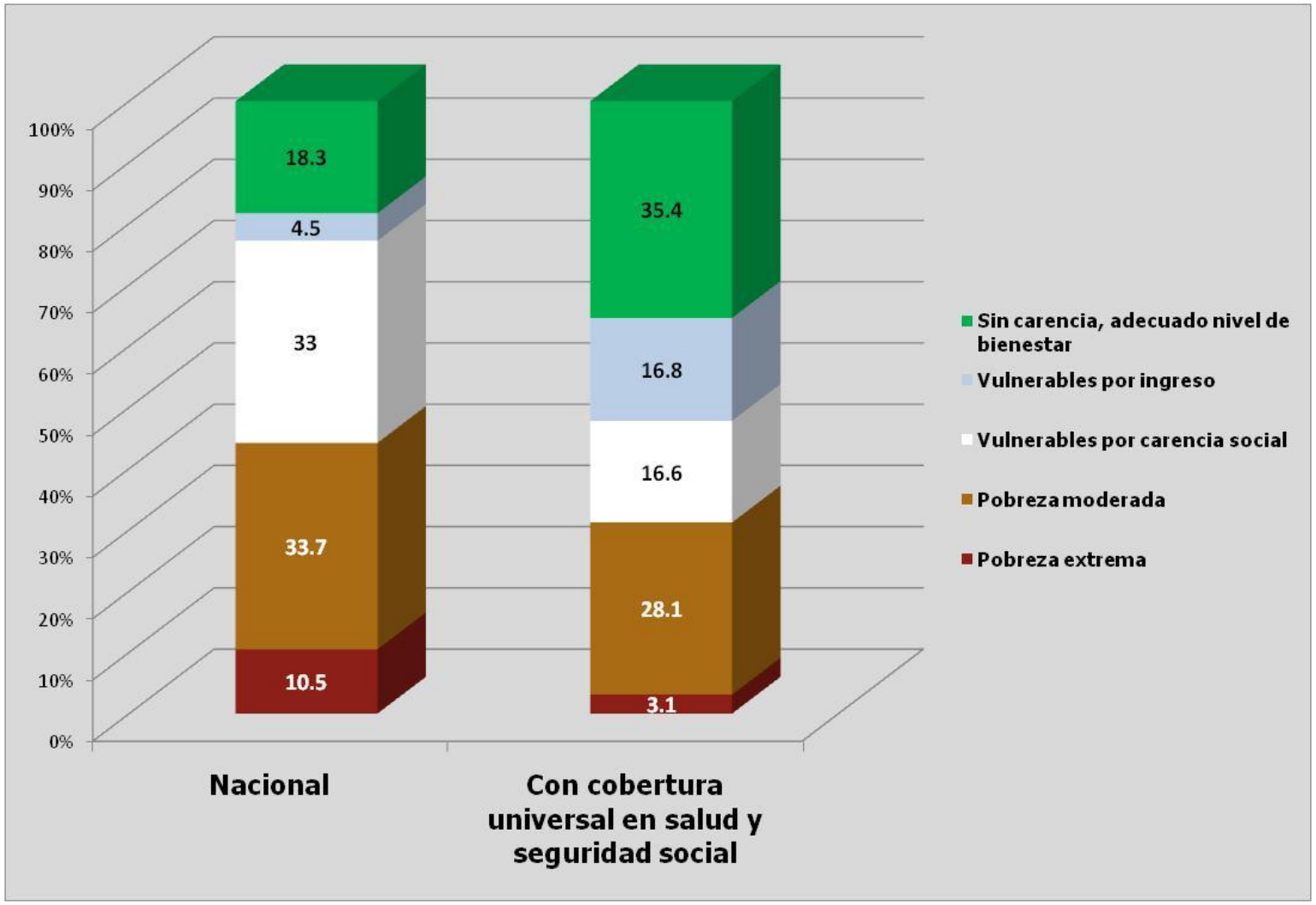
Poverty if there were universal coverage for health services and social security



Fuente: estimaciones del CONEVAL con base en el MCS-ENIGH 2008.

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Using the methodology

- Social programs are changing the way they identify their beneficiaries
- Other Ministries, besides the Ministry of Social Development, understand better their role in reducing poverty in Mexico
- The Strategy for poorer municipalities is using the methodology to target their programs
- Coneval is evaluating social programs (ex post and ex ante) using this approach.

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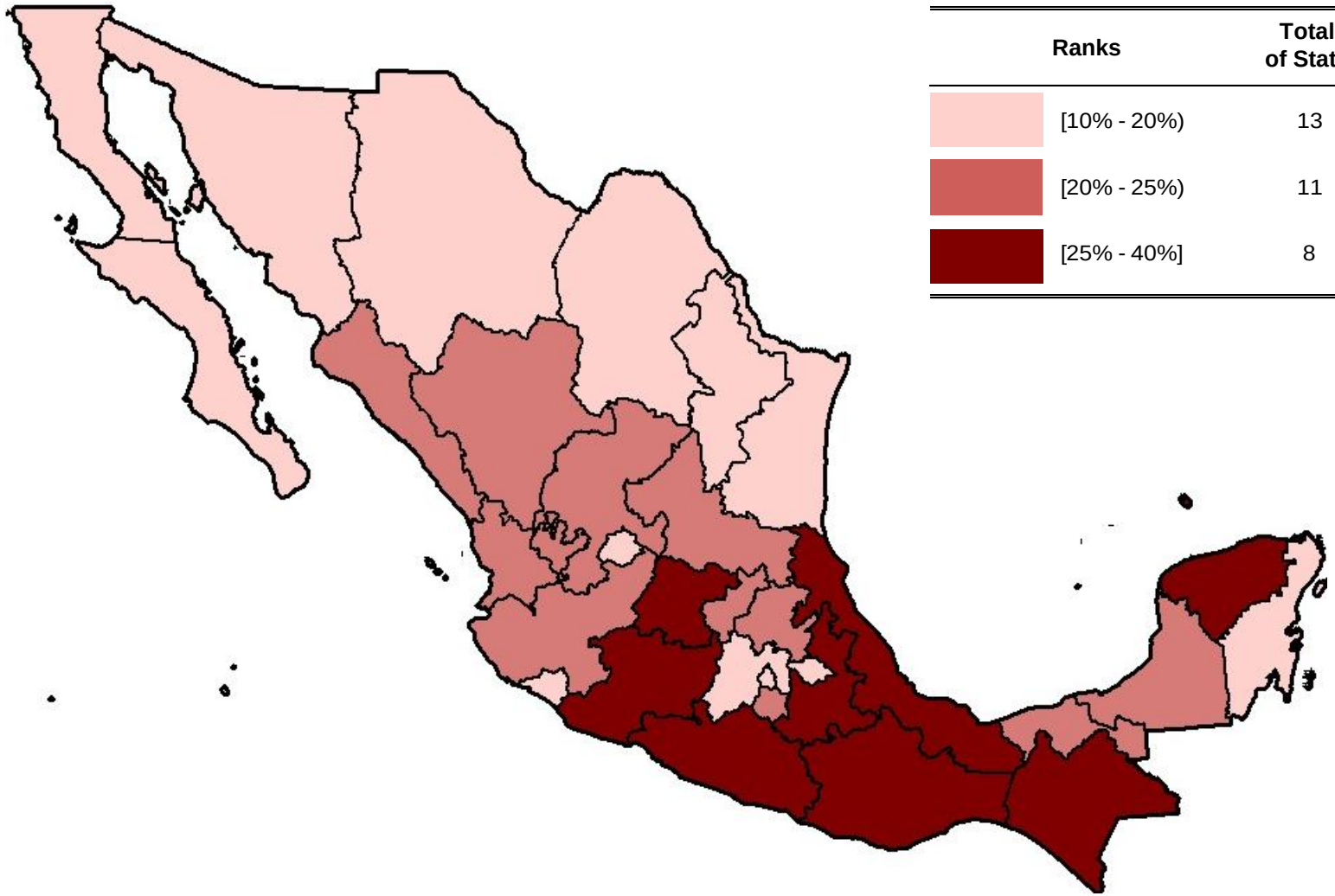
The methodology in Mexico

It is a historic contribution to social policy, since it will allow further study of poverty beyond income, by adding together social deprivations from a social rights perspective

With this methodology is possible to improve the relationship between public policies and the different needs of the population

www.coneval.gob.mx

Educational gap



Ranks	Total of States
[10% - 20%)	13
[20% - 25%)	11
[25% - 40%]	8

Source: estimates of the CONEVAL based on MCS-ENIGH 2008.

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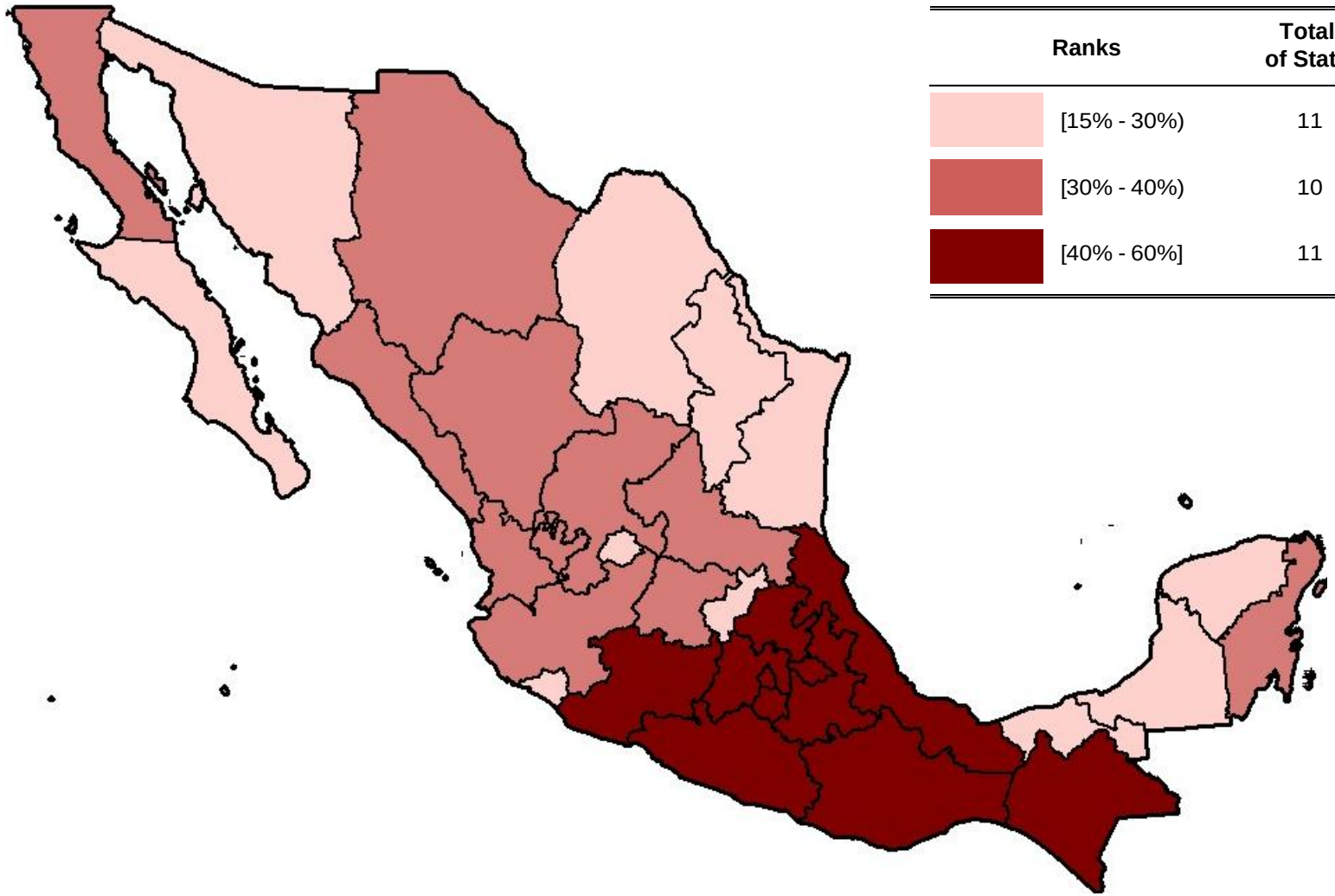
Lack of access to health services



Ranks	Total of States
[15% - 30%)	11
[30% - 40%)	10
[40% - 60%]	11

Source: estimates of the CONEVAL based on MCS-ENIGH 2008.

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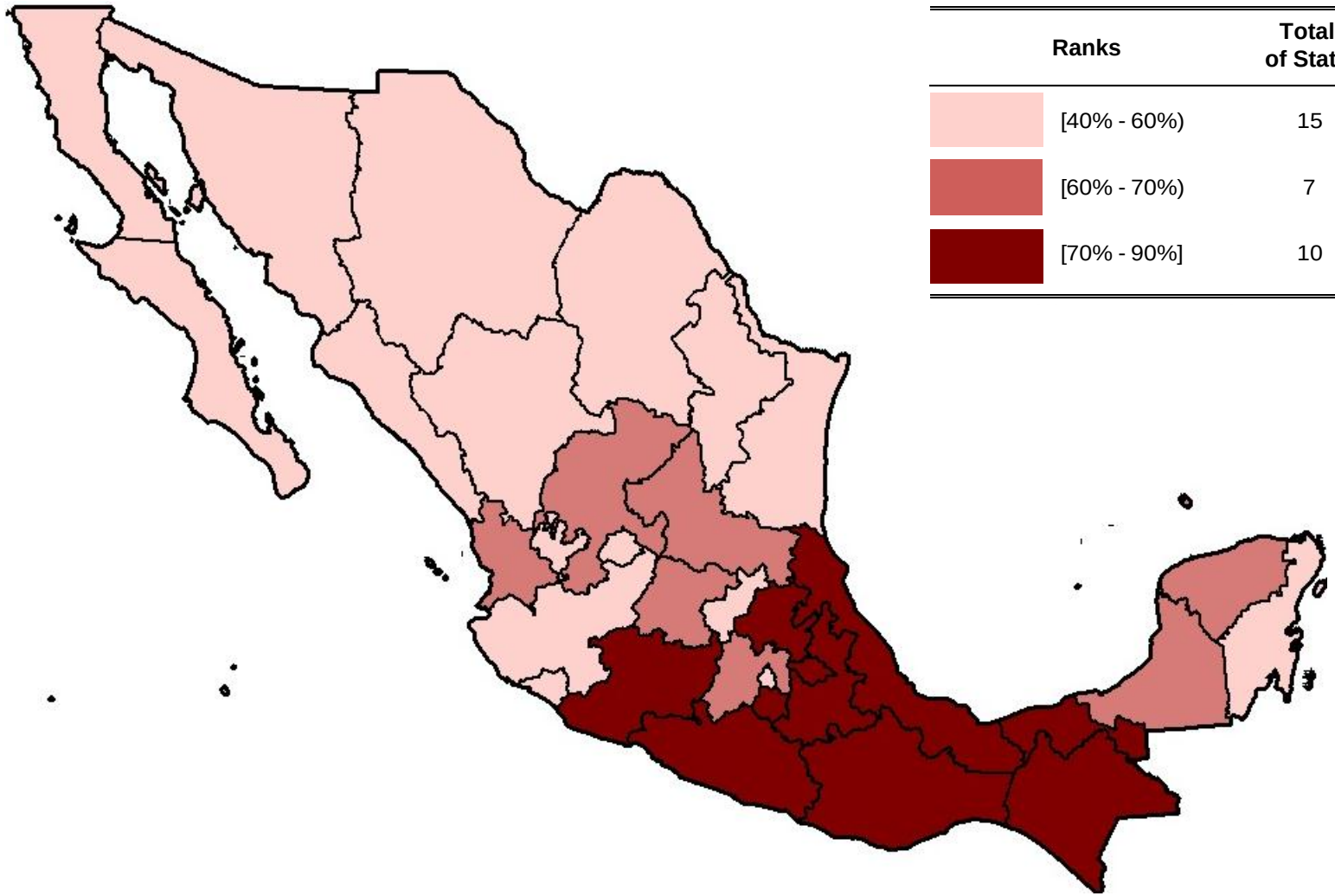
Lack of access to social security



Ranks	Total of States
[40% - 60%)	15
[60% - 70%)	7
[70% - 90%]	10

Source: estimates of the CONEVAL based on MCS-ENIGH 2008.

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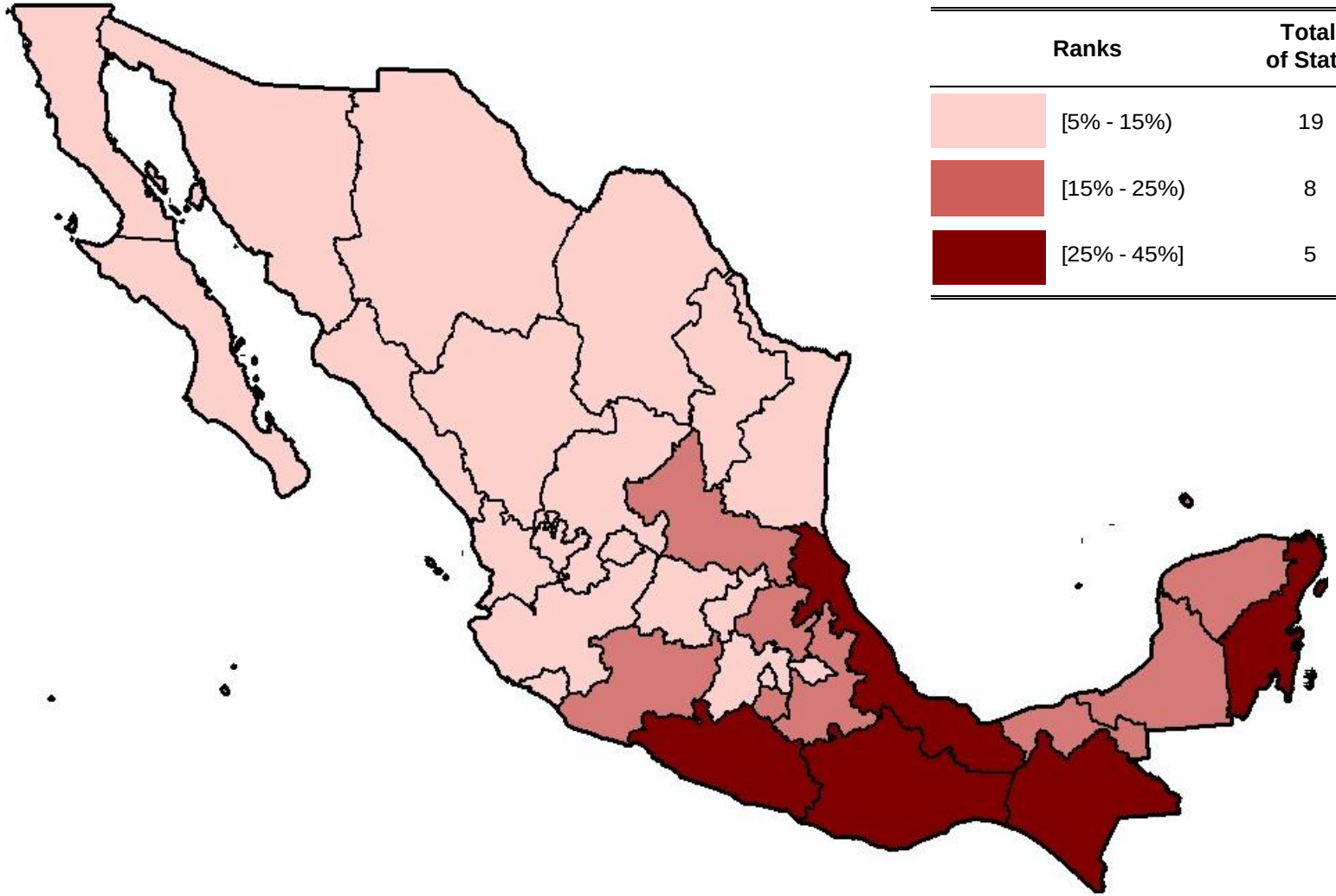
Lack of quality living spaces



Ranks	Total of States
[5% - 15%)	19
[15% - 25%)	8
[25% - 45%]	5

Source: estimates of the CONEVAL based on MCS-ENIGH 2008.

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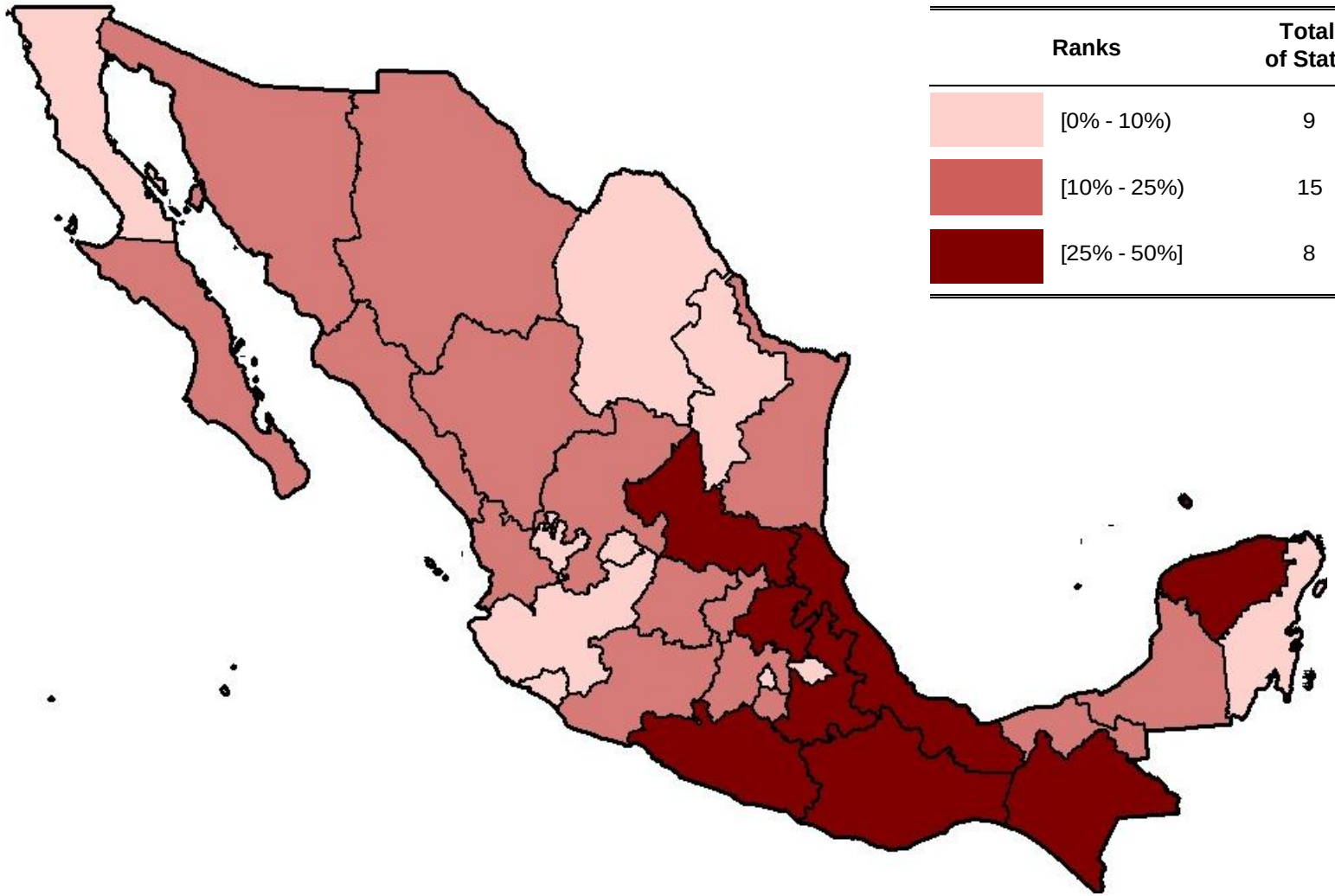
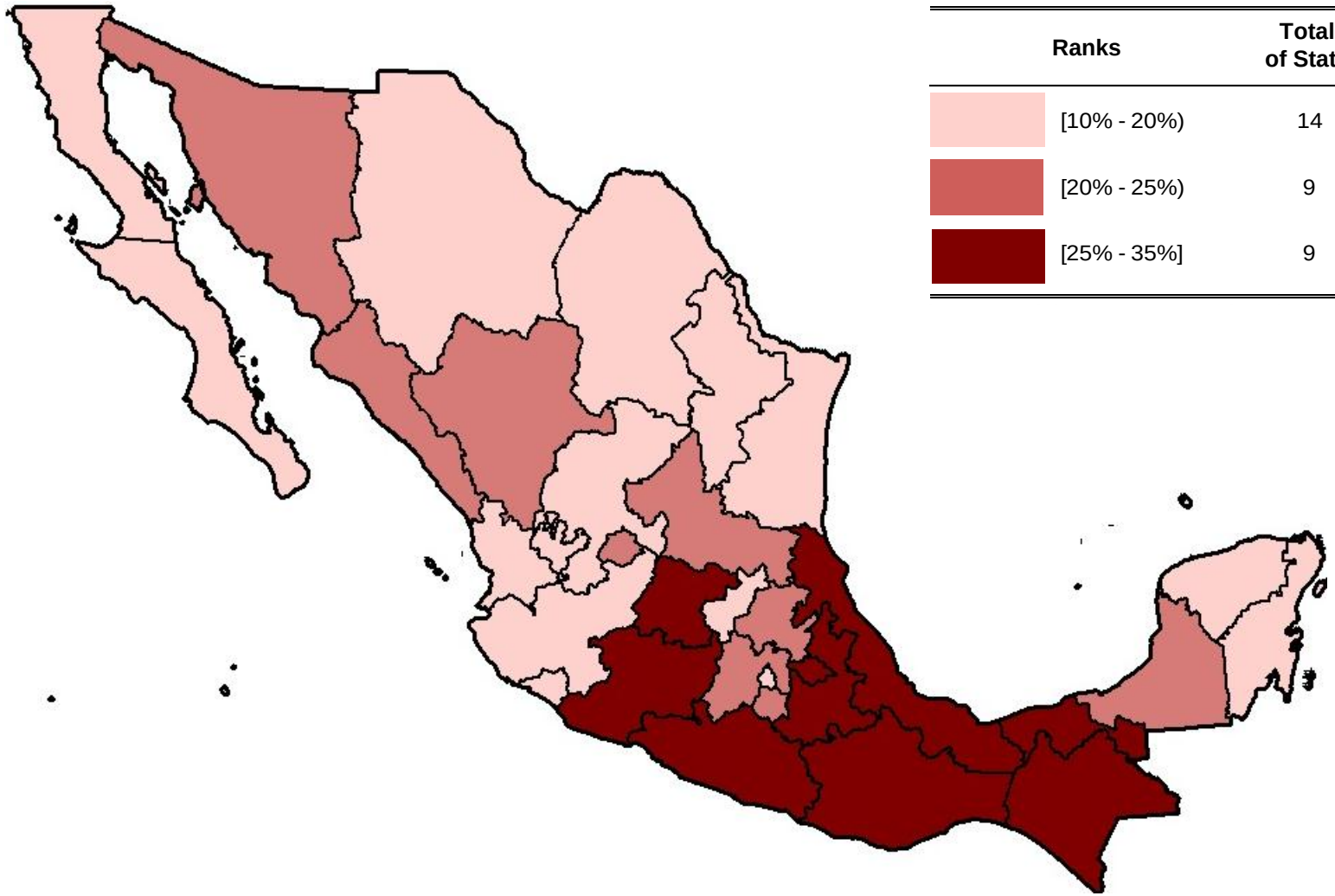
Lack of access to housing basic services



Ranks	Total of States
[0% - 10%)	9
[10% - 25%)	15
[25% - 50%]	8

Source: estimates of the CONEVAL based on MCS-ENIGH 2008.

Lack of access to food



Ranks	Total of States
[10% - 20%)	14
[20% - 25%)	9
[25% - 35%]	9

Source: estimates of the CONEVAL based on MCS-ENIGH 2008.

Contact information

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