

CONSEVAL

National Council for the Evaluation
of Social Development Policy

Multidimensional Poverty Measurement in Mexico

Evaluation and Measurement Make a Better Government



What can be measured
can be improved

Multidimensional Poverty Measurement in Mexico



What is it?

Mexico was the first country in the world to have an official multidimensional poverty measurement. Unlike other countries, it measures poverty using several dimensions in order to provide information that allows overcoming this problem.¹

Income is an important factor for poverty measurement; however there are other dimensions that are also relevant and incorporated into the poverty measurement conducted by CONEVAL, according to the General Law of Social Development (LGDS, *Ley General de Desarrollo Social*).

These dimensions are educational gap, access to health services, access to food, access to social security, quality and spaces of the dwelling, access to basic services in the dwelling and the degree of social cohesion.

CONEVAL's methodology for the multidimensional poverty measurement allows a thorough analysis of poverty because, in addition to measuring income, social deprivations analyze a social rights approach. These components make it possible to follow the evolution of social deprivations and economic wellbeing of the Mexican population.

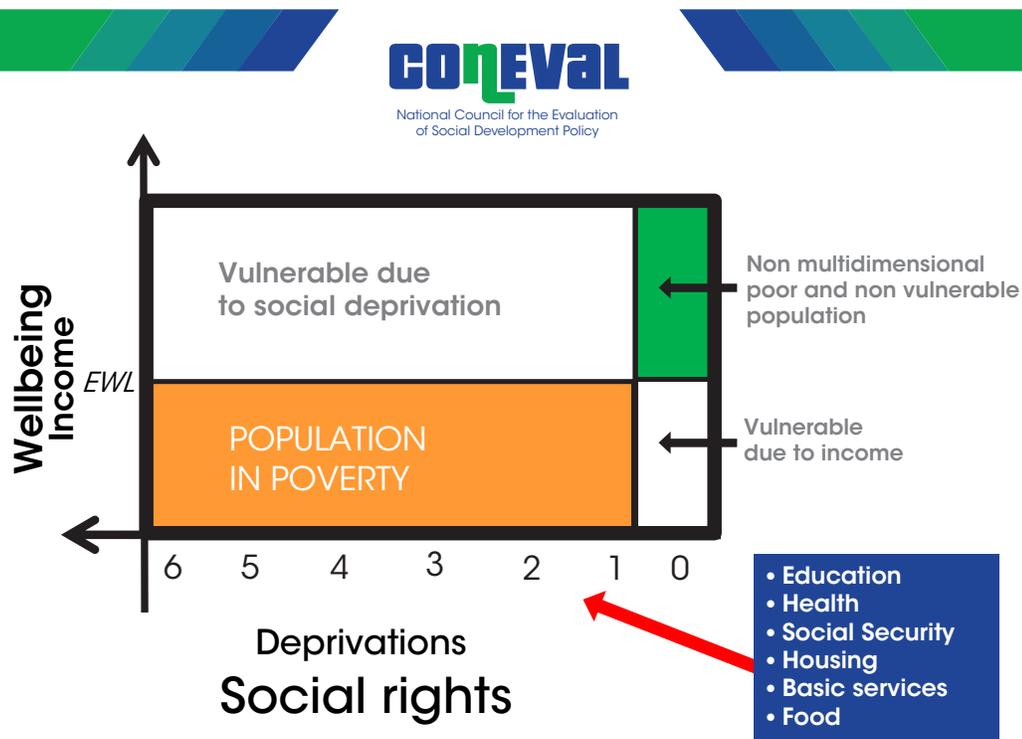
For the first time, this methodology enables interaction between economic and social policies in order to provide the Mexican State with technical elements to improve the wellbeing of the population.

Poverty estimates are produced and made public every two years at the national and state level, and every five years at the municipality level. For this, CONEVAL uses the information generated by the National Institute of Statistic and Geography (INEGI, *Instituto Nacional de Estadística y Geografía*).

¹. After a three years research and consultation process, CONEVAL launched, in December 2009, the *Methodology for Multidimensional Poverty Measurement in Mexico* and the corresponding estimates for 2008.

Multidimensional Poverty Measurement in Mexico

General Definitions



The official measurement of poverty describes the social situation of the entire Mexican population and the type of attention required by each population group. This characteristic is unique in the history of poverty measurement in Mexico. Besides, it provides relevant information to make poverty reduction public policies more effective.

- A person is living in poverty when he/she experiences one or more social deprivations and does not have sufficient income to buy the aggregation of the basic food basket with the basic non-food basket.
- A person is living in extreme poverty when he/she experiences three or more social deprivations and does not have sufficient income to buy the basic food basket.
- A person is vulnerable due to social deprivation when he/she experiences at least one social deprivation, but has sufficient income to buy the aggregation of the basic food basket with the basic non-food basket.
- A person is vulnerable due to income when he/she does not have sufficient income to buy the aggregation of the basic food basket with the basic non-food basket, but has no social deprivations.

Which indicators integrate poverty measurement in Mexico?

As stated in the General Law of Social Development (LGDS), CONEVAL sets up the guidelines and criteria to carry out the definition, identification, and poverty measurement in Mexico, taking into account at least the following indicators:

- Current per capita income
- Educational gap
- Access to health services
- Access to social security
- Quality and spaces of the dwelling
- Access to basic services in the dwelling
- Access to food
- Degree of social cohesion

Therefore, the methodology for multidimensional poverty measurement considers income and social deprivations.





1

Economic Wellbeing



The methodology determines that a person has a low monthly income (total current per capita income) if:

- it is lower than the monthly cost of the aggregation of the basic food basket with the basic non-food basket -wellbeing threshold- that includes food, transportation, education, health, entertainment, goods and services of regular consumption, among others.

Likewise, a person is considered with a very low monthly income (total current per capita income) if:

- it is lower than the cost of the basic food basket -minimum wellbeing threshold-.

The total current per capita income includes the following components and is adjusted by economies of scale and adult equivalence scales:²

- Monetary income: remunerations for work, income from independent work, auto consumption, income received from renting property and transfers.
- Non-monetary income: payment in kind, transfers in kind and gifts received in kind.



2. In other words, the adjustment takes into account household size and demographic composition.



2 Educational Gap



Education is the main vehicle to develop and enhance the skills, knowledge and ethical values of people. The lack of reading, writing, and mathematical skills, or not fulfilling elementary school, limits the cultural and economic perspective of any human being.

The indicator of deprivation due to educational gap takes into consideration the following elements.

The person is deprived if:

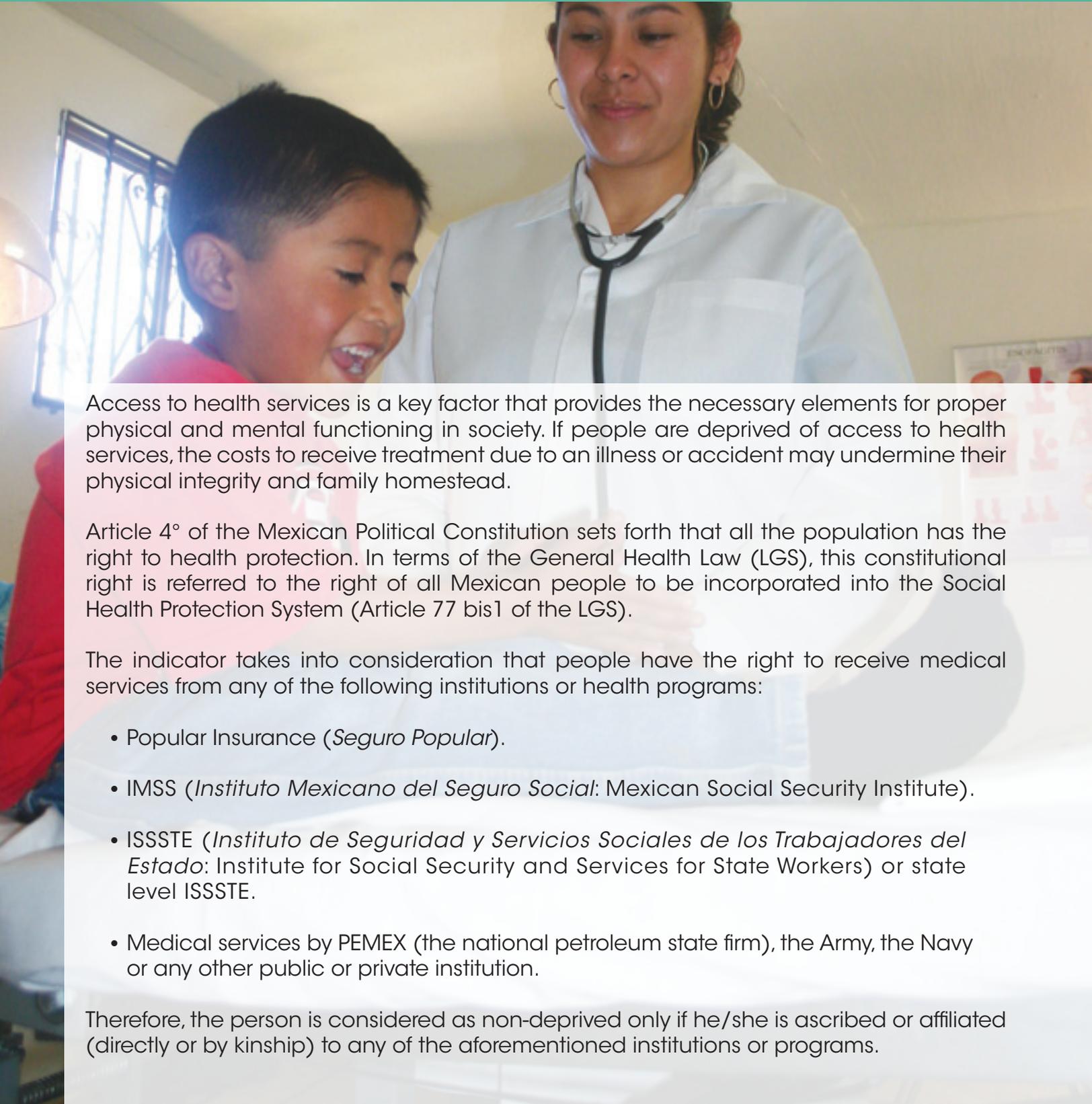
- He/She is between three and fifteen years old, does not hold yet the mandatory basic education level and does not attend a formal educational center.
- He/She was born before 1982 and does not have the mandatory educational level prevailing at the time when he/she should have attended it (elementary school).
- He/She was born from 1982 onwards, is sixteen years old or older and does not have the mandatory nine years educational level required (secondary school).

In summary, the person is considered as not deprived only if he/she is in school age and attending school or if, according to his/her age, has finished elementary or secondary school, according to the aforementioned criteria.



3 Deprivation Due to Access to Health Services





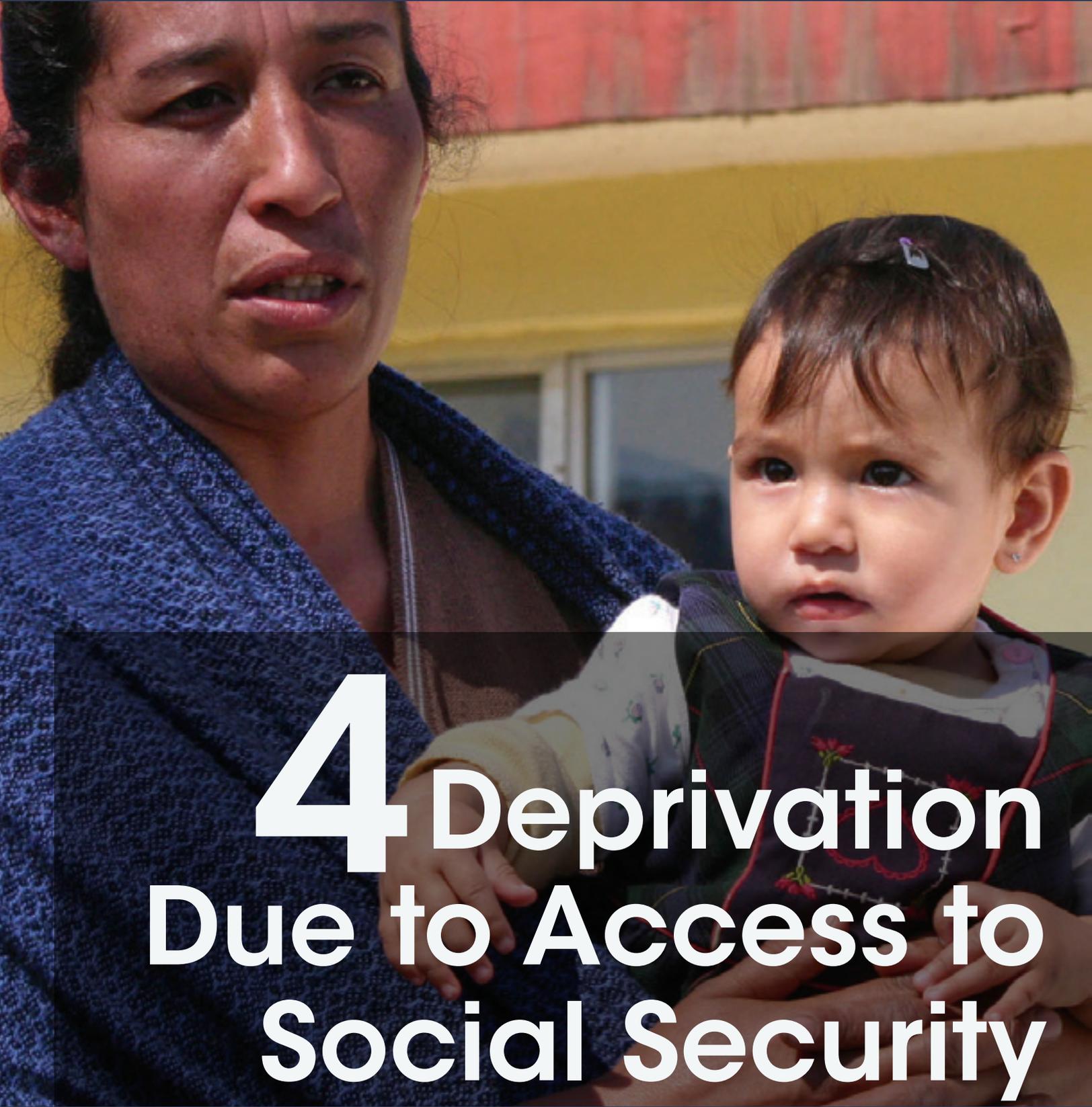
Access to health services is a key factor that provides the necessary elements for proper physical and mental functioning in society. If people are deprived of access to health services, the costs to receive treatment due to an illness or accident may undermine their physical integrity and family homestead.

Article 4° of the Mexican Political Constitution sets forth that all the population has the right to health protection. In terms of the General Health Law (LGS), this constitutional right is referred to the right of all Mexican people to be incorporated into the Social Health Protection System (Article 77 bis1 of the LGS).

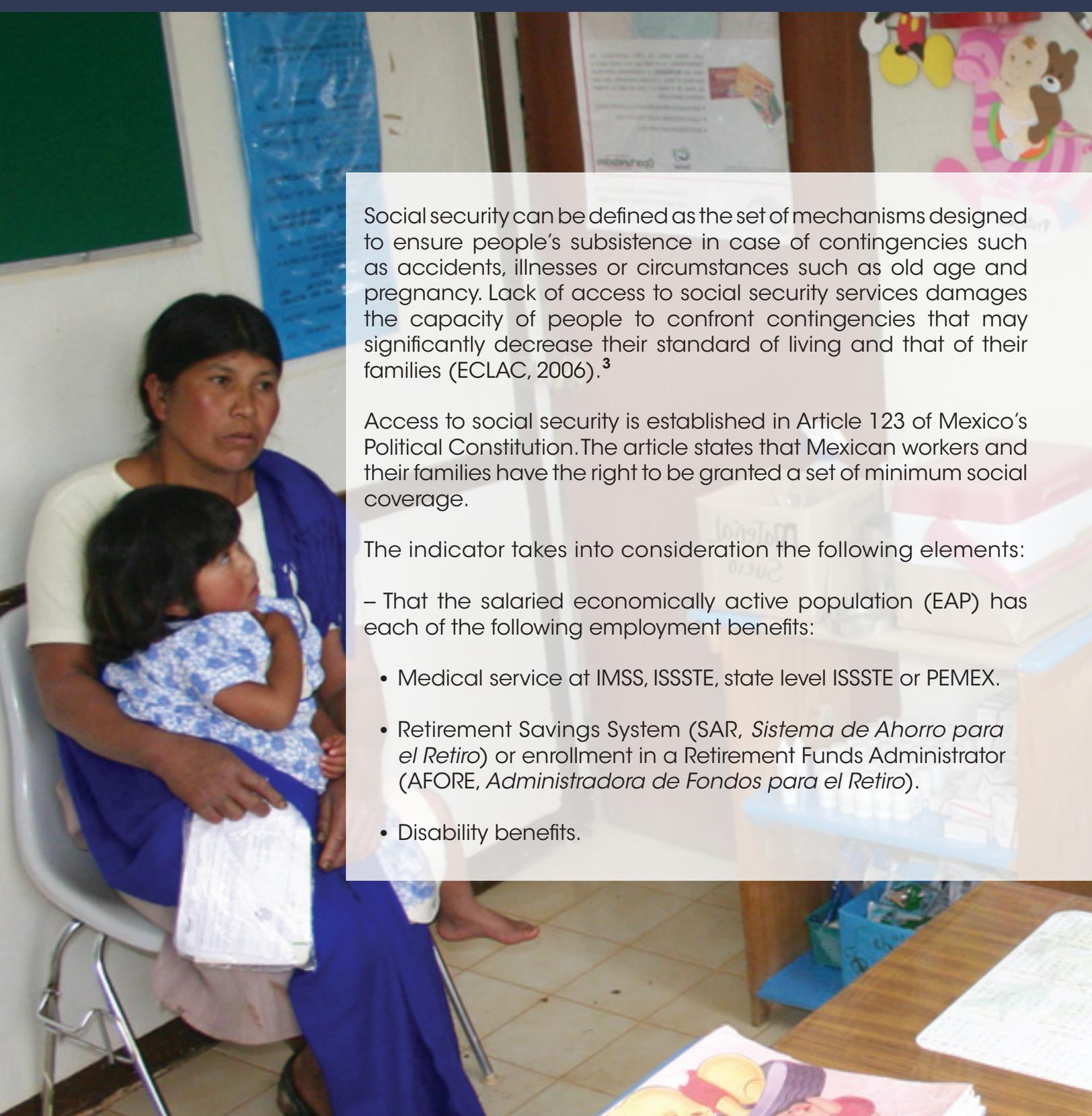
The indicator takes into consideration that people have the right to receive medical services from any of the following institutions or health programs:

- Popular Insurance (*Seguro Popular*).
- IMSS (*Instituto Mexicano del Seguro Social*: Mexican Social Security Institute).
- ISSSTE (*Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado*: Institute for Social Security and Services for State Workers) or state level ISSSTE.
- Medical services by PEMEX (the national petroleum state firm), the Army, the Navy or any other public or private institution.

Therefore, the person is considered as non-deprived only if he/she is ascribed or affiliated (directly or by kinship) to any of the aforementioned institutions or programs.



**4 Deprivation
Due to Access to
Social Security**



Social security can be defined as the set of mechanisms designed to ensure people's subsistence in case of contingencies such as accidents, illnesses or circumstances such as old age and pregnancy. Lack of access to social security services damages the capacity of people to confront contingencies that may significantly decrease their standard of living and that of their families (ECLAC, 2006).³

Access to social security is established in Article 123 of Mexico's Political Constitution. The article states that Mexican workers and their families have the right to be granted a set of minimum social coverage.

The indicator takes into consideration the following elements:

– That the salaried economically active population (EAP) has each of the following employment benefits:

- Medical service at IMSS, ISSSTE, state level ISSSTE or PEMEX.
- Retirement Savings System (SAR, *Sistema de Ahorro para el Retiro*) or enrollment in a Retirement Funds Administrator (AFORE, *Administradora de Fondos para el Retiro*).
- Disability benefits.

- That the non-waged or independent working population has an employment benefit or voluntary individual enrollment of the following two benefits:

- Medical services at IMSS, ISSSTE, state level ISSSTE or PEMEX.
- Has a SAR or is enrolled in an AFORE.

- That the person is retired or receives a pension, independently of his/her age.

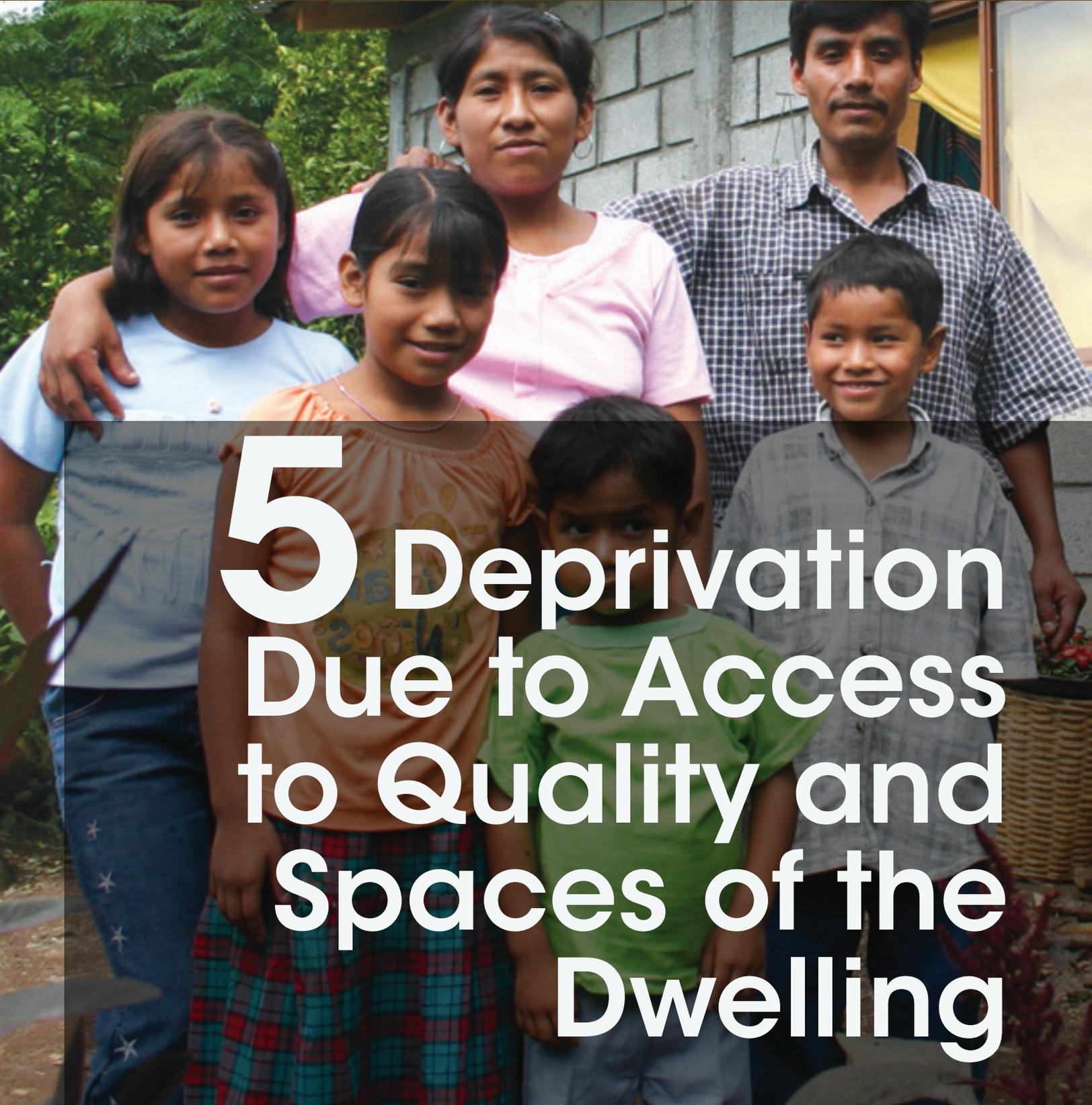
- That 65-year old and older people are beneficiaries of any monetary transfer program for senior citizens.

- The following group of people with direct kinship to any relative with access to social security have the right to receive medical services:

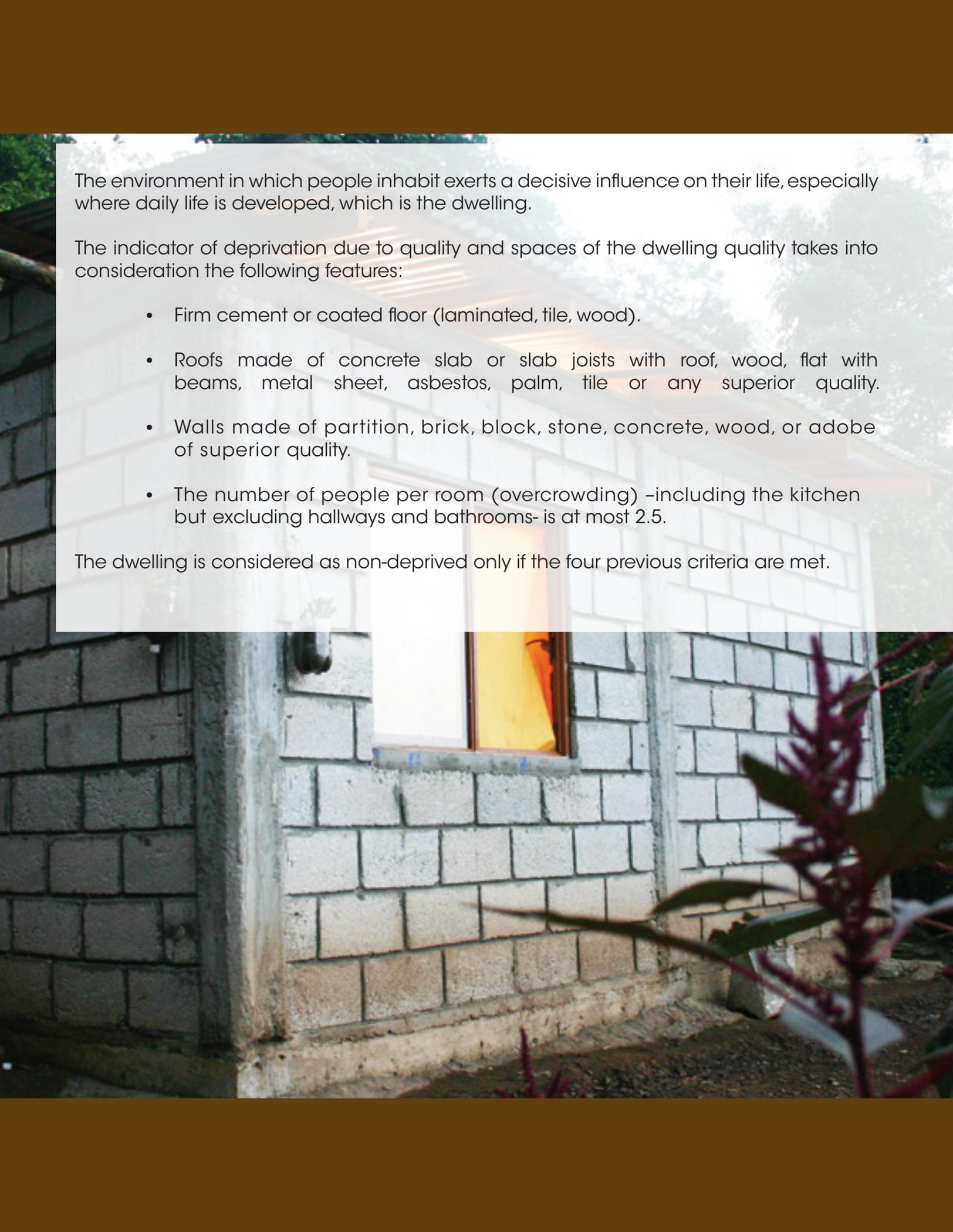
- Head of household or spouse who does not belong to the economic active population (EAP).
- Ascendants: father, mother, in-laws of the head of the household or his/her spouse that does not belong to the EAP.
- Descendants: sons and daughters younger than 16 years old, or sons or daughters between 16 and 25 years old who are enrolled in school.
- People who enjoy any retirement, pension or who have the right to receive medical services at IMSS, ISSSTE, state level ISSSTE or PEMEX from a family member as a result of death of an insured person or because she/he directly contracted the service.

Therefore, people are not deprived in the access to social security if, according to their age, working status or kinship with people who have access, they have the aforementioned benefits.





5 Deprivation Due to Access to Quality and Spaces of the Dwelling

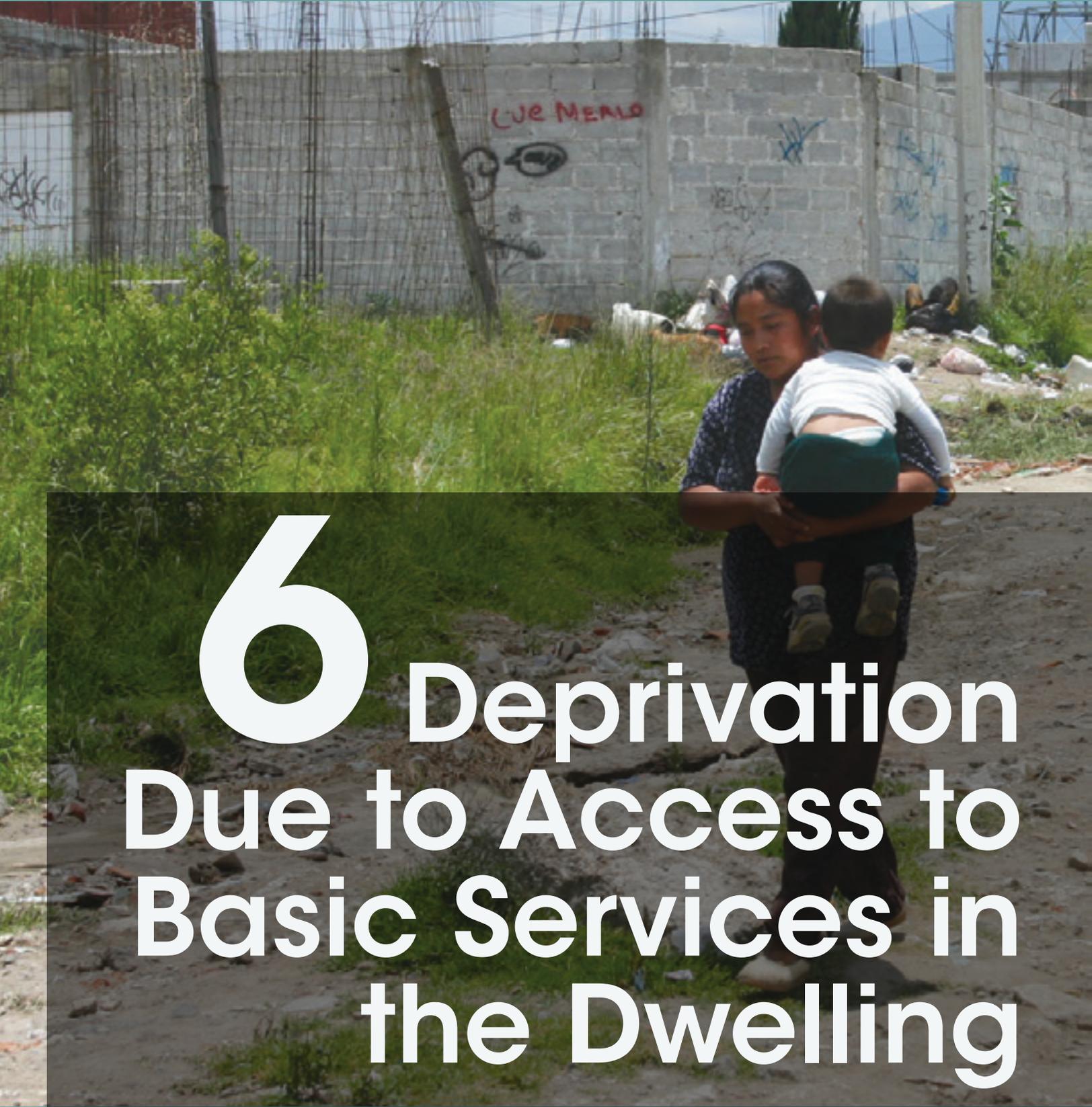


The environment in which people inhabit exerts a decisive influence on their life, especially where daily life is developed, which is the dwelling.

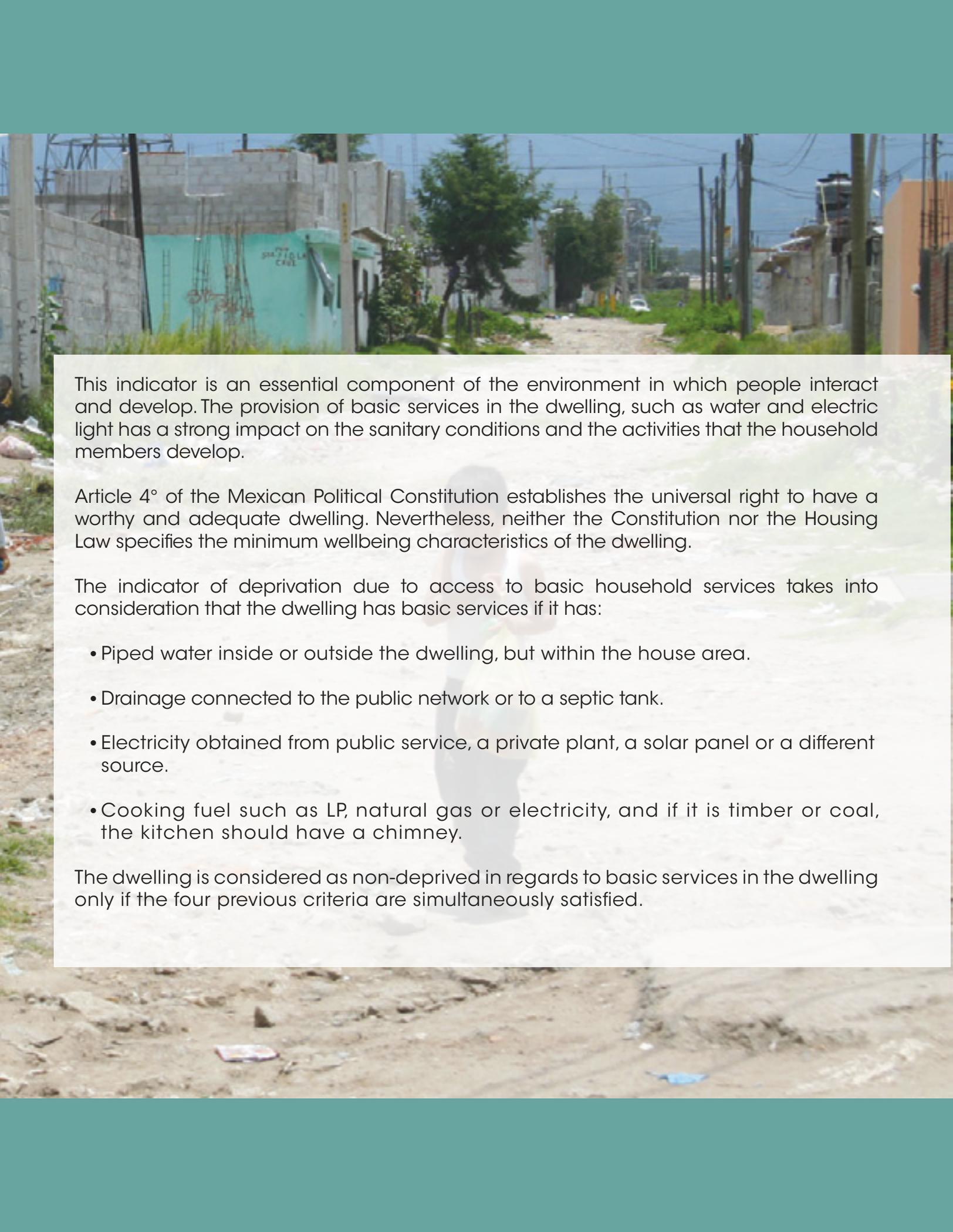
The indicator of deprivation due to quality and spaces of the dwelling quality takes into consideration the following features:

- Firm cement or coated floor (laminated, tile, wood).
- Roofs made of concrete slab or slab joists with roof, wood, flat with beams, metal sheet, asbestos, palm, tile or any superior quality.
- Walls made of partition, brick, block, stone, concrete, wood, or adobe of superior quality.
- The number of people per room (overcrowding) -including the kitchen but excluding hallways and bathrooms- is at most 2.5.

The dwelling is considered as non-deprived only if the four previous criteria are met.



6 Deprivation Due to Access to Basic Services in the Dwelling



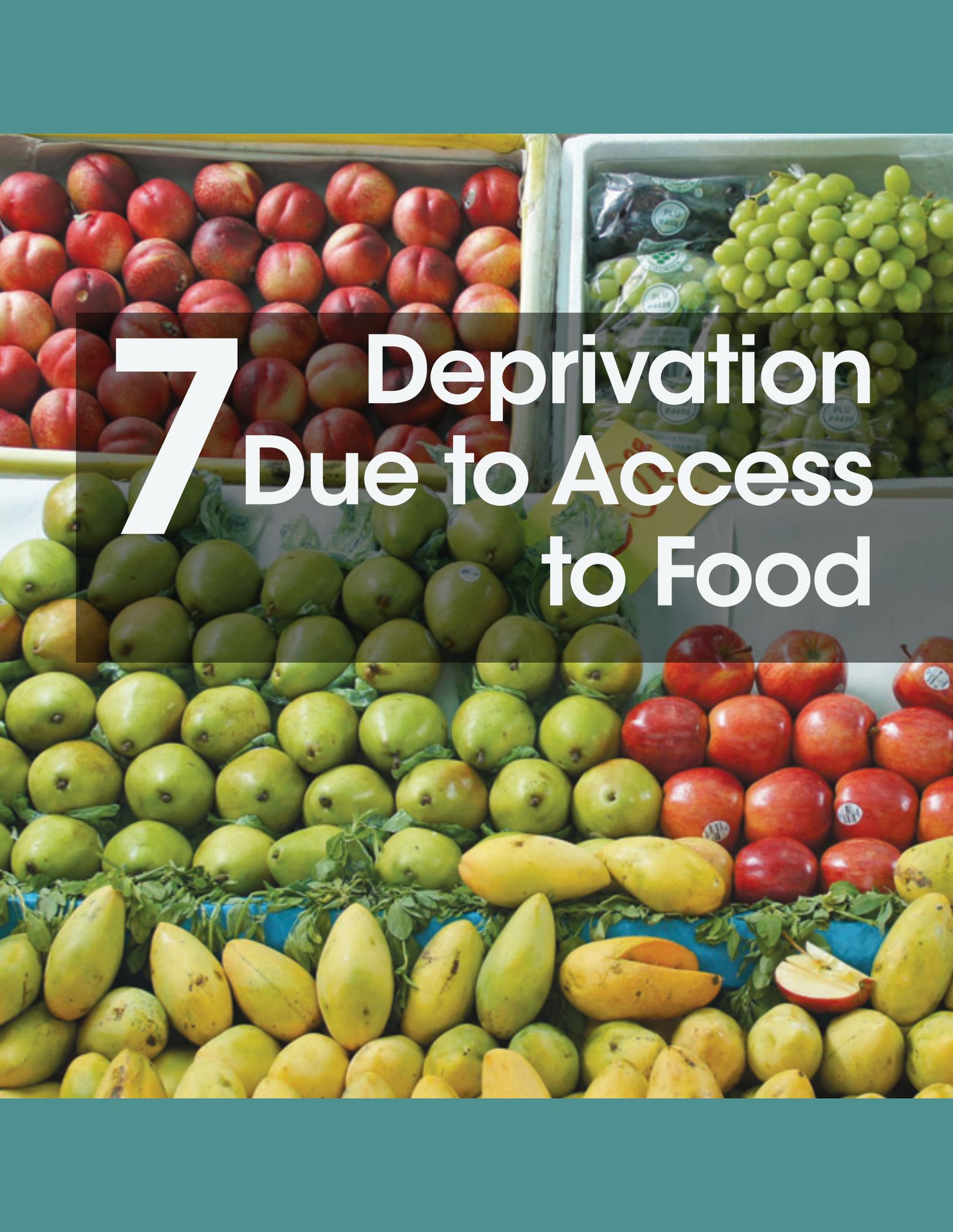
This indicator is an essential component of the environment in which people interact and develop. The provision of basic services in the dwelling, such as water and electric light has a strong impact on the sanitary conditions and the activities that the household members develop.

Article 4° of the Mexican Political Constitution establishes the universal right to have a worthy and adequate dwelling. Nevertheless, neither the Constitution nor the Housing Law specifies the minimum wellbeing characteristics of the dwelling.

The indicator of deprivation due to access to basic household services takes into consideration that the dwelling has basic services if it has:

- Piped water inside or outside the dwelling, but within the house area.
- Drainage connected to the public network or to a septic tank.
- Electricity obtained from public service, a private plant, a solar panel or a different source.
- Cooking fuel such as LP, natural gas or electricity, and if it is timber or coal, the kitchen should have a chimney.

The dwelling is considered as non-deprived in regards to basic services in the dwelling only if the four previous criteria are simultaneously satisfied.



7 Deprivation Due to Access to Food



All Mexicans have the right to enjoy, at any time and place, physical and economic access to an appropriate diet and the means to obtain it.

Not to suffer hunger is the minimum threshold which ensures the right to food. This kind of deprivation is measured as follows.

The indicator of deprivation due to access to food is built from the Mexican Food Security Scale (EMSA, *Escala Mexicana de Seguridad Alimentaria*) and takes into consideration the following elements:

If, during the last three months, due to lack of money or lack of other resources, households:

- Had a diet based on a very small variety of foods.
- Stopped having breakfast, lunch or dinner.
- Ate less than what he/she thinks should eat.
- Were left without any food.
- Felt hungry but did not eat.
- Ate just once a day or stopped eating for a whole day.

In households with minors (less than 18 years old), a list of the same six questions is considered, and the above criteria are applied also to this population group.



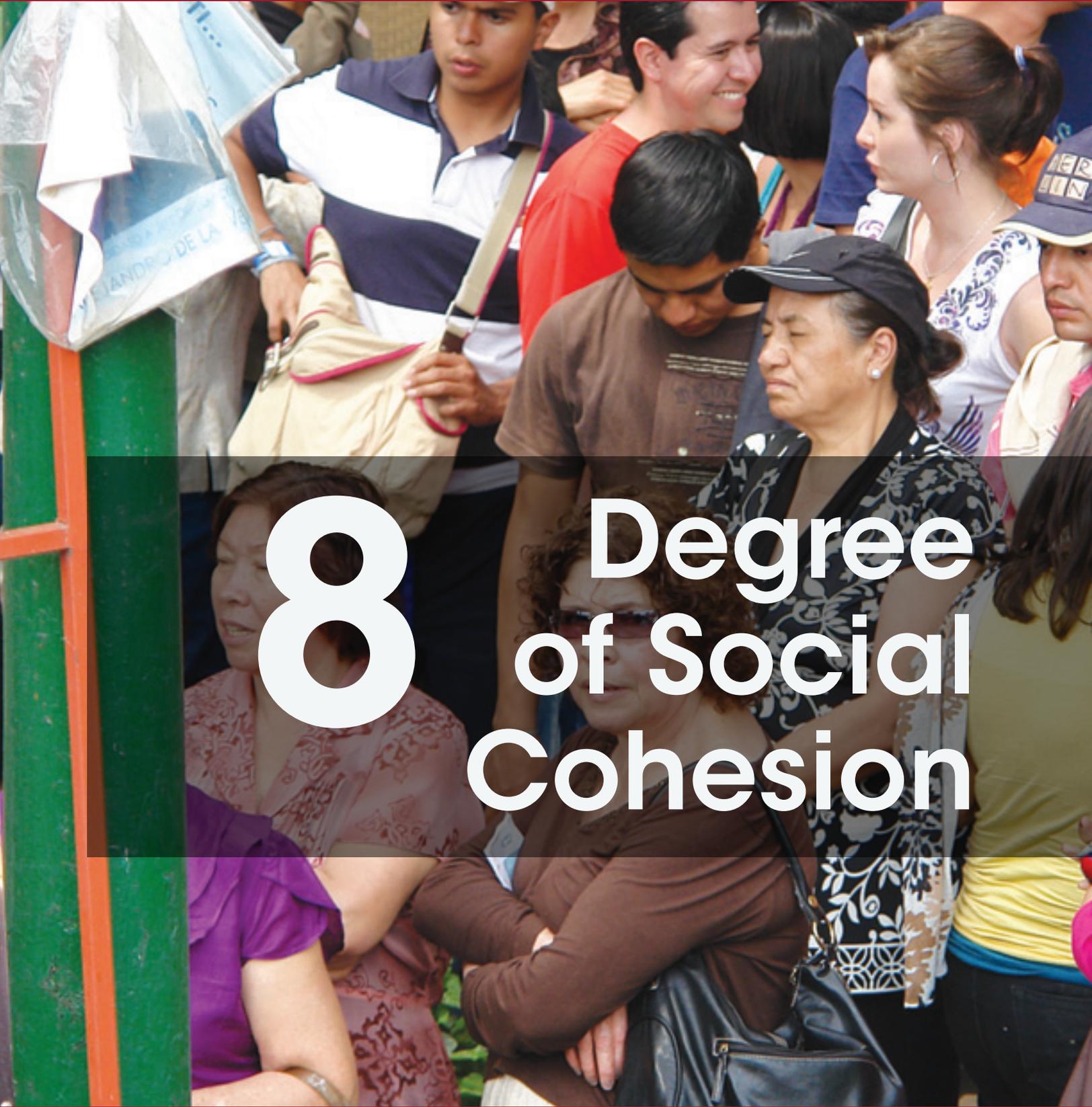
Levels of Food Insecurity

From the number of questions of EMSA (*Escala Mexicana de Seguridad Alimentaria*: Mexican Food Security Scale) which are answered affirmatively, the food insecurity levels in households is identified.

- **Food security** is found in households not reporting any of the situations described in EMSA (no affirmative answer at all).
- **Mild food insecurity** is found in households reporting experiences of loss in the variety and quality of the consumed food as a result of lack of money or resources (1 or 2 affirmative answers in households without minors and 1 to 3 affirmative answers in households with minors).
- **Moderate food insecurity** is found in households reporting experiences of reduction in the quantity of consumed food or meal skipping, due to lack of money or other resources (3 or 4 affirmative answers in households without minors and 4 to 7 in households with minors).
- **Severe food insecurity** is found in households reporting, in addition to what has been previously mentioned, having suffered hunger without the possibility to satisfy it due to lack of money or other resources (5 or 6 affirmative answers in households without minors and 8 to 12 in households with minors).

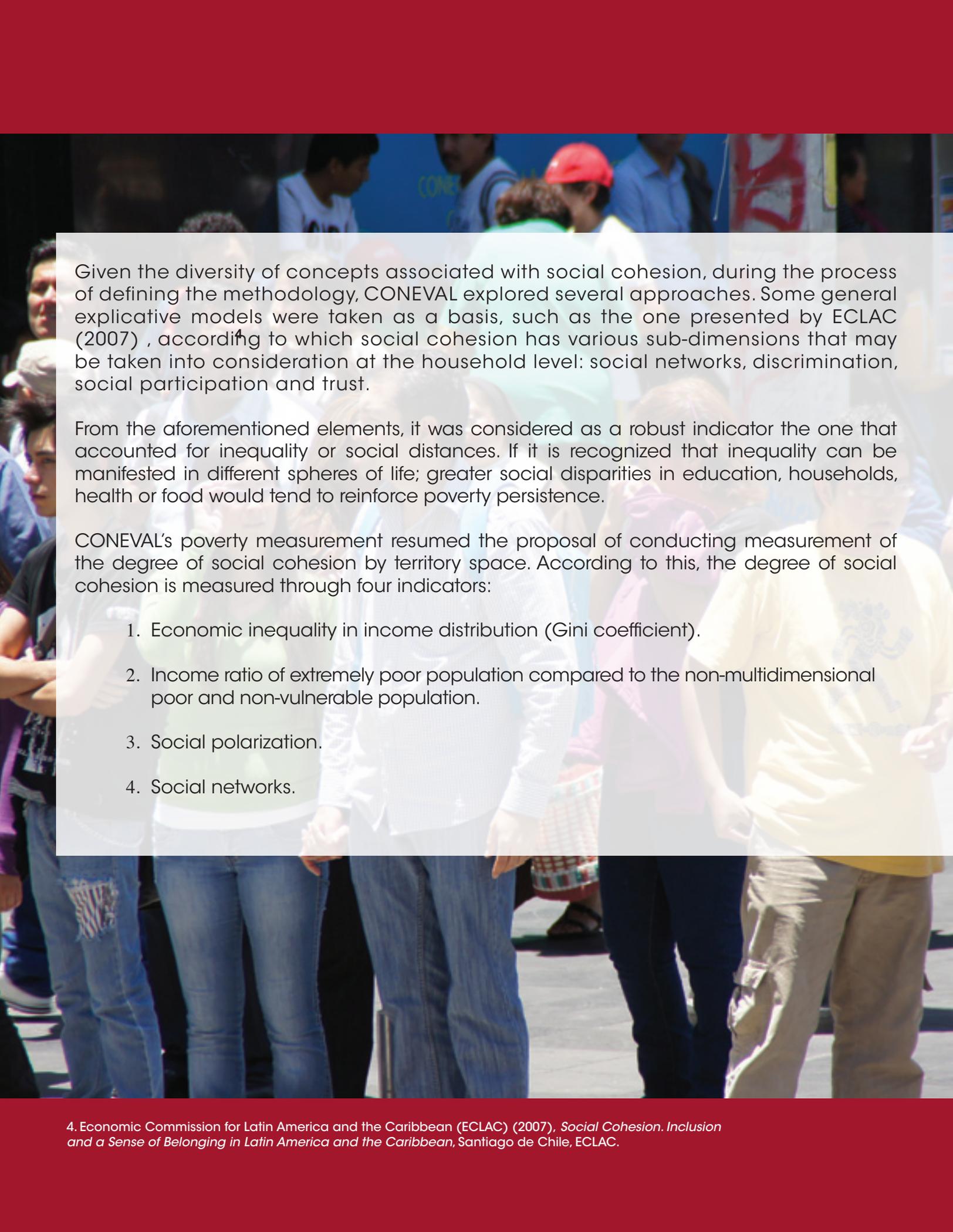
People living in households with moderate or severe food insecurity are considered as deprived due to access to food. On the contrary, people living in households ranging between mild food insecurity and food security are considered as non-deprived.





8

Degree
of Social
Cohesion



Given the diversity of concepts associated with social cohesion, during the process of defining the methodology, CONEVAL explored several approaches. Some general explicative models were taken as a basis, such as the one presented by ECLAC (2007) , according to which social cohesion has various sub-dimensions that may be taken into consideration at the household level: social networks, discrimination, social participation and trust.

From the aforementioned elements, it was considered as a robust indicator the one that accounted for inequality or social distances. If it is recognized that inequality can be manifested in different spheres of life; greater social disparities in education, households, health or food would tend to reinforce poverty persistence.

CONEVAL's poverty measurement resumed the proposal of conducting measurement of the degree of social cohesion by territory space. According to this, the degree of social cohesion is measured through four indicators:

1. Economic inequality in income distribution (Gini coefficient).
2. Income ratio of extremely poor population compared to the non-multidimensional poor and non-vulnerable population.
3. Social polarization.
4. Social networks.

Evaluation and Measurement Make a Better Government

What is the data source to measure poverty in Mexico?

In order to estimate poverty, CONEVAL uses the information generated by the National Institute of Statistics and Geography (INEGI); particularly the Socioeconomic Conditions Module of the National Survey of Household Incomes and Expenditures (MCS-ENIGH, *Encuesta Nacional de Ingresos y Gastos de los Hogares*), as well as population censuses.

Technical Autonomy

With this measurement, Mexico takes the international lead on poverty measurement matters.

The autonomy of CONEVAL and the independent work of its academic researchers grant certainty to the Mexican population regarding the impartial and methodologically rigorous measurement of poverty in the country.

Where can we check it?

In a permanent exercise of transparency and accountability, the methodology, the databases, estimation programs and the results (at national, federal entity and municipality levels) are available to everyone at www.coneval.gob.mx





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