

COUNTRY POVERTY BRIEF

LATIN AMERICA & THE CARIBBEAN

MEXICO

October 2017

POVERTY

	Rate (Number of Poor)	Period
National Poverty Line	50.6% (62.0 million)	2016
International Poverty Line 19.1 in Local Currency Unit or US\$1.90 (2011 PPP) per day per capita	5.7% (7.0 million)	2014

SHARED PROSPERITY

Income or Consumption growth of the bottom 40 percent	0.7%	2010-2014
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INEQUALITY

Gini Coefficient	0.49	2014
Shared Prosperity Premium	Difference between the income or consumption growth of the bottom 40 percent and that of the average -0.3pp	2010-2014

GDP GROWTH

Annualized GDP per capita growth	1.5%	2010-2014
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Sources: WDI, LACTSD using ENIGH/SEDLAC/GMD. National poverty lines are provided by national statistical offices.

PROGRESS ON POVERTY AND EQUITY

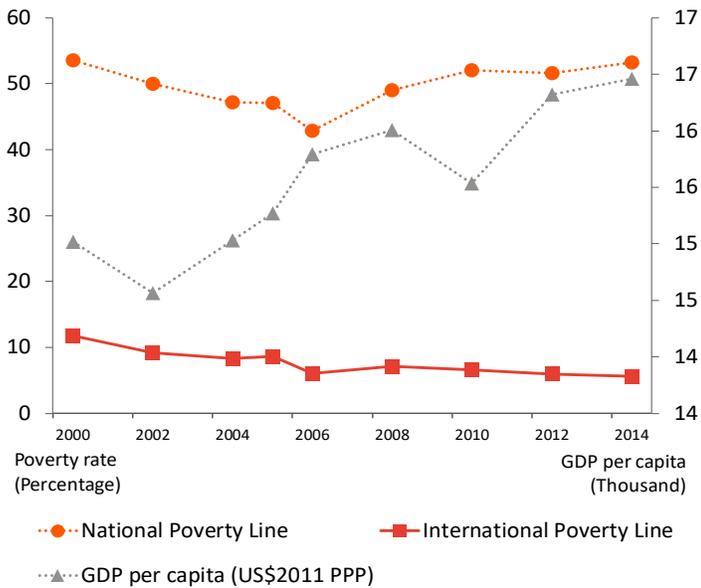
Between 2014 and 2016 the official poverty rate, which combines monetary and non-monetary poverty, declined from 46.2% to 43.6% (defined as those with income below the wellbeing line and with at least one social deprivation). Over the same period, extreme poverty also declined from 9.5% to 7.6% (defined as those with income below the minimum wellbeing line and with three or more social deprivations). These improvements have been driven by a combination of a recent higher growth of incomes in the bottom of the income distribution with a continued progress on non-monetary dimensions of poverty, which have declined consistently since 2010.

Monetary poverty rates, also called well-being poverty, dropped from 53.2% to 50.6% between 2014 and 2016, and over the same period monetary extreme poverty rates, also called minimum well-being poverty, declined from 20.6% to 17.5%. This is consistent with the recent recovery of labor incomes shown in the labor force survey data (since 2014 Q4). Although monetary poverty declined between 2014 and 2016, the rates corresponding to 2016 are still higher than those in 2008.

Regarding non-monetary dimensions of poverty, between 2014 and 2016 all six social deprivations declined. Educational gap dropped from 18.7% to 17.4%, while lack of access to health services and lack of access to social security declined from 18.2% to 15.5%, and from 58.5% to 55.8%, respectively. Also between 2014 and 2016, the percentage of people with inadequate quality and spaces of the dwelling dropped from 12.3% to 12.0%, while lack of access to basic services in the dwelling declined from 21.2% to 19.3%. Lack of access to food also declined from 23.4% to 20.1%.

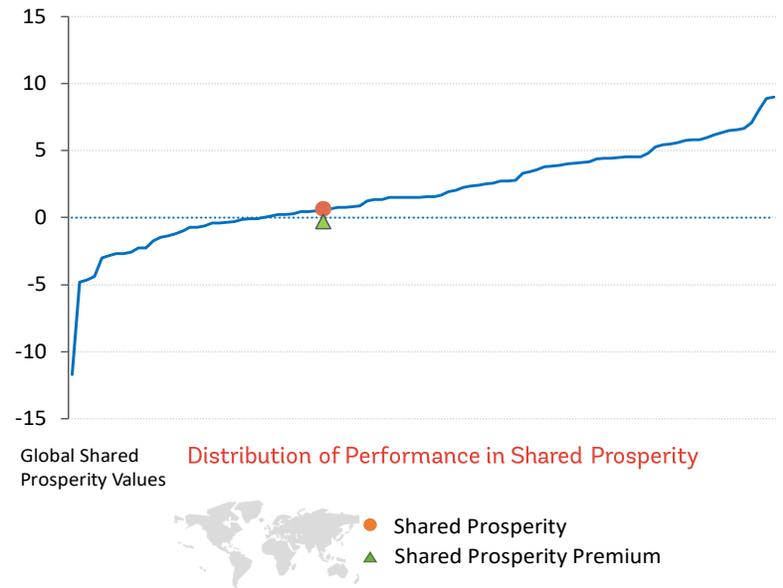
Poverty measured with international poverty lines at 2011 PPPs also declined between 2010 and 2014. International poverty (1.9 USDs/day) declined from 6.6% to 5.6%. Finally, shared prosperity, defined as the annualized growth of the income of those in the bottom 40 of the income distribution, was 0.7% between 2010 and 2014.

POVERTY HEADCOUNT RATE, 2000-2014



Source: World Bank using ENIGH/SEDLAC/GMD

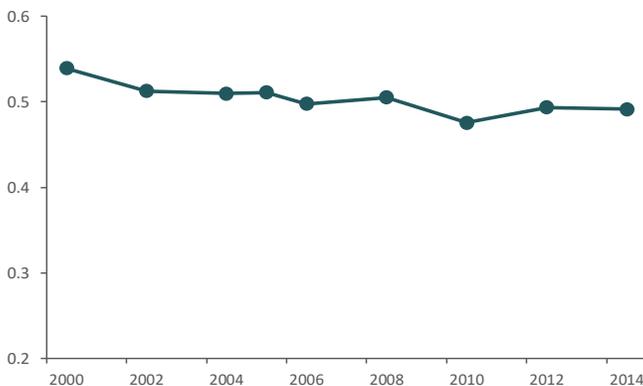
SHARED PROSPERITY AND SHARED PROSPERITY PREMIUM, 2010-2014



Source: World Bank using ENIGH/SEDLAC/GMD

INEQUALITY TRENDS, 2000-2014

Gini Coefficient



Source: World Bank using ENIGH/SEDLAC/GMD

% CONTRIBUTION TO POVERTY CHANGE, 2010-2014

The decomposition is not displayed either because the change in poverty over the period of analysis is too small or the lack of availability of at least two household surveys.

Source: World Bank using ENIGH/SEDLAC/GMD

POVERTY DATA AND METHODOLOGY

Official poverty estimates in Mexico are produced and released to the public every two years at the national and state level by CONEVAL (Consejo Nacional de Evaluación de la Política de Desarrollo Social) based on the household survey (Modulo de Condiciones Socioeconómicas Encuesta Nacional Encuesta Nacional de Ingreso y Gasto de los Hogares, MCS-ENIGH) which is generated by INEGI (Instituto Nacional de Estadística y Geografía). Since 2008 Mexico adopted a multidimensional measure of poverty as the official poverty measurement, which combines monetary poverty with non-monetary dimensions of well-being. These dimensions, which are based on social rights defined in the Constitution, are: educational gap, access to health services, access to food, access to social security, quality and spaces of the dwelling, and access to basic services in the dwelling. According to this method a person is poor if living with an income below the wellbeing line and with at least one social deprivation. A person is considered extreme poor if living with an income below the minimum wellbeing line and three or more social deprivations. The monetary component of poverty uses current income per adult equivalent which includes; labor income, public and private transfers, and capital rents. It excludes dwelling imputed rent, self-consumption, and temporal transfers. The wellbeing line is different in urban and rural areas, defined as regions with a population above/below 2500 inhabitants. A new series of poverty numbers will start on 2016, given recent improvements to the household survey.

HARMONIZATION

The numbers presented in the brief are based on the regional data harmonization effort known as Socio-economic Database for Latin America and the Caribbean (SEDLAC) - a joint effort of the World Bank and CEDLAS from the National University of La Plata (Argentina). SEDLAC includes 18 countries and more than 300 household surveys since the 80s. Several Caribbean countries have not been included in the SEDLAC project due to lack of data. Since income-based welfare aggregate is widely used in the region for official poverty estimates, income-based microdata is used for the Global Monitoring Database (GMD) and Global Poverty Monitoring. SEDLAC covers demographics, income, employment, and education. Terms of use of the data adhere to agreements with the original data producers.