

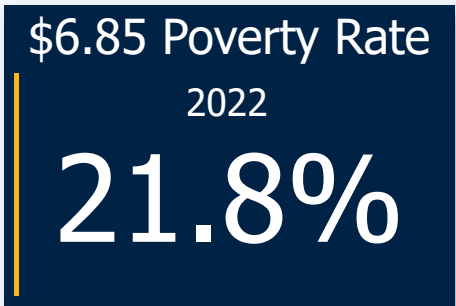
Poverty & Equity Brief

October 2024

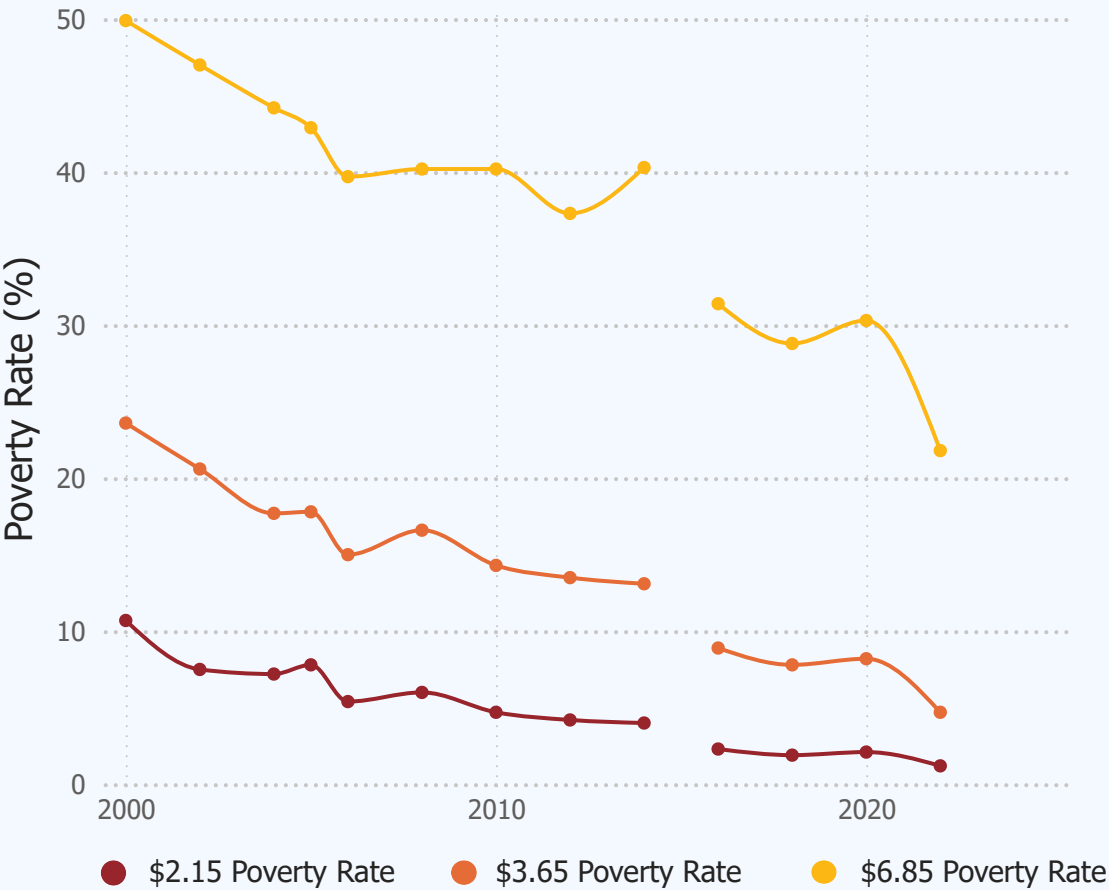
MEXICO

The official multidimensional poverty rate in Mexico, which measures monetary poverty as well as deprivations in education, health, social security, housing quality, basic utilities, and food security, decreased from 43.2 percent in 2016 to 36.3 percent in 2022. The monetary poverty rate, measured at the overall national poverty line, fell from 50.8 to 43.5 percent, while the extreme monetary poverty rate, measured at the extreme national poverty line, went from 14.9 to 12.1 percent, during the same period. The percentage of the population experiencing at least one deprivation from Mexico's multidimensional poverty framework decreased during the same period (from 68.5 to 65.7 percent) while there was an increase in the percentage of the population facing at least three deprivations (from 20 to 24.9 percent). These contrasting trends appear to be driven by improvements in access to social security between 2016 and 2022 but a worsening in access to health services. Poverty rates under the World Bank upper middle- income poverty line of \$6.85 2017 PPP also declined from 31.4 percent to 21.8 percent between 2016 and 2022. Numerous factors have contributed to the reduction in poverty: rapid GDP growth from 2021 to 2023, an upsurge in employment, a higher minimum wage, and the impact of various social programs. However, the deceleration in economic growth, low productivity, and the fiscal sustainability of social policies are the main future challenges for the trend of poverty reduction to continue. The level of inequality has shown some improvement but is still among the highest in the OECD countries. CONEVAL (Mexico's National Council for the Evaluation of Social Development Policy) reports that the official measure of inequality in household income, as indicated by the national Gini index, changed from 48.6 in 2016 to 43.1 in 2022.

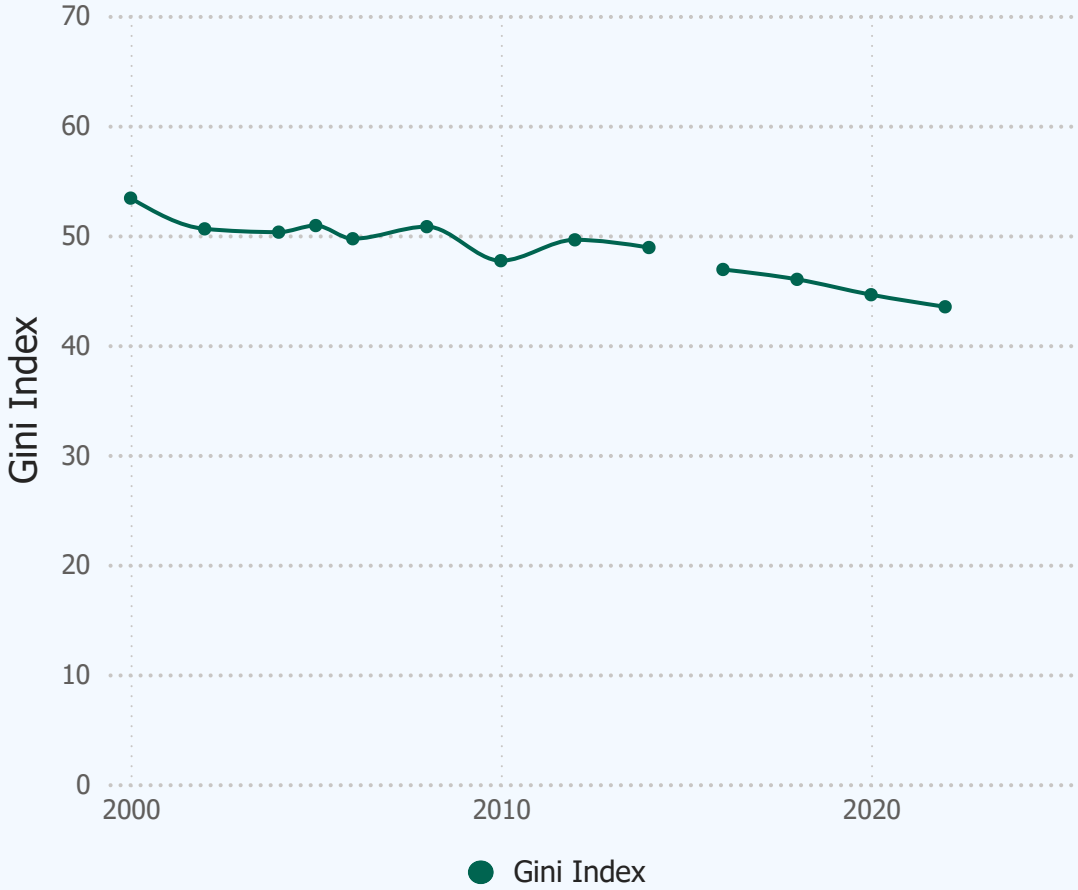
Mexico's labor market has experienced positive developments. The labor force remained stable at 60.2 percent while unemployment and informality rates declined from 2.8 to 2.7 and from 55.2 to 54.3 respectively between the second quarter of 2023 and the second quarter of 2024. The labor poverty rate, which measures the share of the population whose family earnings per capita from labor earnings alone are below the official food poverty line, decreased from 37.8 to 35 percent in the same period. This improvement coincides with an 8.9 percent increase in real labor income per person (deflated by the official food basket) and the addition of more than 800,000 jobs during the same period, mostly in large firms.



Poverty Rate



Inequality



Poverty at Different Lines

Poverty Line	Number of Poor (Thousands)	Rate (%)	Year
National Poverty Line	46,804.5	36.3	2022
International Poverty Line (\$2.15/day)	1,504.1	1.2	2022
Lower Middle Income Class Poverty Line (\$3.65/day)	5,981.5	4.7	2022
Upper Middle Income Class Poverty Line (\$6.85/day)	27,760.0	21.8	2022
Multidimensional Poverty Measure		1.7	2022

Group and Multidimensional Poverty

Poverty by Group	Poverty Rate (%)	Multidimensional Poverty Components	(% of Pop.)
Urban population	17.3	Daily income less than US\$2.15 per person	1.2
Rural population	35.8	At least one school-aged child is not enrolled in school	2.7
Males	21.3	No adult has completed primary education	3.7
Females	22.2	No access to limited-standard drinking water	4.4
0 to 14 years old	34.2	No access to limited-standard sanitation	10.7
15 to 64 years old	18.6	No access to electricity	0.3
65 and older	13.2		
Without education (16+)	35.9		
Primary education (16+)	25.7		
Secondary education (16+)	18.6		
Tertiary/post-secondary education (16+)	5.2		

Note:
Data for the "Poverty by Group" table is derived from a 2022 survey and data for the "Multidimensional Poverty Components" table is derived from a 2022 survey. The rates in the "Poverty by Group" table above are shown at the \$6.85 upper-middle income line. "N/A" denotes a missing/removed value, while "N/A*" refers to a value which was removed due to having fewer than 30 observations.

Poverty Data & Methodology

Official poverty estimates in Mexico are released to the public every two years. In 2008, Mexico adopted an official multidimensional poverty measure that combines income-based monetary poverty with non-monetary dimensions of wellbeing, called social deprivations (education, health, food security, social security, quality and space of the dwelling, and basic services in the dwelling). According to official methodology, an individual is considered poor if living below the wellbeing line and with at least one social deprivation. An individual is considered extremely poor if living below the minimum wellbeing line and with 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 and temporal transfers. The wellbeing line is different in urban and rural areas. The WB monetary poverty rates use international lines and a similar welfare aggregate from the same survey. However, the welfare aggregate of World Bank poverty estimates does include housing rents and is defined in per capita terms.

Harmonization

The numbers presented in the brief are based on the regional data harmonization effort known as the 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 an 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.