Poverty & Equity Brief

Latin America & the Caribbean

Mexico

April 2023

Poverty and inequality are persistent in Mexico. In 2020, the poverty rate was 43.9 (official multidimensional poverty measure) and 52.8 (monetary component). Progress toward poverty reduction has been limited and recently reversed due to recent crises. Multiple social deprivations worsened, including deprivations in access to education, health services, and food security. Southern states and rural areas display higher social deprivations with Chiapas and Guerrero having the highest poverty rates in 2020 at 66.4 and 75.5 percent, respectively. Between 2016 and 2020, the average income for the bottom 40 percent grew only by 0.7 percent and so did the median income (0.68 percent). Income inequality remained high at 45.4 Gini points in 2020 but went down since 2016.
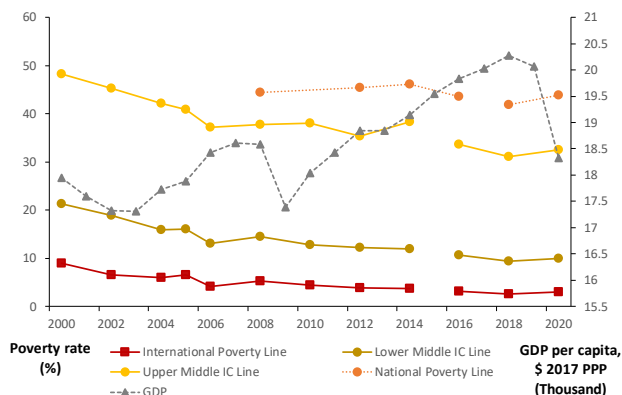
The Mexican economy grew at 3% in 2022. Participation rates continue recovering, and unemployment rates remain at low levels. Between 2019Q4 and 2022Q4, 3 million new jobs were created, however inflation eroded some of these positive effects. The year-on-year inflation was 7.82 percent in December 2022, driven by high food and energy prices. Food inflation was 12.52, disproportionally affecting the poorest and more vulnerable since they spend a larger share of their budget on food staples. Labor poverty, defined as the share of the population with labor earning below the food poverty line, increased from 38.9 percent in 2019Q4 to 46 percent at the peak of the pandemic in 2020Q3 but rebounded to its pre-pandemic level to reach 38.5 percent in 2022Q4. However, job quality did not recover as fast since the share of the jobs earning one minimum wage or less was 21 percent before the pandemic (2019Q4) and 28 percent by 2022Q4. By the end of 2022, the share of informal employment is very high (55.8 in 2022Q4) and in line with its pre-pandemic levels.

Monetary poverty using the U$S6.85 a day (2017 PPP) poverty line is projected to decline from an expected 28.9 percent in 2023 to 28.7 and 28.2 in 2024 and 2025, respectively.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	55.7	43.9	2020
International Poverty Line 23.9 in Mexican peso (2020) or US$2.15 (2017 PPP) per day per capita	3.9	3.1	2020
Lower Middle Income Class Poverty Line 40.6 in Mexican peso (2020) or US$3.65 (2017 PPP) per day per capita	12.5	9.9	2020
Upper Middle Income Class Poverty Line 76.2 in Mexican peso (2020) or US$6.85 (2017 PPP) per day per capita	41.0	32.5	2020
Multidimensional Poverty Measure		3.4	2020
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		0.70	2016-2020
INEQUALITY			
Gini Index		45.4	2020
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		1.38	2016-2020
GROWTH			
Annualized GDP per capita growth		-1.95	2016-2020
Annualized Income Growth per capita from Household Survey		-0.68	2016-2020
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		0.68	2016-2020

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of April 2023, and Global Monitoring Database for the rest.
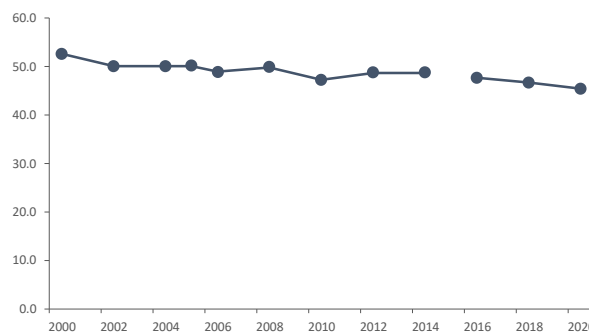
POVERTY HEADCOUNT RATE, 2000-2020

Poverty rate (%)		GDP per capita, $ 2017 PPP (Thousand)
■ International Poverty Line	● Lower Middle IC Line	
● Upper Middle IC Line	● National Poverty Line	
▲ GDP		

Source: World Bank using ENIGHNS/SEDLAC/GMD

INEQUALITY TRENDS, 2000-2020
Gini Index

Source: World Bank using ENIGHNS/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2020	Upper Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	72	28	35	65
Rural population	52	48	56	44
Males	68	32	39	61
Females	67	33	41	59
0 to 14 years old	54	46	55	45
15 to 64 years old	71	29	36	64
65 and older	78	22	28	72
Without education (16+)	53	47	56	44
Primary education (16+)	63	37	46	54
Secondary education (16+)	70	30	38	62
Tertiary/post-secondary education (16+)	89	11	15	85

Multidimensional Poverty Measures: 2020	(% of population)
Monetary poverty (Income)	
Daily income less than US$2.15 per person	3.1
Education	
At least one school-aged child is not enrolled in school	2.5
No adult has completed primary education	3.8
Access to basic infrastructure	
No access to limited-standard drinking water	3.9
No access to limited-standard sanitation	1.3
No access to electricity	0.2

Source: World Bank using ENIGHNS/SEDLAC/GMD

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Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND 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. Defined in the Constitution, these are education, health, food, social security, quality, and space of the dwelling, and basic services in the dwelling. Specific indicators for each dimension were updated in 2020, and the 2016 and 2018 rounds were re-estimated to allow for comparability. According to Mexico's 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, self-consumption, and temporal transfers. The wellbeing line is different in urban and rural areas. Values of income and expenditures produced in 2016, 2018 and 2020 from a new version of the household survey are not directly comparable with the historical series, and therefore WB monetary poverty rates using international lines derived from these data should not be compared with pre-2016 numbers. The WB income aggregate used to measure international poverty rates has been updated to refer to the previous 6 months of income, making full use of existing information. For more details on the national methodology, visit the INEGI/CONEVAL web page.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of $2.15, $3.65, and $6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

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.