

## POVERTY MEASUREMENT AND EVALUATION PRACTICE IN MEXICO

Dr. Arturo Fuentes

### Social Policy Evolution

Social policy in Mexico has normally been linked to the prevailing economic model. In terms of social and economic development, two distinct periods can be established in recent Mexican history: one that goes from the 1940s to the 1980s, characterized by industrialization, import substitution, and recurrent economic crises, and a second one starting in the mid- to late-1980s through present.

Experts and academics tend to agree that social policy in Mexico has transitioned from universalism to focalization. Examples of actions taken under the first approach are the creation of federal agencies such as the one that provides health and pension services to anyone with a regular job (Instituto Mexicano del Seguro Social, or IMSS) in 1943, which was followed by the one providing these benefits exclusively to public employees (Instituto de Seguridad y Servicios Sociales para los Trabajadores del Estado, or ISSSTE) in 1959, and later by entities to provide housing financing (Instituto del Fondo Nacional de Vivienda de los Trabajadores, or INFONAVIT) in 1972, or consumer credit (Fondo Nacional para el Consumo de los Trabajadores, or FONACOT) in 1974, to name just a few.

The first social program to introduce focalization is PRONASOL (Programa Nacional de Solidaridad), which became the cornerstone of social policy in the 1988-1994 federal administration. Although PRONASOL made possible to identify vulnerability conditions among its beneficiaries, it initially operated under a regional scope, targeting communities for infrastructure projects, and not necessarily individuals. PRONASOL evolved into PROGRESA (Programa de Educación, Salud y Alimentación) in the 1994-2000 administration and incorporated a poverty level assessment for potential beneficiaries. In addition to the geographic focus in PRONASOL, PROGRESA considered families the main subjects of social policy and was the first program to consider evaluation criteria since its inception<sup>1</sup>.

PROGRESA became “Oportunidades” in the 2000-2006 administration and maintained its name and focus in the 2006-2012 administration and in the present one. In this time frame, Oportunidades expanded its coverage from rural communities to urban areas, reaching 5.8 million families, and has served as a model for conditional cash transfer programs in many countries, including a version implemented in New York City, called Opportunity NYC Family Rewards<sup>2</sup>.

### Poverty Measurement

Poverty measurement in Mexico has also changed over the years. Miguel Székely, under-Secretary for Social Development in the 2000-2006 federal administration, illustrates this by explaining the lack of a definitive answer to the question “according to the government, what is the number of people in

poverty?” asked to government officials of the departing administration in 2000<sup>3</sup>. One of the immediate tasks embraced by the new federal administration, was to assemble a group of experts and commission the development of a simple and easy-to-communicate methodology, while technically defensible and statistically robust, to determine poverty levels in the country. In 2002 the group (Consejo Técnico para la Medición de la Pobreza) produced its report and its recommendation became official, resulting in three income-based poverty lines which considered income levels needed to satisfy access to: 1) food; 2) education and health (capacities), and 3) housing, transportation and clothing altogether (assets). Figure 1 illustrates how these levels were established based on official data, even for periods prior to its definition, showing the percentage of population in each of the three categories.

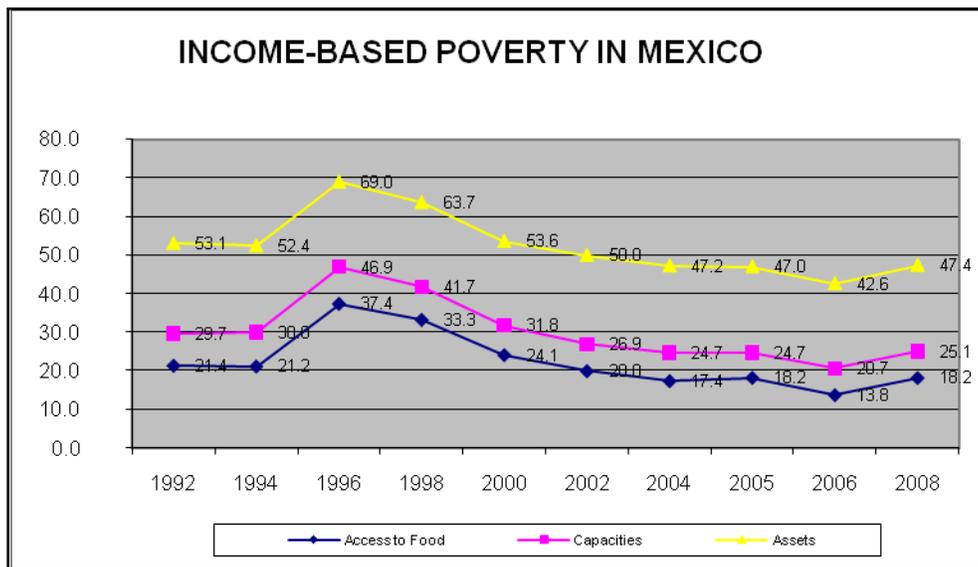


Figure 1. Developed by author based on data published by CONEVAL

In 2004, Mexican Congress approved the General Law for Social Development and one of its by-products was the creation of the National Council for Social Policy Evaluation or CONEVAL. CONEVAL's mission is two-fold: evaluate all social programs at the federal level and determine poverty levels based on established methodologies. The General Law for Social Development which creates CONEVAL, also establishes that poverty determination cannot be based on income alone, but should consider other indicators such as education level for all household members, access to health services, access to social security, quality and spaces of the dwelling, access to basic services in the dwelling, and access to food<sup>4</sup>. These are considered social rights and lack of either one is regarded as a deprivation.

Taking this into account, CONEVAL revised its methodology and introduced in 2009 the concept of multi-dimensional poverty, which considers both income level and a deprivation index, resulting in the chart shown in Figure 2, where four distinct levels can be distinguished, based on two threshold levels: one called the Wellbeing Threshold in the vertical axis and a second one named the Deprivation Threshold in the horizontal axis.

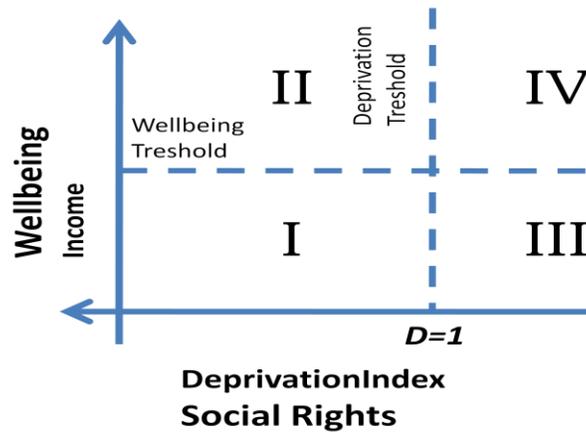


Figure 2. Multidimensional poverty categorization

Source: Methodology for Multidimensional Poverty Measurement in México. CONEVAL (2010)

The Wellbeing Threshold determines whether or not a family has sufficient income, while the Deprivation Threshold establishes if a person or family is deprived of any of the six social rights outlined in the definition of poverty established in the General Law for Social Development. According to Figure 2, once income and fulfillment of social rights is determined for a person, he or she may be classified in one of the following quadrants<sup>5</sup>:

- I. Multidimensional poor. People with an income level below the Wellbeing Threshold and with one or more social deprivations.
- II. Vulnerable due to social deprivation. While in this case the income level is higher than the wellbeing threshold, people in this category lag in one or more of the social rights.
- III. Vulnerable due to income. Population with no social deprivations and with an income below the wellbeing threshold.
- IV. Not multidimensional poor and not vulnerable. In this category we find people whose income is higher than the wellbeing threshold and with no social deprivations.

Among the population in multidimensional poverty it is possible to identify those in extreme poverty, which would be people whose income is below a Minimum Wellbeing Threshold and with three or more social deprivations, as shown in the shaded area of Figure 3 below.

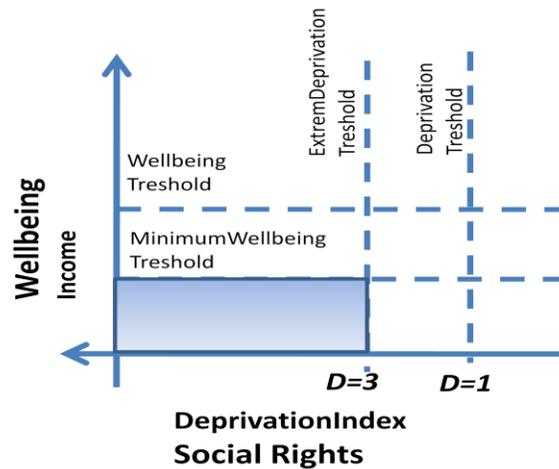


Figure 3. Multidimensional extreme poverty categorization  
 Source: Methodology for Multidimensional Poverty Measurement in México. CONEVAL (2010)

The subset identified includes people whose income is insufficient even to cover their basic food requirements, and exhibit at least three social deprivations.

In its most recent update to poverty levels in Mexico<sup>6</sup>, CONEVAL established the Wellbeing Treshold at \$1,490 pesos per person per month (US \$ 115) in rural areas and \$2,329 pesos per person per month (US \$179) in urban areas. The Minimum Wellbeing Treshold is set at \$800 pesos per month (US \$62) in rural areas and \$1,125 pesos per person (US \$ 87) in urban areas. Any community with less than 2,500 residents is considered a rural area in Mexico.

In addition to shifting the focus of its social policy from universalism to focalization, Mexico has placed greater emphasis in program evaluation and poverty determination. The multidimensional poverty definition adopted by the country starting in 2009 has highlighted the fact that income cannot be the sole determinant of a person or family's wellbeing. The social rights approach established in the General Law of Social Development, not only provides for greater awareness in the need to improve these conditions, but also facilitates adequate evaluation of the progress made in narrowing the development gap in the country.

### Evaluation Practice

As mentioned before, CONEVAL's charter includes the evaluation of programs funded by the federal government. In 2007, CONEVAL issued general guidelines for program evaluation<sup>7</sup>, where it establishes the Logical Framework methodology as a pre-requisite for any program developed by federal government agencies, and recognizes the following types of evaluations:

- Consistency and Results – Address program design, coverage, focalization, operation, beneficiaries' perception and results
- Indicators – Analyze if indicators are adequate to reflect program's performance
- Processes – Investigate if operating processes are carried out in the most efficient manner
- Impact – Identify changes attributed to a particular program
- Specific – Applied to a program or group of programs based on strategic decisions

In addition to these types, CONEVAL's evaluation spectrum includes performance-specific, strategic and complementary evaluations. Although the agency's focus is on social programs, it has provided standardization in evaluation practices across the federal government and contributed to an increased awareness in the importance of evaluation. In a relatively short time frame, it has established credibility and coordinated effectively with other key players such as the Ministry of Treasury, the Ministry of Public Office and the Office of the Presidency.<sup>8</sup>

Most of the evaluations of federal programs are contracted out, usually to universities throughout the country, although CONEVAL maintains a registry of independent evaluators. The evaluation reports and the annual evaluation plan are published at the Council's website, and best practices reports have also been published in recent years.

Since evaluations prior to CONEVAL's launch were scarce, most of the initial work focused on design, consistency and results evaluations, to validate program logic, with less focus on impact evaluation. In an evaluation status report issued in 2011<sup>9</sup>, the agency reports coordination of 550 evaluations in the 2007-2011 period; however, only 10 impact evaluations have been conducted in the same time frame.

In the 2012 evaluation status report<sup>10</sup> CONEVAL identifies and tracks 273 social programs and actions at the federal level focused on different social rights as the table in Figure 4 shows:

Social Right	Number of Programs	2010 FY Budget (Billions of pesos)
Access to Food	5	\$67.5
Education	94	\$197.3
Environment	27	\$19.1
No Discrimination	19	\$16.0
Health Services	40	\$187.2
Social Security	4	\$1.1
Employment	19	\$8.9
Housing	9	See Note <sup>1</sup>
Economic Development	56	\$153.2
<b>TOTAL</b>	<b>273</b>	<b>\$650.3</b>

Figure 4. Number of social programs tracked by CONEVAL and 2010 FY budget. Source: CONEVAL

<sup>1</sup> Budget for housing programs and actions not shown on CONEVAL document.

By virtue of its dual responsibility, CONEVAL has started to identify policy areas in which social programs are contributing to reduce disparities, such as access to health services via the *Seguro Popular* program, while at the same time highlighting instruments and coordinated actions that might be required to accelerate this trend, such as unemployment benefits, pension fund portability, income improvement and economic growth actions.

At the local level, the evaluation picture varies from state to state. In a report published in 2011, CONEVAL studies monitoring and evaluation (M&E) practices in the 31 states and the Federal District in Mexico.<sup>11</sup> Through the analysis of 27 variables of both the ideal M&E scenario and the actual practice found at each state, produces a ranking and a comparison among states. The study shows that only 10 states reach a value higher than 50 in a scale of 0 to 100, with a national average of 44.4. The highest score is 80.6 achieved by Distrito Federal (Mexico City) while the lowest one is Baja California Sur with 20.4. The score includes assessing in each state: legislation, criteria for development of new social programs, programs beneficiary registry, documented operating procedures, performance indicators, budget transparency, evaluation planning and follow up and publishing of evaluation results among other factors.

The disparity of results among states suggests a large area of opportunity in evaluation practice at state level, which will result not only in more state programs being evaluated, but more importantly, in coordinated efforts and programs that achieve objectives and improve living conditions among Mexican poor.

## **Conclusions**

While Mexico has taken a leading position in poverty assessment by including other dimensions to poverty in addition to income levels as an official definition now applied even at the municipal level, evaluation practice in the country still presents a number of challenges and opportunities. First, is the development of a culture of evaluation not only at the different government levels, but also in private and non-government organizations. Even in areas where it could be assumed that evaluation should be the norm rather than the exception, such as education, resistance is often influenced by those who should advance the concept, in this case, the National Teachers' Union.

CONEVAL's role would continue to be a key factor in the development of the M&E culture, practice and capacity at all levels. Evaluations could be improved by increasing participation of the evaluated entity and by the external evaluators' delivery of results in a timelier manner. The effect of changes in the structure of the federal government initiated in 2012, such as the disappearance of the Ministry of Public Office, or the transferring of two large social programs from the Ministry of Social Development to the newly created Ministry of Urban Development, is still unknown.

States and municipalities need to follow the roadmap that the 2011 report has established, to show significant improvement not only in producing evaluations, but in demonstrating that the results have actually improved the programs or services under scrutiny.

In summary, Mexico needs to continue in the path of strengthening monitoring and evaluation capacities and dissemination of results, which will lead not only to more efficient government action, but also to informed citizens, creating a virtuous circle where transparency and accountability are fully institutionalized.

## References

- [1] Lendo, T. Hacia una política integral de superación de la pobreza: un recuento de los programas focalizados en México. IX Congreso Internacional del CLAD sobre la Reforma del Estado y de la Administración Pública. Madrid, España.(2004).
- [2] [http://www.nyc.gov/html/ceo/html/programs/opportunity\\_nyc.shtml](http://www.nyc.gov/html/ceo/html/programs/opportunity_nyc.shtml)
- [3] Székely, M. Números que mueven al mundo: la medición de la pobreza en México. Miguel Angel Porrúa, México. (2005)
- [4] Diario Oficial de la Federación. México (30/Ene/2004)
- [5] CONEVAL. Methodology for Multidimensional Poverty Measurement in México. Executive Summary. México (2010)
- [6] CONEVAL. Medición de la Pobreza en México y en las Entidades Federativas 2012. (2013)
- [7] Diario Oficial de la Federación. México (30/Mar/2007)
- [8] Castro, M.F., Lopez-Acevedo, G., Busjeet, G.B. and Fernandez O., X. Mexico's M&E System: Scaling up from the Sectoral to the National Level. IEG World Bank. Washington, D.C. (2009)
- [9] CONEVAL. Informe de Evaluación de la Política de Desarrollo Social en México 2011. México (2011)
- [10] CONEVAL. Informe de Evaluación de la Política de Desarrollo Social en México 2012. México (2012)
- [11] CONEVAL. Diagnóstico del Avance en Monitoreo y Evaluación en las Entidades Federativas. México (2011)

## Author's Contact Information

E-mail: [arturo@fuentesvelez.com](mailto:arturo@fuentesvelez.com)

Skype: afuentesv

Linked In: [mx.linkedin.com/in/arturofuentesv/](https://www.linkedin.com/in/arturofuentesv/)

Cell: (52-614) 220-8289