

NATIONAL SURVEY OF HOUSEHOLD INCOME AND EXPENDITURE (ENIGH)

**MEASURING IMPACT OF SOCIAL
TRANSFERS ON POVERTY**

Outline

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2 Methodological aspects

3 Conceptual design

4 Social transfers in the ENIGH

5 Impact on poverty

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Background

ENIGH responds to a necessity of information

- ◎ Mexico was the first country to introduce an official multidimensional poverty measure, an index which, in addition to considering the lack of economic resources, includes other dimensions that social policy must address.
- According to the General Law of Social Development, guidelines, and criteria on defining, identifying, and measuring poverty, issued by CNEVAL¹, are mandatory to any Mexican institution that executes social development programs.
- CONEVAL should use the information generated by Mexico's National Statistics Office to estimate poverty and must update that estimation every two years for the national and state level and every five years at the municipality level.

Poverty measurement should include, at least, eight indicators:

1. *current per capita income;*
2. *educational gap;*
3. *access to health services;*
4. *access to social security;*
5. *quality and spaces of the dwelling;*
6. *access to essential services in the housing;*
7. *access to food;*
8. *and the degree of social cohesion.*

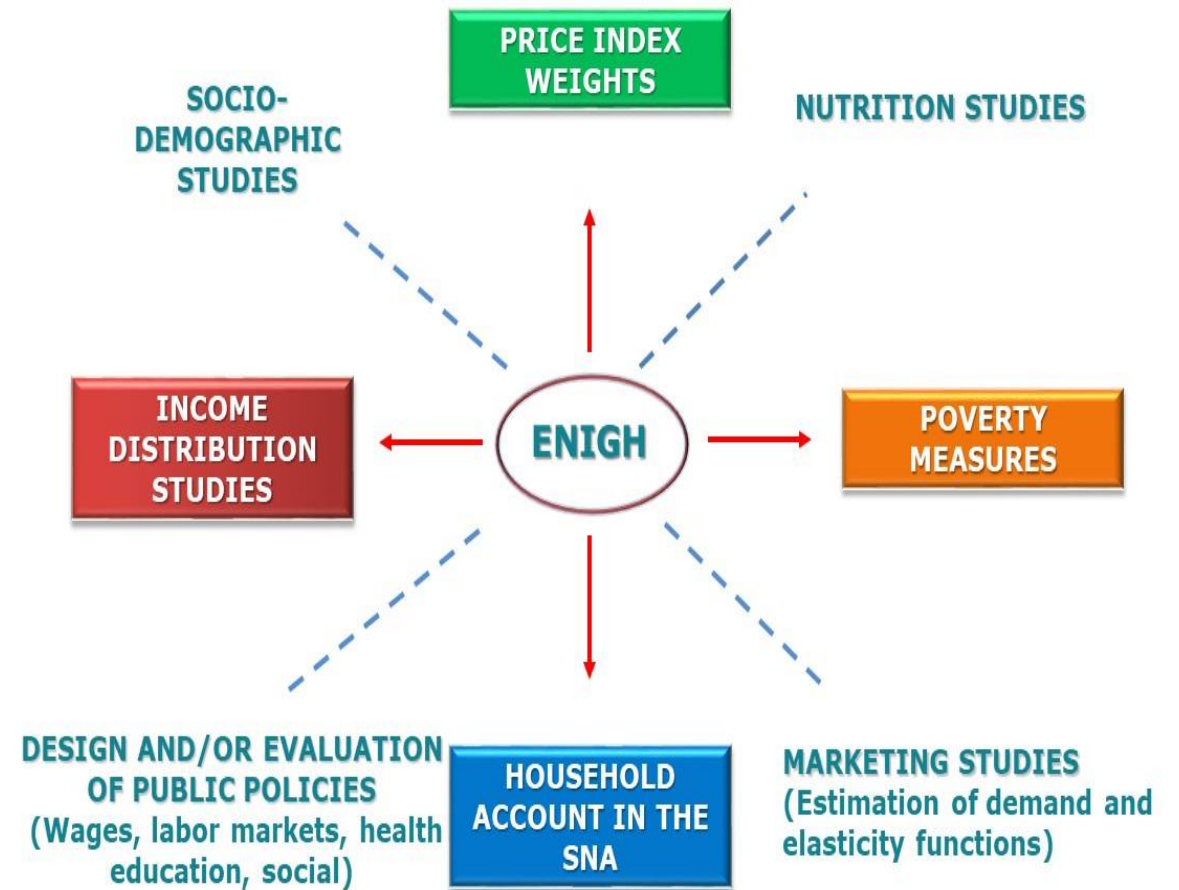
ENIGH considers all of them

National Survey of Household Income and Expenditure (ENIGH)

- ◎ Supplies the information for the multidimensional measurement of poverty and is carried out every two years since 2008. This information is public.
- ◎ To generate better indicators, INEGI presented in 2016 and 2018 an improved edition of the ENIGH given that:
 - The sample size is the largest for a survey of income and expenses in Mexico.
 - For the first time, it allows representativeness by the federative entity (state level) with estimates for urban and rural domains.
 - In all sample households, is measure both income and expenditure.
 - Operationally, they have been the most supervised event that has been carried out in this area so far.
 - Strength in training permits that interviewers were more attached to methodological definitions.

The utility of ENIGH 2018

- ◎ ENIGH 2018 aims to present an overview of the behavior of income and expenditure at the household level, in terms of amount, origin, and distribution.
- ◎ ENIGH provides information on the labor participation and socio-demographic characteristics of household members.
- ◎ Includes information on dwelling characteristics and their equipment.



Methodological aspects

The main methodological characteristics are:

Target population	All national and foreign household members who live within the country's boundaries.
Unit observation	Household, dwelling, and householders.
Geographical coverage	The survey is designed to provide results at the following levels: National Urban and Rural domain At the state level with estimates for urban and rural domains
Sample Design	Probabilistic: The sampling units have a known probability that is different from zero of being selected. Stratified: The sampling units with similar characteristics and that belong to localities of the same size are grouped to form strata. Conglomerates: The sample units with distinct characteristics that belong to localities of the same size are grouped to form the primary sampling units (PSU). Double stage: Dwellings are selected in two steps: primary sampling units (groups of blocks) and housings.
Sample size	87,826 households, represent to 125,091,790 population.
Date of uprising	From August 21 to November 28, 2018.

Conceptual design

The total current income of a household consists of monetary and non-monetary sources that satisfy these three criteria:

INCLUSION CRITERIA		EXCLUSION CRITERIA
REGULARITY	AVAILABILITY	WEALTH
Income sources have to be regular, which is subject to an uninterrupted flow in a given period.	Income sources have to contribute to economic wellbeing; that is, they have to be available for the purchasing of goods and services that the household can use.	These income sources should not include the flows that modify the net wealth or the net value of the assets and debts of the household.

🎯 Given the transactional role of money, the total current income splits in current monetary income and current non-monetary income.

Current monetary income:

- ⊙ Remunerations for subordinate work.
- ⊙ Wages, salaries, cash bonuses, and overtime wages.
- ⊙ The income of the self-employed.
- ⊙ Family enterprises and the self-employed.
- ⊙ Other work income.
- ⊙ Other jobs, different from the primary and secondary occupation.
- ⊙ Income from assets.
- ⊙ Interests and dividends from investment in an enterprise in which the investor does not work.
- ⊙ Income from transfers.
- ⊙ Government social programs, donations from private institutions, and remittances from migrant workers.

Non-monetary current income:

⊙ Self-consumption:

- An estimate of the value of the products and services taken from the family enterprise for household consumption.

⊙ In-kind remuneration:

- An estimate of the value of the products and services that workers receive as payment for their work.

⊙ In-kind transfers:

- An estimate of the value of the transfers in goods and services received by a household, whether from other households, the government, or a private institution.

⊙ Estimated rent value of their own home:

- An estimate of the rent cost if the dwelling did not belong to the household.

Income from financial assets and capital:

- ③ A particular source of income that households can have referred to income from financial assets and capital.
- ③ Unlike current income, these sources modify (increase or diminish) the net wealth of the household and do not satisfy the regularity and availability criteria. Hence, in a strict sense, these income flows are not considered part of current income and need to be treated separately.

Social transfers in the ENIGH

Social transfers in all its modalities represent just over half of the entire budget that is spent on social protection in Mexico.

- ③ These transfers are aimed at fighting poverty in the country.
- ③ ENIGH considers that transfers are monetary entries received by household members and for which the provider or donor does not demand compensation of any kind.

The variables included under this concept are:

- ⊙ Retirements and pensions.
- ⊙ Scholarships from government and institutions.
- ⊙ Donations of money from institutions or another household.
- ⊙ Income from other countries.
- ⊙ Benefits from government programs.
- ⊙ Transfers in kind from other households (gifts).
- ⊙ Transfers in kind from institutions.

Social transfers

- ③ When it comes to retirement or pension variables, they are referring to those from mixed contribution systems or schemes, that is when they have been derived from contributions made by employers, workers, and the government.
- ③ In all cases, the value of transfers in kind is estimated by the informant based on the retail market value of the goods or services he received.
- ③ The supports are considered as STIK or cash, depending on how the support is granted. STIK contributes to the increase in disposable income. These transfers affect population groups in different ways.
 - For that reason, if they are excluded from the definition of income, that affects the international comparison of those.

Format for the supports

- ◎ It was not until 2002 that this format was integrated into ENIGH.
- ◎ Before this event, the supports were not captured separately, except for:
 - School breakfasts;
 - Food pantries purchased at the low training cost.
 - School breakfasts, which were captured in the format of food and beverages consumed outside the household received as benefits at work or provided by an educational institution.
 - Food pantries purchased at a low cost. As of 1998, spending on food items purchased at a low price or subsidized in the booklet of daily expenses on food, beverages, tobacco, and public transport was recorded. It is until the event of the year 2000 that the pantries have their key.

Transfers in kind

- © In the 2002 ENIGH, the format called "Supports" is integrated into the Basic Questionnaire for each of the expenditure items and in the Daily Expense Booklet.
- © In 2008 the name of this section was changed by transfers in kind. As of ENIGH 2008, the field was asked about the frequency with which households receive the gift that another household gives them. Following the regularity of tickets, the value of non-periodic gifts, which were received only once, are not included in the aggregate of current income of the new construction of the ENIGH.

Transfers in kind

- © In 2010 the questions of transfers in kind seek to capture information on the items and services that the members of the household received; the amount and form of presentation in which they received the article or service; know in turn if any of the members of the household made any payment for the items or services received, as well as what they paid if they had to pay something.
- © Likewise, questions of transfers in kind are intended to know the cost that the informant estimates would have been paid in case of having purchased the item or service, the institution that granted the product or service, and the frequency with which it receives said goods.

Transfers in kind

- © To classify the institutions that provide STIK, the ENIGH considers the classification of all levels of Mexico government, as well as NPISHs, and specific programs of the federal government.
- © In turn, non-regular transfers in kind, from other households, group all those transfers in kind that do not meet the criteria of regularity, that is, all gifts received by households from different households and that the informant reports that he gets only once and are not expected to get it again at least every year.

Social transfers by the government:

Within the section of monetary income from transfers, ENIGH captures, the following items:

- ◎ **PROSPERA benefit (OPORTUNIDADES, PROGRESA) (P042)**
 - Cash receipts derived from the direct benefit to the avalanche, food, and education, provided by the Ministry of Social Development (SEDESOL), through PROSPERA, before Progresas, Pronasol or Oportunidades.
 - It includes:
 - Financial support for any person, whether for health, food, or education.
 - Energy support and food support, “To Living Better.”
 - Excludes:
 - Non-monetary support.

Social transfers by the government:

◎ **Benefits of PROCAMPO (P043)**

- Cash receipts received as a direct benefit to the field for agricultural activities.

◎ **The benefit of program 65 and more (P044)**

- Federal Government Program that supports adults over 65 years of age or older who live in communities of up to 30 thousand inhabitants.
- Older adults receive financial support per month. This support is delivered bi-monthly in addition to health, food, and human rights services managed by the Program.

Social transfers by the government:

- ◎ **Benefit from other programs for older adults (P045)**
 - Support in money that the state or municipal government grants to people over 60 years.

- ◎ **The benefit of the Hunger Card (PAL) (P046)**
 - A federal government program that grants monthly monetary support to families that are mainly in food poverty, to contribute to improving the nutrition of the beneficiaries.

Social transfers by the government:

⊙ Temporary Employment Program Benefit (P047)

- Federal Government program that provides sources of temporary income to people 16 years of age or older to face the effects of an emergency or low labor demand, through the execution of projects that contribute to the improvement of family or community conditions.

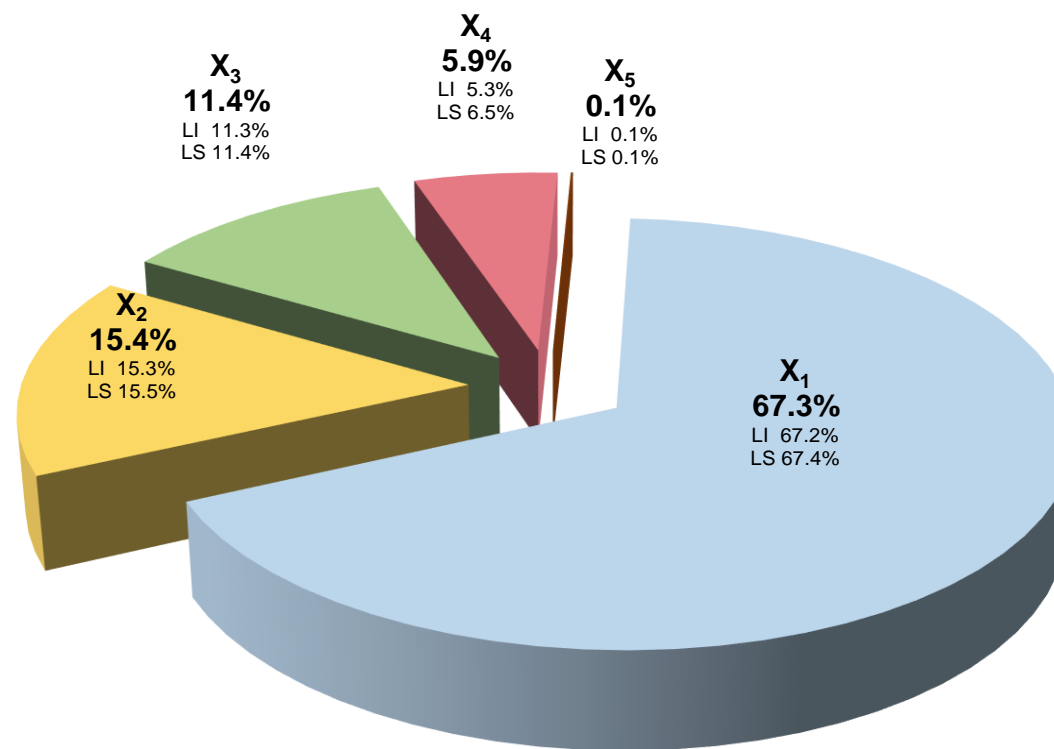
⊙ Benefits of other social programs (Specify) (P048)

- These benefits include bonuses or donations from public institutions, examples such as support programs for vulnerable groups such as the disabled, single mothers, and government cards for heads of household.

Impact of social transfers on poverty

Graph 1. Distribution of total current income by primary sources of income

- ◎ The primary source of income is income from work with 67.3%, followed by transfers with 15.4%, the estimate of the rental of housing with 11.4%, the revenue of property with 5.9%, and other current income bi-monthly 0.1 percent.
- ◎ The amount of social transfers by the government (benefits from government programs) its above 25 billion pesos in 2018. See below in Table 1.



*Confidence Interval of 90% LI (lower limit), LS (upper limit).

Note: The sum of the partials may not add up to one hundred percent, due to rounding.

SOURCE: INEGI. National Survey of Household Income and Expenses 2018.

Table 1. Composition of the main sources of quarterly total current income, according to the year of the survey. (Billions of pesos)

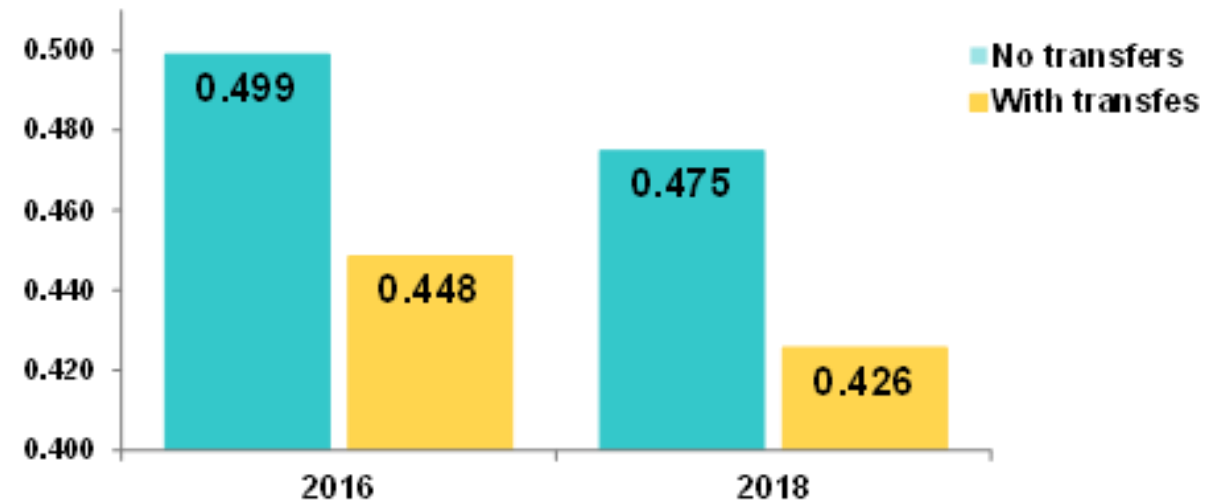
Composition of the main sources of income	Totals (billions of pesos)		
	ENIGH 2016	ENIGH 2018	Δ (%)
Work income	1 113.2	1 159.8	4.2
Property income	152.2	101.4	-33.4
Transfers	269.5	265.0	-1.6
Retirement, pensions, and compensation for a work accident, dismissal, and voluntary pension	115.6	120.2	4.0
Scholarships from the government and institutions	5.3	4.0	-23.3
Donations in money from institutions and other households	36.4	37.7	3.6
Income from other countries	12.8	13.7	6.8
Benefits from government programs	30.8	25.2	-18.0
In-kind transfers from other homes	46.4	43.9	-5.2
In-kind transfers of institutions	22.3	20.3	-9.2
Housing rental estimate	195.3	195.9	0.3
Other current income	1.5	1.5	2.2

Graph 2. Gini coefficient 2016-2018

Gini Coefficient allows appreciating income inequality.

The value of this coefficient for income with transfers by deciles of households was 0.426 in 2018.

Besides, the Gini Coefficient will enable us to appreciate the positive effects of transfers on income distribution. If in 2018 there were no transfers of income, the concentration of these would have been higher, because the Gini coefficient would have had a value of 0.475 against 0.426 with transfers.



| Final considerations

- ◎ ENIGH 2002 integrates the format for the record of supports. Before this event, the supports were not captured separately.
- ◎ In the 2002 ENIGH, the format called "Supports" is integrated into the Basic Questionnaire for each of the expenditure items and in the Daily Expense Booklet.
- ◎ Following the criterion of the regularity of entries, the value of non-periodic gifts, which were received only once, are not included in the current income aggregate of the new construction of the ENIGH.
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Thank you!

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