



Job Creation and Local Economic Development 2020: Rebuilding Better examines the impacts of COVID-19 on different types of local labour markets. It also considers their performance prior to the pandemic, and how COVID-19 could impact other ongoing local labour market transitions such as digitalisation, automation and the polarisation of jobs. Finally, it discusses the role local actors will play in rebuilding better. Consult the full publication [here](#).

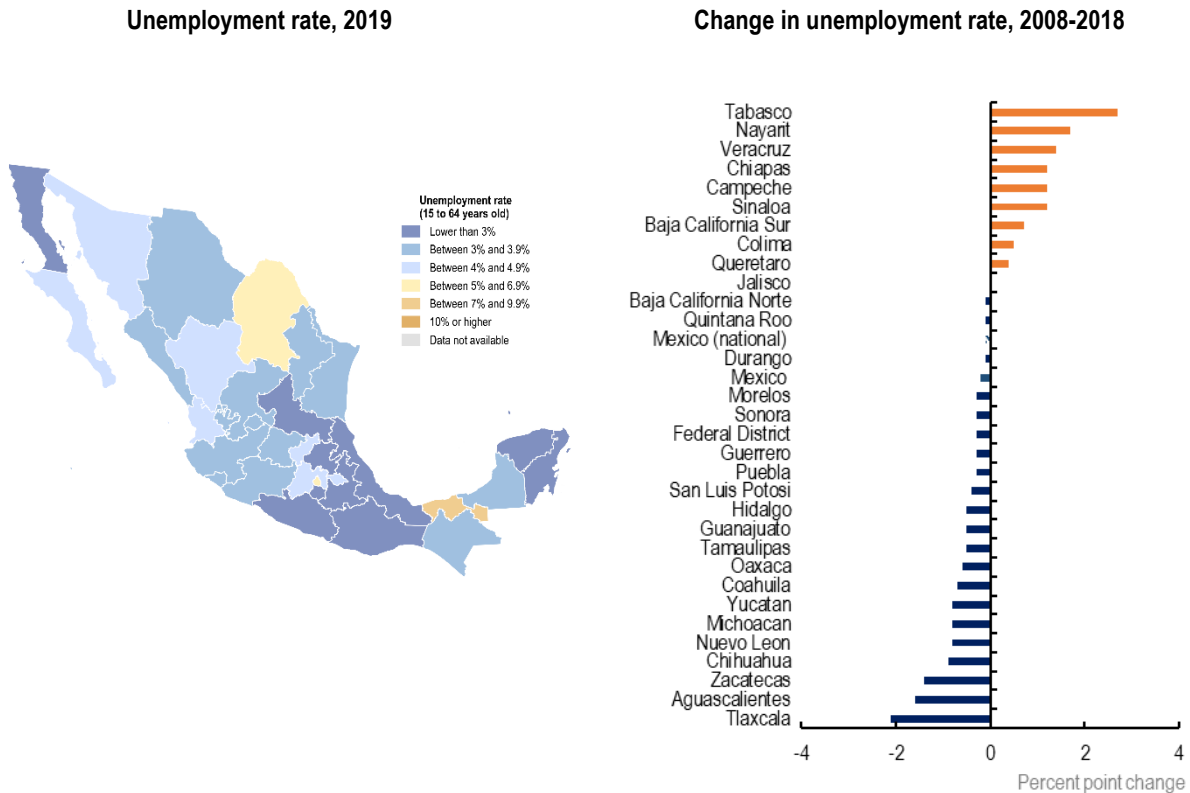
Mexico¹

Most Mexican states had lower unemployment rates in 2018 compared to 2008, but gaps between states grew over this period.

In all states, the number of people employed grew between 2008 and 2018.

The state of Mexico was responsible for nearly 19% of net employment growth over 2008-2018, and in 2018, accounted for 14% of all employment in Mexico.

Local labour market performance prior to COVID-19



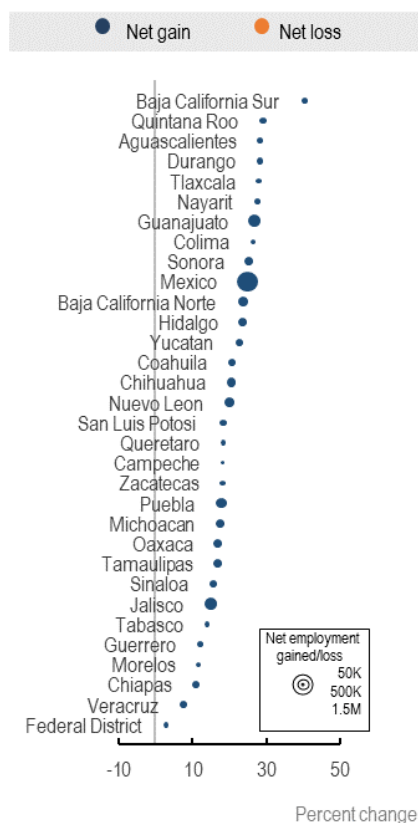
Note: The unemployment rate is computed as the share of unemployed people over the labour force, for the age group 15-64.
Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en>.

Before the COVID-19 pandemic, the unemployment rate in Mexico was generally low but varied over five-fold across states. Rates varied from a low of 1.4% in Oaxaca to a high of 7.5% in Tabasco in 2019.² Looking at the decade following the 2008 crisis, two-thirds of states had unemployment rates lower in 2018 than in 2008. However, regional gaps in unemployment grew over this period due to changes at both ends of the unemployment distribution.

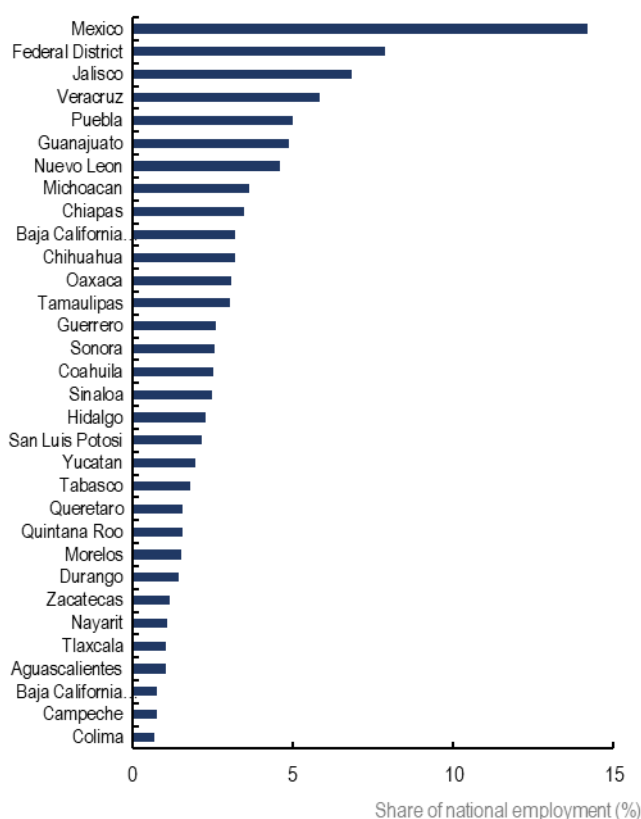
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Change in net employment, 2008-2018



Employment by state, 2018



Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en>.

In all states, the number of people employed grew between 2008 and 2018. The state of Mexico was responsible for nearly one-fifth of net employment growth over this period, and in 2018, accounted for 14% of all employment in Mexico. Considering a longer time period (2000-2018), the geographic concentration of jobs by state (as measured by the number of people employed) decreased in Mexico.

Active labour market policies: institutional arrangements

Active labour market policies will be of growing importance as the COVID-19 response moves from emergency supports to facilitating labour market transitions. The institutional arrangements for these policies, and the role of subnational governments, varies significantly across countries.

	Centralised, including branch offices of national ministry / agency	In Mexico, the regulations for active labour market policies are designed and implemented at the federal or national level through the Secretariat of Labor and Social Welfare (STPS) and the National Employment Service. The execution or operation of these policies is carried out at the state and local levels. In terms of funding, STPS has established a modality of distribution of resources called Stimulus to the State Contribution. For each peso that the governments of the federal entities assign to the execution of the Program of Support for Employment, the STPS allocates an equal amount, which is agreed annually with the governments of the states.
X	Decentralised to subnational governments	
	Fully outsourced or delivered through network of public, private, and/or non-profit providers	
	Combined system with shared competences, or different systems for different target groups	

Source: OECD (forthcoming), "Local and regional variations in labour market and skills policies: A cross-country comparison", *OECD Local Economic and Employment Development (LEED) Papers*.

Notes

¹ Data is presented at the TL2 level, which typically corresponds to the first administrative tier of subnational government. See Reader's Guide of the full report for more information on the methodologies behind the calculations.

² It is important to note that high rates of informal employment in some states might affect these rates.