

Executive summary

Over the last 15 years, Mexico has improved its performance in many of the dimensions that are essential to a good life, notably in health outcomes, access to basic services and quality of housing. Further efforts are now required to improve performance in other areas, such as education, safety, poverty reduction and quality of jobs, where Mexico still fares poorly in international comparisons. In addition, stark differences in outcomes exist across its states. To offer one example of the work that lies ahead on both fronts: only about 44% of Mexico's labour force has at least secondary education, 30 percentage points below the OECD average, while the education gap between the Federal District (58%) and the state of Chiapas (27%) is the second largest disparity within any OECD country except for Turkey.

In the past ten years, lagging states have narrowed the gap with the rest of the country in health, accessibility to services and housing. Regional differences in accessibility to services and health have narrowed since 2000, mainly thanks to the reduction of maternity and infant mortality rates and better access to basic services in the lagging states. At the same time, safety, income and jobs have worsened on average in the country. Extremely poor conditions concentrated in a number of states, such as Guerrero and the State of Mexico, explain the deterioration of security over the past five years, while the worsening in the employment situation, although less severe than the security situation, have been spread across a majority of states in the past ten years. Income has deteriorated since 2008, and in states where income has increased, inequalities have also increased.

Accurate measurement of performance at both the national and sub-national levels is a prerequisite for effective policy design and implementation. The OECD work on Measuring Regional Well-Being, launched in 2014 as part of the OECD Better Life Initiative, comprises a set of well-being indicators and analysis for a better understanding of well-being trends and drivers in the 362 regions in OECD countries. Building on this initiative, the National Institute of Statistics and Geography (Instituto Nacional de Estadística y Geografía, INEGI) has developed a one-stop website to measure well-being in the 31 Mexican states and the Federal District in 12 topics spanning material living conditions and quality of life (Sitio de Indicadores de Bienestar por Entidad Federativa). INEGI's website and this accompanying report offer a useful base for better understanding local assets and constraints for regional development. It provides a valuable tool for all stakeholders in Mexico to track performance at the federal and state levels as well as an example for other countries wanting to develop multi-dimensional well-being metrics to monitor sub-national differences.

The OECD framework on Measuring Regional Well-Being demonstrates how these indicators can be included in policy design and implementation at all levels of government to improve people's lives. It provides examples of well-being initiatives launched by regions and cities around the world, aimed at improving the effectiveness and coherence of policies to increase regional competitiveness and improve quality of life. These initiatives cannot be pursued in isolation; they require an open and participative process with all the relevant stakeholders to adapt well-being metrics to the strategic objectives of the region, connect the measurement with policy dialogues, and

mobilise citizens in an open debate to identify priorities and evaluate results. This report provides indications on how INEGI's measurements can become a strong foundation for regional well-being initiatives in Mexico.

Main findings

Large differences across the Mexican states and the Federal District exist on most dimensions of well-being. Living in one of the worst-faring states, as compared to living in one of the country's best-ranking states presents numerous disadvantages. These include a four times greater likelihood of being at risk of poverty, four fewer years of life expectancy, about seven times greater likelihoods of abandoning school and of working longer hours for lower pay, and a three times a greater likelihood of feeling unsafe in one's municipality.

Income disparities between and within Mexican states are among the highest in the OECD. The household disposable income in the Federal District is three times higher than that of Chiapas, the largest regional gap in OECD countries. Income inequality within states is also high compared to other OECD countries, although it decreased in 21 of the 31 Mexican states and the Federal District in the period 2008-14. Poverty is still a concern in many states, as is deprivation of a range of basic services. According to Mexico's multi-dimensional poverty indicator, a measure of monetary and non-monetary poverty, as much as 76% of population in Chiapas was living in poverty in 2014, while in Nuevo Leon, the state with the lowest poverty rate, it was 20%.

The rural-urban divide explains some of the regional differences. Rural regions, characterised by the predominance of agricultural activities and relatively low population density, have higher informal labour rates, less access to basic services and a higher incidence of poverty than urban areas. The number of poor people in urban areas, however, has increased in recent years, reaching 38 million in 2014, which corresponds to two-thirds of Mexico's poor, and the urban population is not significantly better off in the access to health services than the rural population.

Educational improvements will have a strong impact on reducing inequalities in many outcomes. Having a secondary school degree in Mexico can mean four more years of life expectancy compared to those with only a basic education, and seven years more in Chihuahua, the Federal District and Sonora. An increase of 10 percentage points of the labour force with at least a secondary education is associated with a reduction in informal employment by 14 percentage points, a relation that has been stable over the past decade.

States with similar levels of gross domestic product per capita differ substantially on many well-being outcomes. Monitoring the many factors that shape well-being in each state can help understand local assets and capacity to improve living conditions. For example, the obesity rate in high-income states varies from 43% of adults in Campeche and Tabasco to 39% in Nuevo Leon and 34% in the Federal District. States have progressed at very different speeds in dimensions where Mexico as a country has generally improved. Maternal mortality rates, for example, have been more than halved in Quintana Roo and Queretaro in the period 2000-13, while they worsened in Baja California Sur and Campeche.

Well-being indices provide a quick snapshot of states' relative performance. A summary picture of well-being in Mexican states is obtained by normalising and aggregating the indicators for each dimension into a single score. Scores are defined on a relative scale, with the national averages at the most recent year equal to 100, which

allows direct comparison among well-being dimensions and over time in a state. Baja California Sur, Sinaloa and Tamaulipas perform better than Mexico in all 12 of the well-being dimensions in the latest year, while in the state of Guerrero only the civic engagement and governance dimension is above the country value.

In the past ten years, well-being in Mexico has improved in every dimension except safety, jobs and income. During the same period, disparities between regions have narrowed in health, accessibility to services, housing and environment thanks to the improvement in lagging regions.



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