

Comprehensive Approaches to Activating the Vulnerable into Productive Employment

Examples from Latin America

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*Design and Implementation of Activation Policies
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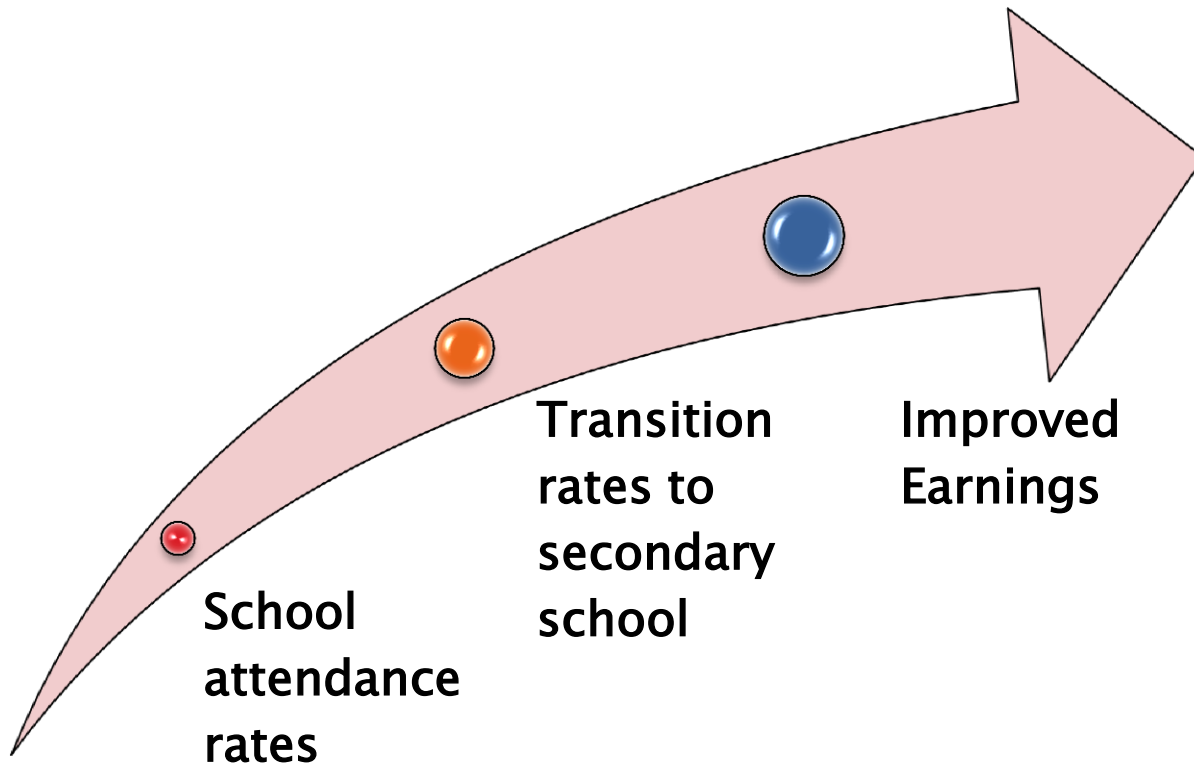
Social Protection Context

- ▶ Relatively large informal labor markets, less so in Chile and Argentina
- ▶ Universal social assistance transfers are not common
- ▶ Exception for Southern Cone Countries
 - Universal family allowances
 - Chile Solidario
- ▶ High income inequality
- ▶ Gaps in use of educational and health services and outcomes between poor and rich

Role of Conditional Cash Transfers

- Began in late 1990s
- Coverage of around 20% of population, well targeted to poor families with children (rural focus)
- Mexico, Brazil, Colombia have largest programs
- Double objectives of poverty alleviation and accumulation of human capital (children)
- Rigorous impact evaluations and strong management information systems

CCT impacts over time



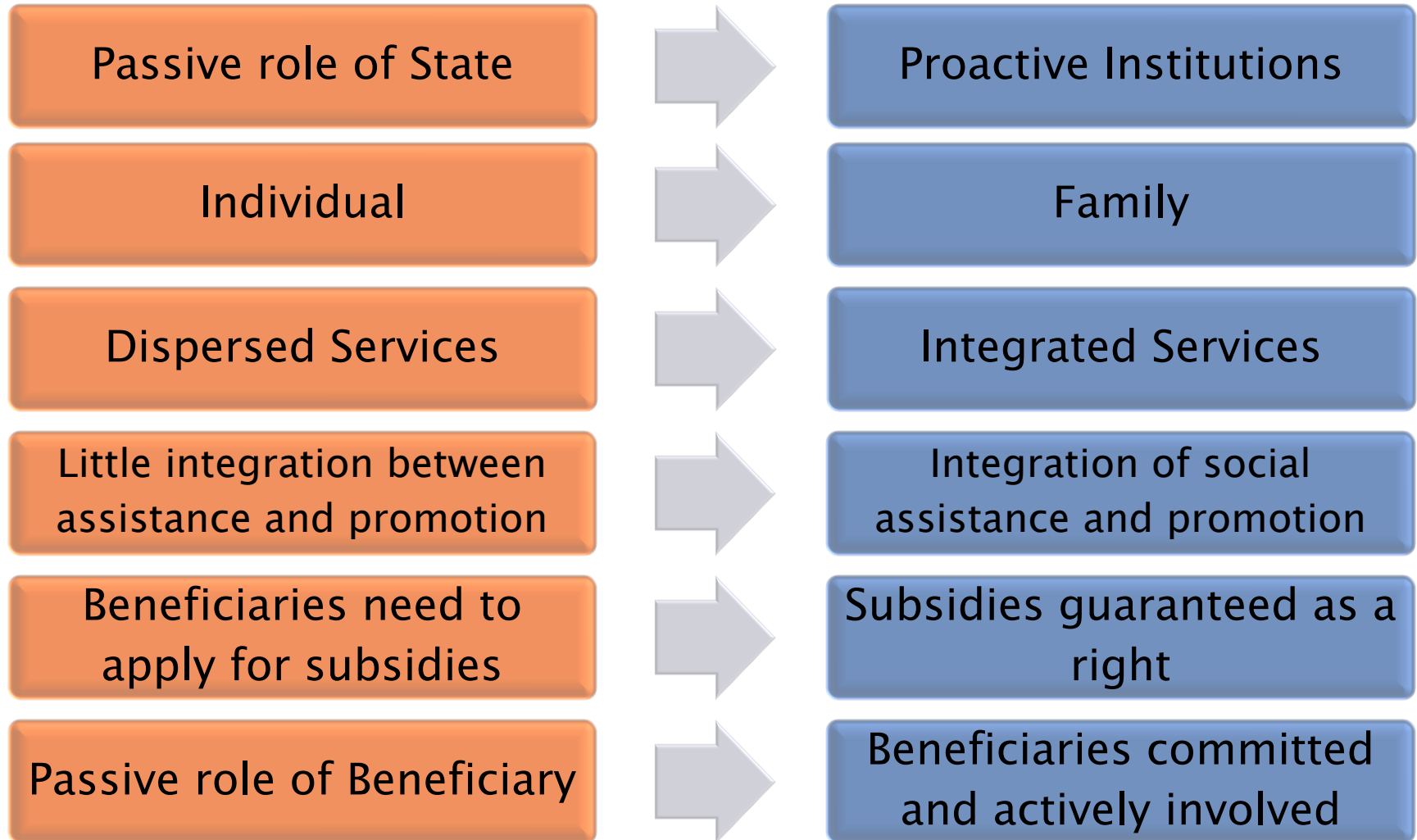
Activation in Latin America

- ▶ Goal to “graduate” families from CCTs
- ▶ Focus is on linking families with services (remedial education, tertiary education, and active labor market programs) that can improve employability and access to productive employment
- ▶ Concern with high youth unemployment and promoting more formality
- ▶ More comprehensive approach in **Chile Solidario**

Chile Solidario: Origins and Design

- ▶ Started in May 2002
 - Lack of progress in reducing extreme poverty
 - Extreme poor were not connected to network of services and subsidies
- ▶ Objective to eliminate extreme poverty:
 - 250,000 households (3–4% of population)
 - 50,000 entrants/year
- ▶ Poverty is not homogeneous
- ▶ Inter–sectoral (multiple services available) and results–based management model

Fundamental Change in Approach to Social Policy



Components of the System of Social Protection Chile Solidario

- ▶ Personalized family counseling for 2 years plus a small stipend to cover minor “mobilization” expenses
- ▶ Families prepare a contract/plan
- ▶ Guaranteed access to existing cash subsidies to which they are eligible and small stipend upon exit (3 years)
- ▶ Preferential access to social assistance and promotion programs

Distinguishing Features

- ▶ Approach to “conditionality” – 7 dimensions



Identification



Health



Education



Family dynamics



Housing



Employment



Income

Distinguishing Features

- ▶ Approach to “conditionality”
 - Conditions tailored to each family
 - Framework for family counseling and preferential services
- ▶ Time limits for participation (2/5 years)
- ▶ Goal to improve pertinence of social service
- ▶ Budget mechanisms
- ▶ Integrated Social Information System (SIIS)
- ▶ Existing Targeting Instrument

Activation: Chile Solidario

- ▶ Integrated from the start because employment is one of the 7 dimensions for the minimum conditions

- ▶ Broad rationale for activation
 - Autonomous income generation
 - Reduce dependence on subsidies and state transfers
 - Improve family dynamics
 - Facilitate respect and individual self-worth
 - Important signal for children

Minimum Conditions for the Dimensions of Employment and Income

- ▶ **Employment**
 - At least one adult in the family has steady work and a stable salary
 - No child under 15 leaves school to work
 - Unemployed family members are registered in the municipal employment office
- ▶ **Income Dimension**
 - Members eligible for family subsidy, child allowance, and/or social pension are receiving the transfers
 - Family income sufficient to exceed the extreme poverty line
 - Family budget organized in line with resources and priorities
- ▶ Not surprisingly, often missing and hard to meet

Activation Strategy

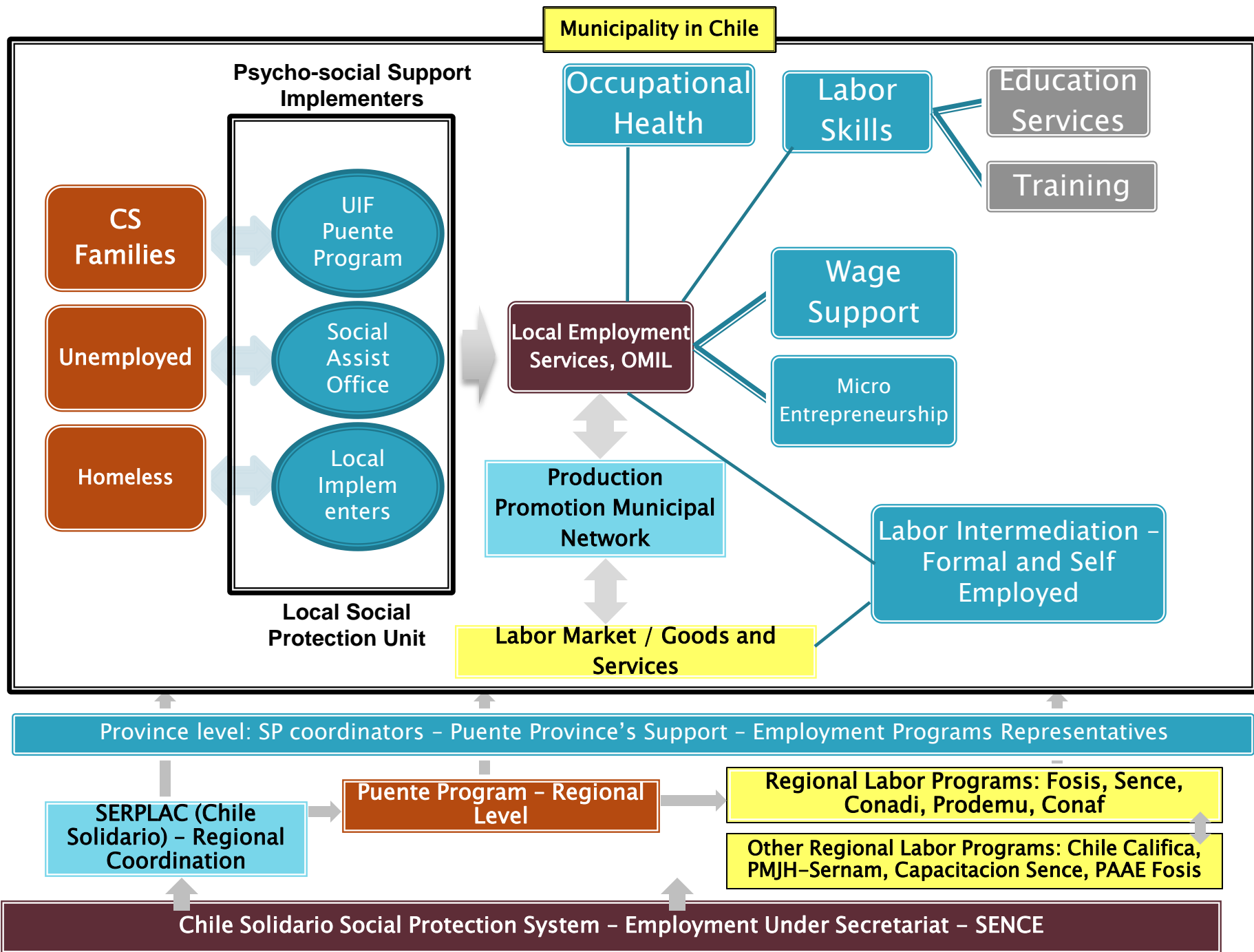
1. Drew on available employment services, subsidies, training, remedial education, outside providers
2. Critical assessment of “supply” of employment programs, including for self-employment
3. Mixed experience with Public Employment Services
 - Un-coordinated, low institutional capacity
 - Service not “personalized”, prejudice
 - Little focus on employment results or local economic context
 - Services not “pertinent” for participants
4. New approach: Reform of Employment Services
 - More pro-active and personalized: diagnosis, development of personal plan, referrals, service integration, counseling, follow-up
 - Incentives – Financing based on employment results
 - Use of other providers
5. Availability of Self-employment programs

Main Lessons from Experience

- ▶ Knowing the work experience of individuals is important to be able to design and organize social support services
- ▶ Local context significantly influences the type of support required and results
- ▶ Wide range of programs to support employability is essential to ensure a “match” with the beneficiaries’ characteristics and needs
 - Training for unemployed
 - Job training for youth
 - Employment subsidies / recruitment bonus for employers
 - Seed money and technical support for self employment
 - Links with microcredit and small loans
 - **Labor intermediation**

Labor Intermediation

- ▶ Essential, specialized social intervention to support employability and labor inclusion
- ▶ Range of services
 - Review of work history and family context
 - Information on available support programs and job opportunities
 - Referrals to support programs
 - Assistance in seeking employment



Preliminary Evaluation Results

- ▶ Participants more likely to enroll in employment training and other jobs programs
- ▶ Higher employment or income from employment for spouses who took advantage of jobs programs
- ▶ Greater impact in rural areas
- ▶ Supporting second income earners is an effective strategy to reduce poverty
- ▶ Impacts in other areas as well

Argentina: Installing Employment Services and Activation

Employment Offices

- Part of transition(exit) strategy from emergency workfare program
 - 2001–2002 crisis
 - 10% drop in GDP
 - more than 20% unemployment
- Municipal offices with technical support and financing from Ministry of Labor
- Common logo

Argentina: Installing Employment Services and Activation

- Activities:
 - take labor force history
 - give basic workshops on work orientation
 - make referrals to education and training services (resource guide)
 - job search
 - job matching
- Envisaged role in integrating labor force development programs within context of development of a Competency-based Qualifications and Training System, Life-long Learning

Activation Examples: Training and Employment Insurance and Youth Employment Program

Training and Employment Insurance

- ▶ Exit strategy from crisis workfare program
- ▶ 2 year time limit
- ▶ Participants sign an agreement with employment office
- ▶ Periodic appointments at office (average of 5)
- ▶ Referrals to training and other services such as workshops (20–30% participation rate at any one time)
- ▶ Employment office required
- ▶ Declining stipend level
- ▶ Self–employment option

Youth Employment Program

- ▶ For secondary school drop outs
- ▶ Youth sign an agreement with employment office
- ▶ Comprehensive package of basic employability workshop, referrals to education and training, job search assistance and internships with employers
- ▶ Youth receive stipend only if participating in an eligible activity
- ▶ Employment office required
- ▶ Time limit is 2 years, extended to 3 if participating in education
- ▶ Bonuses for certification of studies and training

Other Initiatives in Latin America

- ▶ **Mexico:** linking Oportunidades beneficiaries with adult education and secondary graduates with tertiary level scholarships
- ▶ **Colombia:** Sub-contracting employment services for social assistance recipients in several large municipalities

Role of Supported Work or Transitional Jobs

- ▶ Subsidized employment or transitional jobs
- ▶ Evaluations show some positive impacts
- ▶ A way to gain experience, combined with counseling and other services
- ▶ Duration – generally 6–9 months in a real job
- ▶ Functions as a “job of last resort” for small share of participants
- ▶ Example:
 - Transitional Work Corporation in Philadelphia



Transitional Work
Corporation
Putting Philadelphia to Work

Activation in Practice

- ▶ Time needed to shift from providing income maintenance to preparing recipients for work
- ▶ **United States**
 - Modest initial goal of 25% participation rising over the first 6 years to 50%
 - Level of effort: 30 hours for a parent with a child over 6 and 20 hours for under 6
 - Most states achieved participation rates of 33% in short-run, but considerable variation
- ▶ **UK**: Gradual extension to different groups, voluntary vs. mandatory
- ▶ **Argentina**: Limited population group, less intensive services
- ▶ **Chile**: Time needed to improve services, reforms in services

Challenges

- ▶ Some social assistance recipients have significant barriers to work (substance abuse, domestic violence)
 - US research suggests that between one quarter and one-third of the case load may face multiple barriers to work
- ▶ Low skill and education levels
- ▶ Need for resources, complementary services, time, personal attention, staff training
- ▶ Effective work support system requires coordination of services (“one-stops”)
- ▶ **Need to be Realistic about Effectiveness of Active Labor Market Policies**