

# **Social Protection and Employment Generation: Analysis of Experiences from Co-responsibility Transfer Programs**

**Organization of American States, OAS**

**Economic Commission for Latin America and the Caribbean,  
ECLAC**

**International Labor Organization, ILO**

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## Prologue

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Innovative social programs, including co-responsibility transfer programs (CTP), underline decent work as a fundamental pillar of social protection. Their main policy instruments include strengthening job training and education, remedial education, direct and indirect employment generation, support for microbusinesses and labor intermediation services. In this document, the OAS, ECLAC and ILO examine the regional experiences of intersectoral articulation in the design and execution of social protection and employment policies and programs.

The document is a preparatory input in support of the decision by the Inter-American Conference of Ministers of Labor (IACML) and the Meeting of Ministers and High Level Authorities of Social Development to conduct an interministerial seminar on this subject. The *Seminar on Inter-sectoral Public Policies: Social Protection and Employment* will take place on November 30 and December 1 in Rio de Janeiro, sponsored by the Ministry of Labor and Employment and the Ministry of Social Development and Fight against Hunger of Brazil. It has the purpose of: i) presenting the inter-sectoral approaches that are being applied to address social protection and employment generation through programs targeting the most vulnerable populations; ii) analyzing the policy and management challenges associated with inter-ministerial financing, articulation and implementation; and iii) systematizing the national experiences in order to include them in the horizontal cooperation activities conducted by the Inter-American Social Protection Network (IASPN) and the Inter-American Network for Labor Administration (RIAL).

## Executive Summary

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Latin America and the Caribbean is the most unequal region in the world. While progress in poverty reduction has been achieved in the last two decades, this inequality reflects a disparate access to permanent security mechanisms to address risks as well as access to asset-strengthening instruments, with employment being at the forefront. In consequence, the region faces an unfulfilled promise regarding full employment and universal access to social security.

This is the context of the focus in extending the coverage of social protection that is currently shared by Latin America and Caribbean countries. Promoting decent work appears at the center of the social protection concerns, since it is one of the major instruments to guarantee social protection inclusion and access to decent standards of living.

This concern is reflected in this document from the perspective of the existing links to articulate joint actions in the areas of employment and social protection. To that end, we focus on the case of the co-responsibility transfer programs (CTPs). These programs address the question of access by the most vulnerable to a unified, comprehensive and increasingly inclusive social protection system, providing transfers that are subject to co-responsibilities on the part of the beneficiaries. Although these have mostly focused on attending social services in the fields of education and health, in recent years, some experiences in the region have also included a labor component.

## **A. Social Protection, Poverty and Employment within a Crisis Context**

With labor income as the main resource on which most individuals and households in Latin America and the Caribbean depend to guarantee their livelihood and overcome poverty, the repeated economic crises have had a great impact on the region's poorest and most vulnerable families that can be readily understood.

As from the 1990s, and in particular in the period 2002-2008, poverty reduction was gradually consolidated through an increased access of the working-age members of Latin American families to the labor market and income generation. However, with the recent crisis it is estimated that nine million people have fallen into poverty in 2009, in addition to the 180 million individuals who were poor in 2008 (71 million of which were in absolute poverty). Likewise, many other citizens will continue living in a situation of "vulnerability to impoverishment", with enormous difficulties to face economic or other types of shocks.

The Latin American social protection systems based on employment in formal jobs and their social security contributions are thus limited by "labor vulnerability", which affects women in particular. These have a greater probability of working in the informal sector, something that evidences that there is an important gender dimension in the structure of opportunities, as well as an age-related and ethnic one.

Thus, with its history of crises, the region shows pending challenges in terms of the financing of social protection systems—until now mainly covered through contributory mechanisms—as well as challenges in policy-making to address the dynamics of family behavior and its relation with labor markets, and in the implementation of coordinated actions between employment and social protection policies.

## **B. A Multi-Dimensional Approach in the Design and Implementation of Social Protection Policies and Programs**

To address the above challenges, it is necessary to design a set of policies that focus on the labor, production, economic and social fields. From a macroeconomic perspective, it is necessary to reconsider not only the role of fiscal and employment policies but also that of monetary policies, putting them at the service of full employment and linking them more explicitly to social protection approaches.

It is possible to posit that the best protection to address the risks that individuals and families face on a permanent basis is decent employment, in the sense that it would allow workers to gain access to permanent protection mechanisms when faced with specific events and at the time of retirement.

In turn, social protection is understood as a policy platform designed to mitigate the risks to which all the population is exposed, but which particularly affect the poorest households. Considering the multi-dimensional character of poverty and vulnerability, such policies require a multi-sectoral intervention, which should comprise the various areas involved—including that connected with employment.

In the area of social protection, both the Universal Declaration of Human Rights (United Nations, 1948) and the International Covenant on Economic, Social and Cultural Rights (United Nations, 1966), and the American Convention on Human Rights (OAS, 1969) and the San Salvador Protocol (OAS, 1988), provide the normative platform of security and assistance requirements to be met by the States. All these instruments recognize the right to social security, labor, protection of adequate standards of living for individuals and families, as well as to the highest level of physical and mental health and to education.

The multiple dimensions of the phenomenon of poverty and economic vulnerability, together with the above mentioned heterogeneity of the population, have led to an increasing development of integrated and/or systemic schemes that seek to provide integral social protection. Among the responses formulated for this social protection approach, the ILO, supported by various agencies in the United Nations System, suggests a social security platform to facilitate access to various non-contributory and contributory benefits for all citizens.

In the region there is a broad range of specialized policies and services to promote employment, which are positioned at key points of interrelation between employment promotion policies and social protection. Although social protection is not directly tied to promoting job generation, there are experiences in the region where both dimensions have been linked, as in the case of the CTPs.

It is possible to posit there is a positive synergy between CTPs and the principles of decent work. Such programs, by giving more liquidity to the families, allow them to make better labor decisions regarding their employability under decent and equitable conditions; avoid the disaccumulation of human capital produced by survival strategies that mortgage these assets (as in the case of child labor, associated to school drop-out); and, making productive investments. At the same time, by fostering the development of human capital, a decisive contribution is made to strengthening the employment assets of vulnerable groups. On the other hand, the disincentives that cash transfers could generate for the employability of the beneficiary families have been criticized, an issue that was discarded by the existing research. Likewise, emphasis has been placed on the need for these programs and the transfers not to operate as a subsidy for informality and to prevent reinforcing the traditional gender roles, deepening the gaps that are generated around the economy of caregiving.

### **C. The Institutional Framework of Inter-Ministerial Action in the Field of Social Protection and Employment**

A fundamental element for the success of schemes articulating social protection and employment is putting in place a logic of inter-sectoral coordination within states, which translates into a major challenge given the sectoral logics and the unequal outcomes that characterize them in connection with the decentralization process.

In terms of employment and social protection, the most relevant secretariats or ministries in the region are those responsible for Labor and Social Development, the latter more recently created. On the one hand, the growing importance attached to active employment policies, particularly under crises, has resulted in a significant

expansion of the range of options offered by employment services. On the other, a process of recent creation of Social Development ministries has been identified, to address the fight against poverty and inequity with greater political direction and strategic coordination, with varied results.

To improve the core mission of the Social Development ministries in terms of poverty reduction by promoting inter-sectoral policies and programs, it is necessary to count with a higher-level mechanism responsible for setting the guidelines to enable the required inter-ministerial cooperation, generically denominated a social authority and which different countries in the region have called the Social Cabinet, Board or Council, bringing together the various ministries and institutions responsible for social matters such as health, education, social protection, housing, etc. At the same time, it is necessary to consider the relevance of working on the coordination at three integrated levels: political, technical and operational.

As for inter-sectoral articulation, the CTPs have a wide experience by operating as the entry door to integral systems and coordination entity at the technical and operational level, allowing the various social programs to work together at the local level and becoming a communication channel between supply and demand.

#### **D. Characteristics and Labor Outcomes of Co-responsibility Transfer Programs**

There is a great diversity of CTP experiences that incorporate mechanisms to facilitate access by the beneficiaries to the labor markets. These programs incorporate different instruments and strategies in labor matters, such as job training, remedial primary and secondary education, direct or indirect job generation, promotion of self-employment and microbusinesses, and employment and labor intermediation services.

The experiences reviewed suggest several points of alert and attention regarding the actual potential of these programs to successfully include the poor and vulnerable in the labor market, in accordance with the normative principles defined in the concept of decent work and a rights-based approach. The available evidence shows that, generally, CTP beneficiaries fail to gain stable employment in a sustainable manner. The difficulties are greater among women and youths. Likewise, the programs need to address a series of difficulties and hurdles that reduce their success in a region marked by informality and unequal access to opportunities. The deficits in terms of education, the weakness of the links with the job-generating private sector, the low existence of labor opportunities at the level of the territories, and the ethnic and gender barriers, all conspire against the feasibility of these programs succeeding in driving dynamic processes of incorporation of the most poor and vulnerable in the labor market.

## **E. Final Thoughts**

To address the diversity of challenges that emerge from the reality of poverty and vulnerability simple answers by one or another sector of public policy are not sufficient; it is necessary to provide multi-sectoral approaches that include the economic, labor, productive and social dimensions, and their translation into concrete policies and measures, in which all the stakeholders and government levels have to be considered.

From the above reflection, four areas stand out as requiring greater attention and analysis in terms of the interconnections between social protection and employment:

- i. **Inter-sectoral coordination to succeed in giving rise to joint work, as well as to share knowledge, good practice and experience, and to generate positive synergies with the economic and productive sectors;**
- ii. **Generating programs and measures that target the beneficiaries and their characteristics, considering the intrinsic heterogeneity of the vulnerable sectors themselves and placing special emphasis on the strategies of accompaniment, empowerment and labor intermediation under cost-effectiveness criteria;**
- iii. **The dimension of care-giving and the urgency of considering reconciliation policies which foster, in a special way, a greater labor inclusion of women and a culture of shared responsibility in care-giving; and,**
- iv. **The requirements that stem from the ongoing monitoring and evaluation of the experiences that link social protection and employment in the region.**

## **I. Introduction**

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Despite the achievements in poverty reduction over the last decades, Latin America and the Caribbean is still the region with the highest inequality in the world. This inequality reflects a dissimilar access to permanent security mechanisms to address risks and to strengthen assets, mainly employment. The region thus faces an unfulfilled promise concerning full employment and universal access to social security.

The need to further the scope of social protection in a context of higher equity-- understanding the latter as a core component of citizen's rights and democratic governance-- has become stronger in recent years. Following this idea, several countries are moving towards the construction of social protection systems that seek to overcome the traditional fragmentation of public interventions by integrating the targeted pragmatic offering with the universalist one, in an effort aimed at covering the various risks and vulnerabilities that people face through their life cycle.

The promotion of decent work is at the core of social protection concerns, since it represents one of the main instruments to guarantee access to social security and decent standards of living. The states and the labor market's incapacity to promote the expansion of job and protection opportunities generate a context which favors the infringement of economic and social rights and which needs to be addressed with an intersectoral approach. This paper looks into this concern from the point of view of the existing links for the articulation of joint actions in the areas of employment and social protection.

This concern has received the support of a broad group of international organizations including the United Nations System (ECLAC, 2006; ILO, 2009c; United

Nations, 2000). At the Inter-American level, the Inter-American Conference of Ministers of Labor (IACML)<sup>1</sup> and the Meeting of Ministers and High Authorities of Social Development (MMSD) stand out in this area. These forums have their own mechanisms for horizontal cooperation: the Inter-American Network for Labor Administration (RIAL) and the Inter-American Social Protection Network (IASPN), respectively. The Organization of American States (OAS), through the Department of Social Development and Employment (DSDE), is the technical Secretariat of the IACML and the MMSD.

In light of the region's economic and social situation, both forums have arrived at similar conclusions<sup>2</sup>:

- **“We recognize the importance of social protection systems in addressing the needs of the most vulnerable segments of our societies, particularly in the current economic crisis. We will continue to explore models of social protection to address economic and social hardships, in balance with the need to promote labor market engagement and employability”<sup>3</sup>.**
- **“We are convinced that we must generate promotion actions to foster social mobility, decrease unemployment rates and inequity, generating enabling conditions for the development of dignified and decent labor opportunities and access to quality education and health care as two of the main factors for social inclusion”<sup>4</sup>.**

Under this light, the need to generate higher synergies among institutions which have traditionally developed their policies without much coordination with one another--identified in the region with the ministries of Labor and Social development--becomes evident. At the same time, it is necessary to consider that the efforts to strengthen labor market insertion, especially for people living under conditions of vulnerability and poverty, will not be enough unless the necessary resources to promote them are available and if the elements structurally affecting the existence of labor opportunities in the region fail to be considered--these are areas where the ministries of Finance and Economy have a leading role.

To shed some light on these debates, this document focuses on the case of co-responsibility transfer programs (CTPs). These have become one of the preeminent instruments in non-contributory social protection for the poorest and most vulnerable sectors in the region. In many cases, CTPs have become the entry door for the most vulnerable to access a unified, comprehensive and increasingly inclusive social protection system, providing transfers that are conditional upon the fulfillment of responsibilities by the beneficiaries. Although these responsibilities have mostly focused on attending social services in the fields of education and health, in recent years some experiences in the region have also included a labor component.

<sup>1</sup> The American Conference of Ministers of Labor (IACML), established in 1963, is the primary forum for political debate and decision-making regarding labor issues in the hemisphere.

<sup>2</sup> This convergence of both forums on the priority assigned to social protection and employment, led the ministries of Labor and Social Development of Brazil, together with the OAS in its capacity as technical secretariat, to decide to organize a seminar on “Inter-Sectoral Public Policies: Social Protection and Employment” to be held at the end of 2010.

<sup>3</sup> Inter-American Conference of Ministers of Labor (IACML), held in Buenos Aires, Argentina in October 2009, the motto of which was “Facing the Crisis with Development, Decent Work and Social Protection”.

<sup>4</sup> Second Meeting of Ministers and High Level Authorities of Social Development, held in Cali, Colombia, in July 2010, with the theme of “Strengthening and Providing Sustainability to Social Protection Systems”.

In that context, this document explores, from a rights-based approach, the interactions generated between social protection and employment, paying special attention to the labor market insertion of the poor and vulnerable in occupations consistent with decent job standards.

The document consists of five chapters in addition to this introduction. Chapter II focuses on the region's trajectory concerning poverty, inequality and labor vulnerability over the last three decades and confirms the impact that the different economic crises have had in the deterioration of the living conditions of the poorest and most vulnerable families. It evidences the significance of the labor market regarding vulnerability, since a large proportion of the loss of income emerges as a result of the worsening of unemployment and underemployment during the crises, as well as the urgency of implementing inclusive and integral social protection measures for all the population.

Chapter III, after identifying the role of the macroeconomy in the social sphere and the interconnection between the concepts of decent work and social protection, goes on to explain the extent to which protection and employment policies can contribute to the effectiveness of the economic and social rights directly connected to them. Along these lines, and thinking about the difficulties related to providing progressive guarantees of universal access to social protection, we present the concept of a social security floor and, in connection with labor promotion policies, we introduce the fundamental aspects of the CTP and their potential contribution to the employability of the poor and vulnerable.

Chapter IV analyzes the institutional framework within which the countries in the region seek to implement multisectoral policies. The ministries of Labor and Social Development's historical functions and roles are presented, as well as the experiences as a social authority and their capacity to overcome the difficulties that arise in the process of joint action articulation and coordination. Within this context, the main aspects of intersectoral coordination required both at a political, technical and operational level are presented, and also the role of CTPs in this coordination as entry door to the social protection systems.

Chapter V analyzes the labor components in those CTPs which incorporate mechanisms to facilitate access by the beneficiaries to the labor markets. It confirms the diversity of experiences implemented and in the process of being implemented in the region. Among the instruments that seek to improve the employability of beneficiaries are professional training and education and remedial education. The instruments that seek to activate labor demand and improve the connections with the supply include direct and indirect employment generation programs, support for self-employment and labor intermediation services among the major ones.

Finally, chapter VI concludes on four areas which require greater attention and analysis concerning the interconnections between social protection and employment: i) intersectoral coordination; ii) generation of programs and strategies targeting beneficiaries and their characteristics; iii) the role of the caregiving dimension and of the reconciliation policies that promote, in a special way, a greater labor participation of women and a culture of co-responsibility in caregiving; and iv) the

requirement for more evaluation and monitoring of the experiences linking social protection and employment in the region.

## **II. Social Protection, poverty and employment within a crisis context.**

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Labor income is the main resource on which most individuals and households in Latin America and the Caribbean depend to guarantee their livelihood and overcome poverty (Cecchini and Uthoff, 2008; ECLAC, 2009a; OECD 2009a, 2009b; Weller 2009)<sup>5</sup>. Access to the labor market is also one of the main assets families have to face a risk context (Kaztman et al., 1999) like the one brought about by the most recent world economic crisis. Therefore, the lack or the loss of a well-paid job defines to a large extent the situation of poverty in which families live, whether on a temporary basis or chronically. As stated by ECLAC (2007), the deterioration of job quality weakens the relation between product growth and poverty reduction. This is worse in a context like the regional one where social protection systems have not yet become consolidated or where there are no adequate tools to address events like the economic crisis.

At the time of the debt crisis in 1982, though important public employment programs were put in place in the region, it was not possible to prevent a rise in poverty. The crisis was of such a magnitude and the effect it had on the labor market was so big that, within the prevailing macroeconomic situation, there was no capacity to access enough resources to generate direct employment as a measure to compensate for poverty increases, and even less to affect its more structural causes (see Table 1). The absence of institutional mechanisms and of previously defined and

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<sup>5</sup> Data from the Economic Commission for Latin America and the Caribbean (ECLAC, 2009a) report that labor income represents on average 79% of the income of households in the region. Wages represent approximately two thirds of this percentage, equivalent to 52% of the total income.

adequate policy designs to react to the emergency, became a critical issue in stopping the poverty increase.

We can see this reflected in Figure 1 where it may be seen that the 1980s crisis significantly increased the poverty headcount, from 40.5% of the population in 1980 to 48.5% in 1990, only returning to the 1980-level in 2005. This tells us that even with these programs, two things happened: first, poverty increased all the same and, second, the crisis meant losing two decades and a half of our struggle against it. We can draw as a conclusion that an important component of social protection should be the creation of conditions of stability for economic growth and employment generation, together with strengthening non-contributory social protection policies geared to the protection of the assets of the most poor and vulnerable.

After the “lost decade”, and 20 years after poverty peaked, the region has benefited from a gradual reduction of poverty, even if there were downturns during the Asian crisis in 1997-1998, the strong crisis that affected Argentina and Uruguay in 2001 and the global crisis of 2008-2009 (see Figure 1). Nine million people are estimated to have fallen into poverty in 2009 with the recent crisis, adding to the 180 million of that were already in poverty in 2008 (71 millions of which were extremely poor). Likewise, many other citizens will continue in a situation of “vulnerability to impoverishment” (ECLAC, 2010a), with huge difficulties to face economic or other type of shocks. It should also be noted that said situation is highly heterogeneous within countries and across urban and rural areas, with the problem being worse in the latter (see Table 1).

As from the 1990s, and in particular in the 2002-2008 period, poverty reduction was gradually consolidated through an increased access of the working-age members of Latin American families to the labor market and income generation (Cecchini and Uthoff, 2008; ECLAC, 2009a; OCDE, 2009a, 2009b; Weller, 2009), which acted as an asset to address risk contexts (Kaztman et al., 1999).

Between 1990 and 2008, employment rates both in Latin America and the Caribbean increased by four percentage points (see Table 1). This was strongly linked to increased women’s participation in the labor market, which is good news in a scenario traditionally marked by their unequal access to the salaried job market. Additionally, since the mid 1960s, Latin American society has seen its opportunities improve due to a demographic bonus, characterized by a decrease in the dependency ratio<sup>6</sup>. Since this bonus has a limited duration, active policies are required to capitalize it in the short term so that it does not become a bigger social protection problem in the future.

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<sup>6</sup> The demographic bonus is the window of opportunity that opens due to the sustained increase of the potential economically active population and the fall in birth rates. This bonus is limited to a great extent by the aging of the population. Therefore, it is expected that by 2015 the dependency ratio will start to climb progressively in Latin America and the Caribbean (ECLAC, 2010<sup>a</sup>).

**BOX 1**  
**LESSONS FROM THE EMERGENCY EMPLOYMENT PROGRAMS DESIGNED**  
**DURING THE 1982 DEBT CRISIS**

The concern about the effects of unemployment and informality during crises is not new. Economic crises and adjustment policies in Latin America have caused significant increases in unemployment and underemployment as well as a deterioration of real salaries, with the subsequent poverty increase.

During the 1980s, the implementation of massive employment programs financed with public resources and/or international aid for development was an efficient tool to rapidly achieve a significant social effect. Unemployed and underemployed workers were granted an income in exchange for their work in infrastructure projects or their services. Those programs targeted very low income families, usually located in marginal urban zones or rural areas.

The above programs became a direct and simple way of implementing counter-cyclical policies which many governments wanted to replicate. From a review of these experiences, important lessons can be drawn concerning social protection and the timeliness of the financing, the design quality and the institutional arrangements for the implementation of new programs.

After a crisis and the recessive situations generated by adjustment policies, timely access to financing becomes difficult because of the following:

- the possibilities of increasing fiscal expenditure are limited precisely due to the fact that public and private spending are recognized as an important factor in the crisis that the adjustment policies are trying to correct;
- there are multiple expenditure requirements and these programs compete by displacing the financing for bigger-scope programs and with longer term effects;
- official development aid is conditioned, limiting the latitude for policy design.

Design difficulties arise due to the urgency and pressure resulting from addressing the emergency:

- there is no prepared projects portfolio to justify the generation of emergency employment based on economic and not only social grounds;
- there is no integrated database for employment and social protection that brings together the records of people and their families, their vested rights in social programs and the possibility of being included in the official social protection network.

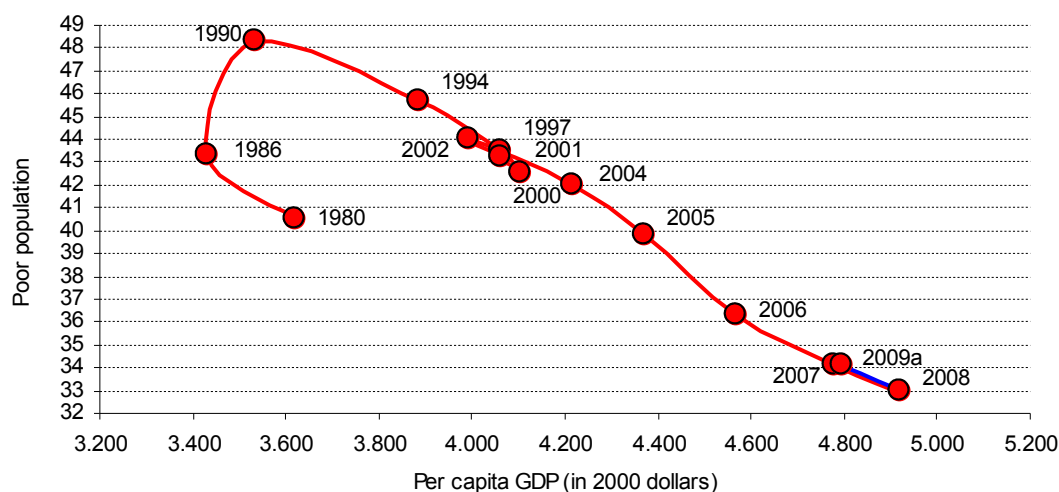
Implementation difficulties originate in the institutional weaknesses to react with the necessary urgency since:

- there are no institutional structures with entities able to access the necessary resources in a flexible and immediate way, enjoying top-level political support both from the Executive and Congress, able to connect with the territorially decentralized authorities and promote together with them the social organization of the beneficiaries;
- there are no regulatory frameworks that enable outsourcing to the businesses of the beneficiaries (many of which are small and medium enterprises, SME); no frameworks able to combine financing for emergency employment generation and the procurement of the equipment, raw material and skilled personnel to make it productive; able to offer training to improve the adequacy of the unemployed for the new jobs and the insertion of young workers; of paying decent salaries with access to health care services for the workers and their families; and of prioritizing those projects that have a permanent effect on employment (irrigation, land improvement, urban infrastructure, housing, and SMEs training and support programs.)

**Source:** ILO (1988).

This corroborates that employment acts as a linkage factor between product growth and poverty reduction and, in the absence of comprehensive social protection systems -particularly in the absence of unemployment insurance- it becomes the main determinant of its fluctuations.

**FIGURE 1**  
**EVOLUTION OF POVERTY AND PER CAPITA GDP, 1980-2009**  
*(percentage)*



**Source:** ECLAC, based on special tabulations of household surveys in the respective countries.

<sup>a</sup> Projection.

A social protection system exclusively sustained on employment and which only guarantees rights to those who access formal jobs is not propitious (ECLAC, 2006). While poverty and extreme poverty headcounts have decreased between 1990 and 2008, for almost a quarter of the workers in the region work is not yet an asset that will enable them to overcome poverty. Furthermore, 11% of the employed are in extreme poverty (United Nations, 2010). The Latin American social protection systems based on employment in formal jobs and their social security contributions are thus limited by “labor vulnerability”, i.e. by employment insecurity and instability generated by structural limitations to labor market insertion. This means that those who do not have enough labor assets (in terms of knowledge, skills, experience, access to capital, among others) do not have access to employment opportunities to gain income and access to the benefits of contributory social security that would allow them to improve their living conditions.

Such opportunities are highly heterogeneous and with significant gaps between those who are inserted in high and low productivity sectors<sup>7</sup> and between men and women. In Latin America’s urban areas, around half of the workers are in low productivity sectors (ECLAC, 2009a: 109), with low salaries, labor instability and little

<sup>7</sup> ECLAC identifies the share of the population employed in the low productivity sector with informality. It includes employers as well as salaried workers who work in companies with up to five employees (micro-businesses), domestic work or unskilled independent workers (self-employed and non-salaried family members with no professional or technical qualifications) (ECLAC, 2008a). This definition of informality is different from the one used by the ILO. ILO, in addition to differentiating between the formal sector (with medium and high productivity and effective social protection) and the informal sector (low productivity and low level of social protection) in the economy, considers that informality can occur as much in the formal as in the informal sector companies. This makes it possible to account for the reality of those who are subcontracted within formal companies, i.e. in an informal economy with the formal sector. At the same time, it also accounts for the case of formal sector salaried workers who are not covered by the labor legislation and cannot access social protection, among other benefits. (ECLAC, 2008a: 108-109; United Nations, 2010).

access to social security (United Nations, 2010)<sup>8</sup>. Women have the highest likelihood of working in the informal sector (see Table 1), which evidences that there is an important gender dimension in the structure of opportunities.

**TABLE 1**  
**POVERTY, EMPLOYMENT AND SOCIAL PROTECTION INDICATORS**  
**FOR LATIN AMERICA AND THE CARIBBEAN, 1990, 2002 AND 2008**  
(percentages)

Latin America <sup>a</sup>		1990	2002	2008
Poverty headcount	Country total	48,3	44,0	33,0
	Rural areas	65,4	61,8	52,2
	Urban areas	41,4	38,4	27,6
Extreme poverty headcount	Country total	22,5	19,4	12,9
Poverty headcount among employed workers	Country total	39,9	35,6	26,3
Extreme poverty headcount among employed workers	Country total	17,8	14,9	11,3
Employment rate	Both sexes (aged 15 and older)	57,4	59,0	61,4
	Women (aged 15 and older)	38,1	44,7	48,1
	Men (aged 15 and older)	78,3	74,6	75,8
	Youths (both sexes, aged 15-29)	54,3	52,6	54,9
Informality rate <sup>b c</sup>	Both sexes	54,6	53,9	49,8
	Women	60,2	57,7	55,5
	Men	51,9	50,6	45,9
Employed workers contributing to social security systems <sup>c d</sup>	Both sexes	52,4	49,5	51,5
	Women	52,7	49,5	51,8
	Men	52,2	48,8	51,2
Ratio of men to women's salaries <sup>c</sup>		77,8	78,4	79,1
The Caribbean <sup>e</sup>				
Employment rate	Both sexes (aged 15 and older)	50,7	53,3	54,5
	Women (aged 15 and older)	37,5	41,6	43,4
	Men (aged 15 and older)	64,5	65,5	65,9

**Source:** OAS staff, based on United Nations (2010) and ECLAC (2008a).

<sup>a</sup> Weighted average of 18 countries.

<sup>b</sup> Includes unpaid family workers and self employed, excluding those with technical or professional qualifications and the workers in low productivity sectors, including domestic work and micro-business workers.

<sup>c</sup> Additional indicators proposed by ECLAC to monitor employment targets in Latin America and the Caribbean.

<sup>d</sup> Individuals aged 15 and older who are employed and declared labor income (it does not include unpaid workers).

<sup>e</sup> Simple average of 13 countries.

In 2008 close to half of the employed did not pay into the social security system (see Table 1), most of the salaried workers did not have a formal working contract<sup>9</sup> and there were significant differences in the access to decent work according to

<sup>8</sup> Only 19% of those employed in low productivity sectors contribute to social security systems. There is a striking contrast between this number and that of 76.2% of employed in the case of the medium and high productivity sectors (ECLAC, 2010a).

<sup>9</sup> In 2006, close to 41% of the salaried workers in 12 countries in the region lacked a formal contract, indicating that middle income sectors are included among those lacking contractual formality and that, therefore they are also vulnerable (ECLAC, 2008a).

geographical area (urban or rural), age group and sex, among other factors<sup>10</sup>. Women's lower economic participation rate meant that similar social security enrollment rates by gender (40.8% for women to 41.7% for men) did not imply equal coverage for all the working-age population (WAP)<sup>11</sup>. It may be expected that with the crisis that began in 2008 these gaps may have widened, with a further deterioration of the conditions of this group.

Due to the crisis, the urban unemployment rate for 2009 was 8.5%, 0.7 percentage points higher than the previous year (7.8%) (ILO 2009a: 32), affecting 18.1 million urban workers (ibid: 29). The crisis has particularly damaged job generation, thus causing a barrier for the labor participation of younger people, which would indicate a hidden unemployment situation in addition to an increase in underemployment within this segment (ILO, 2009a). Moreover, between 2008 and 2009, the percentage of self-employed and unpaid family workers in Latin America and the Caribbean increased by 0.8% (United Nations, 2010: 19). While this corresponds to one of the strategies that vulnerable homes put into practice in a crisis scenario, it represents a risk from the perspective of decent work since these jobs lack access to social security and have a lower income as compared to the formal sector (ILO, 2009a).

Labor vulnerability thus continues to be persistent, and it is particularly acute for young people and women, who present the worst indicators in terms of the possibility of participating in the labor force, unemployment rates and income (Weller, 2009: 9; cf. United Nations, 2010). In addition, women perform home chores without acquiring the rights associated with salaried jobs<sup>12</sup>, a labor precariousness that is intensified among the poorest women<sup>13</sup> and which is compounded by the weakness of the reconciliation policies promoting the labor participation of women and redistributing caregiving responsibilities (ILO/UNDP, 2009).

In short and with varied characteristics, history presents structural difficulties to overcome the problems that arose in the 1980s and to achieve a social protection system that is responsive to crises.

In terms of **financing**, it is clear that the systems designed on the basis of work societies and where rights are acquired through contributions have serious limitations. In a crisis context, labor vulnerability is accentuated precisely among those who have not contributed to financing the protection systems and who are thus excluded. When addressing the higher precariousness and informality generated by crises, we find the contradiction that the operation of social protection systems requires contributions

<sup>10</sup> Thus, 57.5% of urban employees contribute to social security, while the figure for rural workers is only 27% (ECLAC, 2009a: 139).

<sup>11</sup> Only 15% of working-age women have social security coverage, as compared to 25% in the case of men (ECLAC, 2009a: 111). Likewise, around 2005, 40% of the women aged 15 or more living in urban areas and 53% of those living in rural areas did not have their own income (United Nations, 2007).

<sup>12</sup> In response to these gender inequalities and to recognize the important work of reproduction of the labor force, the social protection systems have begun introducing mechanisms that take into account the years invested in child care in the tally of the years of contributions to pension systems. In Chile's social security reform (2006-2010) the government introduced a bonus for each child born.

<sup>13</sup> In Latin America, the economic participation gap between men and women in 2005 was 30.1%. Likewise, women's share in the poorest decile was 37% as compared to 61% in the case of the women in the richest decile (Cecchini and Uthoff, 2008: 48), which corresponds to a gap which is lower than the gender gap, but still very large.

that the most affected part of the population has not made, preventing them from making effective their economic and social rights, affecting their human development and social cohesion (Cecchini and Martínez, 2010; ECLAC, 2007; Tokman, 2007). Faced with this problem, we see that access to the labor market and decent jobs is one of the major demands of citizens in Latin America and the Caribbean<sup>14</sup>, something which reflects an important gap between expectations and reality.

In terms of **design**, the need to incorporate family behavior dynamics and its connection with labor markets still persists. Cultural and social factors influence gender divisions in work, particularly in the so-called caregiving economy. The same factors influence the fertility differentiation by socioeconomic stratum in the population, particularly affecting the dependency ratio. Fostering employment-caregiving reconciliation, promoting an equitable distribution of these tasks between genders and fostering quality time and allocation of resources to children for their development are objectives that should be at the center of social protection in our region. They affect the parents' employability in the immediate term and the children's in the long term, they explain gender differences in labor market insertion, differences in the effectiveness of economic, social and cultural rights by gender and social stratum, and differences by social stratum in the development of human capital in youths.

In terms of **implementation**, there is still the need for a more active coordination between employment and social protection policies, considering social, gender and income inequalities jointly. Within this framework, it is urgent to reflect on the policies linked to labor institutionality and social protection.

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<sup>14</sup> To the question "Which do you consider to be the most important problem in the country?" since 1995, the respondents surveyed by Latinobarómetro have chosen unemployment, with the only exception of 2008, when crime (with 17% of answers) had a higher percentage than unemployment (15%). In 2009, in an economic crisis scenario, unemployment was mentioned as the main problem by 21% of Latin Americans and crime, by 19% (Corporación Latinobarómetro, 2009).

### **III. The Multidimensional Approach in the Design and Implementation of Social Protection Policies and Programs**

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The evidence presented in the previous chapter accounts for the unfulfilled promise concerning full employment in the region. In a context where the entry door to protection mechanisms to address risks and contingencies has traditionally been mediated by access to the formal labor market, the situation becomes highly complex and the existing answers seem to be insufficient (ECLAC, 2006).

To address these challenges it is necessary to have a set of policies which should include labor, productive, economic and social matters, and which will therefore require complex intersectoral coordination in their definition and implementation. In this document we basically focus on the links between social protection and labor market insertion, but this does not mean that, in parallel, it is not necessary to promote strategies and initiatives in each of the previously mentioned dimensions. Thus, in terms of **macroeconomy**, it is necessary to rethink the role not only of fiscal and employment policies but also of monetary policies, to make them conducive to full employment (Epstein, 2006; Palley, 2007) and to link them more explicitly to social protection. Development and productive promotion policies, with evident consequences in terms of employment, cannot be left out in this process.

There seems to be a consensus in the region referred to the fact that development should be consistent with: i) improving the labor conditions of the most vulnerable groups (Weller, 2009: 10-11); ii) ensuring the social expenditure requirements needed

to provide stability to social protection policies without affecting the macroeconomic conditions for growth; and iii) labor regulations that promote labor market flexibility without decreasing the protection of the income levels in a context of unemployment and underemployment (ECLAC, 2006; Cecchini and Martínez, 2010; ILO, 2009b).

In this sense, we should consider that the policies to stimulate the aggregate demand have a key impact on social protection and employment policies, not only concerning their capacity to promote high and stable growth rates but also by generating macroeconomic measures with a countercyclical approach through the expansion of expenditure and public investment (ILO, 2009a), which will make it possible to protect and expand decent work and improve life quality in the region.

### **A. Decent Work and Social Protection: Conceptual Aspects**

It is possible to posit that the best protection to overcome permanently the risks faced by families and individuals is *decent work*, in the sense that this would allow workers to access permanent protection mechanisms when difficult circumstances arise or when retiring. The International Labor Organization (ILO) defines decent work as that which guarantees mechanisms to access productive employment opportunities and sufficient labor income to ensure a decent standard of living, the full effectiveness of labor rights (including facilitating union negotiations) and access to social protection systems (ILO 2009c, 1999). Thus, it considers that the articulation of labor, social promotion and protection policies within a framework of rights, equity and dignity is an essential factor.

The decent work concept is directly linked to labor rights and work, recognized by international human rights instruments. On one hand, this concept assumes that individuals will have access to freely chosen jobs which will enable them to access decent standards of living, and that labor rights are part of the set of measures that accompany and protect the worker<sup>15</sup>. These rights consider and are equally linked to protection against unemployment, access to social security, and instances of vocational orientation, technical training and leisure<sup>16</sup>.

In turn, *social protection* is understood as a policy platform to assist in overcoming the risks faced by the entire population but which particularly affect the poorest households. Considering the multidimensional nature of poverty and vulnerability, policies require a multisectoral intervention, with coverage of the diverse spheres involved --including that concerned with labor matters.

There is no universal definition for the term «social protection». It is often interpreted to be broader than social security (including, in particular, the protection given to family or local community members)<sup>17</sup>, but it is also used in a more restricted sense to refer to the measures focusing on the poorest, the most vulnerable or the

<sup>15</sup> Labor rights, apart from guaranteeing access to equal salary for equal work (including equal pay for men and women), include decent work conditions (labor stability and recognition, safe and sanitary conditions at work, duration of working day and rest) and the right to unionize (United Nations, 1948 and 1966; OAS, 1969 and 1988).

<sup>16</sup> See article 6 of ICESCR (United Nations, 1966) and article 6 of the San Salvador Protocol (OAS, 1988). The latter emphasizes that vocational orientation and training measures must be especially targeted at those groups which have faced more difficulties for their labor market insertion, including the disabled and women.

excluded members of society. On the other hand, in many cases the terms «social security» and «social protection» are used in an interchangeable way and ILO (following the European tradition) uses both expressions at the time of advising its principals<sup>18</sup>.

The United Nations Economic and Social Council (United Nations, 2000) defines social protection as “a set of public and private policies and programmes undertaken by societies in response to various contingencies to offset the absence or substantial reduction of labor income; to provide assistance to families with children as well as to provide people with basic health care and housing”.

Based on the empirical analysis of the policies currently implemented by states, it is possible to distinguish three social protection components: i) non-contributory social protection, generally known as “social assistance” and with various instruments available (frequently targeted, such as income and in-kind transfers, social pensions, subsidies and scholarships); ii) contributory social protection, known as “social security” with a contributory guarantee of pension, healthcare and unemployment benefits for formal workers and their dependants; and iii) labor market regulation (with design, implementation and supervision instances)<sup>19</sup>.

Social protection thus considers answers both for those who are included in the labor market -the economically active population (EAP)- as well as for those who are not -inactive- such as in the case of children, the elderly, and people in dependency situations. Thus, it transcends the purely contributory sphere of social security policies, integrating it with non-contributory mechanisms which provide an integral social protection.

Based on non-contributory policies (assistance) as well as on contributory ones (social security), social protection, in turn, promotes and facilitates access to social services for the development and strengthening of human capital, including the areas of health, education and training. Human capital is a key asset, as much to improve the labor productivity of the economies of the countries in the region in the medium to long term, as to prevent the inter-generational reproduction of employment inequality (ECLAC, 2010b: 161).

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<sup>17</sup> This use was reflected in the report on work in the world 2000, “Income social security and social protection in a world in full transformation”, ILO, Geneva, 2000.

<sup>18</sup> We may point out, though, that ILO uses the institutional title «Social Protection Sector», which comprises a broader variety of programs than social security and which deals with matters including safety at work, labor migration and other aspects of labor conditions, such as working hours, salaries, etc.

<sup>19</sup> The regulation of labor markets includes all the activities aimed at formalizing contractual relationships, the guarantees for unionization and work safety, regulations and prohibitions associated to adolescent and child labor, and employment and minimum salary regulations (World Bank, 2001b).

## **B. Social Protection: a Comprehensive Look with a Rights-Based Approach**

Social protection policies target three functions: i) guaranteeing the minimum income level families require to cover their basic needs over their life cycle and to face various contingencies; ii) guaranteeing decent work; and iii) promoting access to social promotion and social service policies so as to significantly improve their ability to respond to risk (Cecchini and Martínez, 2010).

The above mentioned functions are closely linked to a rights-based approach, which refers to development actions governed by the human rights system standards, recognized and adopted in the various international instruments and which the states have the triple function of respecting, protecting and promoting. The adoption of this approach requires that institutions actively include - through the different stages of social policy- principles of equality and nondiscrimination, participation and empowerment, accountability and transparency (Abramovich, 2006; United Nations, 2009). Likewise it establishes that human rights are universal, reciprocally complementary and progressive in their application.

In the area of social protection, both the Universal Declaration of Human Rights (United Nations, 1948) and the International Covenant on Economic, Social and Cultural Rights (United Nations, 1966), as well as the American Convention on Human Rights (OAS, 1969) and the San Salvador Protocol (OAS, 1988), provide the regulatory floor of security and assistance requirements to be met by the states. All these instruments recognize the right to social security, labor, protection of adequate standards of living for individuals and families, as well as to the highest level of physical and mental health, and to education<sup>20</sup>.

Furthermore, given the heterogeneity of the population and their specific protection requirements based on age and life cycle (“longitudinal” integration), or to their sex, ethnic group, income level and place of residence (“transverse” integration), social protection must respond in a differential manner to diverse needs, with specific services responsive to each reality. The three components previously mentioned must come together in different combinations as to offer effective social protection to these groups, integrating the management of the different sectors (“horizontal”) and levels of government (“vertical”) (Cecchini and Martínez, 2010).

Thus, it is necessary to promote employment in the formal sector for women in the poorest and most vulnerable groups (ECLAC, 2010a; 2010b). Due to the strong gender division of housework, reconciliation policies are very important to solve the conflict between caregiving responsibilities and labor participation (ILO-UNDP, 2009). If the salary a woman can get does not compensate for the substitution or mercantilization of her caregiving tasks, it is not likely that she will participate in the labor market. Therefore, the implementation of reconciliation policies, such as improving access to

<sup>20</sup> See in particular articles 22 to 27 of the Universal Declaration of Human Rights (United Nations, 1948); 6 to 14 of ICESCR (United Nations, 1966); and articles 6 to 13 of the San Salvador Protocol (OAS, 1988). For a better understanding of the scope of a rights- based approach to social protection, see Cecchini and Martínez (2010).

child day care and care services, implementing legislation for maternity or paternity leave and benefits and promoting the facilitation of breast feeding for working mothers, would help to reduce and redistribute the costs associated to caregiving (UNDP, 2009). These policies can be effective to facilitate women's participation in the labor market with greater equity - as much for women in vulnerable groups as for women in more economically affluent strata, and to incentivize a culture of co-responsibility in terms of caregiving.

The multidimensional nature of the phenomenon of economic poverty and vulnerability, together with the aforementioned population heterogeneity, have led to an increasing development of integrated and/ or systemic schemes that seek to provide comprehensive social protection. A fundamental element for the success of these schemes is having in place a logic of inter-sectoral coordination within states, which translates into a major challenge given the sectoral logics and the unequal outcomes that characterize them in connection with the decentralization process (Repetto, 2010). At the same time, this implies strengthening the coordination mechanisms between the sectors in charge of the various public policies (such as labor, human capital strengthening and productive development policies) going beyond the social protection sphere. The aim is to activate synergies leading to a horizon of comprehensive human development and welfare.

Moving towards the integrality of contributory and non-contributory mechanisms for the social protection of the population, and accounting for the region's poverty, vulnerability and informality levels, a good share of the efforts have centered on the formulation of non-contributory policies, among which the co-responsibility transfer programs (CTPs) stand out. The implementation of these programs has contributed to expanding the supply of local services and has played an important role in the recognition by governments of the need to add new interventions to address the problem of poverty and vulnerability from an integral perspective (Cecchini and Martínez, 2010).

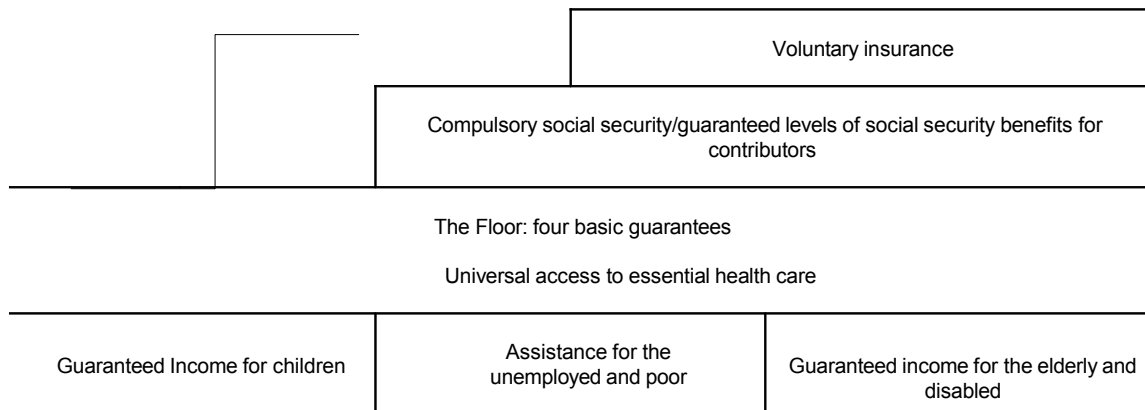
Within this framework, CTPs play a strategic role since they act as entry door to the benefits provided by public policies for vulnerable groups. From this perspective, we can see them as an outstanding channel for the articulation of social promotion and protection policies, including the ensemble of labor policies that countries currently have available. Furthermore, this coordination can be strengthened, both at the national and the territorial levels (Zapata, 2009), generating mechanisms to identify the potential demand in the registration systems, which operate as an entry door to the social protection networks.

The implementation of a horizontally and vertically comprehensive social protection supply, covering the multidimensional nature of poverty and vulnerability intersectorally is not without problems. On the contrary, there are many institutional dilemmas it entails. Chapter IV will deal with the intersectoral articulation and coordination challenges arising from the implementation of social protection and employment policies from an integral perspective.

## C. The Social Security Floor

Several answers have been formulated to address the challenge of providing integral social protection for the entire population<sup>21</sup>. Among them, considering the dimension of the task and the scarce resources, ILO, supported by different agencies in the United Nations system, suggests a social security floor consisting of four basic guarantees: i) universal basic health care; ii) guaranteed income for children; iii) guaranteed income for the elderly and disabled; and iv) non-contributory (social assistance) policies for the working-age poor who cannot generate enough income in the labor market (ILO, 2009b).

**FIGURE 2**  
**SOCIAL SECURITY FLOOR AND STAIRWAY**



**Source:** ILO (2009b) Expansion of social security to all. A review of the challenges, current practices and strategic options. TMESSC/2009.

In a step-like manner, a second level of contributory benefits is added to this floor as a right (defined and protected according to the minimum levels determined by law), and lastly, in the case of those who need or want higher levels of protection, a «higher level» of voluntary private insurance agreements can be organized. The latter should be subject to public regulation and supervision like all private insurance schemes.

This metaphor is suitable for countries at all stages of development, although the number of people whose only protection consists in some basic social guarantees is naturally higher in countries with lower levels of economic development.

<sup>21</sup> Several proposals regarding instruments and of protection systems in this sense have arisen in recent years. See, for example, the approaches to basic citizen income, universal pensions, social guarantees and basic universalism described in Cecchini and Martínez (2010).

## **D. Employment Promotion Policies**

In the region there is a wide range of specialized services and policies for employment promotion. These are positioned at key points of interrelation between employment promotion and social protection policies. On the supply side, it is possible to identify throughout the region different policies intended to further the employability of the population by improving human capital, whether by means of remedial education or with technical training and professional qualifications.

Likewise, on the demand side of labor promotion, there are also several experiences related to the labor market insertion of vulnerable groups (Weller, 2009), ranging from the social investment funds created in the 1990s, emergency programs, support for microbusinesses and self-employment, promotion or subsidies for hiring and direct employment generation, and to a smaller extent, experiences of labor intermediation.

During the 2008-2009 global crisis, countries in Latin America and the Caribbean implemented various coordinated social protection and employment policies (ECLAC, 2009b, 2009c and 2010a). These have made it possible, on the one hand, to create and protect employment through subsidies for the hiring of labor, salary protection for middle sectors, and minimum wage policy or training in case of layoffs (ECLAC, 2010a). They have also made it possible to boost hiring through increased public investment or the implementation of emergency employment programs. Within the area of non-contributory social protection, the initiatives incorporated by the governments have been mainly oriented to guaranteeing monetary income to these households and protecting their human capital accumulation through CTPs. Additionally, unemployment insurance programs and pensions have been strengthened (ILO, 2009a).

### **1. Co-responsibility Transfer Programs (CTP) and Employment.**

While social protection is not directly responsible for promoting job generation, in this document we discuss the existing possibilities to strengthen the links between non-contributory social protection and access to employment policies. Here and in the following chapters we will focus on the specific case of co-responsibility transfer programs (CTP)<sup>22</sup> due to their strong presence in the region and the opportunities they afford to incorporate and strengthen labor issues through their operation.

CTPs first made their appearance in the mid 1990s linked to the idea of improving the living conditions of the poorest families by means of short-term income transfers and long term increases in the human capital of children (Cohen and Franco, 2006; Fiszbein and Schady, 2009).

<sup>22</sup> Following Cohen and Franco (2006), in this document we speak of co-responsibility transfer programs, instead of conditional transfer programs, to make reference to the responsibility that not only befalls the beneficiaries in terms of meeting the requirements associated to the programs' demand incentive, but also to the state with respect to making available a supply of social services and social infrastructure (Cecchini et al., 2009)

CTPs particularly stand out within the set of current non-contributory social protection strategies, and they perform a strategic role as a point of access to public policy benefits for vulnerable groups. In recent years, they have been strengthened with increased financing for the operation of permanent sectoral policies (housing and microbusinesses, among others) (ECLAC, 2009b). The interest they awake is due to their presence in most of the countries in the region, their coverage of the poor and vulnerable population, the improvement in their income and standards of living and the synergies they can generate in terms of employment. Also, these programs represent a window of policy opportunities that may be opened to expand and consolidate social protection.

CTPs currently cover 113 million people; this translates into 19% of the region's total population and 59% of those who are below the poverty line<sup>23</sup>. Nevertheless, the coverage levels effectively attained by each program vary considerably. By 2010, Ecuador, with the Human Development Bonus, was the country with the highest share (44%) of the population covered by CTPs. The programs with the highest number of beneficiaries in absolute terms are Brazil's *Bolsa Família* (52 million people, almost half the region's CTP beneficiaries), Mexico's *Oportunidades* (27 million) and Colombia's *Familias en Acción* (12 million).

Since their conception, the CTPs social protection offering has been closer to that included in targeted non-contributory family allowance programs - with the addition of complying with "co-responsibilities"- than to workfare programs. This means that the inclusion of labor components in monetary transfers was not foreseen in their initial design; as opposed to what happened in transfer programs for poor families in some countries of Africa and Asia, where these have had a major role (Grinspun, 2005; United Nations, 2007). Nonetheless, CTPs have begun to increasingly include actions linked to the generation of income since it was seen that the transfer alone was not enough to reduce these families' vulnerability in the short and medium term. These concerns have been accompanied by concern for the sustainability of the actions of these programs, especially in what refers to the duration of the support and the graduation strategies, if they are to meet their objectives in a sustained way. (Yaschine and Dávila, 2008).

We could say that there is a positive synergy between CTPs and decent work principles. These programs, by providing families with more cash availability, allow them to make better labor decisions regarding their employability in decent and equitable conditions, to avoid the disaccumulation of human capital due to survival strategies which mortgage these assets (as in the case of child labor, associated to school drop-out) and make productive investments (Samson, 2009). At the same time, by fostering human capital development through co-responsibilities in health and education as one of the fundamental objectives of these programs, they contribute decisively to strengthening the labor assets of vulnerable groups.

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<sup>23</sup> Calculated based on ECLAC's population estimates for Latin America and the Caribbean in 2010 and poverty in the region in 2009.

On the other hand, the risk of the disincentives that CTP monetary transfers could generate concerning the employability of the beneficiary families has been posited, especially regarding their potential negative impact on job search. The argument is that the transfers received by the poor families could diminish their urge in finding a job, as a result of being guaranteed a certain level of income. This reasoning has been refuted and, even more, there is evidence of a positive synergy between such transfers and the employability of the families who receive them (Samson, 2009).

Levy (2008) has warned about the possible subsidies to informality and hiring traps that income transfers to the poor and vulnerable could entail. His point of view emphasizes the urgency of integrating these groups into the contributory mechanisms to universalize access to social protection, something which does not necessarily contradict the possibility of bringing employment closer through these programs. In fact, from a rights-based perspective, the fundamental objective should be that of inserting the beneficiaries in “decent” jobs and, where that objective cannot be reached, providing them with non-contributory social protection as an essential right. Likewise, it has been said that CTPs tend to be dependent on the woman in the household since, in most cases, they are the ones who receive the monetary transfers and are responsible for the fulfillment of the co-responsibilities. This might mean an additional burden to that of caring for the family and doing other house chores, and deepen gender stereotypes and intra-family conflicts if these aspects are not taken care of in the program and spaces for women empowerment are not secured (Arriagada and Mathivet, 2007; ECLAC, 2006; Molyneux, 2006; Pautassi, 2009). As shown by Gammage (2010), it is necessary to assess the real impact of these programs based on the readjustments they generate in the time allocated to paid and unpaid work<sup>24</sup>.

Concerning the links between CTPs and employment activation, chapter V of this document analyzes the labor components of those programs which include mechanisms to facilitate access by the beneficiaries to the labor market. The tools analyzed there refer to direct and indirect job generation, job training, employment services and labor intermediation, promotion of self-employment and microbusinesses and remedial primary and secondary education.

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<sup>24</sup> Based on the results of the 2000 household survey, Gammage (2010) estimates the total value of non-remunerated work in Guatemala represents between 25.7% and 34.2% of GDP. Women and girls contribute 70% of this non-remunerated work. Therefore, the earnings the CTP *Mi Familia Progres*a produces in this country should be compared with the costs it generates in terms of work associated with caregiving, since in their operation, these programs include a series of co-responsibilities disproportionately allocated to women. The total cost should thus include women’s redistribution of their time to carry out remunerated and non-remunerated work, which generates an impact both on the wellbeing of the families and that of the women.

## **IV. The Institutional Framework of Interministerial Action in the Context of Social Protection and Employment**

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The first question when thinking about the possibilities that the comprehensive social protection policies create to strengthen the poor and vulnerable's labor market insertion and decent work is to understand the intersectoral nature of these efforts and the scope and limits that the institutions involved face for such purpose.

Considering that labor issues, as well as the management of contributory (social security) and non-contributory (social assistance and promotion) policies are mainly the responsibility of two ministries, Labor and Social Development, it is important to examine how they manage to formulate, coordinate and regulate social protection policies and programs in the sense described so far. While acknowledging that the participation of the private sector and civil society in these matters plays a significant role, from a social protection perspective a fundamental role is assigned to the public institutions in developing, coordinating and regulating the related policies and programs (Barrientos and Hulme, 2008; Cecchini and Martínez, 2010). In the specific case of the CTPs, due to their eminently intersectoral nature--combining actions in health, education, income and employment--it is appropriate to assess their operation and the emerging difficulties in that regard.

## A. Institutional Framework

Intersectoral cooperation comprises two different areas of collaboration: i) that related to establishing the objectives and duties of government secretariats dedicated to social protection and employment issues and the role of their specialized units; and ii) that related to the high level authority responsible for articulating the ministerial activities in the policy framework typical of a government plan. The best practices are discussed at regional meetings and forums that facilitate the dissemination of knowledge regarding social and labor policies.

### 1. Characteristics: Objectives and Roles of Leading Ministries

As regards employment and social protection, the most relevant secretariats or ministries in the region are those responsible for Labor and Social Development--the latter more recently created. Historically, both have carried out their activities with a high degree of specialization and autonomy and, therefore, with little inter-institutional coordination. Only in recent times, based on the renewed concept of social protection, there are initiatives that seek to integrate non-contributory social protection with employment generation through interministerial programs, generating important institutional challenges stemming from their specific characteristics and management models.

Labor ministries are generally assigned the following duties and objectives:

- i. Develop labor and social security matters on a comprehensive basis through specialized under secretariats<sup>25</sup>, where the social security institutionality is organized to provide protection against lifecycle and employment risks, for which they use instruments of a contributory nature such as unemployment insurance and old age, disability and survival pensions;
- ii. Focus their expertise in the design, management and control of labor, employment, labor relations and training policies, with a long history and tradition, whose institutionality is firmly consolidated, both from a regulatory and corporatist perspective. These activities are framed by labor law, both national and international, and by the three-party system which clearly defines the organized stakeholders involved in the social dialogue with the government sector in the defense of their corporatist interests: workers and employers;
- iii. Assume as their central mission the promotion of decent work, a concept that, according to ILO (1999) expresses the broader goal for women and men to obtain “productive employment opportunities in conditions of freedom, equity, security and human dignity”. Therefore, this includes the promotion of gender equity in the labor world, as well as the reconciliation of work, family life and personal life as part of the decent work agenda;
- iv. Have specialized units, including those focusing on training and employment, usually referred to as public employment services, which are particularly relevant when the goal is to link the CTPs with programs to facilitate the

<sup>25</sup> Although, in some cases, such as in Brazil, they are two separate ministries.

inclusion of the youth and adults belonging to beneficiary households into formal work.

The growing importance attached to active employment policies, particularly in times of crisis, has resulted in a significant extension of the range of options offered by employment services, so it is increasingly common to refer to them as job intermediation systems (Mazza, 2002). Table 2 summarizes the range of services that these specialized offices may provide.

The creation of Social Development ministries to address the fight against poverty and inequity with more political direction and strategic coordination has had varied results (OAS, 2008). In many cases, they replace or include the Social Investment Funds created in the 1990s in the new institutional framework, integrating methods and approaches refined by them, such as targeting techniques, project monitoring and evaluation, participation, and more coordination and joint work with local governments. The development of unified registries of beneficiaries acquires a key importance as a critical instrument to determine the universe and selection of service and transfer recipients.

The characteristics and tasks assigned to the recently created<sup>26</sup> Social Development ministries (MDS) are:

- i. Taking over the social agenda and the understanding of the phenomenon of poverty while attending to the promotion of social inclusion and cohesion;
- ii. Strengthening the institutionality of social policies in order to meet the challenges posed by the inadequacy of the social policies that prioritized efficiency over equity (ECLAC, 2006);
- iii. Designing comprehensive and coordinated social protection programs in order to replace the traditional assistentialism<sup>27</sup>.

The considerations and reasons usually put forward to justify the need for a renewed social institutionality include, for example (OAS, 2008):

- *Social development political and programmatic priority* to eradicate poverty and inequity as a government responsibility. In this context, social protection arises as the approach that integrates the public policies in these matters.
- *Better integration of social and economic policies* to fight extreme poverty through comprehensive approaches that facilitate the inclusion of families excluded from the universal services, jointly with employment and income generation policies that allow for the medium and long term sustainability of the process.

<sup>26</sup> It is since 2000 when most of the SDG appear, as indicated in table 3.

<sup>27</sup> To that end, some countries created SDG while others reinforced the existing structures (see Cecchini and Martínez, 2010).

**TABLE 2**  
**INSTRUMENTS OF LABOR INTERMEDIATION**

Service category	Recipients	Types of services
1) Job search/ job profile	Job seekers	Skills tests or referral to such tests Creation of job profile of clients to determine the services required Résumé preparation Employment advice Job search telephone banks Assistance in job search Job clubs Individual case management
2) Placement/ Intermediation	Employers Job seekers	National vacancy database Placement for workers Review of vacancy listings (for companies) Candidate selection <i>Outplacement</i> [placement outside the firm, rehiring by another firm] Hiring for selected positions (firms)
3) Training	Job seekers Training providers Employers	Evaluation of training needs/requirements Referral to public and private training providers Direct training by the labor intermediation system (limited)
4) Specialized services for employers	Employers	Human resources assessment Legal advice on job search Selection and screening of job applicants Sector promoters and contact points Guidance on staff training
5) Information on labor market	Government (local and national) Firms Job seekers	Data supply and analysis of labor market trends
6) Unemployment insurance/ Social services Entry door to the provision of social services	Job seekers	Administration of unemployment insurance benefits and referral to a system of this kind Referral to social services or coordination therewith Referral to self-employment programs

**Source:** Mazza (2002).

- *The family as the center of the programmatic integration.* To facilitate the multidimensional approach to poverty and the integration of the programmatic offering.
- *Rights-based approach.* To replace the notion of passive customer or beneficiary by that of citizen entitled to rights, for which a permanent promotion, observance and protection of economic, social and cultural rights are required and the interaction between the state and poor families takes place within a framework of shared responsibility for making effective the citizens' rights and obligations.

- *Complementarity between universal and targeted services.* So that targeting may be a tool to reach the most excluded sectors in order to facilitate their preferential access to universal policies within a framework of a comprehensive social protection.
- *Coordination and territorial integration of intervention strategies.* To enable and leverage all the productive, cultural and social assets available in the communities, as an adjunct to the government's efforts to overcome the exclusion of those affected. Integrating and coordinating the governments' actions at the central and local level, together with those of the private sector and civil society.

In addition to these two leading ministries in social protection and employment matters, most of the countries of the region have significantly multiplied the social programs and projects under the responsibility of various government agencies, as well as being run by different NGOs. The result has been a large fragmentation and duplication of efforts with inefficient and low-impact outcomes in the reduction of extreme poverty.

To enhance the core mission of the Social Development ministries in terms of reducing poverty while promoting policies and programs of an intersectoral nature, a high level mechanism is required, responsible for establishing the guidelines that will allow for the necessary interministerial cooperation. Generically it is referred to as a social authority and the various countries in the region have denominated it Social Cabinet, Board or Council; it brings together the different ministries and institutions responsible for social issues such as health, education, social protection, housing, etc.

**TABLE 3  
MINISTRIES AND PROGRAMS**

Country	Ministry	Creation	Structure from which it is generated	CTP	Name of protection plan or strategy
Argentina	Social Development Ministry	2002	Social Development and Environment Ministry (1999)	<i>Familias por la Inclusión Social</i> <sup>a</sup>	<i>Plan Nacional Familias</i>
Brazil	Social Development and Fight against Hunger Ministry	2004	Social Assistance Ministry (MAS) Food Security Ministry (MESA) Executive Secretariat of <i>Bolsa Família</i> Program	<i>Bolsa Família</i>	<i>Fome Zero</i>
Ecuador	Social Coordination and Development Ministry	2007	---		
	Economic and Social Inclusion Ministry	2007	Social Welfare Ministry (1980)	<i>Bono de Desarrollo Humano</i>	<i>Programa de Protección Social</i>
Mexico	Social Development Secretariat	1992	Urban Development and Ecology Secretariat (1982) Programming and Budget Secretariat	<i>Oportunidades</i>	<i>Vivir Mejor</i>
Panamá	Social Development Ministry	2005	Youth, Women, Children and Family Ministry (1997)	<i>Red de Oportunidades</i>	Social Protection System
Peru	Women and Social Development Ministry	2002	Women and Human Development Promotion Ministry (1996)	<i>Juntos</i>	<i>Estrategia Nacional Crecer</i>
Uruguay	Social Development Ministry	2005	Sports and Youth Ministry (2000) Sports and Youth Fund (2001) National Youth Institute (1990) National Family and Women's Institute (1991) Child and Adolescent Institute	Family allowances	Plan de equidad
Chile	Planning Ministry (MIDEPLAN) <sup>b</sup>	1990	Planning Office (ODEPLAN) (1967)	<i>Programa Puente del Chile Solidario</i>	Intersectoral social protection system
Colombia	National Planning Department (DNP)	1968	---	<i>Familias en Acción</i> <sup>c</sup>	Social protection network to overcome extreme poverty - <i>Juntos</i>

**Source:** Own preparation based on OAS data (2008) and information obtained from the websites of the appropriate ministries.

<sup>a</sup> In 2009 a Universal Child Allowance for Social Protection was launched, which absorbs the beneficiaries of the program *Familias por la Inclusión Social*.

<sup>b</sup> On May 21, 2010, the Government of Chile announced the creation of the Social Development Ministry.

<sup>c</sup> DNP coordinates, and the Presidential Agency for Social Action and Cooperation executes.

## B. Social Authority and Institutional Coordination

While the areas of coordination at the technical level in terms of the design (and at the operating level in terms of the implementation) of social protection policies and programs are critical for their best performance, the relevance of the coordination and the political will is essential to ensure their installation, sustainability and outreach. Based on the foregoing, there arises the need for a “social authority”, defined as the institutional arrangement responsible for prioritizing, coordinating, allocating resources, controlling and evaluating (Franco, 2010), allowing for the promotion of intersectoral policies. This authority is capable of directing the extended macrosocial policy, coordinating the sector policies of the Education, Health, Housing and Labor Ministries and, more recently, the Social Development Ministry, in close relationship with the policies of the Finance ministries<sup>28</sup>. The underlying theme is the political leadership at the highest level, unconditional and necessary to carry out the process of prioritizing issues, putting them in the public agenda, designing, approving legislatively and implementing the appropriate reforms. The authority is thus responsible for providing the sectoral guidelines in the broadest framework of government policy, establishing intersectoral articulations and allocating the appropriate resources.

The Uruguayan case is illustrative. The creation of the Social Development Ministry in 2005 was accompanied by the creation of the Social Cabinet and the National Council of Social Policies Coordination. The Cabinet consists of eight ministers and is chaired by the Social Development Minister. This body is designed to advise and propose social plans, programs and projects; analyze, define and agree on priorities and budget allocations for public social spending; design strategies and guidelines for joint action on social policies, and articulate intergovernmental actions, including the national and municipal levels, and of a sectoral in nature, with the various agencies and public entities. The Council, in turn, is responsible for implementing and executing the agreements and resolutions of the Social Cabinet (Uruguay Social, 2009).

However, there are some other cases. Among the different forms that the social authority concept has taken, we should point out (OAS, 2008; Franco, 2010):

**National Planning Agency:** A powerful and technically organized agency placed at a high level in the administrative hierarchy, usually equivalent to a ministry, which coordinates its relationship with the economic policy, especially with the budget and sectoral and intersectoral programs. The National Planning Department (DNP) of Colombia is an example of this situation.

**Social Coordination Ministry:** A sectoral ministry is appointed to perform the coordination, or a supra-sectoral ministry is created as the authority in the area. In the latter case, sectoral ministries become part of that ministry as government secretariats. For example, in the case of Ecuador, since 2007 coordination ministries have been created in various areas, including the Social Development Coordination Ministry, responsible for managing the registry of social program beneficiaries and coordinating the social programs developed through different ministries<sup>29</sup>.

<sup>28</sup> The case of Chile has been interesting, where large reforms such as the social security reform was coordinated from the President’s Office, supported by the Budget Directorate of the Finance Ministry and the Social Security Undersecretariat and the Pension Superintendence of the Labor and Social Security Ministry (Arenas, 2010).

**Social Cabinet:** Collegiate social entity established at the highest level of political and administrative leadership, composed of ministers in the social area and some executives of the public agencies involved. It has frequently been directed by the President or Vice President of the Republic. It has normally operated as a forum to set the social agenda and approve the guidelines and it has made it possible to coordinate policies. Experience has shown that, unless there is a technical secretariat that prepares the reference material and provides the necessary analyses, it will not likely operate properly and successfully. Most countries have set up an organization of this kind.

**National Council of Social Policy Coordination:** It is similar to the previous one, except it also includes civil society representatives, thus opening a much broader space for consultation and agreement on social policies. In open and democratic societies it gains importance as a conduit for dialogue between citizens and government and provides levels of legitimacy to governmental action. Recent examples are the National Councils in Argentina and Brazil.

**Social Leadership:** A minister is appointed to lead the group of ministries in the social area. Rather than a super minister, the institutional position is that of an area leader and its representative before the President. In the case of Costa Rica, it is a presidential tool that facilitates management in view of the high number of ministries and public agencies involved in the social policy.

Despite the existing inter-institutional coordination experiences, many challenges remain, particularly given the potential duplication of work and the maintenance of sector segmentation logics. This reinforces the idea that without the ministries' political support and cooperation (Cecchini and Martínez, 2010), any action of this nature becomes unfeasible, particularly in light of the challenges implied in devising new ways of articulating social protection and labor policies.

A prerequisite to this end is to create spaces that allow for a shared vision of the desired society and, therefore, of "the priorities and the sequencing that are involved in a medium and long-term strategic action" (Acuña, 2010:1). But the articulated intersectoral work is not merely the result of individual wills; rather it is necessary to implement specific instances to make success possible, among which Cecchini and Martínez (2010) highlight the following, in addition to the policy articulation at the highest level: policy analysis and participatory design; establishment of formal work arrangements and responsibilities, with clear participation agreements, appointment of counterparts and specialized focal points on specific topics; communication channels and clearly defined and agreed mechanisms to resolve doubts and differences; and evaluation and analysis instances.

The organizational structure required in each country will depend on its own institutionality, so no single model or example needs to be identified, since it should always be adapted to the specific national environment, and there are many examples in this sense, as mentioned above.

<sup>29</sup> Ministries of Finance, Labor and Employment, Public Health, Economic and Social Inclusion, Education, Urban Development and Housing, Agriculture, Livestock, Fish Farming and Fisheries, National Planning and Development Secretariat and National Migrants Secretariat.

Repetto (2010: 33, 35) identifies three different levels of coordination and articulation of a pro-integrality social policy: macro, meso and micro. The first one relates to the definition of social policy and its general guidelines, expressed for example in the social cabinets; the second one refers to a specific field of the policy (e.g., educational policy) or a combination of sectors geared towards a common purpose, such as social protection systems; the third one is in the specific programs that require the articulation of different sectors. The author underlines the success of CTPs in the last of these levels, but he adds that this is the level where it is less difficult to perform these actions, as opposed to the first two.<sup>30</sup>

Similarly, Cecchini and Martinez (2010) propose working on the coordination at three integrated levels: political, technical and operational. The first is located at the highest level of the government's organizational structure, i.e. the president's office, ministries and departments responsible for prioritizing and designing social policies, including social protection policies, such as the social cabinets and coordination ministries. The second comprises those who are responsible for implementing the policies through specific programs and projects, usually managers and senior professionals in ministries, program technical secretaries and subnational agencies, local government associations, etc. This includes the agencies responsible for CTPs and social security institutions. The third level is that of those who have the role of implementing programs and projects at the local level and who interact directly with the target population, and in addition, in many cases, the participation of the private sector, NGOs and others, all of which, in many cases, multiplies the number of stakeholders. Screening mechanisms and registries of beneficiaries and experiences of coordinated care, such as one-stop windows, are relevant at this level and should not be restricted to social protection programs, but rather, could include social services of various kinds where a joint scheme could create synergies in effectiveness and/or efficiency.

Thus, it is vital to have coordination at all levels. Technical articulation is not feasible without the support of the political authorities in charge of the sectors and institutions involved, nor will the policy articulation be effective unless collaboration at the technical and operational level is generated, something which requires adapting the different work logics and cultures to share information and knowledge in order to achieve common goals (Cecchini and Martinez, 2010).

<sup>30</sup> Among the reasons stated above, Repetto (2010) mentions the incentive generated across different administration levels by the fact that the interventions are assigned a high political value by the higher levels (i.e. President's Office, Economy or Finance Ministry). Also, the fact that, despite being important in terms of visibility and coverage, they do not need to involve all the interventions in each sector. Finally, the fact that CTPs generally have their own resources and relatively well-defined operating rules to foster articulation across the various instances.

### C. CTPs and Intersectoral Logics

In the framework of social protection, CTPs have come to play a central role as an entry door to integral systems and as coordination entities at the technical and operational level, enabling the joint work of different social programs at the local level and becoming a communication channel between demand and supply.

CTPs and social protection in general are built on logics that are inherently intersectoral. By incorporating transfers subject to responsibilities in various dimensions: typically, health and education--these programs require integration both in terms of the supply of programs and policies, and of their demand by families, individuals and communities. On the supply side, a horizontal integration axis-- in terms of the institutions participating in each of the policies considered-- intersects a vertical axis--in relation to the administrative levels that must be coordinated across states, departments, provinces and municipalities. On the demand side, CTPs must have a cross-cutting response for the different vulnerable groups according to their relationship with the labor market, ethnicity, gender, etc., as well as a longitudinal response, generating responses that take into account people's life cycle (Cecchini and Martinez, 2010).

Such requirements demand complex technical coordination instances. For example, in the case of the system *Chile Solidario*, the Executive Secretariat has been responsible for articulating the institutions that deliver social services and of ensuring their networking, generating resources for specific pending needs, and for data management. In the case of the Dominican Republic's CTP *Solidaridad*, the Intersectoral Coordination Committee (CCS), consisting of the Ministries of Health, Education and Finance, National Health Insurance, the *Solidaridad* Program and the Technical Directorate of the Social Cabinet, seeks to improve the matching between service demand and supply at the central and local level (Gómez, 2010). Based on the work of this Committee, common objectives have been established in health, education and nutrition, in order to optimize the role of this CTP in strengthening sectoral plans; also, coverage gaps have been identified at the local level and efforts are being made to link them to budget allocation mechanisms to expand the supply ("budget locks").

## **V. Characteristics and Labor Outcomes of Co-responsibility Transfer Programs**

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### **A. CTP Instruments to Promote Employment for Vulnerable Groups**

As mentioned in Chapter III, co-responsibility transfer programs have increasingly included employment components for their beneficiaries. The logic behind this action is that of establishing sustainable exit strategies for the program beneficiaries, through actions that promote increased family capacities and a better use of autonomous income generation opportunities (Britto, 2006). For this purpose, the programs' installed capacity is used to articulate actions in the vulnerable communities and families, and to promote their transition and access to and by the pre-existing social services and policies. In varying degrees, depending on the emphasis of each program, attempts have been made to combine the monetary transfers intended to ensure certain standards of living, with "activation measures" (Farnes, 2009) aimed at improving the current employment conditions and the future employability of the beneficiaries. This leads us to the issue of the role played by these programs in the labor market insertion of the poor and vulnerable and the extent to which they may contribute towards the regulatory principles of decent work and a rights-based approach.

The main tools that have been used in connection with CTPs have been active labor market policies, i.e. "labor market interventions aimed at fighting unemployment and improving workers' income" (ECLAC, 2008b). The tools adopted include direct or indirect job generation, job training, employment and labor intermediation services and the promotion of self-employment and microbusinesses (ECLAC, 2008b). Additionally, a fifth instrument is added: remedial primary and secondary education courses, since the lack of cultural capital is a central obstacle for the labor market insertion of vulnerable

groups and prevents them from making the best possible use of the existing opportunities through the remaining interventions mentioned above (Weller, 2009).

The labor component is unevenly present in the region's CTPs, and has managed to give rise to an intersectoral approach particularly in those cases where new programs have been created for beneficiaries whose profile matches the characteristics of those who receive co-responsibility transfers, or else where it has been possible to facilitate the linkage of CTP beneficiaries with other programs that already existed in the public offering in the field of labor. Examples of the first case can be found in Ecuador, with the Solidarity Productive Credit (*Crédito Productivo Solidario*), whose main beneficiaries are individuals receiving the Human Development Bonus (*Bono de Desarrollo Humano*), although it is also open to people who do not receive the bonus but are poor. In the second case, we can also mention the experiences of *Red Juntos* in Colombia and, particularly, *Chile Solidario*, which offer access to a series of programs operated by different government and non-government agencies (see Table 4). We can also mention the case of *Bolsa Família* through the so-called "supplementary programs" such as *Proximo Passo* established on the basis of a Labor Ministry's job training and intermediation program (*Plano Setorial de Qualificação Profissional para os Beneficiários do Programa Bolsa Família, Planseq*), but tailored to the families of *Bolsa Família*.

In other cases, employment components have been added directly as part of the package of benefits provided by the CTPs and the recipients may be the entire target population or certain specific population categories within it. Some experiences include that of Mexico with the "*Jóvenes con Oportunidades*" component of the *Oportunidades* program, as well as the *DI-Mujer* and Youth Bonus (*DI-Familia*) programs associated with the PRAFT of Honduras, which aim at assisting housewives and youths, respectively. To the extent that these actions tend to increase the programs' complexity and to burden them with interventions which are not always within the scope of the ministries where they are located, the sectoral articulation may encounter greater difficulties<sup>31</sup>.

The following describes in more detail the general characteristics of the links between CTPs and active labor market policies in the region (see Table 4).

<sup>31</sup> The annex reviews in further detail the cases of Argentina, Brazil and Chile and how the respective programs implemented by these countries have incorporated a labor component.

TABLE 4

## LATIN AMERICA AND THE CARIBBEAN: CTPS INCLUDING MECHANISMS FOR LABOR MARKET INSERTION OF VULNERABLE GROUPS, 2010

Country	Program	Labor supply (employability)		Labor demand			
		Remedial education and school drop-out	Technical and professional training	Self employment support	Labor intermediation services	Direct job generation	Indirect job generation
Argentina	<i>Jefas y Jefes de Hogar Desocupados</i>		Yes (Training and Employment Insurance (SCyE)) <sup>a</sup>		Yes (Training and Employment Insurance (SCyE)) <sup>a</sup>	Yes	
	<i>Familias por la Inclusión Social</i>	Yes	Yes	Yes (Local Development and Social Economy Plan "Manos a la Obra") <sup>a</sup>			
Brazil	<i>Bolsa Família</i> *	Yes ( <i>Brasil Alfabetizado</i> ) <sup>a</sup>	Yes ( <i>Próximo Passo</i> ) <sup>a</sup>	Yes (National Family Agriculture Program (PRONAF B)) <sup>a</sup>	Yes ( <i>Próximo Passo</i> ) <sup>a</sup>		
			Yes ( <i>Programa de Qualificação Profissional Continuada (Acreditar)</i> ) <sup>a</sup>	Yes ( <i>Crediamigo</i> and <i>Agroamigo</i> ) <sup>a</sup>	Yes ( <i>Programa de Qualificação Profissional Continuada (Acreditar)</i> ) <sup>a</sup>		
				Yes ( <i>Programa Nacional de Microcrédito Produtivo Orientado</i> ) <sup>a</sup>			
Chile	<i>Chile Solidario</i>	Yes (Pro-retention subsidy)	Yes (Labor competence development program for women <i>Chile Solidario</i> ) <sup>a</sup>	Yes (Program to support family production for self-consumption) <sup>a</sup>	Yes (Employment support program of the <i>Chile Solidario</i> system and Preparation for work) <sup>a</sup>		- Labor hiring bonus program <sup>a</sup>
		Yes (School retention support scholarship (BARE)) <sup>a</sup>	Yes (Employment support program of the <i>Chile Solidario</i> system and Preparation for work) <sup>a</sup>	Yes (Urban indigenous micro-business generation program) <sup>a</sup>	Yes (Youth employability support program) <sup>a</sup>		
			Yes (Youth employability support program) <sup>a</sup>	Yes (Micro-business support program (PAME) and <i>Emprende Más</i> ) <sup>a</sup>			

TABLE 4 (Continued)

**TABLE 4** (Conclusion)

Country	Program	Labor supply (employability)		Labor demand		
		Remedial education and school drop-out	Technical and professional training	Self employment support	Labor intermediation services	Direct job generation
Colombia	<i>Familias en Acción</i> <sup>a</sup>			Yes <sup>b</sup>	Yes <sup>b</sup>	
Costa Rica	<i>Avancemos</i>	Yes				
Ecuador	<i>Bono de Desarrollo Humano</i> <sup>a</sup>			Yes (Solidarity Productive Credit Program)		
El Salvador	<i>Comunidades Solidarias Rurales</i>		Yes	Yes		
Honduras	PRAF			Yes (Comprehensive Women Development Bonus)		
Mexico	<i>Oportunidades</i>			Yes (Youth Bonus) Yes ( <i>Jóvenes con Oportunidades</i> )		
Panamá	<i>Red de Oportunidades</i>		Yes			
Paraguay	<i>Abrazo</i> <sup>a</sup>		Yes (Bansocial)	Yes ( <i>Bansocial</i> )		
Trinidad and Tobago	Targeted Conditional Cash Transfer Programme (TCCTP)		Yes <sup>c</sup>	Yes <sup>c</sup>	Yes	

**Source:** Own preparation based on the Social Programs Database, Social Development Division, ECLAC.

<sup>a</sup> Supplementary program.

<sup>b</sup> Through *Red Juntos*.

<sup>c</sup> In addition, the Micro Enterprise and Training Grant (MEG) program may also be accessed.

## B. Labor Supply Instruments

A first set of instruments incorporated in the region's CTPs is aimed at improving the employability conditions of the vulnerable groups, that is, they are instruments that operate directly to improve the labor supply.

### 1. Job Training and Education

Job training and education activities aim at improving and increasing the assets held by vulnerable families and individuals by improving their knowledge and skills (Weller, 2009). Job training and education generate the broadest consensus among the various stakeholders, since their impact on both productivity and job stability is recognized, promoting upward labor market trajectories and the achievement of higher wages (ECLAC, 2008a).

In this regard, mention may be made of traditional training activities, aimed at developing the learning of a trade, as well as competency training, which consists rather in the development of skills applicable to various circumstances and adaptable to change (ECLAC, 2008b). In the latter group we may highlight the case of Trinidad and Tobago's TCCTP which includes the attendance of beneficiaries to "life skills" courses that include talks on anger management and other social skills. Different evaluations show the benefits of supplementing the training with a practical component in addition to the development of basic, social and cross-cutting competencies (Weller, 2009).

In Argentina, the mitigation of the crisis that developed in the late 2001 brought to the fore the need for generating long-term policy solutions (see Annex). In this context, observing the profile of the beneficiaries of the Heads of Household Plan (*Plan Jefas y Jefes de Hogar Desocupados*) which in 2002 unified the various emergency employment programs, it was concluded that they could be sorted into three groups according to their "employability" probabilities (labor histories, current characteristics in terms of education capital, age group, etc.), with different policy solutions being established for the three groups. For those who were in a better situation (young people, with medium and high education level and some job skills), the Training and Employment Insurance (*Seguro de Capacitación y Empleo*, SCyE) was designed to offer support in job seeking, updating labor competencies and labor market insertion. Those who were believed to have more difficulties, but with reinsertion possibilities (young adults and older persons with low education capital and low skills), could access the insurance with an emphasis on job training actions. The rest of the target population was referred to non-contributory programs.

In Brazil, with a joint initiative of the Ministry of Social Development and Fight against Hunger (MDS) and the Ministry of Labor and Employment (MTE), the Federal Government implemented a national job training and reinsertion plan (*Plano Setorial de Qualificação Profissional para os Beneficiários do Programa Bolsa Família*, PlanSeQ), called *Proximo Passo* (see Annex). This plan seeks to encourage the articulation between the labor and non-contributory social protection sectors at the federal, state and municipal levels. It is part of *Programa de Aceleração del Crecimeinto (PAC)*, launched in 2007, a program comprising federal government investments in infrastructure and economic measures to stimulate private investment in areas considered essential for the Brazilian economy. The requirements for participation are:

i) being a member of a family that receives the *Bolsa Familia* program; ii) being 18 or older; and iii) having completed at least the 4th year of primary school. The families who have members with this profile receive a letter inviting them to select one of them to enroll in one of the courses offered. The participation in *Proximo Passo* is not mandatory nor is it one of the conditions required by the *Bolsa Familia* program. It encourages the participation of women to stimulate their productive insertion, for which purpose a minimum of 30% of the vacancies have been reserved. Courses are free and participants receive financial support to cover transportation and lunch costs. During the courses, there is recruitment to fill the available vacancies. The graduates who are not recruited at this stage enter the MTE's *Sistema de Gestión de Acciones de Empleo (SIGAE)*, which crosses data on employer demand and available supply by qualification level.

The beneficiaries of *Chile Solidario* can access programs that focus on the labor enablement<sup>32</sup> of the beneficiaries through a labor market insertion process, training in trades, monitoring and support. In these programs, municipalities play a significant role through the Municipal Job Placement Offices (OMIL) (see Annex). These offices are responsible for managing labor intermediation services at the local level, connecting the job offers (especially in the context of emergency jobs) with the potential supply among the poor and vulnerable groups. Also noteworthy is the Labor Undersecretariat's *Programa de Formación, Capacitación y Empleo (PROFOCAP)*, which includes training activities as well as job competence workshops with a gender approach, and covers areas such as computer literacy, work safety, workers' rights, among others (Profocap, 2010). The *Fondo de Inversión Social (FOSIS)* of the Planning Ministry (MIDEPLAN) has the mission of strengthening the social protection system. Its labor-related actions include the *Programa de Preparación para el Trabajo*, which offers training courses and workshops to strengthen the beneficiaries' labor skills for labor market insertion, and the youth employability program, which seeks to strengthen the capacity of youths aged 18 to 24 years, and contemplates training and education in the context of the preparation of an individual *Labor Market Insertion Plan*. Finally, based on an Agreement between the Women Development and Promotion Foundation (Prodemu) and the National Agricultural Development Institute (INDAP) of the Ministry of Agriculture, there is a specific training program for women beneficiaries of *Chile Solidario*, which seeks to develop technical and general labor competencies. The trained women are subsequently connected to other job placement instruments in the system (*Chile Solidario*, 2010).

The evidence shows that professional training and education programs achieve higher levels of effectiveness when accompanied by financial support that allows the beneficiaries to cover certain transaction costs such as transportation or food (Weller, 2009). Along this line, the Argentine *Familias por la Inclusión Social* program offered its beneficiaries, in addition to a transfer according to the number of family members, a voluntary transfer for those adult members wishing to access training and/or education completion programs organized by accredited non-governmental organizations. According to the figures released by the Ministry of Social Development (2009), this grant was used almost exclusively by women (90%), and more than half of the beneficiaries were between 30 and 45 years old.

<sup>32</sup> Social and labor enablement consists in working with the individual to define a labor trajectory, his/her goals and the assistance required for placement in a salaried job with intensive monitoring and support.

Regarding the latter, it has been highlighted that it is necessary for job training and education programs to incorporate modalities that facilitate, most notably, the attendance of women and that promote the reconciliation of work and care under a logic of co-responsibility. This is a particularly sensitive issue for CTPs, since, as discussed in Chapter III, they have been criticized for increasing women's responsibilities as a result of considering them as primarily responsible for meeting the requirements of these programs (González de la Rocha, 2008; Molyneux, 2006). Without active strategies in this field, there is an increased risk of drop-out or only partial participation in program activities by this group (Weller, 2009: 50).

Another important finding is the need to diversify the training offer. It is worth distinguishing between the training of those who are already employed or have more links with formal employment, which requires a focus on improving their productivity and/or specialization, and the training of people who have been laid off, aimed at improving their employability and re-training. Likewise, it is necessary to distinguish between ongoing training for those already in the labor market, versus that aimed at those who join it for the first time. In these cases there is also a need to include vocational orientation elements in the training.

The assessments available for this type of program show positive effects in terms of increased income and probabilities of employment, reducing the duration of unemployment. However, there are a number of elements to be considered regarding these positive results. Firstly, there seems to be a consensus that the favorable effects are closely related to the general economic activity and the point in the cycle, so that at times of recession its effects tend to disappear (Nekby, 2008; Farné, 2009). On the other hand, it has been mentioned that training programs may be very expensive and may not work for everyone. Those who seem to derive the greatest benefits from them appear to be adult women (Farnes, 2009) and youth (Nekby, 2008). Additionally, it has been highlighted that it is important for these programs to be conducted on a small scale in order to ensure collaboration with local businesses to implement certification systems for the skills obtained and to include on-the-job practical components in businesses (Farné, 2009).

## **2. Remedial Education and School Drop-Out**

The education levels attained are a key indicator to understand labor vulnerability (Weller, 2009). In this regard, the efforts to prevent school drop-out or to promote the completion of studies are crucial. Indeed, the assessments show that the success of training programs has a limit associated with the quality of the basic education received: the better the quality of primary and secondary education, the greater the use that is made by the beneficiaries of the training (ibid: 51). In connection with this, it should be noted that one of the pillars common to CTPs is promoting school attendance, especially in primary education, using income transfers as an incentive.

In this context, it is important to quote a recent study on the long-term results of welfare-to-work programs in the United States which indicates that those programs that made an extensive use of focused and modular education and training and provided formal skills beyond basic education were more successful in placing workers with better wages (Poppe, et al 2004). However, the same research underlines that education and human capital deficits resulting from poverty and structural and

intergenerational marginalization cannot be offset with training courses for a few weeks. The efforts that yielded significant and lasting benefits generally invested time and funds to provide basic and modular education, training and support over several years both before and after getting the first job.

As to remedial courses, the case of *Bolsa Família* stands out in the region. This program offers its beneficiaries the possibility of gaining access to the *Brasil Alfabetizado* program for illiterate people aged over 15, operated by the Ministry of Education. In fact, under the umbrella of the 1988 Constitution, the first income transfers programs for poor families with school-age children appeared in the early 1990s in the Federal District and various municipalities in Brazil<sup>33</sup>. These programs shared certain common characteristics: they were transfer programs conditional on the children's school attendance and, in some cases, the attendance of unemployed parents to training and employment programs (Godoy, 2004). The creation of *Bolsa Escola* in 2001 and later the unification of the sectoral transfer programs in *Bolsa Família* in 2003 marked the nation-wide consolidation of targeted income transfer programs conditional human capital elements in Brazil.

On the other hand, the *Chile Solidario* system sets the rules and procedures required to incorporate beneficiaries into public education programs and services. The program ensures that the offer covers the incremental demand through the management of inter-institutional agreements and the transfer of funds<sup>34</sup>, while the *Puente* program provides the beneficiaries with the information and basic competencies to avail themselves of grants and programs. In this context, one of the components of *Chile Solidario* is based on organizing the sectoral supply around the condition that no child under age 15 leaves school to work. It provides cash transfers aimed at retaining youths in the last years of secondary education. Also in this case the beneficiaries' access to remedial programs has been considered.

In Argentina, the *Familias por la Inclusión Social* program of the Ministry of Social Development is a program of conditional cash transfers to vulnerable and at social risk families with children or disability. It basically addresses families in structural poverty with a female head and minor dependants. The cash transfers start with families with two children and increase for each additional child, up to a maximum of six children. To receive them, mothers have to comply with activities linked to children's school attendance and medical check-ups<sup>35</sup>.

## C. Labor Demand Instruments

<sup>33</sup> The main programs were that of the Federal District of Brasilia (1995) and those of the municipalities of Campinas (1995), Belo Horizonte (1997), Vitória (1997) and Recife (1997). According to Godoy (2004) between 1995 and 2001, when the first of these programs was implemented nation-wide (*Bolsa Escola*), similar programs had arisen in seven states of the country, including 10 of the 27 capitals and over 200 municipalities with governments of different political parties.

<sup>34</sup> Intersectoral management required significant changes at the institutional level and in areas such as the way of allocating resources to the sectors, the coordination among them and across the various administrative levels, as well as a large degree of decentralization and strengthening of local government capacities (FOSIS, 2004a).

<sup>35</sup> In late 2009, the Argentine government created a new co-responsibility transfer program, *Asignación Universal por Hijo para la Protección Social (AUH)*, to which the beneficiaries of *Familias por la Inclusión Social* are transferred.

A second set of instruments is aimed at improving labor demand and/or creating links with potential employers.

### 1. Direct job generation

Direct job generation refers to the expansion of labor demand through emergency employment plans and/or departmental, regional and municipal development plans that offer temporary jobs. These plans are often limited to household heads and use a low level of wages as a means of self-targeting.

In Argentina, the *Jefas y Jefes* plan offered employment components to families with unemployed household heads, with children under age 18 or disabled of any age and/or pregnant women. The families who were participating in other employment or training programs at any administrative level (national, provincial or municipal) or who received other social security benefits and non-contributory pensions were explicitly excluded. The program offered the households the possibility of choosing whether the beneficiary would be the husband or the wife. The plan required that the household head perform at least 20 hours a week (from four to six hours a day) in any of the employment activities under the program. It was expected that this labor requirement would act as a form of self-targeting to reach the people most in need of assistance. The job placement was done through municipal employment offices and the employment services network. These provide guidance and assistance in job search, labor intermediation services to find a job in the private and public sector, basic and professional training services, participation in job training and technical assistance for developing self-employment projects. Additionally, to strengthen the relationship of the beneficiaries with the labor market, it was determined that the time spent in the program would be computed towards the future retirement.

A hybrid case is that of Brazil, where the creation of *PlanSeq - Bolsa Família (Proximo Passo)* was conceived in close conjunction with the launch in early 2007 of the Growth Acceleration Program (*Programa de Aceleração do Crescimento, PAC*), consisting in a series of measures taken by the federal government to improve the infrastructure and stimulate private investment in areas considered essential for the development of the country's economy (MDS and MTE, undateda, undatedb). Thus, the civil construction sector was the first one to join *Planseq - Bolsa Família*. Subsequently, this plan included *Minha Casa Minha Vida*, for the expansion and improvement of housing for a significant portion of the Brazilian population. Finally, the tourism sector also joined in response to the significant increase in labor force demand experienced in recent years and which is expected to continue growing strongly as a result of the organization of sports events such as the Soccer World Cup in 2014 and the Olympic Games in the city of Rio de Janeiro in 2016 (MTur, undated).

The public policy options revolve around the use of the available resources: whether the goal is to create more jobs, but with lower productivity and lower pay, or else to create fewer jobs but with higher productivity and wages (cf. IDB, 2009). The choice depends largely on the ability to implement the programs quickly. For example, the implementation of labor-intensive programs to carry out public work projects supposes having a portfolio of investment projects previously approved and ready for execution.

These interventions appear closely linked to the economic conditions and crises that generate a large and sudden surge in unemployment, which signifies the absence of adequate social protection systems or makes evident their failures in terms of coverage and effectiveness, especially in their component of regulation of labor relations and unemployment insurance (ECLAC, 2008b: 38). Thus, to the extent that the corresponding social protection policies are not implemented or corrected, this type of programs pose important sustainability challenges. It has been found in the region that emergency employment programs often acquire continuity and tend to become institutionalized given the chronic problems of the labor market to absorb the workers expelled during the crisis period, generating political pressure for their maintenance over time (ECLAC, 2008b). A recurring problem is precisely that these programs begin to address the circumstantial conditions too late and last for longer periods (IDB, 2009).

The creation of this sort of situation is their main weakness, since, although their effectiveness has been recognized when it comes to addressing short term income gaps (Weller, 2009: 56), it has also been found that they do not necessarily generate better employability conditions--or worse, they may even affect them, so permanence in these programs could be counterproductive for a worker (IDB, 2009; Nekby, 2008). In this sense, it is noteworthy that both the *Jefas y Jefes* plan and the *PANES (Plan de Atención Nacional a la Emergencia Social)* in Uruguay included education completion and training components. In the case of PANES, for example, the component called *Construyendo Rutas de Salida*, which extended to more than 16,000 household heads, included a socio-educational and community program on generating strategies to overcome different social emergency situations, including literacy restoration, training and dealing with the subjective dimension, promotion of citizenship rights and self-esteem, and inclusion of beneficiaries in various community activities.

## 2. Indirect job generation

Indirect job generation refers to the public provision of economic incentives for hiring by private companies. These incentives act as a subsidy to reduce non-wage labor costs (social security contributions) or to cover part of the wages. Subsidies are offered for a limited period, with the expectation that the employment relationship will be maintained beyond the effectiveness of the subsidy (Farné, 2009).

In Chile, the *Chile Solidario* system uses incentives to facilitate labor market insertion, both for companies that employ individuals and for Municipal Labor Intermediation Offices (OMIL) that place individuals in jobs. One of these interventions is a bonus program for labor recruitment, which funds the hiring of unemployed workers from families served by *Chile Solidario* (see Annex). The bonus is equivalent to 50% of the minimum monthly salary for a period of one to four months renewable for two additional months in the case of adults and a period of four months, renewable for another four, in the case of youths. Additionally, this intervention funds job training costs for each worker hired. Other programs provide a hiring bonus as a percentage of the minimum monthly salary for a certain number of months, combined with funding for training.

The experiences reviewed in developed countries show that this is the method that yields the best results in terms of the probability of finding a job (Nekby, 2008). Additionally, it has been found that these strategies can be highly effective for specific

categories of workers who have chronic insertion difficulties (long-term unemployment, female heads of household, low-income and low skills workers, youth, immigrants, etc.), as is the case of CTP beneficiaries.

It has been underlined, on the other hand, that these employment subsidies are more effective when combined with other components, such as on-the-job training and job search advice (Farné, 2009; Nekby, 2008). Some of these experiences have been tested in *Chile Solidario*, which offers a bonus amounting to 50% of the salary, plus an additional amount for training (optional) and a monthly bonus for transportation and food. This subsidy has been designed in two modalities, one for adults and one for youths, and it is managed by the National Training and Employment Service (SENCE).

However, a number of weaknesses have been detected in these programs, mainly linked to the fact that the introduction of these subsidies could generate distortions in the companies' hiring decisions. They include the perception that this is a permanent subsidy on their workforce or that these subsidies could promote the replacement of regular workers with subsidized hires. There is also a "dead weight" risk; i.e. that the subsidy leads to the hiring of employees that would have been hired anyway. To avoid this, it has been noted that it is important to design it with a view to proper targeting by worker categories or economic sectors (IDB, 2009) and to monitor them (Farné, 2009).

### 3. Self employment support

This comprises the interventions to promote self-employment and microbusinesses, in the understanding that this favors an increase of assets for the vulnerable, while expanding the structure of opportunities in the labor market. In the context of poor and extremely poor households, self-employment activities and microbusinesses are closely related to exclusion from market access and to productive resources, which brings the subject into a particularly close relationship with the analysis of the problems faced by the informal sector in the region (Tokman, 2008). The major instruments used to promote self-employment and microbusinesses are microcredits and other non-financial services primarily linked to training on savings and finance, economic planning, microbusiness and leadership.

In Brazil, the so-called "supplementary programs" of *Bolsa Família* that started to emerge as from 2006, comprise microcredit programs at the federal level in the *Programa Nacional de Microcrédito Produtivo Orientado* of the Ministry of Work and Employment, and the *Programa Nacional de Fortalecimiento de la Agricultura Familiar*, Pronaf, of the Ministry of Agricultural Development, and at the state level (*Agroamigo* and *Crediamigo* in the northeast, supported by the Banco do Nordeste). It is noteworthy in the latter case (*Crediamigo*) that much of the demand for these policy solutions comes from households that already perform such activities. This means that the actions offered should be able to differentiate between the needs and requirements of the existing businesses and promoting the creation of new microbusinesses and productive undertakings.

In Chile, the program *Apoyo al Microemprendimiento* is one of the instruments of FOSIS which provides a financial grant or seed capital to acquire inputs and purchase the materials necessary to start a business. In addition, through group courses and

workshops the program provides training in entrepreneurial skills, marketing and management and covers a period of technical support and counseling. There is also a specific version of this program to support microbusinesses of indigenous people living in urban areas and who are *Chile Solidario* beneficiaries, which is run by FOSIS and the National Indigenous Development Corporation (CONADI). FOSIS also manages a program to support existing microbusinesses, *Emprende Más*, with the beneficiaries of *Chile Solidario* having preferential access.

While they have been one of the most helpful elements to enhance the labor market insertion of the *Chile Solidario* families, microbusinesses have failed to become the main occupation of the household head, due to the low income level they generate, and they remain supplementary and/or subsistence activities when it is not possible to obtain a salaried job. The low returns are the reason why projects are abandoned, and this often involves the sale of the assets that were acquired or their transfer to the community for use or disposal. The families tend to have a positive evaluation of their self-employment experience and of having started a venture, but after they graduate from *Puente* they show a stronger inclination towards formal jobs, influenced by their own failed experiences with microbusinesses under *Puente* (see Annex).

The establishment of such policies implies recognizing the role played by the informal sector in providing income generation alternatives for the population with fewer resources, to the extent that the formal sector cannot absorb the whole of the labor force (Ribas and Machado, 2008; Tokman, 2008). While these policies are an important alternative for vulnerable families to take advantage of the capital available in the household -physical capital, time, labor- which due to its nature is not readily valued externally, there is a relationship between small undertakings, low productivity and vulnerability and insecurity. Thus, it is crucial to consider strategies to generate opportunities to formalize the labor relationships that are created in such undertakings, allowing them to provide sustainable employment and livelihood alternatives under the decent work and labor rights approach. To this end, it is essential to ensure universal access to social protection benefits that allow the people involved in these activities to diminish the specific socioeconomic risks to which they are exposed, without affecting their entrepreneurial capacity.

Likewise, actively incorporating in the microbusiness policies for poor and vulnerable sectors strategies to formalize their undertakings (Tokman, 2008: 33), as well as training and education components, is a major point in this reflection. Part of the success of these programs, especially when it comes to new undertakings, pivots on their non-financial component, i.e. training, and, especially, in developing certain skills related to market access analysis, development of business plans, management and accounting issues and formalization options as well as legal knowledge. In all these respects, providing temporary support for these initiatives is important. In this regard, we should mention the case of Panama's *Red de Oportunidades* which, jointly with the training on productive development, includes other classes on topics such as management and entrepreneurship and budget and financing, although it has been found that attendance to the latter is considerably lower (MIDES, 2008). Similarly, the Solidarity Productive Credit that is provided to beneficiaries of the Human Development Bonus in Ecuador includes a training component with activities related to human development and civil rights, business management and productive development, in

addition to providing support for microbusiness activities. In both cases, the interventions are under the relevant programs and ministries, which reduces the possibility of incorporating the specific knowledge of the sectors involved (training, production, etc.) into the program management, while at the same time opening a window of opportunity to strengthen intersectoral articulation.

In turn, we should take into account the conditions under which these productive activities emerge, since the concerns and problems that arise are different depending on whether these activities are the result of a decision by the household or if they are a subsistence strategy. In other words, it is necessary to distinguish between those who undertake a business or productive activity out of vocation and those who do so out of necessity (Heller, 2010). In this regard, it has been stressed that the programs that promote microbusinesses tend to be effective only for the minority of workers who are interested in starting a new business and, above all, that they provide better outcomes when the beneficiaries are motivated adults with a relatively high level of education (Farné, 2009).

The region's scenario, however, shows that the largest waves of undertakings have emerged in times of crisis (Heller, 2010), and in general are subsistence strategies, with little capacity to generate systematic improvements in the individual living conditions (ECLAC, 2008b) although they are valuable to the extent that they constitute a vital alternative for those who have no possibility of procuring a less precarious job and a higher income level (Rodríguez and Alvarado, 2008: 70). To the extent that these subsistence initiatives are understood to constitute a "bridge" (ibid) towards more sustainable productive alternatives, the existence of policies to promote self-employment that include a close relationship with social protection policies can be an important tool to promote permanent productive activities inscribed in formal labor relations.

An important element in the discussion of these policies that has not been adequately incorporated in such interventions is the innovation component, especially innovation relating to production processes and their management (*how* to produce) rather than those relating to the products as such (*what* to produce) (Heller, 2010, Rodríguez and Alvarado, 2008). Additionally, the importance of partnering as a factor in the success and sustainability of new production projects has been highlighted (Rodríguez and Alvarado, 2008: 70). Both elements point directly at the synergies that can be created between different government agencies and the private sector.

Thus, the programs promoting self-employment should adopt a "multiservice approach" (Weller, 2009), comprising a set of interventions targeting specific aspects and acting on specific requirements, to provide, as may be appropriate, the most suitable service package, ranging from a timely intervention to remove a specific threat to the success of a productive project, to the full package that includes the complete range of services. In this context, the robustness of institutional capacities to carry out interventions at different stages and levels is essential (Weller, 2009). In this regard, we should also highlight the experience of Ecuador's Solidarity Productive Credit and its Specialized Comprehensive Assistance component, aimed at improving the supply of financial services - agile processing, diverse microfinance products - with an emphasis on the requirements which are specific of marginal rural and urban areas where the

beneficiaries of the Human Development Bond are mostly located (Social Protection Program, 2010).

#### 4. Intermediation Services

Labor intermediation services provide general information on the labor market. They act as liaison, bring supply and demand closer through the dissemination of information on vacancies and job seekers and supporting the preparation of labor market insertion strategies, to make better use of the structure of labor market opportunities (ECLAC, 2008b). An example of the incorporation of these actions is Trinidad and Tobago's TCCTP which requires heads of household to register with the relevant employment agency.

The experience of the countries in the region, as well as that of developed countries, shows the importance of having support associated with this instrument. As mentioned above, the program *Empleabilidad Juvenil* (Youth Employability), which is available to the *Chile Solidario* system beneficiaries, includes the development of individual employability plans, for which young people receive permanent support in both a job training component and in the effective referral and monitoring. Also, the Bonus program for labor recruitment, in both its modalities: for adults (age 30 and over) and youths (ages 18 to 29), provides intermediation services through the Municipal Job Placement Offices (OMIL). The OMILs facilitate the job placement of these individuals, and receive Ch\$ 70,000 (US\$140) for each qualified beneficiary and a Ch\$ 20,000 (US\$40) bond if the individual remains in the job for a minimum of four months.

Registration with the OMILs is high and the institutional networks are a relevant strategy to link the poorest families with the labor market. But this does not prevent these families from continuing to have trouble finding stable jobs. The main problem is that the jobs available are still inadequate for the profile and labor background of the beneficiaries of *Chile Solidario*. There is little connection with the private sector; the responsible instances do not work with private agencies, and the connection between labor supply and demand is not effected. This situation is exacerbated by the OMILs lack of human and financial resources. The placement incentive has been ineffective since its payment is often late or simply fails to reach the OMIL. Another deficit is that there lacks period of monitoring and evaluation of the employment status of the beneficiaries after the end of the subsidy; likewise key elements of the program success, such as the drop-out rate fail to be assessed. Additionally, the jobs the beneficiaries are able to access are low-quality jobs. This is exacerbated in the case of women, since the phases in the family life cycle and the demand for care associated with each phase ultimately determine their possibilities of gaining successful insertion in formal jobs.

In the United States, the experience of Chicago's *Project Match* program has shown that following up on the employability process is fundamental although, to ensure sustainability, the beneficiaries may require up to 9 or 10 years of support. On the other hand, in the case of the program *Opportunity NYC/Family Rewards*, it has been found that in the absence of a socio-assistential support component (or accompaniment), the inclusion of co-responsibilities associated with training and work does not always succeed in improving the employability of the beneficiaries (see Box 2). This program provided rewards for those parents who participate in certified training activities and work at least 10 hours per week; however, the results showed that in a period of crisis,

the participation in training courses was low and increased employment concentrated on the informal sector, which presents the complexities described in the previous section.

While such programs have the appeal of their low cost, they lose effectiveness in times of recession when companies are not willing to hire (Farné, 2009). Moreover, given the sociocultural characteristics of the region, a large proportion of the hiring continues to be done through informal means, i.e. personal contacts and recommendations, which undermines the efficiency of these services and contributes to an increased segmentation in the labor market (ECLAC, 2008b: 42).

Thus, to adjust them to the needs of the region there should be a gradual transition from mere intermediation to setting up centers that support a productive labor market insertion, including various types of interventions on a more comprehensive basis (Weller, 2009: 56). In this regard, Farné (2009) proposes that these services should become “one-stop windows” that allow vulnerable workers to access other interventions (job generation, training and education, microbusinesses, etc.) according to the specific needs of the service applicants.

There still remain a series of challenges related to improving the procedures inherent to intermediation. On the one hand, it is essential to promote the development of competences and human capital in the labor supply, and to implement appropriate mechanisms to evaluate these initiatives. On the other hand, there are core issues to address, associated with an adequate regulation of the labor market, stimulus for the formalization of labor relations and the proper provision of social protection for both formal and informal workers. Associated with the above, it is also necessary to implement programs that encourage sharing the burden of unpaid work between men and women, or the creation of care systems to facilitate the labor market insertion of women, as central elements of a social protection system.

**BOX 2****OPPORTUNITY NYC/FAMILY REWARDS****CONDITIONAL CASH TRANSFER PROGRAMS OF THE CITY OF NEW YORK**

Inspired by Mexico's *Oportunidades* program, in 2007 the Mayor of New York City launched the *Opportunity NYC/Family Rewards* program. Conceived as a pilot for three years, the project was implemented to completion in August 2010 in six neighborhoods of the Bronx, Brooklyn and Manhattan. The purpose of this intervention was to contribute to the immediate poverty reduction of the city's poorest groups through cash transfers conditional on the implementation of actions and investments to increase the human capital of children in order to stop the intergenerational reproduction of poverty.

The selection of the neighborhoods was based on geographic targeting, whereby the areas with the highest prevalence of poverty were identified. In the six neighborhoods the poverty rate was in the range of 35% to 40%, as compared to 18% for New York City as a whole. The unemployment rate averaged 19% in these neighborhoods, while it stood at 5% for the City as a whole. Household-level targeting contemplated families with incomes equivalent to or below 130% of the poverty line as defined by the Federal Government. In addition to being eligible, the families were required to have at least one child enrolled in the fourth, seventh or ninth year at school. A total of 4,800 eligible families applied for the program and were randomized into a control group and an intervention group.

The 2,400 families participating in the program could receive, during the project's three years, up to 22 "monetary rewards" provided they met a set of conditions in three areas: child education, preventive health care for parents and children and job training for parents. The value of the incentives ranged from US\$ 20 to US\$ 600.

Some of the most significant differences between this program and most of the CTPs in Latin America and the Caribbean are: 1) it is not the core program to fight poverty, but rather a complement to the main programs at the federal, state and local level, 2) it is seen only as an incentives program and does not provide any socio-assistential support to participating families, 3) in the education area, it measures the learning outcomes and not only school attendance, 4) it includes a labor incentive component, and 5) it has an experimental design, with randomized control and intervention groups. In March 2010 the first evaluation of the results of the first two years of the program was reported.

The findings of the evaluation indicate that most participating families met the conditions and were rewarded with an average amount of US\$ 6,000 for the two years. Compared with the control group, the families in the program showed the following outcomes: 1) reduction of poverty and hunger and of certain housing and health deficits, 2) increase in savings and more likelihood of having bank accounts, 3) no improvement in school performance in younger students, but increased school attendance and improved standardized test scores among the most advanced students in the upper grades of secondary education, 4) slight increase in receiving health care and 5) substantial increase in preventive dental care, 6) increased employment in the informal sector (jobs without unemployment insurance) but a decrease in the formal sector.

As to the rewards related to work and training, they were distributed as follows: the condition to receive a reward for work was that the participant should work at least 30 hours per week for six to eight weeks. Those parents who worked this minimum period received US\$300 every two months, equivalent to US\$1,800 a year. It was expected that the reward would be an incentive to find a job since, combined with a salary, it significantly increased the income level. For example, a mother who worked 40 hours a week with a salary of US\$8 per hour, increased her gain to US\$ 8,90 per hour with the addition of the work reward, which represented an 11% increase in her net salary.

In order to contribute to the acquisition of knowledge and skills that facilitate obtaining better jobs and pay, the program established rewards for parents who participated in recognized training activities and worked at least 10 hours a week. This last requirement was intended to prevent the reward from becoming an incentive to remain unemployed or leave the labor force. The reward was in the range of US\$300 to US\$600, depending on the duration of the course, with a cap of US\$3,000 per adult in a three-year period.

In general, the participation in training courses was minimal and the increase in employment concentrated in informal jobs. According to the authors of the evaluation, the factors that could account for this finding include the economic crisis and the initial emphasis placed by the implementing agencies in the program's education and health components. In addition, the novelty of this program was the existence of an incentive package: a family with two children could earn up to US\$3,000 in education rewards, plus over US\$2,000 in health rewards and over US\$2,000 in labor and training rewards. This could lead families to favor certain components over others, particularly those related to employment.

**Source:** Riccio et al. (2010).

#### 4.1 CTPs and Labor Market Insertion of Vulnerable Groups: Synthesis

As seen in the cases reviewed, the labor component has been progressively incorporated into the CTPs operating in the region. Based on the experiences reviewed, there are several points of attention and alert about the real potential of these programs to succeed in including the poor and vulnerable in employment, in accordance with the regulatory principles defined in the concept of decent work and a rights-based approach.

The available evidence shows that, in general, CTP beneficiaries do not succeed in gaining a stable job on a sustainable basis. As described in the Annex for the case of Brazil, the beneficiaries of *Bolsa Família* who manage to find a job remain in it for periods not exceeding 11 months (Soares and Leichsenring, 2010). Furthermore, the evidence collected for rural areas where the *Oportunidades* program has been implemented (González de la Rocha, 2008) shows that, although improvements have been made in terms of employment of the participants, most of them have informal labor market occupations and, hence, with a weak access to sustainable protection mechanisms. The case of Chile (see Annex) also illustrates the difficulties that persist for the labor market insertion of the beneficiaries, particularly for women (Rangel, 2010).

The programs that contain a labor component create specific strategies for their beneficiaries, or else articulate with other pre-existing policies. However, they must resolve a number of difficulties and obstacles that hinder their success in a region marked by informality and inequality in the access to opportunities. On the one hand, we see deficits in basic education that prevent matching the available job opportunities and job seekers, on which these programs have little intervention capacity.

Secondly, the employability of the beneficiaries should be promoted in a context where the links with the private sector are not always active, or else in territories where there are few employment opportunities. Finally, this forces those who have more possibilities to migrate, as shown by González de la Rocha (2008) for rural and indigenous areas in Mexico. In this sense, improving the links and intermediation with the private sector seems to be a key point, to contribute to the effectiveness of the universal right to a job, as well as strengthening the local approach in this component.

At the same time, the programs face ethnic and gender barriers that must be addressed, which also combine territorial variables, particularly in the case of members of indigenous groups living in areas where jobs are scarce, and cultural variables. The experiences analyzed do not contemplate the incorporation of reconciliation policies to resolve the critical issues presented by CTPs in terms of gender. Likewise, they do not consider the specific requirements of other groups with less access to the labor market, such as people with disabilities, or in a different dimension, indigenous peoples.

Also, it is necessary to consider more in depth the requirements of a more permanent socio-assistential support throughout the labor market insertion process and tackling the dilemmas of inclusion and promotion of informal jobs, often precarious and in violation of the framework of decent work and the rights-based approach. In effect, the exit to a job in the informal labor market appears to be the most feasible pathway for many of the poor and vulnerable households (documented, for example, in the case of *Chile Solidario* in the Annex). This calls our attention to the need for a progressive

strengthening of the contributory structures in the region and expanding access to sustainable security mechanisms over time, along with ensuring universal access to staged social protection mechanisms (Cecchini and Martinez, 2010; ILO, 2009b).

Thus, on the one hand the programs show constraints that are closely related to long-standing structural factors and that, due to their scope, they fail to modify. On the other, there are a number of areas that can be strengthened, especially from the perspective of the intersectoral articulation necessary to optimize the policy resources and programs available in each country. In this sense, CTPs hold a privileged position, both to detect and expose deficits in labor supply and demand, and in specialized policies, in the case of work/care reconciliation policies, as well as to build true entry and access bridges, not only to a universally guaranteed social protection, but also to the series of policies and arrangements existing in the public policy network.

## **VI. Final Thoughts**

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Latin America and the Caribbean face significant challenges in terms of employment and social protection, as shown by the evolution of poverty, employment and informality data. These challenges are intensified in times of crisis, not only because of the significant budgetary restrictions that are imposed on these countries, but fundamentally because it is at those times that the impacts generated by the lack of adequate and permanent answers for the protection of the poorest and most vulnerable become evident.

As noted here, the problems related to poverty and vulnerability do not arise solely from a lack of income or employment, but rather compound a broad spectrum of social, cultural and economic factors, expressed as variedly as the heterogeneity of population in terms of age, sex, ethnicity, educational level, etc. Thus, addressing these challenges is not only a matter of simple answers from one or another public policy sector; it requires multisectoral responses that include the economic, labor, social and productive areas, and their translation into concrete policies and measures, in which all stakeholders and government levels must be considered.

Employment is fundamental for protection if we considered that having poor quality or a lack of assets in demand in the labor market is a key determinant of vulnerability. Access to unstable work conditions and meager incomes not only affect quality of life; it also hinders complying with the obligations of the social security systems that operate based on contributory schemes. In the absence of solidarity within the systems, the situation becomes more precarious. That is why we say that decent work is one of the main pathways to permanently overcoming the risks affecting the population, particularly the poorest and most vulnerable and, therefore, its promotion stands out as one of the functions of social protection.

The region is in a process of seeking out and implementing various responses to combine both dimensions - social protection and employment - from the standpoint of integrality, seeking to develop strategies to articulate demand and supply, and promoting a sustainable strengthening of the assets of the poor and vulnerable.

In this field, we have highlighted the experience of the CTPs, not only because of their broad dissemination and for being emblematic of the new social institutionality in the region, but also for their potential to create bridges between labor supply and demand, and to act as a point of entry to the ensemble of policies that are part of social protection and specialized social services for social development and human capital. These programs initially sought to reduce core factors in intergenerational poverty transmission and social exclusion such as malnutrition, infant mortality, school dropout and child labor. Later, they also began including measures to improve the employability of the active members of the families and improve their labor market insertion. As shown in chapter V regarding the incorporation of a labor component in CTPs, there are diverse experiences. Different instruments have been included in these programs, such as education experiences, remedial courses and training, including labor and vocational orientation. Furthermore, initiatives of direct and indirect job creation have been developed, in addition to programs to support microbusinesses and labor intermediation instances.

In the discussion on the articulation between social protection and employment, in light of these programs, there are a number of issues that require more thought and research, as listed below.

### **A. The Complex Link between Employment and Comprehensive Social Protection**

To reduce poverty and vulnerability, and enhance the capacities of individuals and families to improve their quality of life on an autonomous basis, explicit efforts are required to coordinate the policies executed by groups that have traditionally worked separately, developing expertise in specific areas of each process and specializing in serving certain population groups.

The generation of coordination arrangements is fundamental; firstly, to succeed in forging joint work, both in terms of enhancing the complementarity of pre-existing policies and to generate new initiatives. It is also necessary for the transfer of knowledge, good practices and experiences. This effort requires, in the first place, a intersectoral coordination between the Ministries of Labor and Social Development. It is necessary to create concrete mechanisms that make it possible to identify the potential demand in the registration systems, as well as institutional developments to articulate parallel efforts. In the articulation process, it is critical to achieve an optimal coordination between the policy, technical and operating levels, while also considering that such coordination acquires a critical dimension in the implementation of joint actions at the local level. In this sense, the social authority can be conceived as a forum to establish policy guidelines to enable the complex relationships across ministries and the central, regional and local levels.

Thus, a first aspect to be considered in greater depth is that of the structures and institutional arrangements to facilitate and promote such coordination at each stage of joint action management, gathering the lessons derived from experience. In this direction, the CTPs have already gone a long way.

However, it has been emphasized that the joint actions undertaken in labor matters will not succeed if they fail to articulate with the private sector and, particularly, without the generation of economic and productive policies that offer the synergies required for labor demand to meet a large labor supply, with a focus on the principles of decent work. On their own, CTPs are not capable of generating direct employment and the State cannot fund these placements. And without quality job creation, any initiatives in terms of job training or labor market insertion policies become fragile. Therefore, in designing joint actions, it will also be necessary to include the Ministries of Economy and Finance, an issue that until now has not been made evident in the experiences described.

## **B. Orientation Focused on the Characteristics of the Beneficiaries and their Barriers to Enter the Labor Market**

CTP beneficiaries are families and individuals in poverty and indigence. At the same time, during a crisis, families that were not poor, fall into poverty. Therefore, we find chronic and temporary poverty dimensions that relate to the possibility of entering the labor market permanently or with a high turnover, as evidenced among the beneficiaries of these programs.

Designing programs from the perspective of the beneficiaries' needs is crucial for their proper operation. In this effort, the heterogeneity inherent to the vulnerable sectors and their specific needs regarding active employment programs should not be overlooked. There must be flexible and varied programs, that is, a "toolkit" with "multiple choices" (Weller, 2009: 68) offering feasible alternatives that are specific for the different requirements of the vulnerable sectors.

In this sense, it has been found that labor accompaniment, enablement and intermediation strategies are important tools to match labor demand and supply, and facilitate the labor market insertion process in the long term. These could be better included in the experience of the CTPs that incorporate a labor component. It is also necessary to consider, however, the effectiveness of the actions and their responsiveness in the short and long term, as well as the cost-effectiveness of the interventions (IDB, 2009). In this regard, it should be emphasized, following Farné (2009), that active labor market policies are not designed to solve mass or chronic unemployment problems, but rather serve to enhance the effects on the labor market of other policies, including macroeconomic, sectoral and social protection policies.

At the same time, we need to recognize the significant limitations involved in the insertion in informal labor market jobs, especially for the poorest and most vulnerable, as well as the activation of microbusiness strategies. These strategies should be viewed with caution, seeking to lay down inclusive foundations towards contributory mechanisms. It is also vital to consider that there are a number of fixed costs implicit in

the job search process that these families face, and include the design of actions, transportation subsidies or other areas as appropriate.

Again, in this dimension we stress the importance of having permanent security mechanisms for the entire population that transcend the definitive possibility of inclusion in the labor market in a stable manner.

### **C. The Dimension of Women's Caregiving and Labor Market Insertion**

In the experience of the countries that are implementing CTPs with a labor component, we have identified an important critical issue in the inclusion of women in labor market insertion initiatives. The difficulties arise both from the actual design of the CTPs, which assign them a role focused on caregiving and compliance with co-responsibilities; and the weakness of the reconciliation mechanisms between work and caregiving, and the promotion of a culture of co-responsibility in the latter.

Addressing these needs with an affirmative perspective from the job qualification process onwards--for example, including child care programs during the education and training period, as well as child care grants, once at work-- is crucial in the current scenario of a region marked by the reality of households with high dependency ratios and, consequently, a high caregiving demand. At the same time, the evidence shows persistent gaps faced by women in their labor market insertion as compared to men, a dynamics to which these programs might be contributing.

These and other difficulties also extend to other population groups not considered in these interventions, which require more relevant and efficient designs in view of their barriers to enter the labor market, such as youths, indigenous peoples and people with disabilities.

### **D. Monitoring and Evaluation**

The experiences reviewed evidence the need to continue exploring labor market insertion instruments and strategies that could be better suited to families and individuals who are beneficiaries of programs such as CTPs. At present, it is not possible to identify a significant number of evaluations to draw definitive conclusions about their effectiveness in generating changes in the labor assets of the poor and vulnerable, and promoting their entry into jobs consistent with the decent work approach. Little is known about whether it is better to activate access by CTP beneficiaries to existing employment programs, or else to generate specific initiatives. Neither do we know if based on their greater availability of resources, the families are able to acquire assets that can lead to productive or commercial undertakings.

Thus, it is necessary to emphasize the need to expand the monitoring and evaluation actions of these programs in the employment dimension, in order to fully understand their limitations and the challenges that arise in the articulation of employment and social protection actions.

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**Annex**

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## Three Co-Responsibility Transfer Programs in Latin America

In recent years, the CTPs in the region have developed various experiences in the inclusion of labor insertion mechanisms. This can be illustrated with the experiences of three countries, namely: Argentina, Brazil and Chile.

The Argentine case shows the close relationship that arises between employment and social protection programs in a crisis, as illustrated by the experience of the Unemployed Heads of Household Program (*Programa Jefas y Jefes de Hogar Desocupados*, PJJHD). Progressively, a transition can be observed from the PJJHD towards policy solutions designed to operate beyond the emergency, and intended to establish more inclusive social protection systems. These solutions seek to address the diversity of needs of the potential beneficiaries, as is the case of the training and employment program (*Seguro de Capacitación y Empleo*, SCyE) and that which provides for the social inclusion of families (*Familias por la Inclusión Social*), as well as extending universal access to social protection, as in the case of the Universal Child Allowance (*Asignación Universal por Hijo*, AUH)

The Brazilian case shows important lessons with respect to inter-sectoral articulation and agreement with the private sector derived from the efforts to adapt and link the programs run by the Ministry of Labor and Employment with the labor market insertion requirements of the beneficiaries of *Bolsa Família* through the program called *PlanSeQ - Bolsa Família* or “*Proximo Passo*” (“Next Step”). This experience evidences how important it is to have long term macro plans to frame such actions under the umbrella of a systemic concern.

Finally, in the case of the *Chile Solidario* program, two alternatives are offered to meet the expectations of the households with respect to income generation and labor market insertion: the link with the formal labor market through grants to subsidize hiring and through labor intermediation actions -the experience of the Labor Recruitment Subsidy program and insertion through self-employment and microbusinesses -by means of the microbusiness support program *Apoyo al Microemprendimiento*.

### 1. Argentina: from Social Policies in an Emergency to the Pursuit of Universal Coverage

The Unemployed Heads of Household Program (*Programa Jefas y Jefes de Hogar Desocupados*, PJJHD) was launched in May 2002 in the context of the severe economic, political and social crisis which affected the country in late 2001. Said events mark a turning point in the social, economic and political course which the country had been following during the 1990s; there was a drastic worsening of labor market indicators and large sectors of the vigorous middle class were left in social and economic vulnerability conditions. The 2001 crisis caused a steep rise in unemployment rates and, by 2002, more than one half of the population was below the poverty line and about one quarter was below the extreme poverty line (Agis, Cañete and Panigo, undated; Golbert, 2004).

The social policy scenario in Argentina was marked both by the existence of comprehensive institutional arrangements aimed at providing benefits linked to salaried

work and by the weaknesses of the targeted social programs, and it became necessary to create a special plan to address the emergency. In this context, a multiplicity of targeted programs were established, with low coverage and of a temporary nature, mainly comprised of benefits for the unemployed and linked to work requirements<sup>36</sup>. A direct precedent of the *Jefas y Jefes* Plan, and a relevant milestone in this course of action, was *Plan Trabajar* implemented by the Ministry of Labor, Employment and Social Security (*Ministerio de Trabajo, Empleo y Seguridad Social, MTEySS*), which operated between 1996 and 2002 as a temporary employment program which paid a monthly cash transfer along with other benefits (health care, accident insurance) to people in unemployment and poverty, in exchange for work –generally, a temporary job in community services-- which covered 130 thousand people (Cruces, Epele and Guardia, 2006; Golbert, 2004).

These efforts were concurrent with the implementation of cash transfer programs. In 1996, the Social Development Secretariat approved the Vulnerable Group Assistance Program (*Programa de Atención a Grupos Vulnerables, PAGV*), which contemplated non-contributory social protection actions aimed at socially excluded households, irrespective of their insertion in the labor market. In 2001, in the context of the crisis, a cash transfer component was added to this program, designated Human Development Income (*Ingreso de Desarrollo Humano, IDH*), constituting a direct precedent of the program *Familias por la Inclusión Social* (Campos, Faur and Pautassi, 2007).

The *Jefas y Jefes* program constituted the main response of the Argentine Government in terms of non-contributory social protection and income transfer actions to address the crisis; it absorbed a good share of the beneficiaries and resources from the employment and poverty alleviation programs then in existence (Cruces, Epele and Guardia, 2008), and it extended to approximately two million households, with a budget of nearly USD 1.3 billion at its peak, in 2003<sup>37</sup>. Although initially intended to last until the end of 2002, the persistence of the crisis led to the extension of the program until the end of 2004. Precisely, the transition process from a plan devised for the emergency, such as *Jefas y Jefes*, towards more permanent social policies, offered a “window of opportunity” to create a more comprehensive social protection system (Cruces and Gasparini, 2008).

By late 2004, the exit route of the PJJHD was designed in the form of the Training and Employment Insurance (*Seguro de Capacitación y Empleo, SCyE*) and the social inclusion program *Familias por la Inclusión Social*, and transition procedures were defined according to the labor insertion profile of the beneficiaries. Given that these two programs basically included the beneficiaries of the PJJHD and were not open to new beneficiaries<sup>38</sup>, the creation of the Universal Child Allowance (*Asignación Universal por Hijo para Protección Social, AUH*) was announced by late 2009, with the aim of providing coverage to the families left outside the above programs, thus taking a

<sup>36</sup> In 1996, approximately 31 employment and income-enhancement programs were in place in various national government departments. During 1992-1996, most of these programs were effective for not more than two years (Golbert, 2004). It should be noted, as indicated by Cruces and Gasparini (2008), that these were essentially non-contributory social protection and income-transfer programs targeting poor households with unemployed members rather than merely emergency jobs.

<sup>37</sup> Database of non-contributory social protection programs, Social Development Division, ECLAC.

<sup>38</sup> An exception to this principle was the inclusion of beneficiaries from the PAGV-IDH program and the exceptional inclusion of groups at social risk and/or in territorial emergency, fundamentally indigenous communities (Cruces and Gasparini, 2008).

decisive first step toward the universalization of social protection through income transfers.

### 1.1 The Unemployed Heads of Household Program (*Plan Jefes y Jefas de Hogar Desocupados, PJJHD*)

The *Jefas y Jefes* program was a non-contributory social protection emergency program which combined various types of employment components (see Table A-1) and delivered a monthly cash transfer of AR\$ 150 per household (USD49 of 2002), equivalent to approximately one half of the average *per capita* income of Argentine households in 2002 (Galasso and Ravallion, 2003). The target population was comprised of families with unemployed heads of household, with children under 18 years of age or people with disabilities of any age and/or pregnant women. The participation of the families in the program did not have a time limit; however, any family whose head found a job was excluded from the program, a situation which may have eventually encouraged informality (Cruces and Gasparini, 2008). Families participating in other employment or training programs from any administrative level (national, provincial or municipal jurisdiction) were expressly excluded, as anybody receiving non-contributory pensions or other benefits from social security programs<sup>39</sup>. The program allowed each household to choose whether the beneficiary would be the man or the woman.

In addition to co-responsibilities with respect to education and health, the *Jefas y Jefes* program required that the head of household should serve at least 20 hours per week (between four and six hours a day) in any of the employment activities defined in the program (see Table A-2). It was expected that this requirement would work as a self-targeting method to reach the individuals most in need of the assistance. With regard to the transfer, it was not indexed, and therefore its relative weight dropped significantly during the period (Golbert, 2004).

Contrary to its predecessors in terms of employment and non-contributory social protection, the *Jefes y Jefas* program did not have a specific poverty reduction target but it was rather aimed at providing an emergency solution, universal and comprehensive in nature, where anyone meeting the eligibility criteria could claim the transfer. Thus, a strong emphasis was placed on rapidly increasing coverage, with the idea that the program was a response to the “family’s right to social inclusion” (CONAEyC, 2002). In spite of the foregoing, coverage was later restricted and the government suspended the inclusion of new beneficiaries in May 2002<sup>40</sup>.

The failure to establish a threshold based on poverty criteria attracted strong criticism<sup>41</sup> as the program was estimated to have apparently been used by individuals who were not in the most serious vulnerability situation regarding the crisis effects, in addition to being subject to manipulation by the municipalities, which allegedly enrolled their own employees under the plan, in order to alleviate the liquidity crisis then in existence. In this same line, the lack of compliance with the eligibility criteria was also criticized; for instance, the grant of transfers to families without minor

<sup>39</sup> The exceptions were the pensions payable to mothers with more than six children, veterans of the Malvinas War or disability pensions.

<sup>40</sup> The deadline to apply for the benefit was May 17, 2002, so that anyone who had not been registered by such date was excluded from the program, even if they complied with the eligibility requirements (Pautassi y Zibecchi, 2010).

<sup>41</sup> After the last extension, by the end of 2003, the program added the lack of income as a requirement to receive the benefit (CONAEyC, 2004).

children, and the weak verification of co-responsibilities, which could have acted as a filter (Galasso and Ravallion, 2003). From a different perspective, however, the barriers to the entry of new beneficiaries as imposed by the program requirements were criticized; for example, the access of poor families without minor children, the strict deadlines established for enrollment and, especially, the cash transfer offered by the program, because of the erosion of its purchasing power, in addition to its small amount and the fact that it was not responsive to the composition of the households (CONAEyC, 2003; Golbert, 2004; Cruces and Gasparini, 2008; Pautassi and Zibecchi, 2010; Tcherneva and Randall, 2005).

Nevertheless, it was recognized that the families which were program beneficiaries tended to be poorer than those which were not beneficiaries, besides having various unmet basic needs and high dependency ratios. Moreover, most of the authors have recognized that the universal scope of the program and the lack of a strict compliance with the eligibility criteria or the verification of co-responsibilities significantly contributed to a rapid increase in program coverage in a complex scenario of social and economic emergency and a significant level of political conflict (Galasso and Ravallion, 2003; Golbert, 2004; Tcherneva and Randall, 2005), thus enabling the resolution of political economy problems derived from the traditional disputes over political patronage at the provincial level (Golbert, 2004). Another positive aspect of the program was its contribution to the consolidation of the local Consultative Councils (*Consejos Consultivos locales*, CCL), which contributed to administrative decentralization and social participation and oversight (*ibid.*).

### **1.2 Results of the PJJHD in the Context of an Emergency**

The program's impact evaluations show that it played an important role in social protection, both in terms of containment through income and job generation. The most remarkable effect was preventing the participants of the program from falling below the poverty line and, especially, below the extreme poverty line; and it accounted for between one half and two thirds of the increase in these households' income (Galasso and Ravallion, 2003; Tcherneva and Randall, 2005). As regards employment, the program appears to have helped reduce the national unemployment rate by 2.5 percentage points (Galasso and Ravallion, 2003), increasing the country's annual product in a similar proportion (Tcherneva and Randall, 2005). All of the foregoing apparently enabled a net employment gain for approximately one half of the participants, that is, disregarding the counterfactual of finding a job by other means. Thus, one half would have remained unemployed without the program, while the other half would have remained inactive, especially women (*ibid.*). Tcherneva and Randall (2005) point out that having allowed the participation of both spouses in the program apparently leveraged the reduction of poverty and the increase in employment simultaneously.

**TABLE A-1**  
**ARGENTINA: CONDITIONALITY REQUIRED UNDER THE *JEFES Y JEFAS DE HOGAR* PLAN**

Component	Operational Rules	Labor Market Insertion Mechanisms	Description	No. of participants <sup>a</sup> (June 2004)
Completion of studies	Resolution MTEySS No. 445/2002	Remedial education	A component offered to the beneficiaries of the program with incomplete formal studies and who wished to certify the completion of studies.  This component was a priority, therefore the beneficiaries were barred from choosing the Professional Training Component as long as they had not completed any of the stages of their formal education.	19,572 (including completion and training)
Productive Training	Resolution MTEySS No. 446/2002	Technical and professional training	This component included a process to identify priority sectors to focus the Training Offer to be delivered by the provincial governments.  The MTEySS had to open Employment Offices to provide professional guidance to the beneficiaries of the program and thus determine their training demand in accordance with their profile and previous work history, their present expectations and the priority sectors.  Participation in this component granted a priority to cover vacant jobs.	
Productive component	Resolution MTEySS No. 399/2002	Indirect job generation	The component includes a grant to promote the hiring of PJJHD beneficiaries, equal to the amount of the monthly transfer.	4,535
Infrastructure and housing component	Resolution MTEySS No. 246/02	Indirect job generation	This is part of the Federal Reactivation Program for the works of the National Housing Fund .  All private companies awarded a contract to build housing units under programs totally or partially funded by the Ministry of Federal Planning, Public Investment and Services are required to include at least 30% of program beneficiaries.  During the employment period, payment of the non-remunerative economic assistance is suspended and it is resumed after the employment relation ends.  This component does not include a hiring grant.	...
Community activity component	Resolution MTEySS No. 420/2002  Resolution MTEySS No. 594/04	Direct job generation	The beneficiaries have to perform community activities or social projects contributing to the improvement in the quality of life of the population, according to a list of activities provided by the Ministry.  Such activities included social and community support tasks (school and community soup kitchens, orchards, community clothing exchanges, care services, etc.), rural and urban development (handicraft fairs, municipal slaughter houses, etc.), tourism (preservation of historical and cultural areas, tourist attention and guidance, etc.), environmental projects, social housing and/or construction activities.  The municipalities or communes are responsible for coordinating the registration and enrollment of beneficiaries, for allocating them to projects and/or activities, and for guaranteeing the adequate performance of the required activities.  The projects and/or activities could be submitted by public agencies and/or local civil society organizations.	609,183

**TABLE A-1** (continued)

**TABLE A-1** (conclusion)

Component	Operational Rules	Labor Market Insertion Mechanisms	Description	No. of participants <sup>a</sup> (June 2004)
Construction Work Cooperatives Component (Housing Emergency Component)	MTEySS No. 594/04	Direct job generation	Participation of beneficiaries in work cooperatives, locally organized for the construction of housing units, social, educational, health or sanitation infrastructure, under the coordination of municipalities, provincial agencies or non-profit NGOs.	368
Materials Component	Resolution MTEySS No. 173/2003	Direct job generation	Resources are transferred to towns with 500 to 100,000 inhabitants, for the purchase of materials to subsidize social and community infrastructure works. The component includes community farms and orchards.	32,635
Others			National municipal works plan (231 beneficiaries), 2004 Productive Recovery Program (1,436 beneficiaries), self-managed work program (530 beneficiaries). The component includes the community work program ( <i>Programa de empleo comunitario</i> , PEC) for unemployed workers over 16 years old who are not participating in other employment programs, and are not registered in the <i>Jefes</i> Program (201,602 beneficiaries).	203,799

**Source:** Own data on the basis of information from the websites of the Ministry of Labor and CONAEyC (2004).

<sup>a</sup> The discrepancy between the number of beneficiaries registered under the program and the number of participants performing the required activities is mainly due to the difficulties faced by the program from the outset to organize the required work. Given the emergency circumstances under which the program was implemented, the speed with which the number of beneficiaries grew, the problems encountered in offering a range of activities to meet the required conditions were compounded with other management difficulties which influenced both the capacity to monitor such conditions and the increase in non-compliance levels (cf. Cruces and Gasparini, 2008).

Various studies detected the little capacity of the local instances to generate workfare projects in response to the program requirements, noting especially the lack of strategies to survey the beneficiaries' capacities and generate a set of activities in accordance with them (CONAEyC, 2003); this resulted in a scant dissemination of the component related to the completion of studies and professional training at the local level (Tcherneva and Randall, 2005, annexes). This was compounded with other problems, such as the low relevance of the educational offer relative to the profile of the beneficiaries, the inadequacy of the offer beyond that from the Ministry of Labor, in addition to a limited link with the private sector and the labor market requirements (CONAEyC, 2004). Additional problems in terms of training were evidenced in the productive projects associated with social economy and local development, as a consequence of the weak *ex ante* technical assistance (*ibid.*). Moreover, the persistence of clientelistic practices which subordinated the workfare activities to the decision of political and/or community leaders (municipal agents, political party activists and other sectoral organizations) tended to discourage such activities (CONAEyC, 2003; 2004; Gruenberg and Pereyra, 2009).

### 1.3 Transition to Other Plans: Training and Employment Insurance (*Seguro de Capacitación y Empleo, SCyE*) and the Family Social Inclusion Program *Familias por la Inclusión Social*

The mitigation of the crisis situation which was evident by late 2004 brought to the forefront the need to end the *Jefas y Jefes* plan –designed to address the emergency– and to create long term policy solutions. In that respect, it was important to verify that a large part of the Argentine population had remained for decades in “temporary employment plans” without social security coverage (CONAEyC, 2004). Thus, an exit solution was proposed to address the needs in terms of social protection and the activation of various population groups which were part of the program (Pautassi and Zibecchi, 2010: 26). This was a significant landmark in the recent history of non-contributory social protection and income transfer policies in Argentina, characterized by the lack of continuity, fragmentation and rigidity of the solutions provided in emergency contexts (Cruces and Gasparini, 2008).

According to the profile of the *Jefas y Jefes* beneficiaries, it was concluded that they could be classified into three categories, depending on their “employability” probabilities (work history, current characteristics in terms of education capital, age group, etc.), with differential policy solutions being defined for the three groups.

For those who were in a better situation (young people, with a medium-high educational level and some labor skills), the Employment and Training Insurance program (*Seguro de Capacitación y Empleo, SCyE*) was designed to offer support in job seeking, upgrade of work competencies and assistance with labor market insertion. The second group, comprised of individuals with more difficulties but who also had re-insertion possibilities (young adults and older individuals with low educational capital and low skills), was considered for access to the insurance program but with a strong emphasis on work training activities. In 2006 the new plan became effective, and consisted in a cash transfer of AR\$225 (US\$74 of that year) payable for a period of 18 months, which could be extended for a further six months but with a reduction in the monthly transfer to AR\$200 (US\$66 of that year). Labor market insertion is accomplished through municipal Employment Offices and the Employment Services Network. These

agencies provide orientation and assistance in job search, labor intermediation services for inclusion into employment with the public and private sector, basic and professional training services, participation in job training activities and technical assistance in the design of self-employment projects. Additionally, to strengthen the relationship of the beneficiaries with the labor market, it was decided that the time a beneficiary remained under the program would be computed towards retirement in the future.

As regards the third group, categorized as "unemployable" and "socially vulnerable", a social inclusion program called *Familias por la Inclusión Social* was designed under the Ministry of Social Development. It stemmed from the re-design of the PAGV-IDH program, which had been maintained as an income transfer program for families in extreme poverty during the PJJHD period. The *Familias* Program is a conditional income transfer program addressed at families in vulnerability and social risk conditions, with children under 19 years of age, people with some disability regardless of the age and/or pregnant women. They are essentially families in a situation of structural poverty, with female heads of household and with minor dependents. Indeed, 94.4% of the beneficiaries of the program are women<sup>42</sup>. As with the *SEyC*, the beneficiaries are mainly families transferred from the *PJJHD*, because the program is not open to the enrollment of new families.

Cash transfers start at AR\$ 200 (US\$54)<sup>43</sup> for families with two children<sup>44</sup>, and increase by AR\$ 24 for each additional child, up to a maximum of AR\$ 380 (US\$102) for families with six children<sup>45</sup>. To receive the benefit, the mothers must perform the required activities, namely: school attendance and medical check-ups of their children. The program does not establish a time limit for household participation, and the benefit received is compatible with other household income, provided always that the overall sum of them all does not exceed the amount of the minimum wage.

Although it is not its main goal, the *Familias* program contemplates some labor market insertion components. One of these is the possibility of choosing one additional subsidy (a studies and training scholarship) of AR\$ 60 (US\$16), to cover the costs of food and transportation of any beneficiary wishing to complete studies and/or enroll to attend training courses. This is a voluntary benefit payable irrespective of the transfer received by the families and is maintained for as long as the beneficiary keeps regular attendance to officially certified courses. Furthermore, in the context of the Ministry of Social Development, the program falls within the scope of the so-called *Familias* plan<sup>46</sup>, being executed in parallel to the local Development and Social Economy Plan called "*Manos a la obra*", which purpose is to provide technical and financial support to local social and economic development initiatives, mainly targeted at low-income, unemployed individuals.

<sup>42</sup> For a man to be the beneficiary, he should be the head of a single-parent family.

<sup>43</sup> Amounts for 2009. Conversion on the basis of US Dollars of the same year.

<sup>44</sup> Except for the case of families transferred from the *PAGV-IDH* program, which may receive transfers with one dependent minor.

<sup>45</sup> Families with seven children or more may choose to be awarded a non-contributory pension instead.

<sup>46</sup> Other initiatives of the Ministry of Social Development are: the National Food Security Plan and the National Sports Plan.

#### 1.4 Results of the Transition: Rights and Wrongs

The new programs were designed considering two elements (Cruces and Gasparini, 2008). On the one hand, they aimed at solving the problems of the *Jefas y Jefes* plan, especially those related to the cash transfers and their incompatibility with salaried work. On the other, given that the transfer of beneficiaries from the PJJHD to these programs is voluntary, the new programs were devised to encourage the migration. For instance, under the *SCyE*, transfers are considerably higher than under the PJJHD, and the beneficiaries who find a job may continue to receive the transfer for a defined period (up to twelve months in public sector employment and up to six months in private sector employment). In the *Familias* program, in addition, the amount of the transfers is linked to the size of the household -i.e., the number of minor dependents. Besides, the amount of the transfers has been adjusted successively in 2007 (AR\$ 185, equivalent to US\$60) and in 2009 (AR\$ 200, equivalent to US\$54) to maintain purchasing power. Secondly, participation in the program is linked to poverty rather than to the work status of the head of household. Finally, the benefit is compatible with the income from work, up to the amount of one minimum wage.

Among the objections to this intervention, it is noted that, in spite of these efforts, the PJJHD still has a significant number of beneficiaries who have not migrated to the new plans (see Table A-2). A possible explanation lies in the fact that the incentives for the transfer were poorly designed. While the incentives of the *Familias* program seem to be well aligned, that is not the case with those of the Insurance program. Even though the transfer from the PJJHD to the Insurance programs entails a 50% increase in the amount of the transfer and offers further benefits in addition to labor market insertion (training and intermediation), participation in the program represents a clear cost in terms of duration (the maximum period to remain in the program is two years), where the *Jefas y Jefes* plan did not have such limitation (Cruces and Gasparini, 2008).

TABLE A-2  
ARGENTINA: BENEFICIARIES AND TRANSFERS FROM THE PJJHD, SCYE  
AND FAMILIAS POR LA INCLUSIÓN SOCIAL PROGRAMS

Year <sup>a</sup>	PJJHD Beneficiaries	<i>Familias por la Inclusión Social</i>		Training and Employment Insurance	
		Beneficiaries	No. of transfers from PJJHD	Beneficiaries	No. of transfers from PJJHD
2003	1,828,182	231,421 <sup>b</sup>	--	--	--
2004	1,587,271	218,538 <sup>b</sup>	--	--	--
2005	1,449,143	243,449	9,687	--	--
2006	1,128,942	371,290	119,063	20,542	1,747
2007	757,505	539,386	14,266	71,155	4,588
2008	506,963	620,193	...	81,572 <sup>c</sup>	...
2009	...	695,177 <sup>d</sup>	...	...	...

Source: Cruces and Gasparini (2008); Social programs database, Social Development Division, ECLAC.

<sup>a</sup> Figures as of December of each year.

<sup>b</sup> Beneficiaries of the IDH component of the PAGV program.

<sup>c</sup> Monthly average.

<sup>d</sup> As of September.

Secondly, an important group of PJJHD beneficiaries is not currently given the option to choose either of these programs. Neither of them has been fully deployed across the country. This has even implied that some regions with more resources created their own non-contributory social protection and cash transfer plans for those excluded from one and the other (Cruces and Gasparini, 2008). Furthermore, the characteristics of the program and the way in which the target population was defined impose restrictions on the inclusion of beneficiaries. Thus, there are beneficiaries who do not meet the Insurance eligibility criteria, and neither the more stringent conditions to receive the benefits of the *Familias* plan: more children under the care of the head of household (from one to two), restrictions on the educational level of the beneficiaries, and problems for the transfer of male PJJHD beneficiaries, among others (*Ibid.*)

The nomenclature used by the Ministry of Labor was also criticized, to classify the beneficiaries of the *Jefas y Jefes* program “employable” and “unemployable” (or as “workers” and “poor”); such classification was objected to because it would naturalize and perpetuate the social and economic differences which affect these conditions, historically caused and reproduced by inequitable and largely non inclusive social structures. Particularly, the fact that the “unemployable” category basically comprises women of reproductive age and with child dependants was questioned, since this caused the exit from the program to become segmented by gender. The fact that the solution envisaged for this latter group provides for the requirement of co-responsibilities as opposed to the conditions established for the other groups (SCyE) is a cause of concern, as it discriminates against poor women because they are not granted equal inclusion opportunities through employment and work training programs (Campos, Faur and Pautassi, 2007; Cruces and Gasparini, 2008).

Finally, the fact that the new programs essentially cover the same population registered under the PJJHD implies that a large set of households and individuals are left without social protection, especially those in moderate poverty, but whose characteristics are not substantially different in terms of vulnerability and employability (Cruces and Gasparini, 2008)<sup>47</sup>.

In this scenario, by the end of 2009 the government announced the creation of a new transfer program with co-responsibilities, the Universal Child Allowance (*Asignación Universal por Hijo para la Protección Social*, AUH), intended to cover vulnerable families –especially those with unemployed heads of household or with informal jobs– with children under age 18, who have no other source of social protection<sup>48</sup>. Under the program, an amount of AR\$180 (US\$46 of the same year) is payable for each child in the household, up to a maximum of five transfers per family (a

<sup>47</sup> Although households could receive cash transfers and benefits from the government through other direct assistance programs, non-contributory pensions, public service employment at the local level, or social and employment programs at the provincial and municipal levels, these initiatives had a limited coverage (Cruces and Gasparini, 2008).

<sup>48</sup> The Program of Social Income through Work called “*Argentina Trabaja*” [“Argentina at work”] was created that same year. This is an employment program operating through cooperatives which develop low- and medium-complexity works at the local level. The program targets individuals whose household receives no income or social security benefits, national pensions or plans from the National Ministry of Labor, Employment and Social Security or its equivalent agencies at the provincial level, and includes a cash transfer payable as remuneration for the work performed at the cooperatives, in addition to other professional and skill training instances. The program establishes an attendance control mechanism which serves as monitoring process for the purpose of paying the cash transfer.

total of AR\$900 or US\$240). In the case of children with disabilities, the transfer amounts to AR\$720 (US\$193)<sup>49</sup>.

Finally, in spite of the projections made with respect to this program's impact (Agis, Cañete and Panigo, undated), there still remains a group of vulnerable families which are not currently included in income transfer programs and are not covered by the AUH. These are mainly families with heads of household working in the informal market, whose income is barely above the minimum wage, microbusiness entrepreneurs and self-employed (not informal) workers, pregnant women and large families with more than five children. The benefits of the *Familias por la Inclusión Social* program should be absorbed by the new plan.

## 2. Brazil: *Bolsa Família* and the Challenges of Intersectoral Articulation and Coordination

*Bolsa Família* arises in the context of the consolidation of a concern in Brazil for intersectoral articulation in their non-contributory social protection policy. Contrary to the above transfer programs, anchored in the relevant ministries<sup>50</sup>, the responsibility for *Bolsa Família* was assumed by the then recently created Ministry of Social Development and Fight against Hunger (*Ministério do Desenvolvimento Social e Combate à Fome*, MDS). The mandate of this Ministry was precisely the integration of social assistance, income transfer and food and nutritional security policies. Thus, after the creation of *Bolsa Família*, a Unified Social Assistance System (*Sistema Único de Assistência Social*, SUAS) originated in 2005 and the National Food and Nutritional Security System (*Sistema Nacional de Segurança Alimentar e Nutricional*, SISAN) was launched in 2006; both initiatives are aimed at generating a management model to ensure an adequate articulation of assistance policies through: a redefinition of competencies at the various administrative levels, an improvement in the organization of the different actions and benefits, and a new concept in the application of social assistance, focusing on decentralization and social participation (MDS, undated). A turning point in this process was the implementation of tools such as the *Cadastro Único* (*CadÚnico*), a system with national coverage which unified all the information available on the families who were eligible for the different social programs and benefits and the Family Development Index (*Índice do Desenvolvimento da Família*, IDF), developed by the Applied Economic Research Institute (*Instituto de Pesquisa Econômica Aplicada*, IPEA) which provides information on the vulnerability level of the families, thus allowing the municipalities to implement various actions in the area of social policy (MDS, 2010).

In the international sphere, the creation of *Bolsa Família* marks the appearance of a type of CTP associated to the idea of establishing a minimum guaranteed income (Britto, 2006; Draibe, 2006; Godoy, 2004). Although this approach in actual practice had to be made compatible with the availability of resources, the discussion on the universalization of benefits is still alive (Britto, 2008; Suplicy, 2009). All of the

<sup>49</sup> See cost simulations, coverage and expected impacts from alternative cash transfer programs devised to address these circumstances in Cruces and Gasparini (2008).

<sup>50</sup> Following the creation of the Child Labor Eradication Program (*Programa de Erradicação do Trabalho Infantil*, PETI) in 1997 and the *Bolsa Escola* in 2001, a series of sectoral transfer programs were launched between 2001 and 2003 at the national level: *Bolsa Alimentação*, *Cartão Alimentação*, *Auxílio-Gás*. With the launch of *Bolsa Família* the operational rules of these programs were unified and those operating at decentralized levels were merged into a single program. The idea was to join the efforts of the various administration levels, thus overcoming fragmentation and overlapping, with a focus on the cross-sectoral nature of the program.

foregoing has caused the program to pay more attention to the follow-up of co-responsibilities and the difficulties faced by the families in complying with them, rather than to the penalties derived from non-compliance (Draibe, 2006). Family accompaniment is accomplished through the instruments available to the SUAS at the local level, such as the Social Assistance Reference Centers (*Centros de Referência de Assistência Social*, CRAS) and the Family Integral Attention and Protection Services (*Serviço de Proteção e Atendimento Integral à Família*, PAIF).

### 2.1. The Search for Intersectorality through Supplementary Programs

Given the country's federal structure, the unification of all transfer programs into *Bolsa Família* required a number of definitions with respect to competences at the various administration levels, the manner of allocating resources from the federal government, and the implementation of procedures in accordance with the organizational autonomy of decentralized entities. In this context, the voluntary adoption of *Bolsa Família* by any state or municipality also entitled them to implement programs to supplement their own actions –the so-called "supplementary programs"-- which emerged since 2006<sup>51</sup>.

Follow-up on the families, conducted through the PAIF, was crucial to propose supplementary programs in addition to the actions taken under *Bolsa Família*, precisely because it facilitated the identification of the problems faced by the families at the time of complying with the co-responsibilities, and which required the competencies of other sectors. In this context, the federal government took the lead in promoting the intersectoral dialogue, facilitating the linkage of the actions by the various ministries, so that they would all be available for the states and municipalities to implement in their respective jurisdictions. Hence, the purpose of the supplementary programs was to adjust the sectoral offer to the particular poverty and vulnerability conditions of the families in *Bolsa Família*, in order to maximize the effect of the income transfers within the scope of competence of each sector and foster strategies to exit the program by means of productive insertion. This latter concern found an echo at the MDS, which added the SUAS and the SISAN to the management of the *Bolsa Família* program; this was a new scope of action related to productive insertion and under the responsibility of the Secretariat of Articulation for Productive Inclusion (*Secretaria de Articulação para Inclusão Produtiva*, SAIP). All of the foregoing evidences the new guiding principle of the MDS policies, that is, social promotion through the articulation and strengthening of actions for productive inclusion (MDS and MTE, undated: 4).

In this context, in 2008 the federal government, through coordinated actions of the MDS, the Ministry of Labor and Employment (*Ministério do Trabalho e Emprego*, MTE) and *Casa Civil*, launched a professional training program linked to labor intermediation actions exclusively for the *Bolsa Família* families: the sectoral

<sup>51</sup> Among others, the following programs can be noted: *Brasil Alfabetizado*, a re-education program targeted at adults and youngsters who have not completed their formal education, run by the Ministry of Education; as regards professional and occupational training, the Continuing Professional Qualification Program (*Programa de Qualificação Profissional Continuada*) is worth mentioning as a joint initiative resulting from an agreement between a private company (Constructora Norberto Odebrecht) and the MDS, as well as the Program for the Mobilization of the National Oil and Gas Industry (*Programa de Mobilização da Indústria Nacional de Petróleo e Gás Natural*, Prominp) of the Ministry of Energy and Mines; finally, there are microcredit programs at the federal level, such as the Targeted Productive Microcredit National Program (*Programa Nacional de Microcrédito Produtivo Orientado*) offered by the Ministry of Labor and Employment, and the National Family Agriculture Strengthening Program (*Programa Nacional de Fortalecimento de la Agricultura Familiar*, Pronaf) of the Ministry of Agricultural Development, and others at the state level (*Crediamigo* and *Agroamigo* in the North-eastern region, promoted by Banco do Nordeste).

professional qualification and insertion plan for the beneficiaries of *Bolsa Família*, *Planseq - Bolsa Família*, also known as "*Proximo Passo*"<sup>52</sup>. This program was intended to serve approximately 200 thousand beneficiaries of *Bolsa Família*.

## 2.2. The *Planseq - Bolsa Família (Proximo Passo)* Program

The supplementary program called *Proximo Passo* was created with the objectives of expanding the productive insertion opportunities for the beneficiaries of *Bolsa Família*; adjusting the sectoral offer of the MTE to local needs, addressing the increase in labor demand in the labor market, and encouraging the articulation between the labor and social assistance sectors (MDS, 2009: 2).

The initiative falls under the new labor policy of the Brazilian government, particularly in the context of the launch, in 2003, of the National Training Plan (*Plano Nacional de Qualificação*, PNQ). The PNQ was established in 2003 under the unemployment insurance system executed by the National Employment System (*Sistema Nacional de Emprego*, SINE), to conduct social and professional training actions in various areas, and articulate them with other policies and actions associated with employment, labor, education and income. The PNQ is implemented through three sets of initiatives: Territorial Training Programs (*Planos Territoriais de Qualificação*, PlanTeQs), Special Training and Professional Certification Projects (*Projetos Especiais de Qualificação e Certificação Profissional*, ProEsQs) and, finally, Sectoral Training Plans (*Planos Setoriais de Qualificação*, PlanSeQs), where *Proximo Passo* is included.

PlanSeQs are spaces for the integration of social and professional training policies with social inclusion and development actions, in direct relation with labor market insertion. These may be proposed by workers' unions or employers' associations; they contemplate specific sectors of the economy and are required to be structured on the basis of joint social agreement between representatives from the government and civil society.

The creation of the *PlanSeQ - Bolsa Família (Proximo passo)* program was developed in close association with the launch, in early 2007, of the Growth Acceleration Program (*Programa de Aceleração do Crescimento*, PAC), consisting in a number of measures adopted by the federal government to improve infrastructure and to stimulate private investment in various areas deemed essential for the development of the country's economy (MDS and MTE, undated). Thus, the civil construction sector, including the sub-sectors of transportation, energy, sanitation, housing and water resources, was the first to be included in the *Planseq - Bolsa Família*, as it is a labor-intensive sector where, according to the PNAD-2006 household survey, there existed a significant participation of the beneficiaries of *Bolsa Família* (MDS/MTE, undated) (See Box 1)<sup>53</sup>.

<sup>52</sup> Other productive insertion actions currently promoted by the SAIP are the *Acreditar* program, a training and intermediation program implemented in the area of civil construction, initiated in 2008 by agreement with a company, Construtora Norberto Odebrecht (CNO), and the preparatory course offering school support to apply for the *Programa de Mobilização da Indústria Nacional de Petróleo e Gás Natural* (Promimp), coordinated by the Ministry of Energy and Mines (*Ministério de Minas e Energia*, MME) and Petrobras, to cover the labor demand in the energy and mining sector.

<sup>53</sup> The plan's original target was to serve 185 thousand people in 13 metropolitan regions: Manaus, Belém, Fortaleza, Recife, Salvador, Belo Horizonte, Rio de Janeiro, São Paulo, Baixada Santista (SP), Campinas (SP), Curitiba, Porto Alegre and the Federal District. Execution is also planned for other regions, such as Vitória, Goiânia, Palmas, São Luis, Aracaju, Maceió and Campo Grande.

Subsequently, the plan was included in the *Minha Casa Minha Vida* program, targeted at the expansion and improvement of the housing conditions of a large part of the Brazilian population. Finally, the tourism sector was also included in the plan, in order to respond to the labor demand, which has been growing considerably in recent years, and which is expected to continue increasing intensely as a result of sports events such as the 2014 Football World Cup and the Olympics to be held in Rio de Janeiro in 2016 (MTur, undated).

### 2.3. Components

*PlanSeQ - Bolsa Família* targets members of the families which are beneficiaries of *Bolsa Família* aged over 18 and who have completed at least the 5<sup>th</sup> grade (*4ta série*) of primary education (*Ensino Fundamental*). Any family with a member that meets the above requirements is invited to participate by means of a letter describing the program characteristics with the explanation that enrollment is voluntary and does not entail an additional mandatory co-responsibility to receive the benefits of *Bolsa Família*. Anyone wishing to participate must enroll at the local SINE office. All applicants are ranked according to the family's IDF, and the admission to the training courses prioritizes those families with the lowest IDF, until completing the target vacancies in each territory. Depending on the requirements for each course, the skills and knowledge of the beneficiary are also weighed. Additionally, the program reserves at least 30% of the places for women, to encourage female productive insertion.

Training courses are delivered by private institutions especially retained to this end, and the total duration amounts to 200 hours, consisting in a theoretical course and a practice stage. The former comprises 80 hours; it includes classroom teaching and covers not only training in trades or occupations, but also offers general knowledge and civic education. The practice stage is implemented jointly with the private sector, either at the institution delivering the course or at the workplace, if the participants have a prior contract. Program participants receive an additional cash transfer to cover food and transportation costs.

During the practice module of the courses, there is a first stage of intermediation between employers and plan beneficiaries. At this stage, the first employment contracts may be executed to cover the available positions. The participants who complete the course and are not hired at this stage are included in the Employment Actions Management System of the MTE (SIGAE), a database tool which enables cross-referencing information on the demand from employers and the available supply according to qualification levels. Throughout the process stages, the *Bolsa Família* Program monitors the participation of the *PlanSeq Bolsa Família* beneficiaries, providing social assistance and support as required, by means of the Integral Family Assistance Program (*Programa de Atenção Integral à Família*, PAIF).

Table A-3 presents a detail of some courses delivered in the two sectors under consideration, i.e., civil construction and tourism.

The plan can be implemented in two ways. On the one hand, direct implementation by the MTE, which contracts the training course-delivering units using competitive bidding processes. In the civil construction sector there is another method, which consists in establishing a Single Multi-year Agreement (*Convênio Plurianual Único*, CPU) between the federal government and the states and/or municipalities having more

than 200 thousand inhabitants and which are capable of executing employment policies. In 2009, the cost of the contracts procured by the federal government for the civil construction and tourism sectors amounted to R\$111 million (US\$55 million) and R\$20 million (US\$10 million), totaling slightly over R\$131 million (US\$66 million) (De Souza, 2010).

**TABLE A-3**  
**BRAZIL: TRAINING COURSES OFFERED UNDER THE *PLANSEQ* – *BOLSA FAMÍLIA* PROGRAM**

Civil construction	Tourism
Warehouse attendant	Receptionist
Tile-layer	Waiter/Waitress
Carpenter	Maid
Plasterer	Travel agent
Electrician	Cook
Foreman	Baker, pastry chef
Brick-layer	Bartender, barperson
Painter	Bell boy

Source: MDS and MTE (undated).

In this context, the engagement between the federal government, the states and municipalities and the business sector is key to the success of the program, to tailor the training to adequately respond to labor demand at the local level, and to reinforce the commitment of the private sector to compliance with labor market insertion targets at the local level. The latter is the responsibility of sectoral agents at the local level (MDS and MTE, undated). At these levels, the articulation across the Ministry of Labor and Employment, the state labor secretariats and the local labor intermediation agencies becomes particularly relevant. Moreover, the Ministry of Social Development and Fight against Hunger coordinates actions with social assistance secretariats and local managers of the *Bolsa Família* Program (MDS and MTE, undated).

Local Labor Secretariats or local labor intermediation managers are responsible for organizing the sites to provide attention to the *Bolsa Família* beneficiaries; to articulate with the local productive sector in order to identify and offer the available training courses through intermediation agencies; to report to social assistance and *Bolsa Família* managers on the results of the call to courses. Furthermore, Social Assistance Secretariats and *Bolsa Família* managers are responsible for informing the beneficiary families about the *PlanSeQ* - *Bolsa Família* actions; articulating with the SINE or the corresponding intermediation agency to assist the families that agree to participate in training initiatives as well as those which decline the call, through the local CRAS and PAIF; for adopting measures to contribute to a reduction in avoidance and drop-out from the program; and for supporting the federal government in monitoring program actions. Finally, the federal government provides technical support, especially referred to the availability of information from each ministry through the Employment Actions Program Management System (*Sistema Gestão do Programa de Ações de Emprego*, SIGAE) (MDS and MTE, undated).

## 2.4. Results

Labor market insertion of poor and vulnerable families in Brazil still remains an important challenge. It is estimated that approximately 10% of the total number of people registered with the CadÚnico had a formal employment relationship of at least one month per year as of December 2008<sup>54</sup>. According to the available information, one half of the people registered with the CadÚnico remained in one position for no longer than 18 months and, in the case of *Bolsa Família* beneficiaries who did find a job, the employment duration is even shorter, as they remain employed for periods not in excess of 11 months. Besides, those in the *Bolsa Família* program have a higher turnover ratio<sup>55</sup> in their jobs as compared to those not included in the program (Soares and Leichsenring, 2010).

Given the short time that the *PlanSeQ - Bolsa Família* program has been in operation, no evaluations of the results with respect to labor market insertion of the beneficiaries are yet available. Notwithstanding the foregoing, as implementation of the program progresses, some conclusions have been drawn with respect to the strengths and difficulties of the process. In 2009, the MDS conducted a qualitative study on the perceived operation of the program at the first stage (MDS, 2009c). The study consisted in the organization of focus groups with the stakeholders taking part in the process: local managers, on one hand, and the program's target population (either enrolled or not) on the other. The main problem observed was the low number of applicants for the training courses. Indeed, in May 2009, the number of positions filled was barely 3.5% of those offered by the federal level (MDS, 2009b).

The study of the MDS (2009c) also identified the reasons for the reduced number of applicants for the training courses from the standpoint of both stakeholders. The main reasons perceived by the people in the survey were the following (MDS, 2009a; 2009c): i) lack of interest for the civil construction area –the sector with the largest number of vacancies; ii) the fear of losing the benefits of *Bolsa Família*; iii) the efforts that the training actions entailed for the families; and iv) failures in the management and operation of the program.

The above reasons were the object of coincidence and discrepancy between managers and beneficiaries. With respect to the first two reasons, there was agreement among managers, but disagreement among beneficiaries. As regards the first reason asserted, the perception that the civil construction sector was a predominantly male area came up spontaneously in all the groups of managers. However, among the group of beneficiaries, the most recurrent conclusion was that female work in the sector is being increasingly valued, and thus the initial perception decreased, while it remained unchanged among managers. Secondly, while managers attributed a strong influence to the fear of losing the *Bolsa Família* benefits as a cause of the low enrollment rate, this concern was not raised spontaneously by the beneficiaries. Additionally, when asked about it, the perceived opinion was rather the opposite, and the dominant idea was that families not enrolling eligible members might lose the benefits, that is, it was perceived that

<sup>54</sup> According to data from the Unified Registry of Social Programs (CadÚnico) of the Ministry of Social Development and Fight against Hunger, and from the Annual Social Information Report (RAIS) of the Ministry of Labor and Employment, between 2004 and 2007 (Soares and Leichsenring, 2010).

<sup>55</sup> This is calculated considering the lower value between hires and terminations over total of employment on the first day of each month (Soares and Leichsenring, 2010, page 20).

enrollment in the PlanSeQ might be an additional co-responsibility to receive the *Bolsa Familia* benefits.

A higher level of coincidence existed between managers and beneficiaries with regards to the third item. The beneficiaries made reference to the difficulties in reconciling training activities with all the responsibilities previously assumed, mainly related to the care of young children in addition to other activities in the labor and school areas. Caregiving activities were mentioned as the main barrier for women to participate in training courses, both in single-parent and spousal households.

The highest level of coincidence between managers and beneficiaries was reached with regards to the fourth reason, related to the operation of the program. Among the failures reported, the lack of information was mentioned by both groups as one of the main reasons for not applying for courses. From the standpoint of the beneficiaries, the dominant perception was the lack of information on the course modalities prior to enrollment, and lack of clarity regarding the program process after enrollment. This latter complaint was also frequent among managers. The reason more frequently mentioned is the perceived lack of articulation between the entities involved. Managers, for instance, perceive significant differences in program management at the federal level, between the MDS and the MTE, which are replicated at decentralized levels. Additionally, the lack of coordination between implementing entities, local managers and the SINE was mentioned, beside other difficulties in access to the information provided by the SIGAE.

Among the positive aspects associated with the program's dissemination strategy, the invitation letter received by eligible members of the beneficiary families was noted. In addition to the clear and easily understandable contents, the letter had an effect in the members' self-esteem, and helped them feel valued by receiving a personalized letter from the federal government.

The following suggestions were made to improve the program operation (MDS, 2009c): adjusting the course formats to the requirements of the target population (availability of evening courses, facilitating access for women with young children), expanding the course offering to cover economic activities which could be performed at home, and improving information channels (use of *Bolsa Familia* communication channels). Furthermore, there was mention of the need to build awareness among beneficiaries with respect to the importance of training, and the need to sensitize implementing entities and local business on the implementation of the program in the municipalities (MDS, 2009a).

During the first months of 2009, the MDS started to introduce some of these changes, and renewed the calls to enroll under the program. The results of enrollment in courses throughout 2009 showed a growing trend, and by February 2010, the percentage of positions filled relative to the total offered by the federal government was in excess of 40%<sup>56</sup> (De Souza, 2010).

<sup>56</sup> This does not include positions offered through the CPU.

### 3. Chile: the *Chile Solidario* System, between Self-Employment and Salaried Work

The *Chile Solidario* System emerged in 2002 based on the diagnosis of the persistence of the country's hard core of extreme poverty. It aims at overcoming the barriers to the inclusion of these households based on a specialized intervention that brings together social assistance and promotion (FOSIS, 2004b). *Chile Solidario* is not a program proper, but rather an institutional structure that sets certain rules for the integration and articulation of the whole of the public programmatic offering around families in extreme poverty, with its main pillar being psycho-social support.<sup>57</sup>

*Chile Solidario* provides a cash transfer called “the Protection Bonus”. This transfer is not intended to supplement the family income but rather to cover the transaction costs associated with access to the public offering and the application to the various subsidies. That is why its amount is small as compared to the transfers offered by other CTPs in the region (it starts at approximately US\$20 to then decline to US\$10 per family). Under the intervention scheme proposed by *Chile Solidario*, it is expected that families will increase their income thanks to the support they receive to gain access to the various transfers and subsidies offered by the public network.

The *Puente* Program is the entry door to the *Chile Solidario* System. It is a comprehensive intervention program designed to provide support to families in extreme poverty.<sup>58</sup> The program combines a series of interventions and supports for physical and mental health, financing for housing improvement, assistance for further education, support to improve the family dynamics and assistance to find a job or to generate income. The program emphasizes the relevance of the development of the family's social capital and its engagement with mutual support social networks, as well as the integration of the various assistance components to address the multiple causes and dimensions of poverty. Each family receives the assistance of a “Family Support Counselor” to identify and coordinate their preferential access to social and labor programs. The role of the Family Support Counselor is to bring the beneficiaries closer to the public offering and work on the psycho-social and family dynamics aspects which condition the situation of social exclusion in an adverse manner<sup>59</sup> (FOSIS, 2004b; 2004c). The psycho-social support is provided through the Family Support Counselor and the municipality in coordination with the Family Intervention Unit. The intervention or accompaniment lasts 24 months.

The activities carried out by the Family Support Counselor in *Puente* serve, in turn, to achieve a gradual graduation of the families from the program as a function of their achievement of 53 minimum conditions in seven intervention dimensions (identification, health, education, habitability, family dynamics, employment and income) that the program seeks to address. As the family meets the minimums in each dimension worked upon, the visits of the family support counselor become less

<sup>57</sup> Other psycho-social follow-up and support programs similar to *Puente* have been added for specific population groups that are socially vulnerable, such as the *Vinculos* program for the elderly, *Calle* for the integration of the homeless and *Abriendo Caminos* for children from families with members deprived of their liberty.

<sup>58</sup> See [on line]: <<http://www.programapuerte.cl>>.

<sup>59</sup> Among them, for example, autonomy, self-esteem, confidence in the institutions and basic problem-solving competences (cf. FOSIS, 2004c).

frequent, while the amount of the protection bonus declines. When graduating from *Puente*, the families retain the transfer (“Graduation Bonus”) and their preferential access to the public offering for another three years, after which they leave the *Chile Solidario* system definitively.

In this context, the labor components of the *Chile Solidario* system are rooted in the income (dimension 14) and work dimensions (dimensions T1, T2 and T3) (see table A-4).

**TABLE A-4 CHILE: CHILE SOLIDARIO, WORK AND INCOME DIMENSIONS**

Work Dimension	Income Dimension
T1: At least one adult member in the family is working regularly and has a stable salary.	11: Family members entitled to SUF (Single Family Benefit) obtain it (or at least apply for it).
T2: No child under age 15 drops out of school in order to work.	12: Family members entitled to Family Benefit obtain it.
T3: The unemployed are registered with the Municipal Labor Information Municipal Office.	13: Family members entitled to PASIS (Assistance Pension) have obtained it (or at least applied for it).
	14: The family has an economic income in excess of the extreme poverty line.
	15: The family has a budget organized as a function of its resources and priority needs.

Source: FOSIS (2004b).

### 3.1. Situation and Aspirations of the Families that Join *Puente*

One of the greatest aspirations of the families that join the *Puente* program lies in getting a stable job, which implies having a secure monthly income that allows them to control the uncertainty of not being able to satisfy their basic needs (MIDEPLAN, 2006b). This is the reflection of a labor situation characterized by high turn-over and employment instability (MIDEPLAN, 2006b), in addition to the existence of low skills and high dependency ratios in the household (FOSIS, 2006). However, it has been found that most of the time, the adults in these households are employed in salaried jobs (FOSIS, 2006; MIDEPLAN, 2006b). They are seasonal activities and have a critical importance in the regions or cities where there are productive clusters which have an intensive demand for low-skilled labor (the fruit and fish industry in the country's center and center-south, respectively) (MIDEPLAN, 2006b; MIDEPLAN, 2009). This creates a sort of regularity for the relationship that these families establish with the structure of opportunities in the labor market, characterized by their seasonal periodicity and marginality as compared to more dynamic urban activities (FOSIS, 2006). To participate in this work circuit, the families need to be part of a network of informal social relations (family, friends, acquaintances) through which they manage to learn of, and access, the various alternatives. Maintaining this survival network supposes a symbolic exclusion or lack of integration in the forms of sociability which are characteristic of urban life, something which contributes to the reproduction of this situation of exclusion.

Non-salaried activities are seen by the families as complementary mechanisms when they lack salaried jobs in the less dynamic periods of the seasonal cycle (FOSIS,

2006). This is because, in spite of the greater degrees of freedom they confer, the strategies linked to self-employment and especially to micro-businesses generate lower income, and do not allow for medium or long term planning or savings (MIDEPLAN, 2009; FOSIS, 2006). Thus, when the heads of household access jobs perceived as well-paid and in a highly valued working environment, the development of a micro-business is not considered to be an attractive prospect (MIDEPLAN, 2009).

### 3.2. Components and Programs in Labor Intervention

*Chile Solidario* has different ways of facilitating labor market insertion (see Table A-5) and there are incentives both for the companies which employ the individuals, and for the Labor Intermediation Municipal Offices (*Oficinas Municipales de Intermediación Laboral*, OMIL) which place these individuals in jobs.<sup>60</sup> One of this type of interventions is carried out through the *Chile Solidario* Bonus<sup>61</sup> program, which operates through the OMILs and includes a modality for adults (above age 30) and another for youths (aged 18 to 29). The bonus for adults is equivalent to 50% of the minimum monthly income, for a period of one to four months, renewable for two months. In addition, this intervention finances the costs of job training of each worker that is hired, for an amount of up to \$100,000 (approximately US\$200) and provides a lunch and transport bonus for up to \$55,000 per month (US\$110 approx.) The bonus to subsidize the hiring of youths aged 18 to 29 is also equivalent to 50% of the minimum salary, but it lasts four months and can be renewed for an equal period. This version considers financing for training costs for an amount of \$370,000 (US\$740 approx.) per month, in addition to the food and transport bonus for \$55,000 provided on a monthly basis. The OMILs facilitate the labor market insertion of these individuals, and receive \$70,000 (US\$140) for each beneficiary placed and a bonus of \$20,000 (US\$40) if the individual remains for a minimum of four months on the job.

Most of the employment offers of *Chile Solidario* are concentrated in programs that use mechanisms in support of self-employment, specifically microbusinesses, and secondly, intermediation services combined with training or employment subsidies. For example, the Microbusiness Support program of FOSIS is offered to the members of *Chile Solidario* families who are 18 or more, who have been terminated, are unemployed, are looking for their first job or have a precarious occupation. The program provides a financial grant or seed capital of \$300,000 (equivalent to around US\$600) to purchase the inputs and materials required to start the business. Furthermore, through group workshops and courses, the program provides training in entrepreneurial skills, marketing and administration, and it also includes a period of accompaniment and technical support.

<sup>60</sup> The OMILs have the role of supporting the labor market insertion process of the unemployed, promoting the creation of new jobs, managing the unemployment registry; providing labor market orientation and different services to the unemployed.

<sup>61</sup> See [on line]: <<http://www.sence.cl/bonificajchs.html>>

**TABLE A-5 CHILE: PROGRAMMATIC OFFERING OF THE CHILE SOLIDARIO SYSTEM IN THE WORK AND INCOME DIMENSIONS, 2009**

Program	Labor Market Insertion Mechanisms	Institution(s) in Charge	Description	Places nation-wide
Urban indigenous microbusiness generation program	Support for self-employment Technical and professional training	National Indigenous Development Corporation ( <i>Corporación Nacional de Desarrollo Indígena</i> , CONADI), Labor Under Secretariat	Financing for productive initiatives by the system's indigenous beneficiaries through public competitions	531
Microbusiness Support Program ( <i>Programa de apoyo al micro-emprendimiento</i> , PAME)	Support for self-employment Technical and professional training	Social Solidarity and Investment Fund ( <i>Fondo de Solidaridad e Inversión Social</i> , FOSIS)	Provides technical assistance, support for education and training, under a participatory self-management scheme	23 013
<i>Chile Solidario</i> System's Employment Support Program	Labor market intermediation services Technical and professional training	National Forestry Corporation ( <i>Corporación Nacional Forestal</i> , CONAF), Education, Training and Employment Program ( <i>Programa de Formación, Capacitación y Empleo</i> , PROFOCAP), Labor Under Secretariat	Supports labor market insertion in activities related to local production development, preferably in the agro-forestry sector.	2 000
<i>Chile Solidario</i> Labor Hiring Bonus Program <i>Chile Solidario</i> Youth Hiring Bonus Program	Indirect job generation Technical and professional training Labor market intermediation services	National Training and Employment Service (Servicio Nacional de Capacitación y Empleo, SENCE)	Support for employment in the labor market by subsidizing with a bonus the recruitment of youths in the <i>Chile Solidario</i> system and social-labor enablement.	2 800
Youth Employability Program	Technical and professional training Labor market intermediation services	Social Solidarity and Investment Fund ( <i>Fondo de Solidaridad e Inversión Social</i> , FOSIS)	Provides specialized services to generate a customized labor market insertion plan for unemployed youths	1 300
<i>Chile Solidario</i> Program to Develop Labor Competencies for Women	Technical and professional training	Foundation for Women's Promotion and Development ( <i>Fundación para la Promoción y Desarrollo de la Mujer</i> , PRODEMU)	Provides labor market enablement and specific competences in trades to improve labor insertion.	1 305
Scholarship in Support of School Retention ( <i>Beca de apoyo a la retención escolar</i> , BARE)	Remedial education and drop-out	National Board of School Assistance and Scholarships ( <i>Junta Nacional de Auxilio Escolar y Becas</i> , JUNAEB)	Freely disposable transfer for secondary students with socio-educational vulnerability and at risk of dropping out. The benefit is maintained during the four years of secondary education and it is deposited in a savings account.	15 408
Pro-school Retention Subsidy	Remedial education and drop-out	Ministry of Education (MINEDUC)	Differential economic subsidy provided to supporters of education institutions which enroll children and youths who are members of the beneficiary families of <i>Chile Solidario</i> attending between the 7 <sup>th</sup>	69 044

year of primary and the 4<sup>th</sup> year of secondary education.

**Source:** The authors based on the Chile Solidario Management System, program records. [http://siis.mideplan.cl/redsocial/ppal\\_0.php](http://siis.mideplan.cl/redsocial/ppal_0.php).

The number of scholarships for school retention should also be noted. This is an extremely important mechanism for future labor market insertion and to leverage the programmatic offering in the labor area.

### 3.3. Results

#### *Access to Salaried Jobs: Intermediation, Training and Hiring Subsidies*

According to the National Training and Employment Service (SENCE, 2008), out of the 4,000 places available for the program Labor Hiring Bonus for beneficiaries of *Chile Solidario*, around 50% of the available places had been used by late 2008 and 2,015 individuals had been hired for a minimum of four months. Likewise, out of 5,280 individuals selected for the socio-labor enablement program, a 15% coverage was attained, with 1,398 beneficiaries graduating from the program. The results of the program for youths at social risk underline that out of 1,175 beneficiaries selected, 402 had graduated from the program with socio-labor enablement and 19 had been hired by late 2008.

**TABLE A-6 CHILE: OMIL PERFORMANCE, 2000-2008**

Year	Enrollment	Vacancies	Placements	Placements /Enrollment (%)	Placements/ Vacancies (%)	Placements/ Unemployed (%)
2000	233 506	107 714	72 499	31,0	67,3	13,5
2001	458 352	183 628	123 202	26,9	67,1	23,0
2002	369 797	164 628	106 898	28,9	64,9	20,2
2003	326 751	138 985	91 183	27,9	65,6	17,7
2004	273 507	125 326	76 832	28,1	61,3	11,6
2005	310 521	173 567	58 965	19,0	34,0	9,4
2006	298 546	101 366	61 814	20,7	61,0	11,6
2007	291 004	171 274	94 962	32,6	55,4	19,2
2008	272 783	110 350	55 002	20,2	49,8	9,8
Average (%)				26,2	58,5	15,1

**Source:** Based on Singer and Gómez (2006) table 2; data from the Labor Intermediation Unit of the National Employment Exchange, table 71 71; and LABORSTAT from the ILO's database.

Considering the 2000-2008 performance of the OMILs, on average 26.2% of the enrolled found a job, 58.5% of the vacancies were covered and approximately 15% of the total unemployed were served (see Table A-6). In spite of the progress, these figures are below the placements/vacancies<sup>62</sup> ratio considered successful in developed countries, i.e. in excess of 70% (Walwei, 1996).

The specific group in *Chile Solidario* could be even more difficult to place in a decent job because of their limited access to social networks and low schooling levels. In accordance with the data supplied by MIDEPLAN (2007), drawing on the databases of

<sup>62</sup> Calculated based on the monthly average of unemployed each year.

the 2003, 2004 and 2006 *Chile Solidario* Panel, the users of *Chile Solidario* generally have low levels of schooling, with a high incidence of female heads of household (41%), high demographic dependency ratios and around 4.8 children per household.

The impact evaluation conducted by MIDEPLAN (2007), which reviews the analysis of the labor market participation of a group of beneficiaries of *Chile Solidario* and a control group with similar characteristics, shows a positive and significant difference in the labor participation rate of female heads of household in *Chile Solidario* of 7.1% in 2003 and 4.4% in 2006. Unfortunately, the employment rates are lower for the intervention group as compared to the control group, both for female and male heads of household. As noted by Barrientos (2010:13): “this means that the increase in participation of the users of *Chile Solidario* reflects a flow from inactivity to unemployment, more than from inactivity to employment.”

MIDEPLAN’s evaluation observes that “self-employment is less profitable, less sustainable and requires a lot of institutional support to be sustainable through time.” However, it is noted that it is easier to promote the transition from the program to self-employment activities. This is demonstrated in MIDEPLAN’s (2008) analysis combining qualitative data of 15 focus groups with a quantitative analysis of a random survey of 1,003 female participants in employability programs. The participating women tend to have low schooling levels, around 44.6% have not completed basic education and 70% have complete basic education or less. After taking the program, 43.1% of the participants did not have a job, 37.4% were self-employed and only 19.6% had a salaried job.

The experience of the *Chile Solidario* programs and of the OMILs as analyzed by Rangel (2005) underlines the specific challenges that emerge when trying to facilitate the labor market insertion of these vulnerable groups. The study examines the situation of the *Chile Solidario* and *Puente* Program beneficiaries and their labor market insertion in two communes of the Metropolitan Region of Santiago: Renca and El Bosque.

In both communes studied by Rangel (2005), the positions offered through the OMILs had much higher requirements than the experience and education level of the members of families who were beneficiaries of the *Puente* program. While most of the jobs required workers with complete secondary education, the data of the Social Protection Card show that the average schooling of the beneficiaries of the *Puente* Program is 6.5 years of formal schooling, as opposed to the national average of 9.8 years. The rural population of the *Puente* Program has on average 5.9 years of schooling as compared to the rural average of 6.7 years of education. Similarly, in urban zones, the population of beneficiaries of the *Puente* Program has an average of 6.8 years of schooling as compared to the urban average of 10.3 years.<sup>63</sup> For the *Puente* program population, aged 45 to 54, the average schooling drops to 4.6 years for men and women, and for the population older than 55, the average schooling for both is 3.2 years.

On the other hand, there are specific and psycho-social challenges for these beneficiaries to manage to acquire stable jobs and employment. According to Rangel’s interviews (2005:4) of OMIL employees, many individuals in the *Puente* program “have performance problems, such as lack of work discipline and absenteeism, frequently connected with alcohol, so that they do “to manage to complete a month’s work”. As

<sup>63</sup> These are data for the population above age 15.

documented by Rangel, the families are not included in the program for sufficient time to be able to overcome the multiple difficulties they encounter when trying to join the labor market. As a consequence, the components of labor enablement and psycho-social assistance are usually tremendously important; this has also been verified in the case of other countries (King and Mueser, 2005). A longer term accompaniment could facilitate the acquisition of the relevant qualifications and specific skills that lead to a higher remuneration in the labor market.

Thus, although it has been found that in general registration with the OMILs is high and that resorting to institutional networks to find a job is beginning to become established as a relevant strategy to connect the poorest families to the labor market (FOSIS, 2006; MIDEPLAN 2009), these families still face problems to find stable jobs. The main problem is the assumption that there effectively exists a labor demand for the members of the families belonging to the *Chile Solidario* system (MIDEPLAN, 2006a). In practice, the jobs offered continue to be a mismatch for the labor profile and history of the beneficiaries of *Chile Solidario* (MIDEPLAN, 2009).

The first cause of this lies in the little linkage achieved with the private sector. Although there are regional and local job exchanges that meet regularly, they do not work with private organizations, and the connection between labor demand and supply is lost (MIDEPLAN, 2006a). This situation is compounded by the lack of human and financial resources available to the OMILs to develop activities to supplement intermediation, such as defining the socio-labor profiles of the program participants, with success in labor market insertion many times depending on the proactivity of the OMIL managers (Ibid). In this context, the incentives for placement have not been very effective since many times they are late or simply do not reach the OMILs. Thus, the local agencies aspire to getting more fixed resources through the administrative channels, to allow them to expand their capacities and hire more specialized professionals (Ibid). A second problem with the incentive is that they do not contemplate a period of monitoring and evaluation of the labor status of the beneficiaries after the end of the subsidy period, or the evaluation of key success elements in the program such as the drop-out rate (Ibid).

Once again, in this dimension the educational deficit of the beneficiaries as compared to the requirements of the jobs offered through the OMILs works against them. Labor precariousness cannot be overcome since the jobs to which the families have access maintain the cycle of seasonality characterized above. In connection with this point, studies of the labor market trajectory of the families in the *Puente* program have found that attaining higher levels of education is not an infallible tool, either (FOSIS, 2006). Although higher levels of education make it possible to find higher quality and higher salary jobs, this does not necessarily translate into access to formality conditions (Ibid). Apparently, the earlier labor market trajectories provide a greater likelihood of accessing formal activities, possibly because of the importance that informal networks acquire in the labor market insertion of these individuals (ibid).

In the second place, Rangel showed that the OMILs in the two communes under study offered three times more vacancies for men than for women, with age-limit requirements that in many cases were lower than the age of a third of those who are looking for a job. In addition, Rangel found that while the labor offer bulletin board for men in one of these communes indicated the salary being offered, in the case of women this information was not included as if it “lacked relevance for women, or they would

not care to know the compensation of the job for which they were applying” (Rangel, 2005, 239). This is in addition to the many specific restrictions for the incorporation of women into the labor market. As Rangel found (ibid), given the strong gender labor division of the reproductive tasks within the home, there are highly differentiated fixed costs by sex for participating in the labor market. For example, the fixed costs of stopping to perform the role of main care-giver in the family imply that women need to find child care services for their children. The problem of not having anybody to leave the children with was one of the most frequently mentioned restrictions by the managers of the Family Intervention Units (Rangel, 2005:267).

In addition, Rangel (2005:267) observed that there was a lack of adequate jobs responsive to women’s expectations, because the little employment that exists “is far away and the beneficiaries of the *Puente* program do not want a one or two-month temporary job, which are those most frequently offered, and aspire to more stable jobs, an even more scare good.” The fact that frequently the potential jobs are a significant distance away from the beneficiaries’ home increases the fixed transport and time costs to acquire a job and therefore, the reserve salaries that the male and female beneficiaries aspire to obtain. Distance can also impose specific costs to coordinate care, thus increasing the specific barriers for the participation of women in the labor market. Likewise, in the case of women, the phases in the family life cycle and the demand for care associated with each stage end up being determining factors in their possibility of successfully obtaining a formal job. For example, these possibilities are greater in the case of women from two-parent households who have achieved a certain stability and no longer have to devote themselves to caring for their children. The opposite situation is experienced by young women and female heads of single-parent households (MIDEPLAN, 2009).

Summarizing, in spite of the actions in terms of labor-market insertion contemplated by *Chile Solidario*, a low capacity of success in the income and labor dimensions has been detected (Larrañaga, 2010; MIDEPLAN, 2009). Furthermore, these same dimensions show the highest percentages of reactivation; i.e., during the *Puente* trajectory they were met and then experienced regressions, and remained pending at the end of the period (ibid).

In this respect, special emphasis is made on the fact that both categories, unmet and reactivated dimensions, relate to the minimum conditions which are dependent on the socio-economic context and the availability of a public offering, as opposed to those which depend on changes and improvements in the family dynamics (ibid). This especially highlights the adequate linkage between the labor market insertion mechanisms and the socio-economic context which explains their outcomes.

*Self-Employment and Microbusinesses*

In the case of the strategies seeking to strengthen self-employment and microbusinesses, they have managed to become established and capture the attention of the beneficiaries, especially in the female population. In this respect, it has been shown that access to the institutional network, especially to the programmatic offering of FOSIS, has been one of the elements that has been most helpful in leveraging this form of labor market insertion for the *Chile Solidario* families (FOSIS, 2006). Nevertheless, microbusinesses have not managed to become the main occupation of the female or male head of household, due to the low level of income they generate, and they remain complementary and/or subsistence activities when it is not possible to obtain a salaried employment (MIDEPLAN, 2006b). On the other hand, low returns preventing the reinvestment of the profits in purchasing inputs or directly the low profitability of the businesses are the cause why the projects are abandoned; many times this entails selling off the assets acquired or transferring them to the community to use or dispose of them. Thus, although the families tend to have a positive assessment of their self-employment experience and starting microbusiness activities, when graduating from *Puente* they are more strongly inclined towards formal jobs, influenced by their own failed microbusiness experiences during *Puente* (MIDEPLAN, 2009; MIDEPLAN, 2006b).

The failure of the microbusiness projects has several causes, ranging from business inexperience, the little pertinence of some projects, the failures of the training in the respective trades and in management matters, or simply the impossibility that the individuals have to devise a long term investment in the present given the economic emergency context in which they find themselves (MIDEPLAN, 2006b). In addition, the form these projects adopt as complements of the household's main economic activity, deeply rooted in its structure and dynamics, makes them dependent on the participation and cooperation of the members of the family (FOSIS, 2006) and highly vulnerable to domestic problems. For example, coexistence difficulties linked to relational situations (in the house) or the lack of time available for the woman to be able to simultaneously perform her care-giving and self-employment tasks, negatively affect their possibilities of success and sustainability through time (MIDEPLAN, 2009).

On the other hand, the possibility of these activities becoming successfully established in the market are greatly restricted by their markedly local character and their reference to the neighborhood's sociability and economy (FOSIS, 2006). The territorial character of the exclusion in which these families live works here against their insertion through self-employment, either because of the multiplication of similar activities in a reduced space ("market saturation") (MIDEPLAN, 2009) or because their depressed and impoverished socio-economic environment is not capable of sustaining the reproduction of economic activities above subsistence levels.

In this regard, it is necessary to dispel some excessively optimistic conceptions on the real possibilities of microbusinesses to provide sustainable and productive economic activities for extremely poor families. The evaluations cited above indicate that, beyond any institutional failures, independent activities require from the individuals who perform them particular conditions which are difficult to stimulate in situations of extended exposure to environments with low human and social capital and precarious material conditions (MIDEPLAN, 2006b). Besides, the insertion perspectives of the

successful experiences into more dynamic economic circuits is not only dependent on the formalization of the microbusinesses and the technical and financial support provided to start them up, but also on a quality leap which implies the capacity to generate added value and increase productivity (facing competition; market access), if they are to establish themselves as effective activities to provide certain levels of quality of life to the families and not merely operate as survival strategies.