Applying best practices from the OECD: implementation challenges for Employment Support Programs in MICs
Context for programs to support employment among MICs in LAC.

Recap from yesterday – Summarize OECD best practices in activation (PES, training).

What are some countries (Argentina, Colombia and Chile) doing to support employment? To what extent are best practices being used? Are they applicable?

What are the most important implementation challenges for MICs in LAC?
Mature Conditional Cash Transfer Programs are focusing on “graduation” and linking their families to other services to improve their living conditions. Also exploring option of adding training as a possible condition.

Other programs (Chile Solidario and Colombia’s Unidos) take a more comprehensive approach to poverty alleviation. Income generation/employment is an important dimension.
Some Similar Challenges

- Some social assistance recipients have barriers to work (need for childcare, health issues)
- Low skill and education levels
- Need for resources, complementary services, time, personal attention, staff training
- Effective work support system requires coordination of services (“one-stops”)
- Need to be realistic about effectiveness of active labor market policies
Some Differences

- Most large social assistance programs in Latin America (Conditional Cash Transfers) focus on children, not adults.
- Idea of “mutual obligations” relates to health and education for children, not employment.
- Relatively large informal sectors, even in countries such as Chile (33%).
- Work disincentives do not seem to be an issue.
- Lower employment rates.
Important not to underestimate the institutional challenges. In OECD countries activation motivated major institutional reforms.

Time needed to shift from providing income maintenance to preparing recipients for work.

United States
- Modest initial goal of 25% participation rising over the first 6 years to 50%
- Level of effort: 30 hours for a parent with a child >6 and 20 hours for <6
- Most states achieved participation rates of 33%, but considerable variation

United Kingdom gradually extended activation to different population groups and started with voluntary participation before moving to compulsory participation
Some Elements of Strategy/Best Practice in OECD on Activation

- Critical Role of Public Employment Services
  - Reforms to increase pro-activity
  - Use of personal advisors/counselors
  - Importance of results-based performance management
  - Use as a gateway for complementary services, particularly training

- Use of private sector (profit and non-profit)

- Training: Links with private sector and “bridges”
Use of a Combination of Tools

- Work supports (intermediation, strengthening of “soft skills”, childcare, transportation)
- Positive incentives (tax credits/rebates, wage subsidies)
- Sanctions (participation requirements, time limits, potential loss of benefit)
One-Stop and personalized Model for Public Employment Services

- Combine non-contributory unemployment and social assistance and employment services, often with other support
- Services tailored to needs of individual
- Link with education and training services (Gateway) tends to make those activities more effective because of focus on employment
- International evidence shows generally moderate positive results and benefit-cost ratio (US estimates are 4.7 for JSA, 4.0 for job development)
Institutional Implications of Activation for Employment Services

- Institutional reforms, including combining benefit payments and employment services
- Need for more pro-active and personalized services
- Need for other service providers – profit and not-for-profit (community-based)
- Need to make referrals to other services
- New skills and roles (personal advisors, case workers, service brokers)
- Pre-existing services (US), reform of existing services (Chile), use of private contractor (Colombia), installation of services (Argentina)
Example of enhancements for Upper Manhattan One-Stop

Address Significant Barriers to Employment

- Second chance high school and English classes on site
- Legal services (e.g. child support, housing)
- Criminal record checks and “rap sheet cleansing”
- Counseling and intensive case management for other barriers

Financial Security and Mobility

- Facilitate access to worker benefits
- Credit repair and counseling, financial education
- Asset building and career advancement services
UPPER MANHATTAN ONE-STOP CLIENT FLOW

Training referrals

Client Pool
- CBO/One Stop Walk-ins
- Government and other referrals
- Community colleges
- Specialized partners

Intake
- Orientation
- Initial Assessment

Individual Career Plan
- Assignment to service track at CBO or One Stop

Client Engagement
- Intensive training & support
- Moderate training & support
- Job-ready
- Job upgrade

Employment Services
- 2-week job readiness training
- Basic Education
- GED/ESL
- Counseling
- Job readiness
- Soft skills training
- Occupational skills
- Job matching
- Interview prep

Career Advancement Services
- Access to work supports through
  - Employer assistance
  - Financial education
  - Housing counseling
  - Legal services

Post-employment Services

Share job orders/Cross client referrals for openings

Services provided by CBO partners
Lessons from Evaluations of Welfare→Work Interventions in PES

- 59 programs spread across 7 states
- Mean 2-year impact – $833 per individual. On average the offices increased the program group’s earnings by 18% compared to the control group
- But range was $-1,412 – $+4,217
What Mattered?

- Mix of services worked better than pure job search first or education first
- Philosophy, management, and implementation mattered, not just “types” of services
  - A “quick employment” focus can improve impacts
  - More “personalized attention” can improve impacts
  - Very high caseloads can reduce impacts
  - Strong emphasis on mandatory basic education without a strong employment message can reduce impacts
- Some evidence that effects are larger where local unemployment rate is lower
Determinants of Positive Employment Impacts for PES

- “Work first strategy” through whole organization
- Close dialogue with community, especially employers
- Investment in staff skills, particularly front-line
- High-quality, up-to-date information about local labor market, including labor demand (web-based vacancy data bank)
- Pronounced client focus
- High quality ICT support and good infrastructure
- Pro-active, systematic approach to following up on registered job vacancies and job seekers. Performance management.
Improving Training Outcomes

Work with employers effectively

- Involvement beyond councils. Need to contribute directly to design and delivery
- Solicit feedback frequently
- Focus on a few in-demand and emerging occupations
- If local job market does not absorb trainees, course should be eliminated
- Become an expert in certain sectors. Use of intermediaries for sectoral programs.
Improving training outcomes

Work with individuals effectively

- Training should be directly relevant to the jobs for which participants are preparing
- Integrate job placement and training efforts
- Intake, assessment, and counseling are key up-front program components
- Emphasize specialized courses and training structured to lead to formal qualifications
- Implement “bridge” programs for low skilled
Argentina: Installing Public Employment Services

- Part of transition strategy for emergency workfare program.
- Municipal offices with technical support (including MIS) and financing from Ministry of Labor. Major reform.
- Common logo and publicity campaign by Ministry of Labor
- 340 offices established
- Roles in office: coordinator, interviewers, people who work with businesses, workshop instructors
- Activities: take labor force history, give basic workshops on work orientation, job search, etc., make referrals to education and training services (resource guide), job matching.
- Employment subsidies as well
- Aiming to play central role in integrating labor force development programs – Non-contributory employment and training insurance, youth program, Lifelong Learning
- Goal to install a Competency-based Qualifications and Training System, Life-long Learning
Training and Unemployment Insurance (non-contributory)

- Contract with Employment Office to follow advice and to come for periodic interviews
- Stipend for 2 years
- Referrals to education and training
- Bonuses for education and training certification
- Participants in previous emergency workfare program were eligible
- About 50% participated in activities, 20–30% at any given time
- Average of 5 appointments at Employment Office
- Light conditionality and intensity of contact
Youth Program

- Youth aged 16–24 with incomplete secondary
- Contract with employment office.
- Stipend if participating in an activity. Bonuses for educational certification and for training completion
- Tutors provide advice.
- Services
  + Labor Orientation and Employability Workshop
  + Referrals to adult education services
  + Referrals to professional training courses
  + Short internships with employers
  + Job placement
- 2 year time limit, 3 years if in school
Strengths and Weaknesses

- 340 employment offices
- Interviewed > 300,000
- Offices deliver basic courses
- Nearly 100,000 individuals in non-contributory training and employment insurance
- 1/3 of insurees linked to services, lower % for workfare
- Pressure and support for adult education reforms
- Focus on quality
- Future: link w. development of competency-based qualifications/training system
- Takes time to change mindset of municipality (youth)
- Incentives not aligned
- Need for more “conditionality”
- Difficulties with MIS
- Weak relations with employers
- Training and education services inadequate or not pertinent
- Challenge of next step – focus more on performance and results, youth
- Informality
Context is goal to “graduate” beneficiaries of a comprehensive program (UNIDOS) for extreme poor

Decided not to work with existing institution in charge of training and employment services

Contracted an “operator” to implement model
  ◦ Participants “pre-identified
  ◦ Identification of personal routes, based on diagnostic
  ◦ Counseling provided in group and individual sessions
  ◦ Contract staff to identify vacancies with employers
  ◦ Referrals to education and training services
  ◦ Provision of stipends tied to participation:

Other Employment Programs for this target group
Activation in Chile

Chile Solidario

- Objective to eliminate extreme poverty (50,000/yr)
- Inter-sectoral management model
- Family counseling, preferential access to existing services and subsidies, small monetary transfer
- Explicit focus on employment among other dimensions
- Minimum conditions on employment
- Rationale for activation
  - Autonomous income generation, reducing dependence on subsidies and state transfers
  - Employment improves family dynamics
  - Income generation facilitates respect and individual self-worth
  - Important signal for children
Strategy

1. Drew on available employment services, subsidies, training, education
2. Review of “supply” of employment programs, including self-employment
3. Mixed experience with Public Employment Services
   - Un-coordinated, low institutional capacity
   - Service not “personalized”, prejudice
   - Little focus on employment results or local economic context
   - Services not “pertinent” for participants
3. New approach
   - Create a “Local Employment Service”
   - Continuous process – diagnosis, development of personal plan, referrals, service integration, counseling, follow-up
   - Incentives – Pay based on employment results
   - Other providers
Puente Families
Monitored Families
Homeless

Local Social Protection Unit

Psycho-social Support Implementers

UIF Puente Program
DIDECO
Local Implementers

Local Employment Services, OMIL

Occupational Health
Labor Skills
Wage Support
Micro Entrepreneurship

Production Promotion Municipal Network

Labor Market / Goods and Services

Municipality

Education Services
Training

Labor Intermediation – Formal and Self Employed

Province Level: SP Coordinators – Puente Province’s Support – Employment Programs Representatives

SERPLAC (Chile Solidario) – Regional Coordination

Puente Program – Regional Level

Regional Labor Programs: Fosis, Sence, Conadi, Prodemu, Conaf
Other Regional Labor Programs: Chile Califica, PMJH–Sernam, Capacitacion Sence, PAAE Fosis

Chile Solidario Social Protection System – Employment Under Secretariat – SENCE
Lessons

- Need to know employment characteristics of population in order to design and organize work support services
- Wide range of programs needed to ensure relevance for all beneficiaries
- Programs need to be available simultaneously
- Labor intermediation is an essential specialized social intervention
- Local context influences the support required and the objectives
- Supporting second income earners is a very effective strategy in overcoming extreme poverty
- Best exit strategy from extreme poverty is the generation of autonomous income through work
Implementation Challenges in MICS: Public Employment Services

- PES do not play a central role in social protection even though there is a need for information provision.
- Not pro-active, weak governance and links with private sector. Not enough focus on intermediation.
- Focus on different population groups (truncated system)
- Insufficient spending, relative to OECD levels (Chile 0.002% of GDP)
- Staff levels not sufficient for close contacts with job seekers. Argentina has 23 staff per 100,000 workers compared to 38 in Spain.
- Lack of performance management
- Low capacity to manage private providers
- Low capacity makes implementation of other ALMPs (training, for example) riskier
- Institutional reform just beginning. Chile
Argentina: Composition of ALMPs

- Servicios de empleo público y administración
- Incentivos al Autoempleo
- Subsidio directo a la creación de empleo
- Incentivos al Empleo
- Medidas de empleo para discapacitados
- Formación y capacitación

Argentina

- 2003: 1.01
- 2010: 0.41

OECD

- 2009: 0.62
Implementation Challenges in MICs: Training

- Relatively large amount of spending
- Role of National Training Agencies in many countries
- Lack of counseling
- Not demand-driven. Insufficient links with employers
- Little follow-up of graduates
- Courses/Strategy not suitable for disadvantaged
Use of Multiple Instruments

- Ability to refer to other services, but more limited than OECD countries
- Little use of sanctions
- Some use of positive incentives such as monetary transfers, wage subsidies