

Applying best practices from the OECD: implementation challenges for Employment Support Programs in MICs

Outline

- ▶ 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?

Activities to Support Employment are Increasing

- ▶ 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.

OECD Activation in Practice

- ▶ 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”

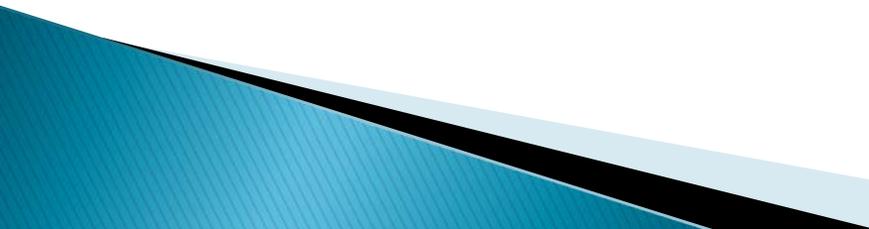
Use of a Combination of Tools

- ▶ 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)
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Example of enhancements for Upper Manhattan One-Stop

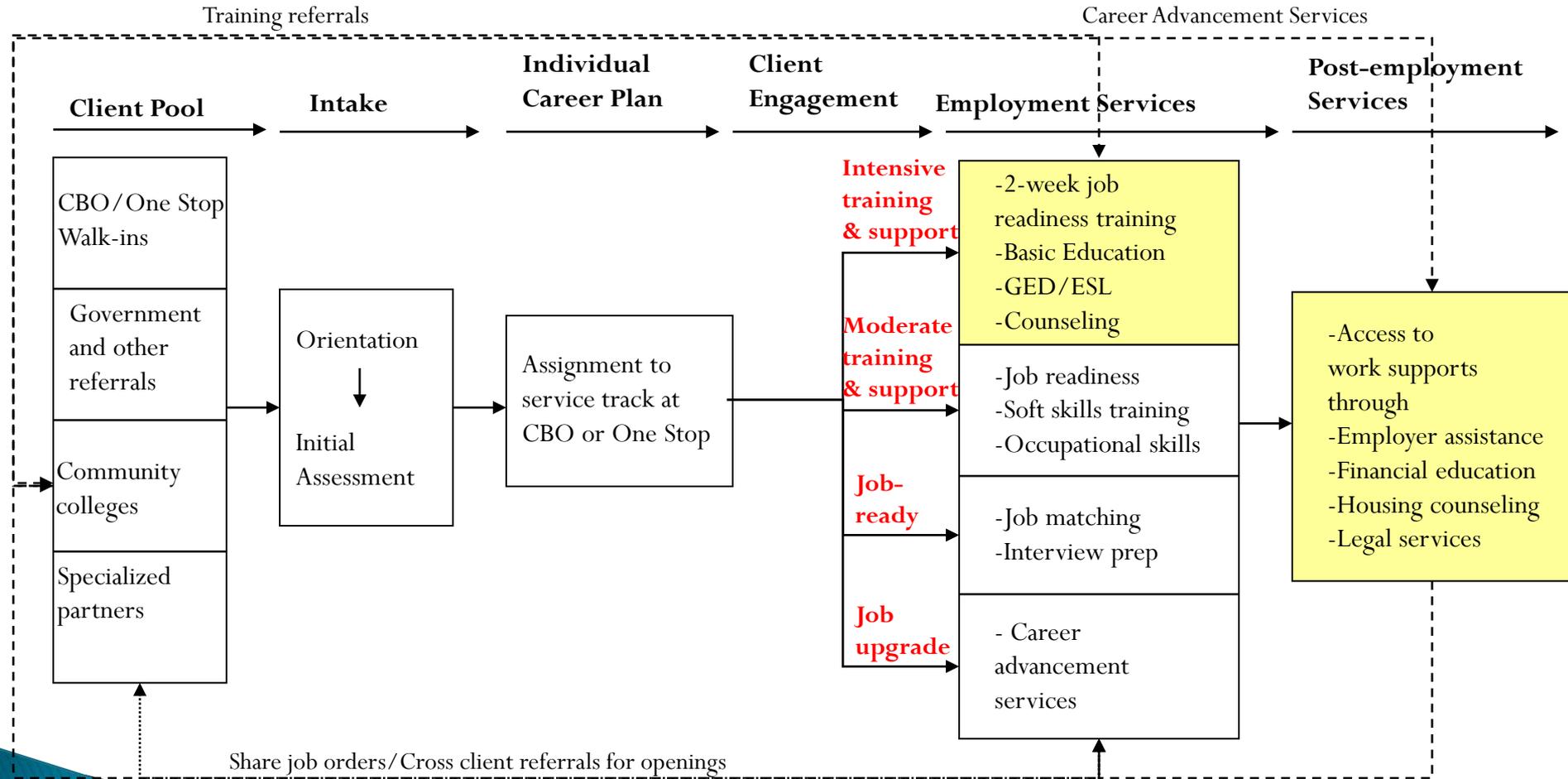
Address Significant Barriers to Employment

- ⇒ **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



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 implementaton 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 stong 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

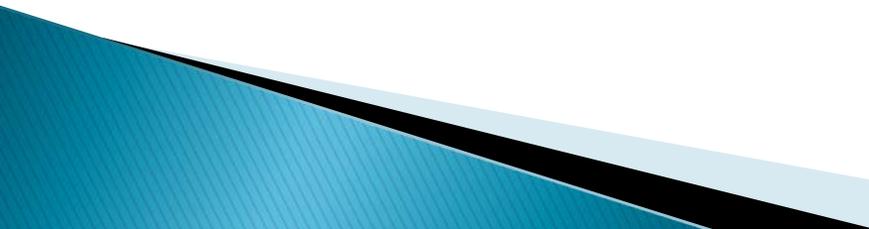
- ▶ Involvement beyond councils. Need to contribute directly to design and delivery
- ▶ Solicit feedback frequently
- ▶ Focus on a few in-demand and emerging occupations
- ▶ If local job market does not absorb trainees, course should be eliminated
- ▶ Become an expert in certain sectors. Use of intermediaries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

Improving training outcomes

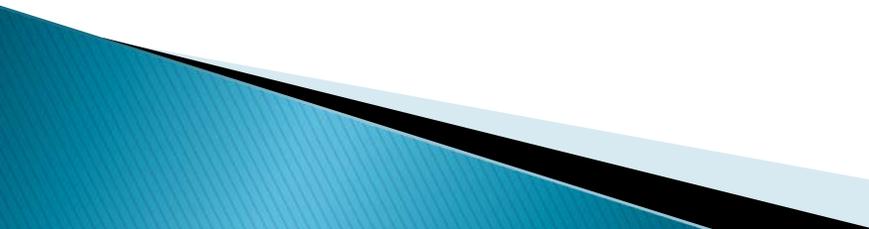
Work with individuals effectively

- ▶ 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
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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
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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

Colombia: Let's Work Together (TRABAJEMOS UNIDOS – TU)

- ▶ 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

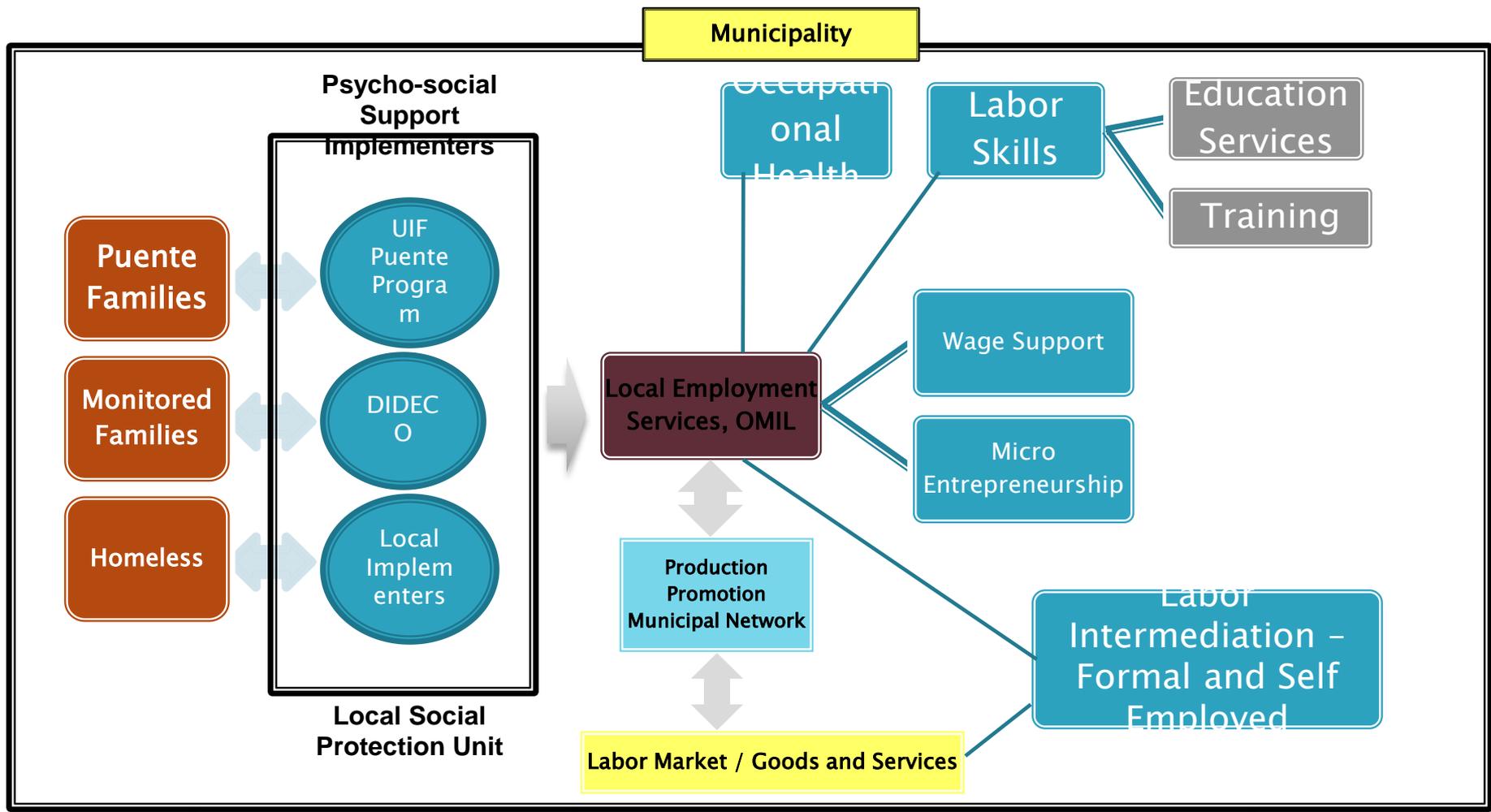
Activation in Chile

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



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

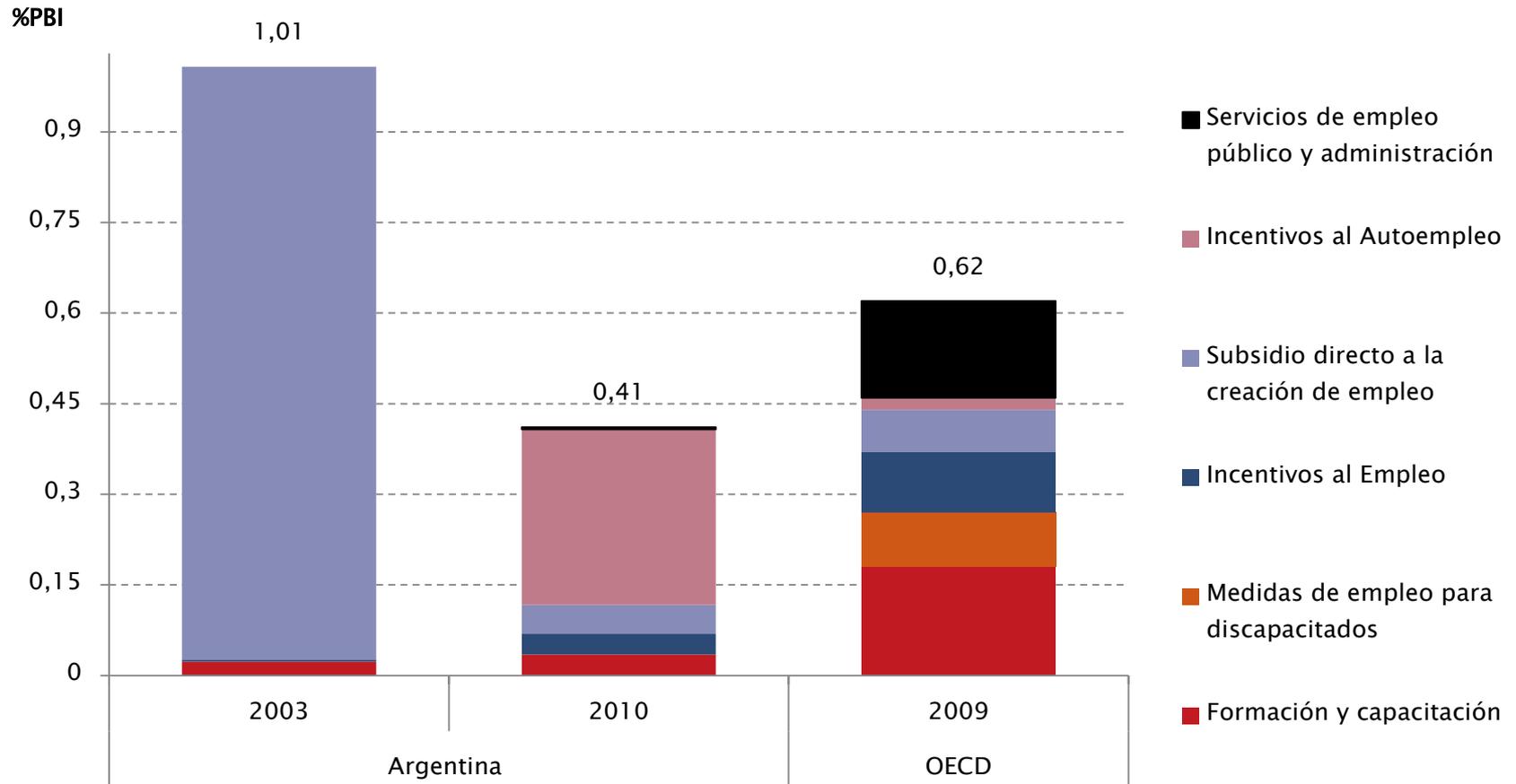
Lessons

- ▶ 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 .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



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