



# Checklist for a Public Employment Program

## Revisiting the *Plan Jefes de Hogar Desempleados* 20 years later

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*“From every maze or labyrinth you can get out from above”*

Leopoldo Marechal 1937





## Argentina Posterchild of the Washington Consensus

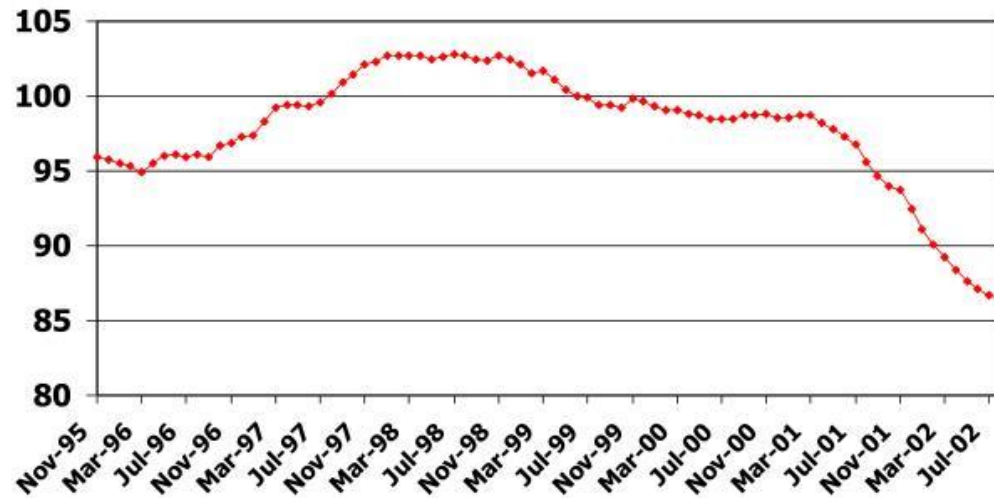
- Massive process of deregulation and liberalization of the economy
- Accelerated financialization
- Deindustrialization trend
- Reprimarization of the economy
- Sudden increase of unemployment
- Informalization of the labour force
- Financial globalization

# Everybody out!!! The crisis impacted in both poor and middle classes



# Some of the numbers at beginning 2002

Formal employment declined by 25%



Unemployment rate

21,6%

Informality:

37,3%

Underemployed:

2,3 million workers

Evolution of poverty and indigence ...





## Nothing more deceptive than an obvious fact...

- While average wages were going up, unemployment was also going up, as well informality
  - For the orthodoxy these were clear indicators of mismatch between labour supply and demand
- Ignorance about the composition effect and the labour hoarding by firms

## What guided the design of a public employment program PEP?



*“The labour market is the gear-box that links the economy with the well-being of the households”*

*The problems of the labour market barely rely on labour market reforms* (Richard B. Freeman 1988)

*The tale of the dogs and the bones or skills mismatch* (Bill Mitchell)

*For ‘old problems’ lets find old solutions that worked in the past* (Emmanuel A. Agis)



## What is the Jefes de Hogar Desempleados program?

- At a fixed wage rate, the **government would make jobs available** to every person who is willing to work at that remuneration
- The individual must make a **commitment** to work in activities that are proposed
- The activities are organized by **local governments** or NGOs with explicit **projects**
- The **payments** are done by the **Federal (National) government**



# The process of implementation: interjurisdictional implementation

## The National Government

Sets the general **regulatory framework** of plan  
Defines the **typology** of projects  
**Approves** projects  
**Validates** beneficiaries  
**Trigger** payments  
Auditing

## Local governments

**Design** projects  
**Validate** projects from NGOs  
**Supervise** projects  
**Guarantee** local initiatives

## Local Consultative Councils CCL

**Adapt** the National and Local norms to the needs  
Participate in the **discussions** with NGOs  
**Submit** to the National Government comments to adapt the new typologies

## NGOs

Adapt typologies to **local needs**  
Gather and **propose** beneficiaries  
**Control** participation of beneficiaries  
**Guarantee** the project

# Typologies of projects of the Plan Jefes



## Public services projects

- Community kitchens and canteen services in schools,
- Cleaning of parks, schools, and hospitals,
- Community environmental improvements, gardening and farming, irrigation schemas
- Child and elderly care

## Productive projects

- Bricks and tiles production,
- Communal bakeries,
- Self-construction,
- Sidewalk repair,
- Self-employment (productive initiatives)

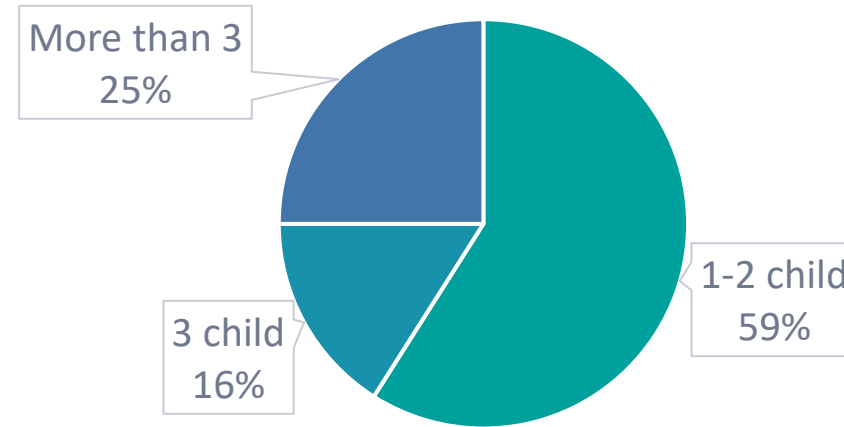
## Back to school

- School completion
- Vocational training

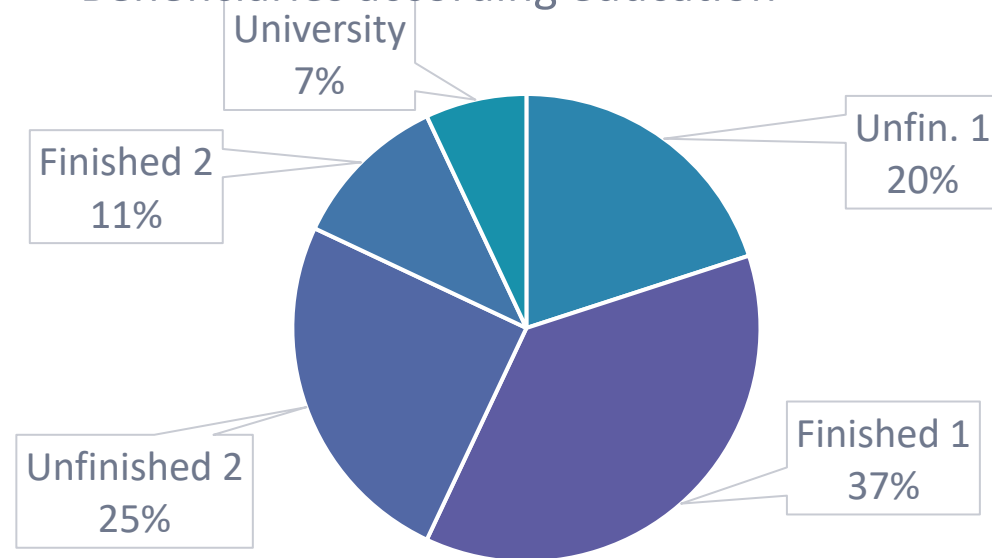
# Some of the numbers of the Plan

- It involved 0,92% of the National GDP
  - This was 4,9% of the Federal Budget
- It covered 16% of the households
  - In some provinces reached 40%
- Almost half of the participants (47%) were under 35 years old
- 71% female after 10 months of implementation
- 60% of the female are head of household
- 98% of male workers had previous working experience
- 82% of women had it

Beneficiaries according child



Beneficiaries according education



# Impacts on household incomes

- 90% of the households of beneficiaries were under the poverty line
  - 53% under the extreme poverty line (Indigency)
  - With the plan the average household income increased by 63%
  - With the plan extreme poverty reduced by 25 percentage points
  - Poverty did it only by 8 percentage points
- 20% of the households had the plan as the sole source of income
- The multiplying effect of the program was 2,57
- In the first six months 1/5 of beneficiaries found a formal job
- 20% of the beneficiaries went in and out of the program (temporary jobs)



# Conceptual Framework to Understand Employment Programmes in Crisis Context

Why a Public Employment Program?

# Political advantages of the PEP

Constitutes a global **strategy** against exclusion and poverty

It a clear schema of social protection, **not charity**

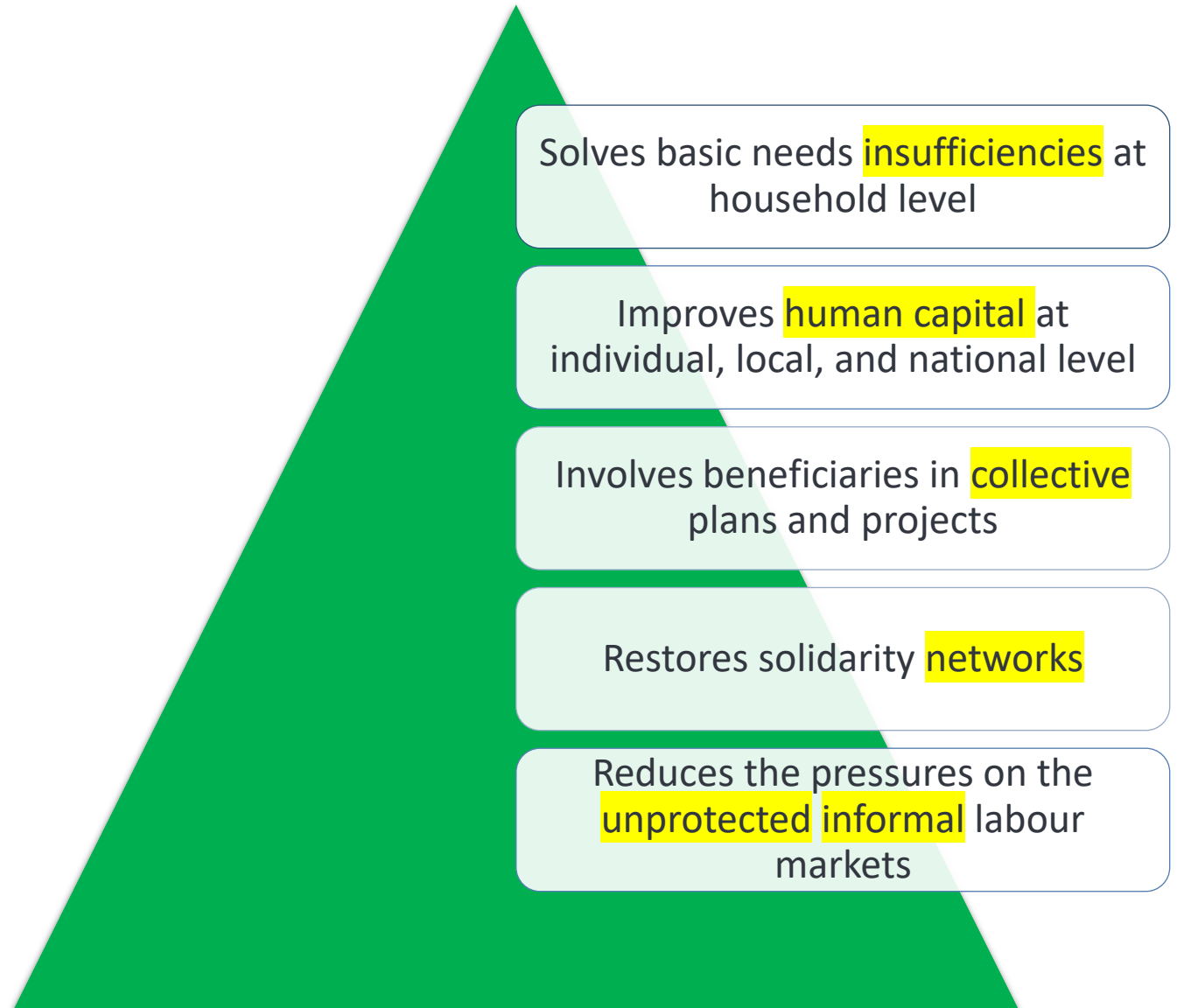
Reduces **unemployment**

**Integrates** excluded groups

Allows the identification of problems for **further interventions**

Brings society to work for a “**New Social Contract**”

# Social advantages of the PEP



# Advantages at local level of the PEP

It is basically counter-cyclical

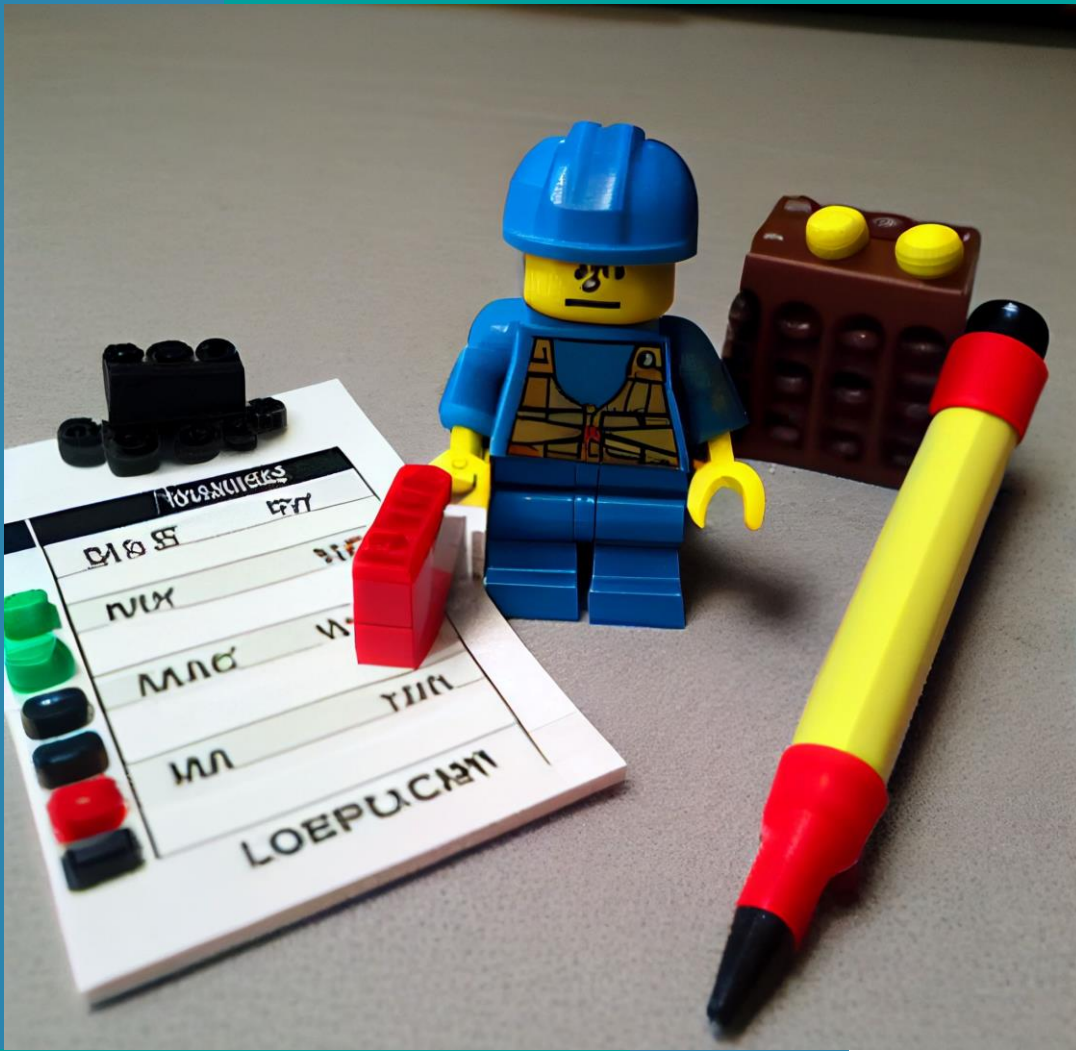
Improves infrastructure and proximity services

Generates multiplying and accelerating effects

It can articulate with the productive sectors in order to create stable, good quality jobs

Barely distorts local labour markets





# THE CHECKLIST FOR THE FEASIBILITY ANALYSIS OF PEP

- *Evidence based policy making*

# The Context: Variables That Suggest the Relevance or Not of an Employment Programme

**Which are the causes of unemployment?**

**Pattern of accumulation**

- Marxian unemployment?
- Keynesian unemployment?

**Supply and demand in labour markets**

- Decline in real wages
- Increased labour supply
- Job losses
- Changes in the composition of employment

# The main goal of the PEP

## Job promotion program?

- **Who** will receive the benefit and the work?
  - Will the intervention unit be the individual or the household?
- Is it necessary to provide **training** (and of what type)
- Short-term work producing social goods and services appropriated by the community?

## Poverty reduction program?

- **Who** are the poor? Are they **employed**?
- Is poverty **geographically** located?
- New poor? Structural Poverty? Inertial poverty?

# Katzman matrix

- Designed by Ruben Katzman (ECLAC) in the 80s
- Analyses the complex shape of poverty after the debt crisis in Latin America
- Provides the first approach to the design of the PEP

		Basic Needs	
		Poor	Non poor
I n c o m e	Poor	Structural poverty	New Poverty
	Non poor	Inertial poverty	Non poor

# Expected results: *ex-ante* evaluation

## Impacts on beneficiaries

- **Impact on incomes:**
  - Indigency
  - Poverty
  - Income distribution
- **Impact on the labour market**
  - Unemployment
  - Rate of participation
  - Employment

## Impact on the community

- Expansions and/or improvements of local infrastructure,
- Provision of local services,
- Expected reduction of regional disparities,
- Strengthened capacities in local governments.

# To whom? Strategies for targeting the PEP



Universal

Means testing

Proxy means testing

Geographic targeting

Demographic targeting

Community focus

Self-targeting

# For how long? Duration of the PEP

## Unlimited duration

- One time
- Free entrance, exit and re-entrances

## Limited time

- Until the emergency is over
- Precise time limitations (12/18/24 months)

## Seasonal and limited duration

- Yearly PEP
- Mainly for agricultural purposes

# What to do? Work commitment

## Social goods

- Development of infrastructure
  - Construction
  - Irrigation schemas
  - Maintenance of public spaces
- Productive activities
  - Community farms
  - Bakeries
  - Carpentry
  - Bricks
- Self employment

## Social Services

- Public services
  - Child and elderly care
  - Reinforcing civil servants
- Education, training and skills development
  - Back to school
  - Apprenticeships
  - Certifications and reskilling
  - On the job training







# Silver Bullet? One size fits all?

- Interjurisdictional dialogue
- Reinforces existing programs
- Introduction of changes to gain effectiveness and fairness
- Coordination with existing programmes
  - Child allowance
  - Health and reproductive rights
  - Education and skills development
  - Productive support
  - Employment offices
- Sharing information, promote access, and entry and exits to and from the PEP.
- Strong and effective institutional dialogue with the managers of the different programmes



As  
conclusion...



- There is no better social and economic policy than **full employment** ...
- There is no stronger contribution to human development than **Decent Work**...
- That is why full employment is a **development strategy** at the core of a **New Social Contract**