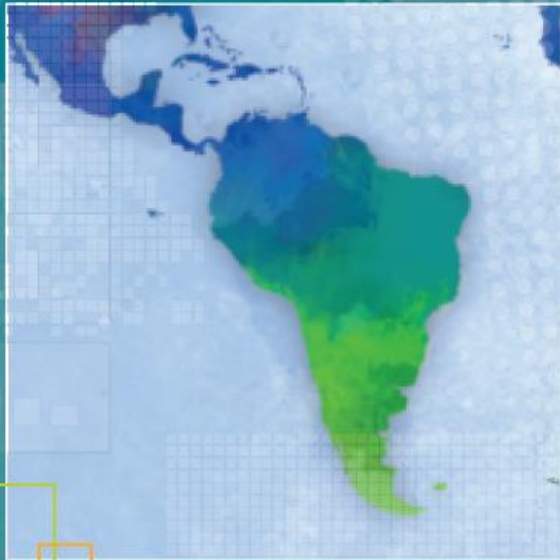


STUDIES ON
GROWTH WITH EQUITY



WHAT WORKS ACTIVE LABOUR MARKET POLICIES IN LATIN AMERICA AND THE CARIBBEAN

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MOTIVATION



1. Past policy innovations have some limitations:

- Innovative social policies implemented since 2000:
 - Conditional cash transfer (CCT) programmes are comprehensive interventions aimed at raising social security coverage
 - More than 20% of the population is covered by a CCT in the region
- Labour market and social achievements since 2000:
 - Reduction in working poverty (from 18 to 8%) and income inequality
- Yet, limited impact on quality job creation:
 - Low levels of [productivity growth](#)
 - [Informal employment](#) remains persistently high

MOTIVATION

2. The potential role of ALMPs:

- ALMPs could prevent the current economic slowdown from translating into a structural deceleration
 - Improve matching between jobseekers and employers
 - Keep individuals attached to the labour market
- Improve employability and support ongoing economic transformations
 - Guarantee continuous skills' upgrade
 - Improve employment quality
- Even during crises when effects are weaker, ALMPs can be an efficient option
 - Unemployment, long-term inactivity and CCTs are expensive options
 - ALMPs can be self-financing in the medium-term



MOTIVATION

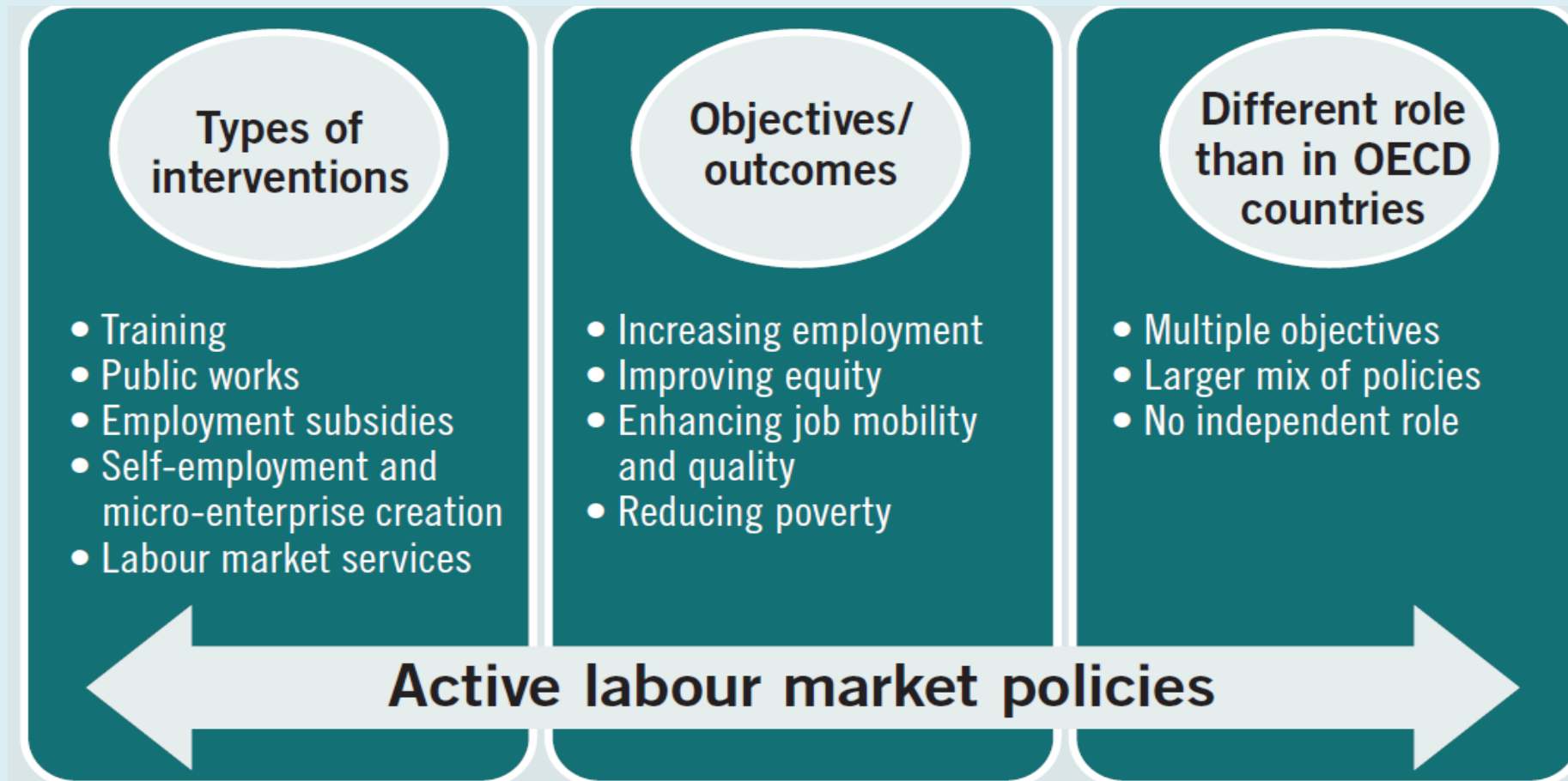


3. Leveraging the potential of ALMPs:

- Public expenditure in ALMPs has increased in virtually all countries in Latin America since 2000
- Often higher than expenditure in passive policies
- However, not enough is known with respect to the impact of ALMPs as well as the implementation and design characteristics needed to maximise their effectiveness

WHAT ARE ALMPS?

- Interventions that help individuals finding more sustainable jobs



PRODUCTS



Compendium of labour market policies



First **Meta-analysis** of ALMPs in the region



Three impact evaluations: Argentina, Colombia and Peru



Synthesis report: in English and Spanish



Website: www.ilo.org/almp-americas



ILO COMPENDIUM of labour market policies

Database

ILO Compendium of labour market policies

The policy compendium collects information on labour market policies implemented in a range of LAC countries since the 1990s. Among other information, for each intervention it provides a description of the programme, the target group of beneficiaries, the number of participants and the level of public expenditures. The entire policy compendium can be assessed electronically; while its main results and trends are also presented in the report (Chapter 2).

Select Data by Country & Type of policy

Country:

Type of Policy:

Main Component:

Reset

View

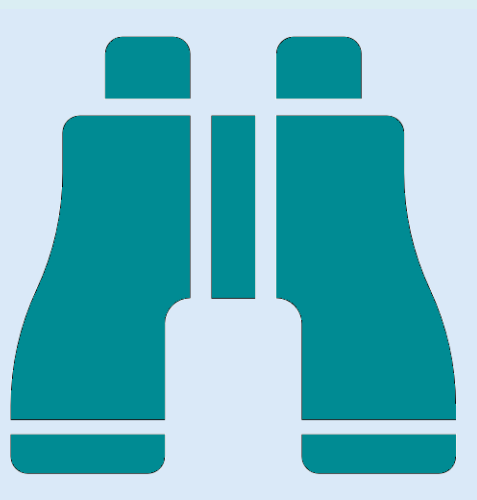
Select Data by Programme

[Download the entire dataset in Microsoft Excel format >](#)

- Information about all ALMPs and some PLMPs in: Argentina, Brazil, Colombia, Ecuador, Peru and Uruguay.
- Around 200 policies with detailed information:
 - Type of policies and components
 - Year of implementation
 - Policy characteristics and target group
 - Sources of information and impact evaluations
- Available in the project's webpage



META-ANALYSIS AND LITERATURE REVIEW



- Based upon 44 studies, 52 programmes and 152 impact estimates
- **TO COME:** Update of the meta-analysis to unveil effects on informality (277 impact estimates from 48 studies)
- 75% of the studies are of quasi-experimental nature
- Patterns in the evaluation of ALMPs by type of intervention and country:
 - 18 out of 52 programmes: Implemented in Argentina and Peru
 - 67% are training programmes
 - 70% of the evaluations are on youth
- These patterns are not strictly representative of ALMPs in the region (e.g. [44% are training programmes](#), 24% are for youth)

IMPACT EVALUATIONS: Argentina, Colombia and Peru

ARGENTINA: Effectiveness of active labour market tools in CCT programmes: Evidence for Argentina (Elva López Mourelo and Verónica Escudero)

- *Seguro de Capacitación y Empleo*: Targeted towards participants of Plan Jefes with high probability of finding a job
- Are active interventions effective in reducing dependency from CCTs?
- Positive effect on earnings and employment quality (e.g. formal employment, working hours); but participants are also more likely to move to inactivity

COLOMBIA: Do Public Employment Services improve employment outcomes? Evidence from Colombia (Clemente Pignatti)

- *Agencia Pública de Empleo*: Public employment agency in charge of providing labour market services
- Are APE services more effective than other job-search channels?
- Positive effects on formality, but mixed effects on wages



IMPACT EVALUATIONS: Argentina, Colombia and Peru

PERU: Workfare programmes and their impact on the labour market: Effectiveness of Construyendo Perú (Verónica Escudero)

- *Construyendo Perú* (2007-11): Provided temporary employment to the unemployed in situations of poverty and extreme poverty; and also training in order to enhance their employability
- Implemented through the financing of public investment projects (max. 4 months)
- Can workfare programmes be effective in the medium term?
- Positive effect on employability for women and low-skilled individuals. Yet, higher probability of being informal or working poor.



WHAT WORKS: The importance of the design

1. Leveraging complementarities:



Labour market outcomes improve when ALMPs are combined with existing measures:

- Income support and job-search assistance
- Employment subsidies as a complement to CCTs



ALMPs have to constitute a policy package

- Public works programmes with a training component
- Assistance for funding with technical support for the self-employed

WHAT WORKS: The importance of the design and implementation

2. Adapt the characteristics to increase effectiveness:



Characteristics:

Duration is the key driver of programme effectiveness

Particular measures are needed to provide incentives for the use of ALMPs



Target groups:

Women are more likely to succeed in the labour market thanks to ALMPs

Youth and low-income people do not show better results

WHAT WORKS: The importance of the design and implementation



TRAINING:

- Effectiveness does not depend on the number of components
- On-the-job training components are the most effective (particularly when they deal with barriers to individual employability)
- Need to take into account the local firms' needs
- Effectiveness increases when training providers are selected through a bidding process

PUBLIC WORKS:

- Ensure targeting is applied and enforced (e.g. avoid multiple participation)
- Designed to fully benefit those targeted (e.g. projects tailored to the group)
- More successful when they include employability-enhancing components (particularly when relevant for the local labour market)

WHAT WORKS: The importance of the design and implementation



EMPLOYMENT SUBSIDIES:

- Effective mainly for youth or when targeted specifically to vulnerable groups
- Acts mainly through substitution and deadweight effects

MICROENTERPRISE CREATION POLICIES:

- Effectiveness hinges on the educational level of participants
- And on the provision of technical assistance in addition to the financial support
- Sustainability depends on the development of the local market

LABOUR MARKET SERVICES:

- More effective when provided face-to-face
- The challenge is to reach a higher number of beneficiaries
- PES can have an important role during periods of weak demand (e.g. to deploy other ALMPs)

WHAT WORKS: Institutional Capacity



- Provide sufficient financial means
 - Make sure that the programme reaches all individuals in need who comply with the eligibility criteria
 - Guarantee the stability of financing (also during periods of crisis)
 - Supervision of activities and tracking of the pre-established objectives
- Strengthen the link between policies
 - PES offices present in the whole country
 - Reach remote areas
- Systematic gathering of data and impact evaluation of policy efforts

THE REPORT IN SHORT



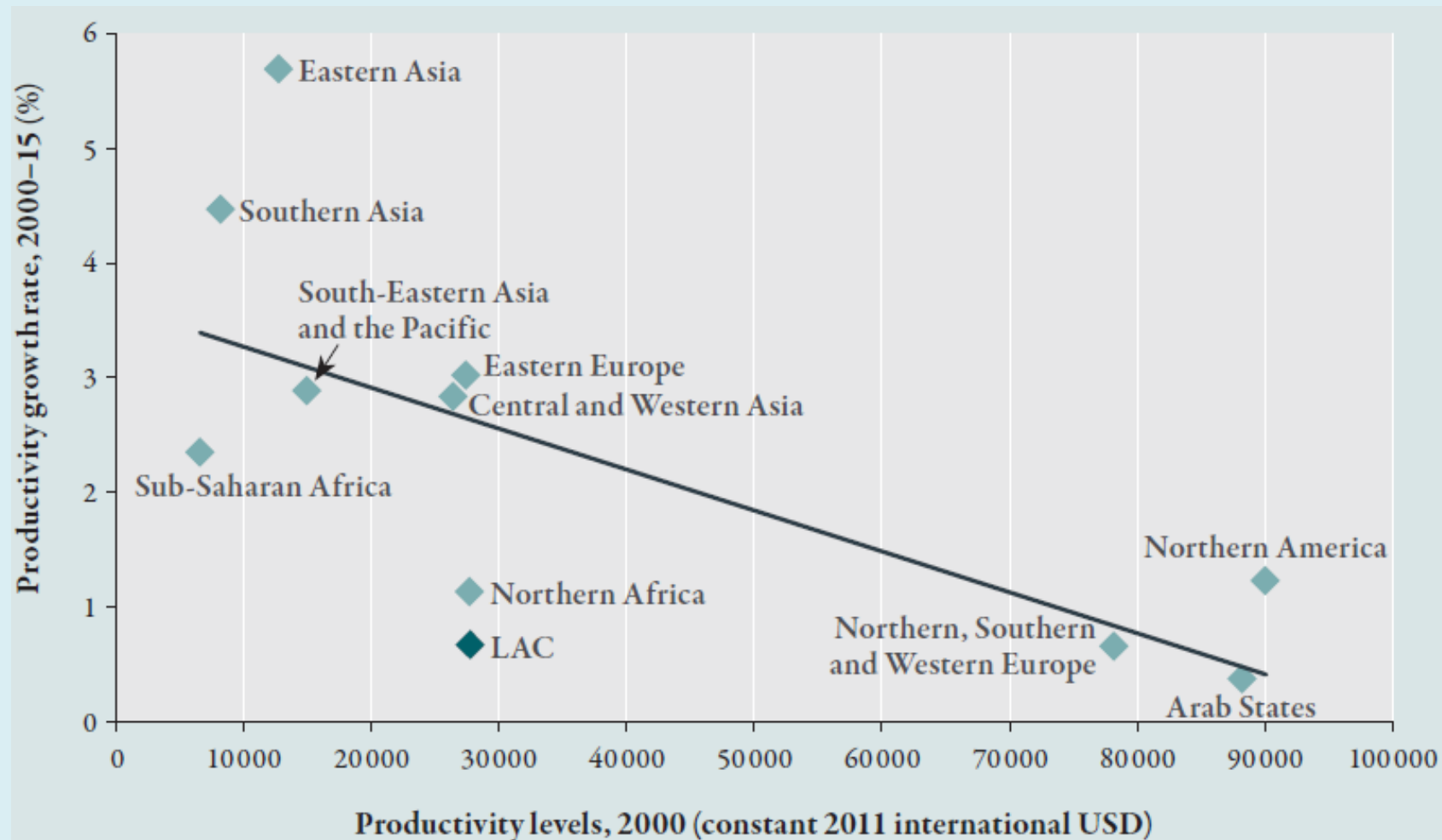
1. Innovations from the past have been successful in raising living standards but have not necessarily improved employment outcomes
2. ALMPs are increasingly used in the region, but there is considerable scope to leverage them further
3. Design and implementation characteristics are key for effectiveness:
 - Address employment barriers of individuals
 - Respond to the needs of the local labour market
4. ALMPs need to be implemented as a policy package rather than isolated programmes to take advantage of their complementarities
5. There is the need to guarantee sufficient institutional capacity
6. Data collection and robust impact evaluations of ALMPs must be part of the comprehensive strategy

THANK YOU

www.ilo.org/almp-americas



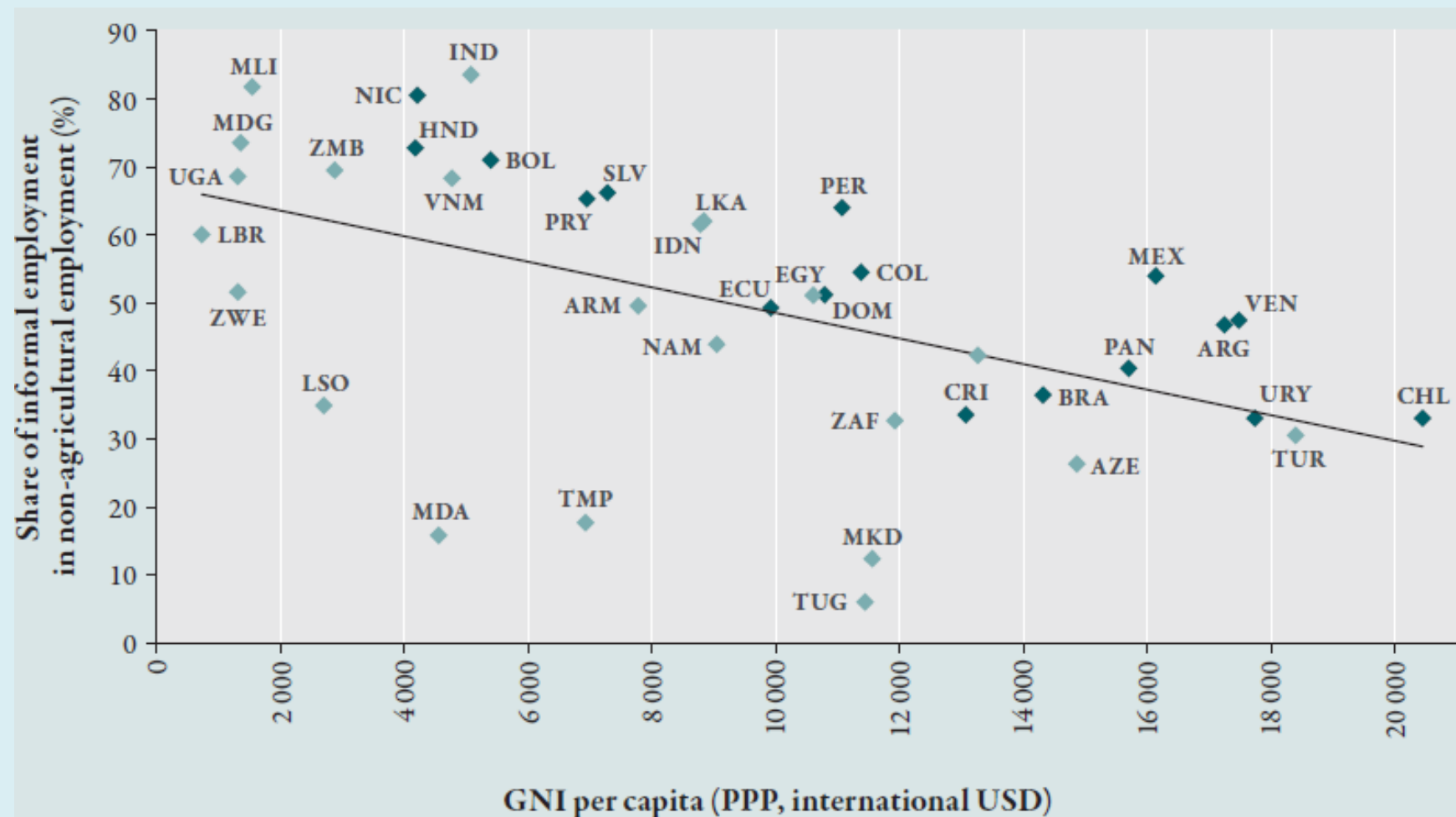
Figure: Average productivity growth rate (2000–2015) and productivity levels (2000) by region



Notes: Data for 2015 are preliminary. Productivity growth is calculated using compound annual growth rates.

Source: ILO calculations based on the ILO Research Department's *Trends Econometric Models*, November 2015 update.

Figure: Informal employment and GNI per capita, latest available year



Note: Countries in Latin America and the Caribbean are marked in darker green. Share of informal employment corresponds to the latest available year.

Source: ILO calculations based on ILO Key Indicators of the Labour Market (KILM) and ILO (2014d) (share of informal employment in non-agricultural employment) and the World Bank World Development Indicators (GNI per capita).

Figure: Share of the population covered by a CCT (%)

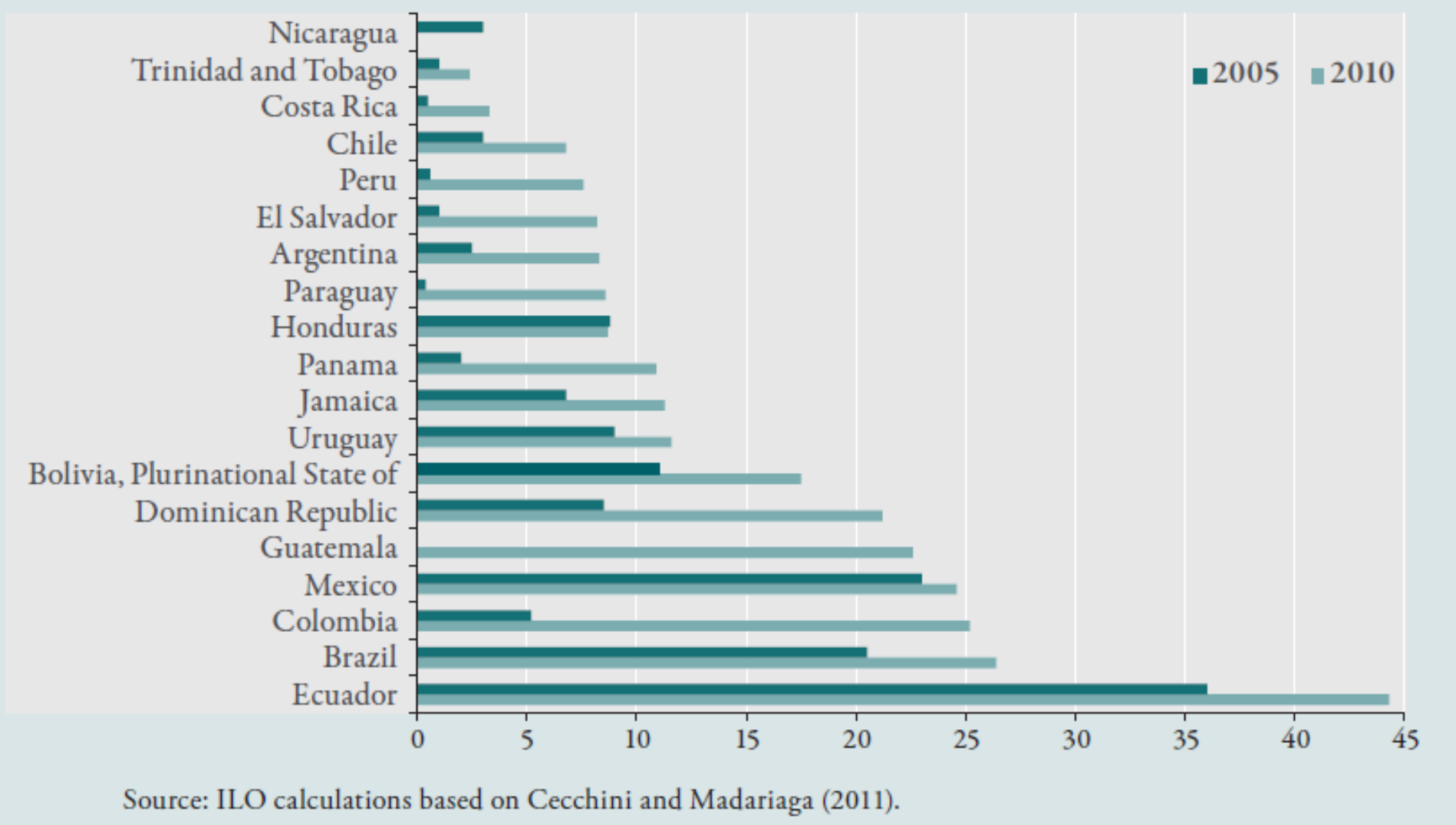
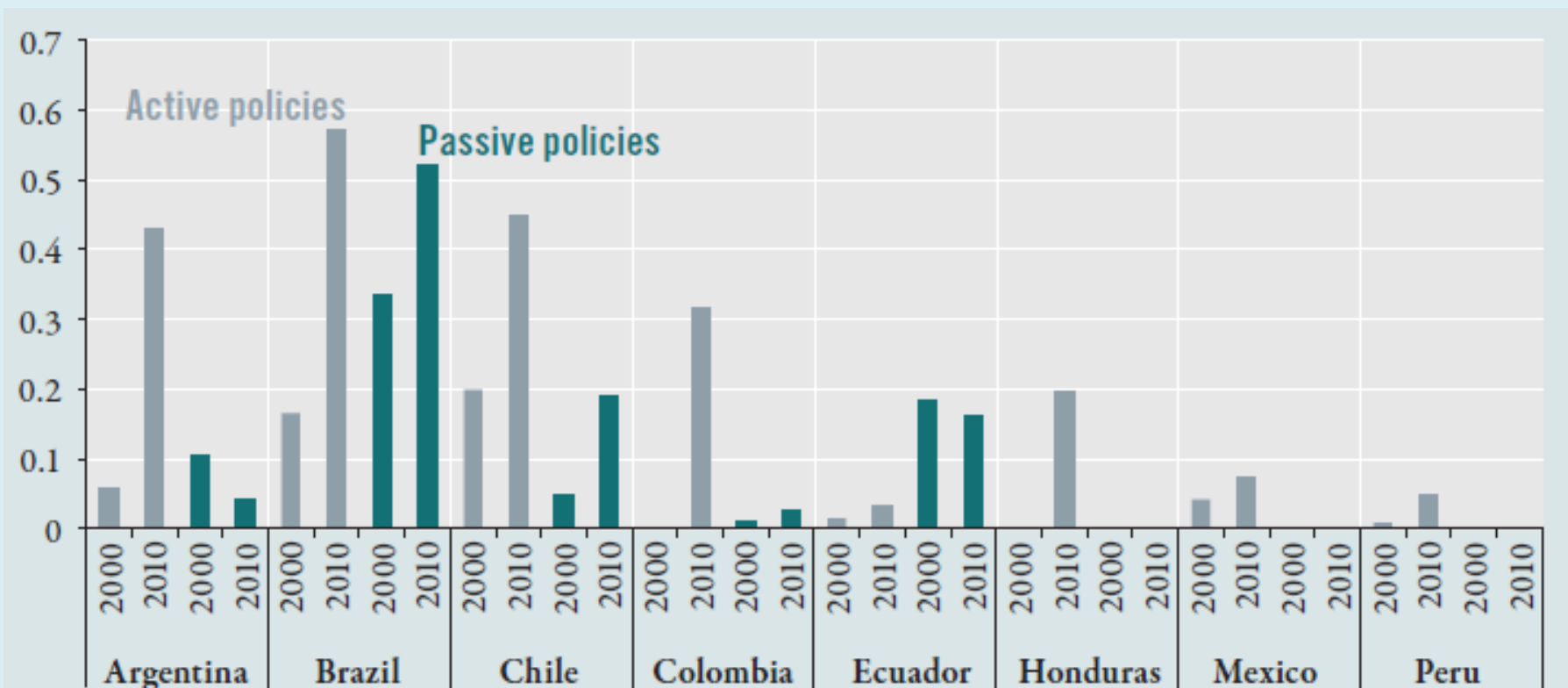


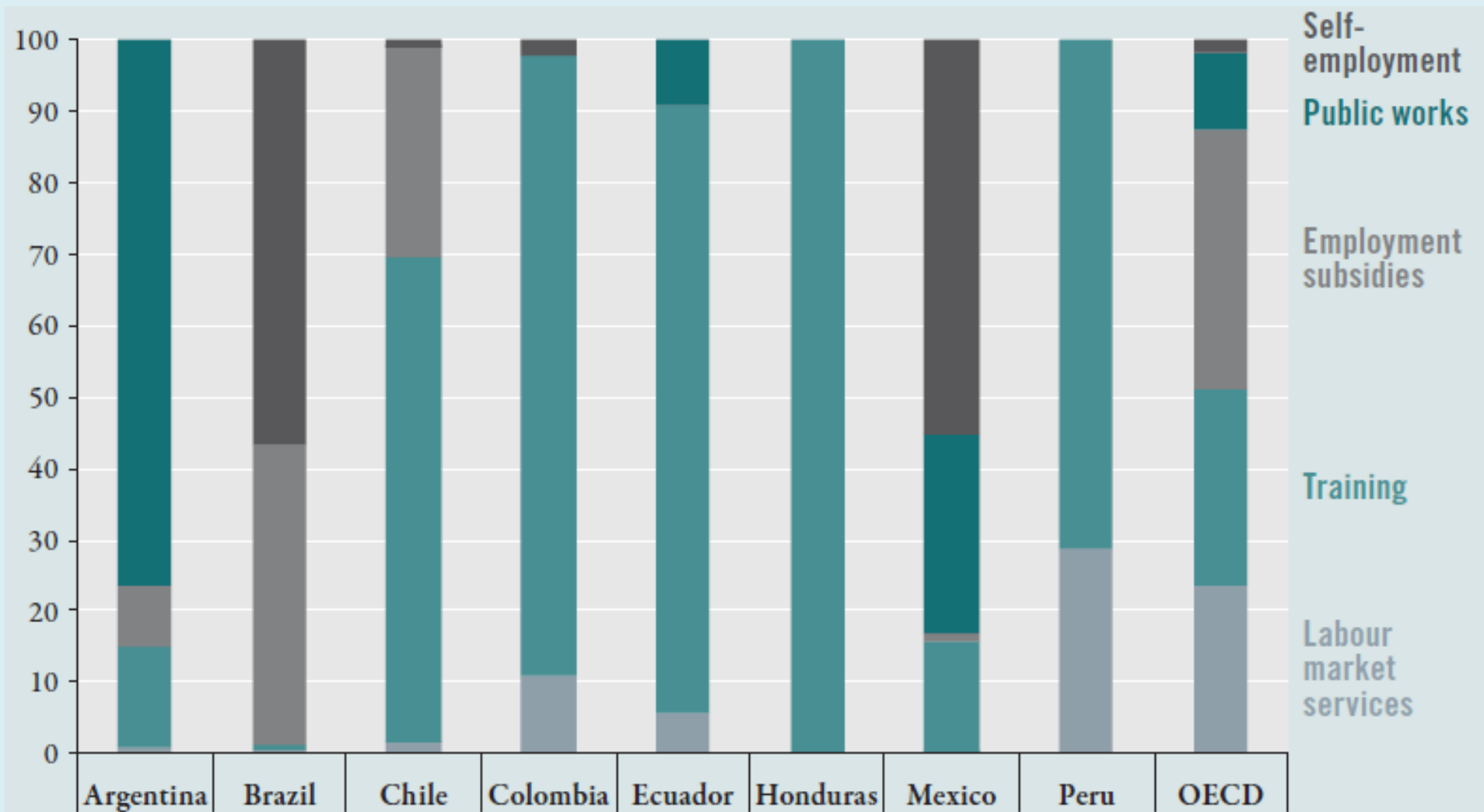
Figure: Public expenditure in active and passive labour market policies as a share of GDP, selected countries



Note: Values for ALMPs for 2000 refer to 2001 for Mexico, 2003 for Honduras, 2004 for Chile and 2005 for Brazil. Values for passive policies for 2000 refer to 2004 for Colombia and Chile and to 2005 for Brazil.

Source: ILO calculations based on the World Bank LAC Social Protection Database and OECD.

Figure: Share of expenditure in ALMPs by type of programme



Source: ILO calculations based on the World Bank LAC Social Protection Database and OECD.

Share of ALMPs by type of intervention in the meta-analysis and the compendium

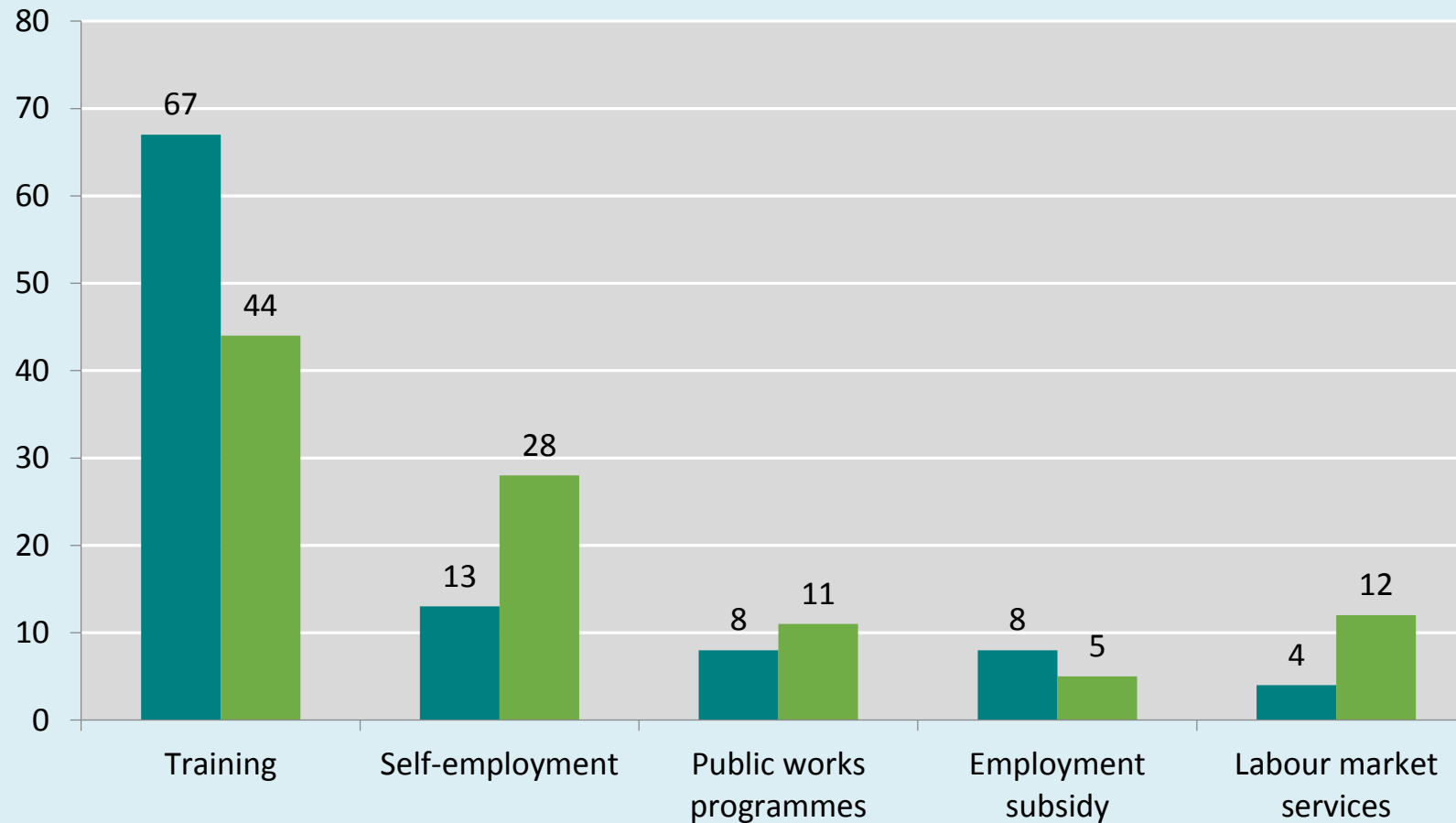


Table: Effects of activation measures implemented in Argentina (SCE) on employment and job quality

	Full sample	Matched sample
Employment status		
Employed informally	–	–
Unemployed	ns	ns
Inactive	+	+
Job quality		
Real hourly wages	+	+
Low-paid job	ns	ns
Number of hours worked	+	–
Excessive working time	–	–
Underemployment	–	–

Note: The estimated effects are classified as positive and statistically significant (+), negative and statistically significant (–) and not statistically significant (ns).

Source: ILO based on López Moureló and Escudero (2016).



Table: Results of the impact evaluation of APE in Colombia

		All	Women	Men	Low skilled	High skilled
Control: classified advertisements	Employed formally	+	+	+	+	+
	Hourly wage	–	–	–	+	–
Control: private employment agencies	Employed formally	ns/–	ns	–	–	–
	Hourly wage	–	–	ns	+	–
Control: contact with employer	Employed formally	+	+	+	+	+
	Hourly wage	–	–	ns	+	–
Control: family and friends	Employed formally	+	+	+	+	+
	Hourly wage	+	ns	+	+	–

Note: The estimated effects are classified as positive and statistically significant (+), negative and statistically significant (–) and not statistically significant (ns).

Source: ILO based on Pignatti (2016).



Table: Effects of *Construyendo Perú* on employment and job quality of different groups

		All	Women	Men	Lower educated	Higher educated
Employment status						
Employed		ns	+	ns	+	ns
Inactive		ns	–	ns	ns	ns
Employed informally		+	+	ns	ns	+
Employed formally		–	–	ns	ns	–
Own-account worker		+	+	ns	ns	+
Job quality						
Working poor		+	+	ns	ns	+
Number of hours worked		+	ns	ns	ns	ns
Excessive working time		+	ns	ns	ns	+
Number of observations	Minimum	33 667	15 402	18 265	8 002	25 664
	Maximum	46 665	24 427	22 238	12 374	34 257

Source: ILO based on Escudero (2016).

