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**ECLAC / ILO**

# **The employment situation in Latin America and the Caribbean**

Conditional transfer programmes  
and the labour market



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UNITED NATIONS

**ECLAC**



The *Employment Situation in Latin America and the Caribbean* is a twice-yearly report prepared jointly by the Economic Development Division of the Economic Commission for Latin America and the Caribbean (ECLAC) and the Subregional Office for the South Cone of Latin America of the International Labour Organization (ILO), headed by Jürgen Weller, Officer in Charge, and Guillermo Miranda, Deputy Regional Director for Policy and Programme Coordination, respectively.

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## Contents

Foreword.....	5
I. Labour market performance in Latin America and the Caribbean in 2013 .....	7
A. Introduction .....	7
B. The paradox of the economic situation: a slight fall in unemployment despite a lower employment rate .....	7
C. Positive trend for women but not for young people .....	8
D. Wage work loses impetus .....	10
E. Registered employment continues to grow, but far more slowly than in previous years .....	10
F. Varying performance according to branch of activity .....	11
G. Wages .....	11
II. Conditional cash transfer programmes and the labour market .....	13
A. Introduction .....	13
B. Challenges for labour inclusion.....	14
C. Labour-inclusion and income-generation programmes for CCT beneficiaries .....	15
D. Disincentives to labour inclusion? .....	18
E. Disincentives to formalization? .....	20
F. Conclusions and policy recommendations.....	21
Bibliography .....	23
Annex A.1 Current indicators.....	27
Annex A.2 Labour-inclusion and income-generation services associated with conditional cash transfer programmes.....	31



## Foreword

Labour markets in Latin America and the Caribbean lost momentum in 2013 compared with the sustained improvements seen over the past 10 years. These gains were reflected in a sharp rise in the urban employment rate from 53.5% in 2004 to 56.6% in 2012, and a drop in the urban unemployment rate from 10.3% to 6.4% during the same period. Slack economic growth in 2013 (a moderate 2.5%) weakened labour demand, and wage employment grew more slowly than in previous years (with the exception of 2009, owing to the international economic and financial crisis). The employment rate fell slightly as a result. Company and labour formalization policies helped ensure that formal employment continued to grow faster than total employment. Nevertheless, the creation of better-quality jobs is also slowing generally.

Weaker formal and wage employment creation did not provoke broad expansion of the informal sector, as has occurred in the past, thanks to the number of jobs created over the past 10 years, which have pushed up incomes and reduced poverty.

In spite of everything, the urban unemployment rate was down again, dropping from 6.4% in 2012 to 6.2% in 2013, a historic low. This was chiefly the result of a reversal in the gradual uptrend in labour participation that had been driven by increasing numbers of women entering the labour market. The urban participation edged down from 60.5% to 60.3%, which offset the drop in the employment rate and prevented it translating into a higher open unemployment rate.

The decline in the regional participation rate was not the result of women leaving the labour market. In fact, participation, employment and unemployment gaps between men and women narrowed slightly. Nevertheless, the size and persistence of these and other gaps make it clear that additional efforts will be needed to make further progress towards gender labour equality.

The most marked deterioration in employment variables was seen among young people. A lower labour participation rate for young people is not necessarily negative and in fact has characterized the region during the last few years, owing chiefly to higher rates of secondary and tertiary education. However, in contrast to the adult unemployment rate, youth unemployment went up, as the employment rate for young people fell more sharply than their labour participation rate. This confirms that young people are the first group to be affected by a cooling labour market, as firms tend to cut back on hiring of temporary workers before laying off permanent staff, which mainly hits young job seekers.

Real wages continued to rise in Latin America and the Caribbean, but more slowly than in previous years. Thanks to positive but declining job creation rates and real wage increases, the wage bill continued to support household consumption. Accordingly, the labour market continued to contribute through domestic demand to economic growth, albeit in declining measure as it cooled generally.

In addition to job creation over the past decade, other factors have helped reduce poverty, such as more robust social protection systems and the implementation of innovative social programmes. These include conditional transfer (or joint responsibility) schemes, which have been set up in several countries and benefit 21% of the regional population. The second part of this report summarizes the main features of these instruments and discusses their impact on labour markets, as well as the challenges they face.

Cash transfers delivered through these programmes are small amounts and therefore tend not to bring down the employment rate among working-age adults, but rather among children, as is the intention. There is a shortage of productive employment, which tends to be especially severe in areas with high rates of poverty, and this affects the labour market position of both adults and young people (once they have completed their education). Weak public support of childcare and the care of older adults and persons with disabilities also hinders the labour participation of women living in poverty. Transfer programmes must therefore be closely coordinated with comprehensive social protection systems and active labour market policies that boost labour demand.

These programmes must also be designed to enable beneficiaries to transition through various stages that constitute a continuum of measures meeting different needs and supporting different rights, so that beneficiaries do not lose their entitlements on “graduating” from the programmes, as this could discourage labour formality.

Once again, the outlook for 2014 is unfavourable for the region’s labour markets, given that ECLAC forecasts economic growth of 2.7% for the region in 2014. The regional employment rate is expected to hold fairly steady in 2014, on the basis of modest economic growth and recent labour market trends. However, if the participation rate resumes its long-term upward trend, unemployment could climb somewhat.

Despite relatively low unemployment levels, therefore, the prevailing conditions present major challenges for labour market policies in terms of making progress on the creation of good-quality jobs and, in particular, promoting productive employment for young people. Should sluggish growth lead to higher unemployment in some cases despite these efforts, the countries will need to strengthen their unemployment insurance and other protection measures to weather the situation.

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# I. Labour market performance in Latin America and the Caribbean in 2013

## A. Introduction

In Latin America and the Caribbean, 2013 marked a slight slowdown in economic growth in relation to 2012 (with respective figures of 2.5% and 3.1%) in a context of a weak global recovery. However, towards the end of 2013 the prospects of enhanced growth in the United States began to be realized and an incipient recovery was observed in the eurozone. China, meanwhile, contributed to this trend with increased investment in the second half of 2013. The global economy grew by 2.1% in 2013 and is projected to expand by around 3% in 2014, while Latin America and the Caribbean is expected to grow by 2.7% (ECLAC, 2014).

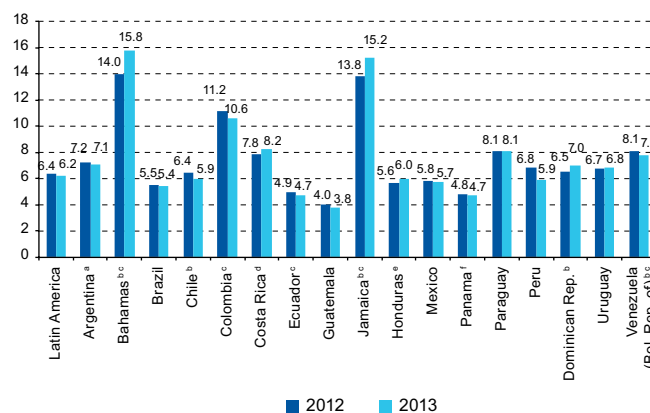
While accelerating growth in the United States is good news for the global economy, it also marks the end of the cycle of interest rate cuts and heralds the prospect of tighter financial conditions, a situation whose initial repercussions are already being felt in the region, with capital outflows and the depreciation of some national currencies. Expectations of interest rate rises fuelled by changes in the financial markets and of slower growth in investment by China have caused the prices of various Latin American export commodities to fall.

## B. The paradox of the economic situation: a slight fall in unemployment despite a lower employment rate

In spite of less dynamic economic growth, the unemployment rate continued to fall over 2012 and 2013 to reach its lowest level in decades. At first glance, the region's labour markets appear to be in a better condition than at any time in recent decades, but a more detailed analysis reveals more troubling aspects that cast doubt on whether this positive performance can be sustained into the near future and whether the labour market can accommodate the groups that have found it hardest to gain a foothold, such as young people.

The urban unemployment rate for Latin America and the Caribbean was estimated at 6.2% for 2013, a little down on 2012 (6.4%). Most countries for which data are available recorded a slight fall in the unemployment rate, but the Bahamas, Costa Rica, the Dominican Republic, Honduras, Jamaica and Uruguay saw small increases. This new drop in unemployment was, however, attributable not to a greater proportion of people of working age being employed but to a higher inactivity rate, that is, a higher percentage of people outside the labour market and not looking for work. Indeed, the urban participation rate—the percentage of the urban population of working age in work or actively seeking it—decreased from 60.5% in 2012 to 60.3% in 2013. The urban employment rate also fell over the same period, from 56.6% to 56.5%, unlike in the previous year when a slight increase had been recorded.

Figure I.1  
LATIN AMERICA AND THE CARIBBEAN (17 COUNTRIES): URBAN UNEMPLOYMENT RATE BY COUNTRY, 2012 AND 2013<sup>a</sup>  
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of household surveys conducted in the respective countries.

<sup>a</sup> Refers to 31 urban areas.

<sup>b</sup> National total.

<sup>c</sup> Includes hidden unemployment.

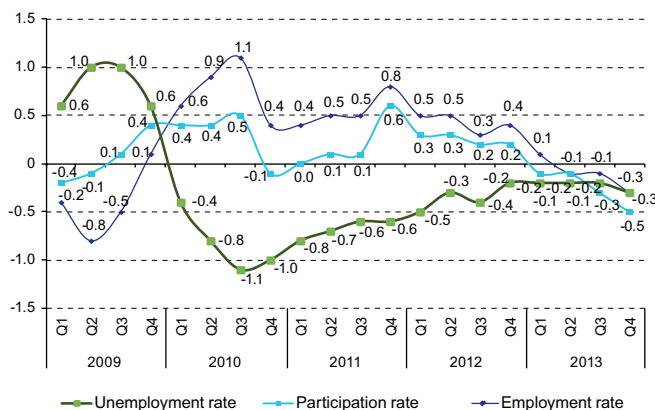
<sup>d</sup> Figures for July.

<sup>e</sup> Figures for May.

<sup>f</sup> Figures for August.



Figure I.2  
**LATIN AMERICA AND THE CARIBBEAN (10 COUNTRIES<sup>a</sup>): YEAR-ON-YEAR VARIATION IN UNEMPLOYMENT, EMPLOYMENT AND PARTICIPATION RATES WITH RESPECT TO THE SAME QUARTER OF THE PREVIOUS YEAR, 2009-2013**  
 (Percentage points)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of household surveys conducted in the respective countries.

<sup>a</sup> Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Ecuador, Jamaica, Mexico, Peru and Uruguay.

As figure I.2 shows, this downward trend in unemployment appears to be gathering pace. In the 10 countries for which complete quarterly data for 2013 were available, year-on-year falls in the unemployment rate were more marked in the final quarter, with a decline of 0.3 percentage points between the last quarter of 2012 and the last quarter of 2013, a period that also saw the greatest reductions in the participation rate (0.5 percentage points) and the employment rate (0.2 percentage points). Although the magnitude of these variations remains small, this may be the beginning of a trend whereby not enough jobs are created to incorporate new entrants into the labour market, thus reversing the progress made in recent years.

## C. Positive trend for women but not for young people

In addition to gauging the performance of labour markets as a whole in the region, it is pertinent to analyse the gaps between men and women and adults and young people.

In 2013, women fared slightly better than men. In the 15 countries with available information the female unemployment rate fell by 0.3 percentage points, while the rate for men decreased by only 0.1 percentage points. Nonetheless, at 7.4%, the rate for women remained higher than that for men (5.4%). That gap was seen in all countries to a greater or lesser extent, with the exception of Mexico where the rates were identical. The largest gaps were recorded in Jamaica and the Dominican Republic where the female unemployment rate was almost double that of men. It is also important to note that the reduction in the female unemployment rate was attributable not to a lower participation rate—which held steady at 50.0%—but to a slight increase

in the employment rate, which rose from 46.2% in 2012 to 46.3% in 2013.

A comparison of the performance of young people (15-24 years of age) with that of adults aged 25 years and over in the 12 countries with available information reveals a widening gap. While the adult unemployment rate fell from 4.6% to 4.5% between 2012 and 2013, the youth unemployment rate grew from 14.0% to 14.3%, meaning that the ratio between the two rates increased from 3.0 to 3.2. The youth unemployment rate rose in 6 of the 12 countries, but fell slightly in Chile, Colombia, Peru and the Bolivarian Republic of Venezuela, and remained unchanged in Mexico and Panama. This was in spite of a decline in the participation rate for young people, from 49.3% to 48.3%, since the employment rate fell from 42.4% to 41.5%.

Table I.1  
**LATIN AMERICA AND THE CARIBBEAN (15 COUNTRIES): URBAN UNEMPLOYMENT, PARTICIPATION AND EMPLOYMENT RATES BY SEX, 2012 AND 2013**  
*(Percentages)*

Country	Unemployment rate				Participation rate				Employment rate			
	Men		Women		Men		Women		Men		Women	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
<b>Latin America</b>	<b>5.5</b>	<b>5.4</b>	<b>7.7</b>	<b>7.4</b>	<b>71.4</b>	<b>71.1</b>	<b>50.0</b>	<b>50.0</b>	<b>67.4</b>	<b>67.2</b>	<b>46.2</b>	<b>46.3</b>
Argentina <sup>a</sup>	6.1	6.1	8.8	8.5	72.2	72.0	47.6	47.1	67.9	67.6	43.4	43.1
Brazil <sup>b</sup>	4.4	4.4	6.8	6.5	66.6	66.2	49.3	49.3	63.7	63.3	46.0	46.1
Chile <sup>c</sup>	5.4	5.3	7.9	6.9	71.9	71.8	47.6	47.7	68.0	68.0	43.8	44.4
Colombia <sup>d,e</sup>	9.4	8.9	13.2	12.5	75.9	75.3	60.3	60.4	68.8	68.7	52.3	52.8
Costa Rica <sup>f</sup>	6.5	6.9	9.6	10.0	75.8	75.4	50.3	49.5	70.9	70.2	45.4	44.6
Dominican Republic <sup>g</sup>	4.9	5.0	9.1	10.4	64.7	64.5	38.5	38.2	61.5	61.3	35.0	34.2
Ecuador <sup>f</sup>	4.5	3.8	5.5	5.5	67.8	66.7	44.9	43.8	64.7	63.9	42.4	41.4
Honduras <sup>g</sup>	5.3	5.7	6.1	6.3	62.4	66.1	41.7	44.7	59.4	62.3	39.3	41.9
Jamaica <sup>e,f</sup>	10.5	11.2	18.1	20.1	69.1	70.0	54.9	56.2	61.8	62.1	45.0	45.0
Mexico <sup>h</sup>	5.9	5.7	5.8	5.8	76.1	75.6	47.5	47.3	71.6	71.3	44.7	44.5
Panama <sup>i</sup>	4.2	3.9	5.5	5.7	77.9	77.6	51.1	51.9	74.6	74.5	48.3	49.0
Paraguay	6.7	6.5	9.9	9.9	72.1	73.0	54.3	57.7	67.3	68.2	49.0	52.0
Peru <sup>i</sup>	5.4	4.9	8.5	7.2	78.2	77.9	60.7	60.6	74.0	74.0	55.5	56.2
Uruguay	5.3	5.5	8.1	8.3	72.9	72.7	56.2	55.8	69.1	68.7	51.6	51.1
Venezuela (Bolivarian Republic of) <sup>e</sup>	7.4	7.1	9.0	8.8	77.8	78.1	50.1	50.6	72.1	72.6	45.6	46.1

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of household surveys conducted in the respective countries.

<sup>a</sup> Refers to 31 urban areas.

<sup>b</sup> Six metropolitan regions.

<sup>c</sup> National total.

<sup>d</sup> Refers to 13 metropolitan areas.

<sup>e</sup> Includes hidden unemployment.

<sup>f</sup> Figures for July.

<sup>g</sup> Figures for May.

<sup>h</sup> Includes 32 urban areas.

<sup>i</sup> Figures for August.

<sup>j</sup> Lima metropolitan area.

Table I.2  
**LATIN AMERICA AND THE CARIBBEAN (12 COUNTRIES): URBAN UNEMPLOYMENT, PARTICIPATION AND EMPLOYMENT RATES BY AGE GROUP AND COUNTRY, 2012 AND 2013**  
*(Percentages)*

Country	Unemployment rate				Participation rate				Employment rate			
	15-24 years		25 years and over		15-24 years		25 years and over		15-24 years		25 years and over	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
<b>Total<sup>a</sup></b>	<b>14.0</b>	<b>14.3</b>	<b>4.6</b>	<b>4.5</b>	<b>49.1</b>	<b>48.3</b>	<b>66.5</b>	<b>66.3</b>	<b>42.2</b>	<b>41.4</b>	<b>63.5</b>	<b>63.3</b>
Argentina <sup>b,c</sup>	18.2	20.1	5.2	5.4	39.8	40.8	65.9	65.7	32.5	32.6	62.5	62.1
Brazil	13.5	14.0	3.9	3.7	54.0	52.7	64.3	63.9	46.7	45.3	61.8	61.5
Chile <sup>d</sup>	16.3	16.0	4.9	4.5	37.1	36.3	65.5	65.6	31.1	30.4	62.3	62.7
Colombia <sup>e,f</sup>	19.0	17.7	7.8	7.6	62.9	62.3	70.0	69.9	50.9	51.2	64.5	64.7
Dominican Republic	14.6	16.8	4.6	4.8	41.0	40.7	65.7	65.5	35.0	33.9	62.7	62.4
Ecuador <sup>c</sup>	13.6	14.3	3.4	3.0	42.1	39.7	71.0	69.1	36.4	34.1	68.6	67.0
Jamaica <sup>e,f</sup>	33.5	37.7	10.4	11.1	33.6	34.7	73.0	74.1	22.4	21.6	65.4	65.9
Mexico <sup>d,g,h</sup>	9.5	9.5	3.8	3.9	44.1	43.0	65.1	64.8	40.0	38.9	62.7	62.2
Panama <sup>f,i</sup>	12.6	12.6	3.3	3.2	44.2	44.8	69.4	70.0	38.6	39.2	67.1	67.8
Peru	13.5	13.4	4.7	3.7	52.8	51.3	76.5	76.9	45.7	44.7	72.9	74.1
Uruguay <sup>f</sup>	19.1	20.4	4.2	4.2	48.7	48.6	68.1	67.7	39.3	38.7	65.2	64.9
Venezuela (Bolivarian Republic of) <sup>d,f</sup>	17.2	16.4	6.3	6.1	40.7	40.9	71.8	72.0	33.7	34.2	67.3	67.6

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of household surveys conducted in the respective countries.

<sup>a</sup> Weighted average.

<sup>b</sup> Includes 31 urban areas.

<sup>c</sup> Data from second quarter.

<sup>d</sup> National total.

<sup>e</sup> Age groups used: 14-28 years and 28 years and over.

<sup>f</sup> Includes hidden unemployment.

<sup>g</sup> The 15-24 years age group includes children of 14 years.

<sup>h</sup> Data from the third quarter of each year.

<sup>i</sup> Figures for August.

## D. Wage work loses impetus

Falling dynamism in job creation tends not only to force down total employment but also to change the composition of employment. In Latin America and the Caribbean, own-account work has traditionally been seen as a “cushion” for the labour market when not enough wage employment is created by companies. The data on variations in employment by occupational category

in 2012 and 2013 suggest that this is beginning to happen, with own-account work growing at a faster pace than wage work in six of the nine countries with data available. However, in most of the countries, wage work grew faster than or at a similar pace to total urban employment (see table I.3).

Table I.3  
LATIN AMERICA (11 COUNTRIES): YEAR-ON-YEAR VARIATION IN EMPLOYMENT BY OCCUPATIONAL CATEGORY, 2012 AND 2013  
(Percentages)

Country	National total		Wage work		Own-account work	
	2012	2013	2012	2013	2012	2013
Argentina <sup>a</sup>	0.7	...	0.7	...	4.0	...
Brazil <sup>b</sup>	2.2	0.7	2.6	1.3	1.4	1.8
Chile	1.9	2.1	4.1	2.2	-2.1	2.9
Colombia	3.4	1.7	5.0	4.1	1.7	1.3
Costa Rica <sup>c</sup>	1.1	0.5	2.2	0.3	0.6	4.7
Dominican Republic	2.0	0.7	3.5	2.9	1.5	-2.6
Ecuador	2.0	...	3.9	...	-3.0	...
Mexico	3.3	1.0	4.4	1.0	1.6	2.9
Panama <sup>d</sup>	5.4	3.4	5.7	3.1	1.9	5.6
Peru <sup>e</sup>	1.7	2.5	4.8	0.2	-2.0	4.8
Venezuela (Bolivarian Republic of)	1.6	2.8	3.6	3.8	-2.2	-0.8

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of the household surveys conducted in the respective countries.

**Note:** Where possible, domestic workers have been excluded from the wage work category.

<sup>a</sup> Includes 31 urban areas.

<sup>b</sup> Six metropolitan regions.

<sup>c</sup> Figures for July.

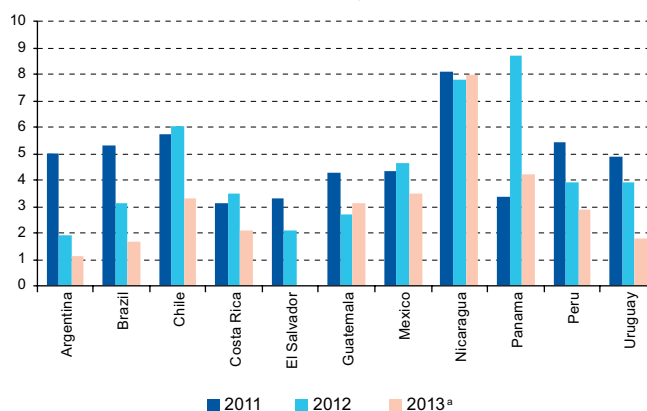
<sup>d</sup> Figures for August.

<sup>e</sup> Lima metropolitan area. Wage workers include employees and labourers. Own-account workers include employers.

## E. Registered employment continues to grow, but far more slowly than in previous years

The labour market’s falling momentum is also reflected in the slowing growth of registered employment, according to the administrative records maintained by social security agencies (see figure I.3). Countries with data available for 2012-2013 saw significantly lower growth in this indicator than in 2011-2012, with only Guatemala and Nicaragua bucking this trend. Nevertheless, this most formal sector of wage employment is growing more rapidly than total employment in these countries and the trend towards greater formalization of employment therefore continues apace.

Figure I.3  
LATIN AMERICA (11 COUNTRIES): YEAR-ON-YEAR VARIATION IN EMPLOYMENT COVERED BY SOCIAL SECURITY, 2011-2013  
(Percentages)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of household surveys conducted in the respective countries.

<sup>a</sup> Preliminary data.

## F. Varying performance according to branch of activity

No clear regional trend can be discerned from the year-on-year variation in employment by branch of the economy. Between 2012 and 2013 employment in manufacturing—a particularly important sector given its technological content and the competitiveness challenges it poses for the region—underperformed total urban employment in five countries (Brazil, Chile, Colombia, Peru and

the Dominican Republic) and outperformed it in four others (Costa Rica, Mexico, Panama and the Bolivarian Republic of Venezuela). In the previous year, however, manufacturing employment had outperformed total employment in only three (Chile, the Dominican Republic and Ecuador) of the 11 selected countries.

Table I.4  
LATIN AMERICA (11 COUNTRIES): YEAR-ON-YEAR VARIATION IN EMPLOYMENT BY SECTOR, 2012 AND 2013  
(Percentages)

Country	Total		Agriculture		Manufacturing		Construction		Commerce		Services	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Argentina <sup>a</sup>	0.7	...	...	...	-4.0	...	0.7	...	-2.6	...	2.4	...
Brazil <sup>b</sup>	2.2	0.7	...	...	-0.2	-0.9	4.6	-1.6	2.3	1.1	2.5	1.3
Chile	1.9	2.1	-0.9	-3.1	2.5	0.1	3.5	7.2	-2.1	4.4	3.8	1.8
Colombia	3.4	1.7	0.0	-2.0	2.1	-4.7	8.7	-1.8	4.7	4.4	4.2	5.8
Costa Rica <sup>c</sup>	1.1	0.5	-3.8	-4.9	-4.6	4.4	2.8	-9.9	-2.6	1.8	5.1	3.5
Dominican Republic	2.0	0.7	-0.5	0.0	4.5	-4.9	1.7	-8.6	0.7	0.5	2.3	4.6
Ecuador	2.0	...	0.5	...	2.3	...	5.4	...	0.9	...	4.3	...
Mexico	3.3	1.0	3.4	0.6	3.2	3.7	-0.6	0.0	3.1	1.0	3.8	0.3
Panama <sup>d</sup>	5.4	3.4	6.3	1.2	4.1	16.0	2.7	11.1	6.3	1.7	5.3	-0.5
Peru <sup>e</sup>	1.7	2.5	...	...	-0.1	-1.8	3.3	2.9	0.4	2.9	2.0	4.1
Venezuela (Bolivarian Republic of)	1.6	2.7	-2.5	-0.3	-1.0	4.0	-3.4	-0.8	3.6	3.3	3.1	2.9

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of household surveys conducted in the respective countries.  
**Note:** The service sector includes community, social and personal services as well as financial, real estate and business services.

<sup>a</sup> Includes 31 urban areas.

<sup>b</sup> Six metropolitan regions.

<sup>c</sup> Figures for July.

<sup>d</sup> Figures for August.

<sup>e</sup> Lima metropolitan area.

## G. Wages

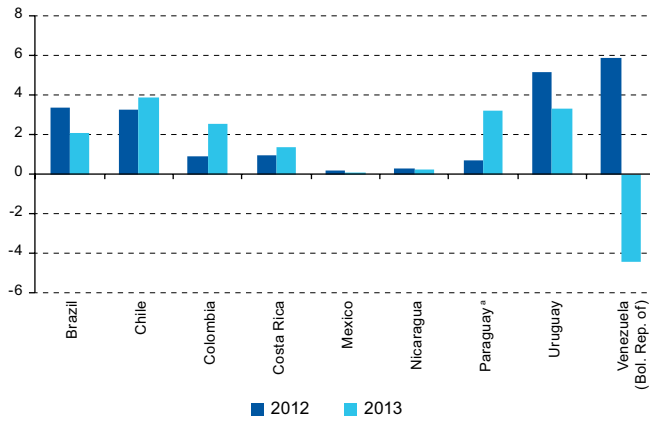
The trend of real increases in the minimum wage in recent years continued in most of the countries of the region, with reductions seen in only 4 of the 18 countries with data available. Panama adjusts its minimum wage once every two years, which leads to a drop in the purchasing power of the minimum wage in the years when no adjustment is made. Declining purchasing power in Jamaica and Paraguay is also linked to the irregularity of adjustments. The Bolivarian Republic of Venezuela saw a small decrease in the real minimum wage as a result of soaring inflation, which jumped from 20% to 50%.

The regional average minimum wage grew by 2.2% in real terms (while the average weighted to the economically active population increased by 2.3%), down from 5.0% in 2012 (when the weighted average was 6.3%). This slowdown is chiefly

attributable to a lower increase in nominal minimum wages, since variations in inflation in most of the region's countries have been very moderate (+/- 1% on 2012).

With the sole exception of the Bolivarian Republic of Venezuela, average real wages have trended upwards on the whole in real terms (see figure I.4), albeit very modestly in Mexico and Nicaragua. While growth rates slowed in real terms in Brazil and Uruguay, they still grew considerably in 2013 (by 2.1% and 3.3%, respectively). Average wages also rose in Chile, Colombia, Costa Rica and Paraguay (although data for Paraguay refer to the first half of the year only). Growth in real wages in these countries was driven by a decline in average inflation over the year. In sum, average real wages continued to grow in 2013 in a context of low unemployment.

Figure I.4  
**LATIN AMERICA: YEAR-ON-YEAR VARIATION IN AVERAGE REAL  
 WAGES IN THE FORMAL ECONOMY, 2012 AND 2013**  
*(Percentages)*



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC) and the International Labour Organization (ILO), on the basis of official data from the countries.  
<sup>a</sup> Data for 2013 refer to the variation between June 2012 and June 2013.

With economic growth projections modest for the region in 2014, the pace of job creation is expected to be slow and the employment rate could hold relatively steady. If the labour force participation rate resumes its long-term trend—a gradual increase as more women enter the labour market—the unemployment rate may climb slightly over the 2013 level. However, according to the partial data for the first months of 2014, the participation rate continued to fall and, therefore, the regional unemployment rate has not gone up.

## II. Conditional cash transfer programmes and the labour market

### A. Introduction

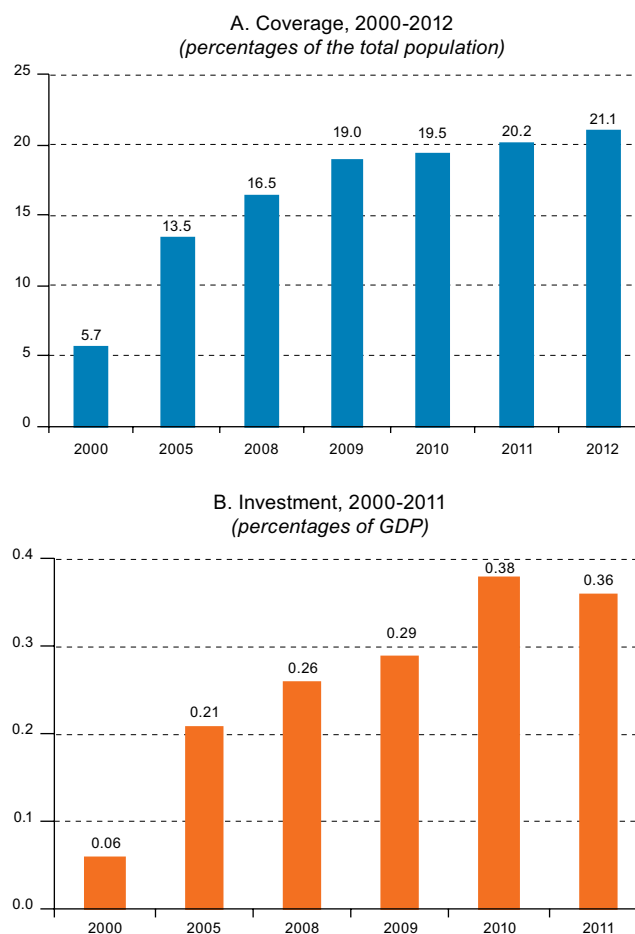
Conditional cash transfer programmes (CCTs), also known as “co-responsibility” programmes, aim to reduce poverty and are a central element of national social protection floors in most Latin American and Caribbean countries. These social protection programmes are non-contributory, in the sense that beneficiary households receive cash transfers from the State regardless of their formal labour-market participation or social security contributions.

Although there are many other types of non-contributory social protection programmes in the region (such as social pensions), as well as contributory programmes (which have a much higher level of public spending), this study is confined to conditional cash transfer programmes on account of their prominent role in the recent debate on social policy, and the knowledge that has been acquired in terms of how they relate to the labour market. In recent years it has become increasingly important to examine the current effects of these programmes on labour-market insertion among working-age adults in beneficiary households, rather than the long-term effects for the future labour insertion of children participating in CCTs. Section C looks at how productive and labour inclusion programmes that are delivered directly by CCTs, or are complementary to them, have spread in the region (see annex A.2.1).

Since they were set up in the mid-1990s, CCTs have become widespread throughout the region, both in terms of the number of countries that have implemented them (20) and size of the beneficiary population (127 million people, or 21% of the region’s population). The cost of these programmes is about 0.4% of regional GDP (see figure II.1).

The idea behind CCTs was to target two objectives simultaneously, reducing poverty in the short and medium term by increasing the consumption of poor households, encouraged through cash transfers, and in the long term by strengthening the human capital of the children through the imposition of conditionalities. Hence the basic structure of CCTs entails the transfer of monetary (and non-monetary) resources to families with minor children, living in poverty or extreme poverty, on the condition that they fulfil specific commitments aimed at improving their human capacities (Cecchini and Madariaga, 2011).<sup>1</sup>

Figure II.1  
LATIN AMERICA AND THE CARIBBEAN (18 COUNTRIES): COVERAGE AND INVESTMENT TRENDS IN CONDITIONAL CASH TRANSFER PROGRAMMES<sup>a</sup>



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Database on non-contributory social protection programmes in Latin America and the Caribbean [online]: [dds.cepal.org/bdptc](http://dds.cepal.org/bdptc).

<sup>a</sup> Weighted averages.

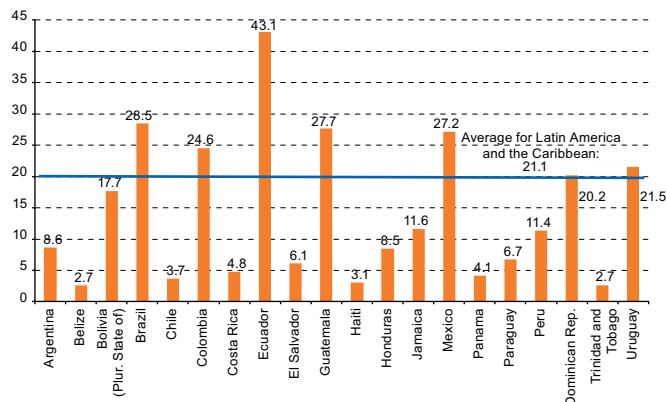
Though they share this common design, CCTs are actually very flexible instruments, which have been adapted to different socioeconomic, political and institutional realities. Rather than rigidly defined models, they are versatile tools can be applied

<sup>1</sup> At present, conditional cash transfer programmes such as *Bolsa Família* also include households without children.

from different ideological viewpoints and appropriated in different ways. This has made CCTs much more responsive than might be assumed to countries' individual institutional trajectories, in terms of public policy and the economics underlying social sector reforms (Cecchini and Martínez, 2011).

The programmes currently operating in Latin American and Caribbean countries differ widely in key parameters such as the services that they offer—which might include transfers in cash or in kind, psychosocial support and follow-up with families, training and microcredit programmes, among others—as well as the mode by which they are delivered, the type and monitoring of conditionalities, the severity of penalties, and their inter-institutional relations. They also vary in terms of population coverage (see figure II.2) and the investment levels that they require.

Figure II.2  
LATIN AMERICA AND THE CARIBBEAN (20 COUNTRIES): COVERAGE OF  
CONDITIONAL CASH TRANSFER PROGRAMMES, AROUND 2012<sup>a</sup>  
(Percentages of the total population)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Database on non-contributory social protection programmes in Latin America and the Caribbean [online]: [dds.cepal.org/bdptc](https://dds.cepal.org/bdptc).

<sup>a</sup> People living in households that participate in CCTs. The regional average corresponds to the weighted average.

## B. Challenges for labour inclusion

At their inception, these programmes worked from the assumption that children in beneficiary households, upon reaching working age and having higher levels of education, health and nutrition, would enjoy better labour insertion, thus allowing their families to overcome poverty through their own resources. As such, CCTs originally did not include specific labour inclusion measures for young people who were exiting the programmes, or for working-age participants.

However, over time the labour dimension has assumed increasing importance in relation to CCTs. This is due to the realization that until now, conditional transfers have done more to alleviate poverty than to truly break with its intergenerational reproduction by improving beneficiaries' labour-market insertion. As such, a common concern for all of the region's programmes is to combine cash transfers intended to ensure certain living standards, with conditionalities geared towards increasing human capacities. This would be achieved through services aimed at improving beneficiaries' access to labour markets and income generation, now and in the future.

Different studies offer empirical evidence on the challenges presented by labour inclusion for beneficiaries of CCTs. In particular, studies on the career paths of the beneficiaries of the first national-level CCT to be applied in Latin America and the Caribbean—Mexico's *Oportunidades* programme (formerly *Progres*a)—reveal that the CCT has had a limited and

largely insignificant impact on intergenerational occupational mobility since it was implemented. While it did enhance the educational level of participants, the lack of productive and labour opportunities—especially in rural areas—prevented them from significantly improving their social status.

The qualitative study by González de la Rocha (2008), which researched the long-term effects of the *Oportunidades* programme, revealed that at the time of assessment, most young people between the ages of 15 and 25 who had been part of the first cohort of beneficiary children were studying as their main activity (8.3% of them were engaged in higher education). However, the programme has not had the hoped-for impact in relation to labour-market insertion owing to scarce job options and the extremely precarious structures of local opportunities. In areas with strong international migration flows, many ex-beneficiaries migrated to the United States. These results coincide with those of the quantitative research carried out by Rodríguez-Oreggia and Freije (2011), regarding the impact of *Oportunidades* on intergenerational occupational mobility in rural areas. The authors show that the programme has a limited impact on occupational mobility among young people who were between 14 and 24 years of age in 2007; 40.2% of women and 74.1% of men remained in an occupational category that was equal to or lower than that of their parents (compared with 43.6% of women and 71.7% of men who were not beneficiaries of the programme).

## C. Labour-inclusion and income-generation programmes for CCT beneficiaries

So it is that in recent years, several countries have created productive and labour inclusion services for young people and working-age adults that participate in CCTs. A document of the International Labour Organization (ILO, 2010) stresses that these measures are designed to provide better access to economic opportunities and quality employment, and thus promote the social inclusion of those seeking a way out of poverty.

Measures fall into two main categories: those in support of labour supply and those in support of labour demand (OAS/ECLAC/ILO, 2011). Among the programmes to improve the labour supply are those intended to promote vocational and technical training, as well as remedial education for the completion of primary and secondary schooling. Programmes to boost the demand for labour or establish links with potential employers include the following actions: (i) support for independent work through microcredit, self-employment and entrepreneurship; (ii) labour intermediation services; (iii) direct job creation; and (iv) indirect job creation (see diagram II.1).

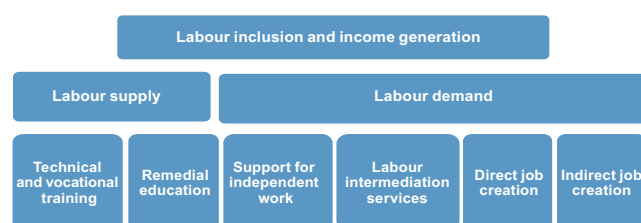
Yet the application of these measures must overcome considerable difficulties and obstacles in a region marked by labour informality and unequal access to opportunities. The available evidence shows that improving the labour inclusion of people with low educational levels is a long-term effort in which beneficiaries require constant psychosocial support, and that the difficulties are even greater for women, youth and persons belonging to indigenous peoples (OAS/ECLAC/ILO, 2011). Educational and work skills

### 1. Technical and vocational training

Technical and vocational training programmes are one of the main services offered to young people and adults living in CCT beneficiary households, and are currently available in eight of the region's countries.<sup>2</sup> These programmes are directed at unemployed people, helping them return to work in their previous profession or in another activity, and vulnerable groups, with a view to helping them enter the labour market for the first time. Their objective is to build up the assets of poor and vulnerable people and households by improving their knowledge and

deficits, weak links with the job-creating private sector, the scarcity of local job opportunities, and ethnic- and gender-based gaps and barriers, together make it unfeasible for these programmes to drive dynamic processes that incorporate the poorest and most vulnerable population segments into the labour market.

Diagram II.1  
TYPES OF LABOUR-INCLUSION AND INCOME-GENERATION PROGRAMME



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Eslabones de la desigualdad: Heterogeneidad estructural, empleo y protección social*, Santiago, Chile, July 2012.

There are also challenges inherent to the demographic transition process, which —with differences between countries— have led to a large number of people entering the labour market in recent decades. While this pressure is easing in some countries, in others it remains strong. This situation, in addition to advances in education systems, makes labour inclusion more difficult for middle-aged individuals, who face competition from better educated young people.

capacities. Policies of this kind may utilize instruments such as traditional training, aimed at developing the learning of a trade, and competency training, which consists rather in the development of skills applicable to various circumstances and adaptable to change (OAS/ECLAC/ILO, 2011).

In Brazil and Colombia, CCTs are noted for the robust vocational training programmes that they provide to their beneficiaries. In Brazil, under the *Brasil Sem Miséria* (“Brazil without Extreme Poverty”) plan, there are two training programmes

<sup>2</sup> In Argentina, the Programme to Support Students of Argentina (*Progresar*), which is open to young people aged 18 to 24 including those entitled to the Universal Child Allowance for Social Protection (UAH) or the Pregnancy Allowance for Social Protection, has a component for the attendance of vocational training through the Ministry of Labour, Employment and Social Security; also available are Training and Employment Insurance and the “More and Better Work for Young People” programme. Brazil offers a sector vocational training plan (PlanSeQ) and a National Programme for Access to Technical Education and Employment (Pronatec), both complementary to the *Bolsa Família* programme. Chile has the Youth Employability Programme, the Labour Hiring Bonus Programme and the Programme to Develop Labour

Competencies for Women, which are offered to the beneficiaries of Solidarity Chile or Ethical Family Income. Colombia’s programmes include Youth in Action and Income for Social Prosperity, which are complementary to Families in Action; El Salvador delivers vocational training courses for the beneficiaries of the Temporary Income Support Programme (PATI) and Solidarity in Communities. In Jamaica, the Steps to Work Programme is open to beneficiaries of the Programme of Advancement through Health and Education (PATH); Panama engages in technical training activities for the beneficiaries of the Opportunities Network, and Trinidad and Tobago offers training for beneficiaries of the Targeted Conditional Cash Transfer Programme (TCCPT).



for beneficiary households of the *Bolsa Família* conditional cash transfer programme: these are the Sector Vocational Training Plan (PlanSeQ, also known as Next Step), which delivers training courses of 200 hours combining theoretical (80 hours) and practical stages (120 hours), and the National Programme for Access to Technical Education and Employment (Pronatec). The latter has a line of action geared towards the beneficiaries of *Brasil Sem Miséria* (Pronatec/BSM), which offers basic education courses of 160 hours and works towards labour-market inclusion. In Colombia, the More Families in Action conditional cash transfer programme is complemented by Youth in Action, which supports 16-to-24 year-olds who live in poor and vulnerable households. This scheme helps them continue their education, largely through the technical and technological training offered by the National Apprenticeship Service (SENA) and vocational training delivered through agreements with universities. Transfers under this programme are conditional on attendance in training courses, including a non-cognitive skills (life skills) component (Angulo and Gómez, 2014). Meanwhile, Income for Social Prosperity aims to help unemployed people

## 2. Remedial education

While school enrolment and attendance for children up to the age of 18 are among the conditions (or co-responsibilities) of virtually all CCTs, some programmes have an educational component that includes specific grants to prevent young people from dropping out of school, and for the completion of schooling among adults.

In Argentina, the *Progresar* programme, designed for 18-to-24 year-olds including those entitled to the Universal Child Allowance for Social Protection or the Pregnancy Allowance for Child Protection—awards a transfer of 600 pesos (US\$ 75) for starting or completing studies at any educational level. Where needed, it also provides care services for dependent children through the Ministry of Social Development.

In Mexico, the Youth with Opportunities programme awards grants in support of secondary and higher education, to encourage young people from poor families (generally already beneficiaries of the *Oportunidades* programme) to continue their studies until they have obtained their high-school diploma. It thus seeks to prevent young people from dropping out by providing them with a sum of money that they can withdraw once they have completed their secondary education. The

## 3. Support for independent work

Actions in support of independent work seek to promote self-employment and micro-entrepreneurship among the beneficiaries of CCTs. These initiatives include microcredit programmes and training in areas such as savings, finances, micro-entrepreneurship and economic planning.

between 18 and 35 years of age, and who are beneficiaries of the *Unidos* Network or More Families in Action, to boost their competencies and capacities in order to generate income and develop working habits.

According to the available impact studies, Youth in Action in Colombia and PlanSeQ in Brazil have a positive effect on beneficiaries' chances of being employed. Attanasio, Kugler and Meghir (2009) demonstrate that the Youth in Action programme has an impact on wage income (which is 12% higher for beneficiaries) and on the likelihood of having paid employment. Training also contributes to increasing wages, since recipients have greater probabilities of being employed in the formal sector and having a written contract, which are 5.3% and 6.6% higher respectively. Moreover, the National Planning Department of Colombia (DNP) noted that young people participating in the programme had a higher probability of being employed after exiting the programme (55.5%) than before they joined it (51.8%) (DNP, 2008). In Brazil, Petterini (2010) asserted that the chances of finding work were 19.6% higher for former participants in PlanSeQ than for non-participants.

grant can be used to fund higher education, as an advance on a loan to purchase, build or improve housing, to take out public health insurance, or as a guarantee fund for a loan from a savings or credit institution.

Another example of a remedial education measure is the School Achievement Allowance of Chile's Ethical Family Income programme, which is directed at young people up to the age of 24 who are enrolled in studies between the fifth year of primary education and the final year of secondary education. The programme awards a grant of 50,000 pesos (US\$ 93) for students who finish the school year in the top 15% of their year group in each educational institution, and 30,000 pesos (US\$ 56) for those ranked outside the top 15% but inside the top 30% of academic performers (Vargas, 2014).

In order to increase the educational level of adults, some countries, such as Brazil and Peru, have also linked CCT beneficiaries with literacy programmes such as *Brasil Alfabetizado* (a complementary programme of *Bolsa Família*), which is directed at those over the age of 15, and Peru's National Mobilization Programme for Literacy (Pronama), which is complementary to the *Juntos* programme.

Microcredit programmes are designed to facilitate access to credit for CCT beneficiaries so that they can set up and improve small businesses. Since they belong to the most vulnerable population groups, these individuals have limited access to traditional credit services because of their lack of

assets. Examples of microcredit programmes include Ecuador's Solidarity Productive Credit, complementary to the Human Development Grant, which awards small refundable loans to support production projects set up by women and persons with disabilities; Brazil's National Programme for Guided Productive Microcredit (*Crescer*), which forms part of the *Brasil Sem Miséria* plan, and El Salvador's Solidarity in Communities, which aims to promote self-employment through training courses that differ according to whether participants reside in urban or rural areas.

Although policies to promote self-employment are considered a way of including the very poorest in the world of productive work, many of the enterprises established in this

way are unable to get ahead, and disappear shortly after their formation (Weller, 2009). There is also the problem that this type of initiative incentivizes labour informality owing to the strong correlation that exists between informality, self-employment and low-productivity micro-enterprises and small businesses. Establishing such policies implies recognizing the role of the informal sector as an alternative to the inclusion of these vulnerable individuals in formal employment, which for structural reasons cannot absorb this labour force (OAS/ECLAC/ILO, 2011). It is therefore important that steps in support of independent work are supplemented by tax and administration simplification programmes that promote formalization.

#### 4. Labour intermediation services

Labour intermediation services help reconcile labour supply and demand by disseminating information on vacancies and databases that describe the employment profiles of those in search of work.

In Brazil, the National Programme for the Promotion of Access to the World of Work (*Acessuas Trabalho*), which is complementary to the *Bolsa Família* programme and implemented in coordination with Pronatec in the framework of *Brasil Sem Miséria*, organizes, mobilizes and channels poor and vulnerable people to the labour market through access to professional qualification and labour intermediation schemes. Meanwhile, under an agreement between the Ministry of Labour and Employment and the Ministry of Social Development and the Fight against Hunger, the *Mais Empregos* (More Jobs) programme seeks to provide work placements for *Bolsa Família* beneficiaries from the states of the Northeast Region and Minas Gerais, directing them to the National Employment System (SINE) (Gregol de Farias, 2014). In Chile, the Employment Support Programme of the Solidarity Chile system includes labour intermediation services provided by municipal labour-market intermediation offices (OMILs) and by the Education, Training and Employment Programme (Profocap). The Ethical Family Income programme also includes an employment-support component that implements labour intermediation actions in accordance with personalized

labour insertion plans. These actions are supervised by a local manager who coordinates the public and private supply of labour in the area of residence (Vargas, 2014). In Argentina, Training and Employment Insurance and the "More and Better Work for Young People" programme, as well as providing beneficiaries with a monthly allowance and access to career guidance services, offers help in finding work, and labour intermediation in municipal employment bureaus (Bertranou and Mazorra, 2009).

Study findings highlight the weakness of public labour-intermediation services in fulfilling their purpose. In Brazil, SINE was noteworthy for its low-quality infrastructure and lack of effectiveness, as more time needs to be spent talking to those who live in poverty in order to offer them all the information and guidance needed to secure their inclusion in the labour market (Silva and others, 2010). In Chile, the OMILs are considered to be in a precarious situation (both in material working conditions and human resources), to be ineffective at placing workers, and to have low levels of user satisfaction. Particular deficiencies have been noted in terms of guidance for workers with low qualifications. This is because labour-market intermediation is more technically demanding for unqualified workers, who are usually engaged in informal employment and have no confidence in the labour intermediation services (only 3% of participants in Solidarity Chile were registered with an OMIL) (Brandt, 2012).

#### 5. Direct job creation

Direct job creation consists in increasing the demand for labour through emergency job schemes or local development plans that offer temporary employment to working-age adults who live in CCT beneficiary households. Such measures are taken in economic crises, as happened in Argentina with Unemployed Heads of Household (2002-2005) and in Uruguay with the National Social Emergency Response Plan (PANES) (2005-2007).

In the present regional context of economic growth and falling unemployment, direct job creation is not a tool that is

frequently used in connection with CCTs. Brazil's PlanSeQ (Next Step) programme, linked to the Growth Acceleration Programme (PAC), implemented measures to boost employment in the infrastructure, civil construction and housing sectors—through the *Minha Casa Minha Vida* (My House My Life) programme—and in tourism. However, assessments carried out by the Secretariat of Evaluation and Information Management (SAGI) of the Ministry of Social Development and the Fight against Hunger (2010) and by Lessa (2011) underscore the difficulties in reaching the beneficiaries of *Bolsa Família*

—especially women— through PlanSeQ. Problems also arise in coordinating different levels of government with the private sector (OAS/ECLAC/ILO, 2011).

El Salvador's Solidarity in Communities programme also has an employment support component that is heavily focused on investment in public works, with the goal of promoting

## 6. Indirect job creation

Indirect job creation is realized through public subsidies—usually for a definite time span— awarded to private companies for hiring working-age beneficiaries of CCTs. These subsidies reduce labour costs by paying for a proportion of the worker's wages or social security contributions.

In Chile, the Ethical Family Income programme uses such measures to spur employment among women and young people: the in-work benefit for youth (*Subsidio al Empleo Joven*) is awarded to salaried and independent workers aged between 18 and 25 whose monthly income is less than 360,000 pesos (US\$ 762) in order to improve their salary, as well as to employers, in order to support the

access to decent work for people living in makeshift urban settlements. In this case, mechanisms are set up so that micro-enterprises can participate in the tendering procedures of public institutions such as the Ministry of Public Works, Transport, Housing and Urban Development, and the Road Conservation Fund.

companies that hire them. Similarly, the in-work benefit for women (*Bono al Trabajo de la Mujer*) is aimed at dependent and independent female workers belonging to the poorest 30% of households. It is essentially a subsidy worth up to 30% of the female employee's salary, of which 20% goes to the worker and 10% to the employer. The maximum duration is four years for the worker and two years for the employer (Cecchini, Robles and Vargas, 2012).

An impact study on the *Subsidio al Empleo Joven* indicated that this programme has been useful in reviving the labour market in vulnerable sectors, especially during times of economic recession (Centro de Microdatos, 2012).

## D. Disincentives to labour inclusion?

It may be that the potential reduction in the burden of care work, especially that of women, as a result of higher school attendance levels,<sup>3</sup> as well as CCTs' increasing focus on promoting the labour inclusion of working-age beneficiaries, could tend to incentivize labour-market participation and improve access to employment. However, consideration must be given to the argument that these programmes are creating dependency rather than encouraging individual effort. Such arguments maintain that CCTs are a disincentive to employment among working-age adults in beneficiary families, and thus act as a brake on the labour inclusion of those living in poverty. The supposed reason for this is that the transfers received by poor households have the effect of reducing their haste to find work because they already have a certain level of guaranteed income.

Notwithstanding the economic theory that income transfers marginally reduce the supply of labour (ILO, 2010), these arguments are frequently associated with the view that people live in poverty because of a lack of effort, rather than as a result

of the structural problems that characterize our societies. Yet regardless of a person's views as to the cause of poverty, it is must be stated that the poor families participating in CCTs can hardly remain idle, since the cash transfers that they receive are not very high and generally have a limited capacity for covering their income deficit (see table II.1). As such, even where they receive transfers through CCTs, households must still rely on their own efforts to get out and stay out of poverty.

In fact, the available impact assessments and studies for countries as varied as Argentina, Brazil, Chile, Honduras, Mexico, Nicaragua and Paraguay found no empirical evidence for the existence of disincentives to labour inclusion among beneficiaries, supposedly created by CCTs.<sup>4</sup>

The results of an impact assessment of Argentina's Universal Child Allowance for Social Protection (Maurizio, 2011) indicated that the programme did not have any significant impacts on labour-market participation, the employment rate or the number of hours worked by the working-age adults who participated in the programme. Neither did Alzúa, Cruces and Ripani (2010) identify any significant impacts on employment among the adults who participated in Mexico's *Progresá*, Honduras's Family Allowance Programme (PRAF)

<sup>3</sup> ECLAC (2013) highlights that "in some cases the school attendance requirement implies that mothers must spend time in unpaid caregiving that was previously carried out by their adolescent daughters. Of course, the fact that adolescent girls are leaving unpaid caregiving work to attend school is positive, but it also puts an additional burden on their mothers". The same document also points out that "compliance with conditionalities requires women to dedicate more time to filing the certificates of school attendance and health check-ups for their children, which can sometimes involve transportation expenses and long waits (especially where social services are more deficient). Women also have to spend time in other programme-related tasks (for example, they are required to participate in information sessions or training and awareness activities)".

<sup>4</sup> In respect of these assessments, it must be stated that CCTs were primarily intended to reduce poverty and facilitate access to essential services such as education and health, while the labour inclusion of beneficiaries was only a secondary objective. Some of these studies may therefore have been "unfair" in the sense that they evaluate labour inclusion as though it were a primary objective.

or Nicaragua's Social Protection Network (RPS), and nor did they notice any reallocation of labour between agriculture and other sectors. Parker and Skoufias (2000) noted that *Progresa* had the effect of reducing labour-market participation among children, but not adults, which was confirmed by Skoufias and Di Maro (2006). No negative impacts on employment among adults participating in *Bolsa Familia* were found by Medeiros, Britto and Veras Soares (2008), Foguel and Paes de Barros (2010) or Teixeira (2010), and neither did Veras Soares, Ribas and Hirata (2008) encounter negative effects among the

beneficiaries of the *Tekoporã* programme in Paraguay. Oliveira and Soares (2013), who compiled several assessments on the impact of *Bolsa Familia* on employment and informality, came to the conclusion that the impacts of this CCT on the labour market were extremely limited. In particular, they found no empirical evidence that the beneficiaries of *Bolsa Familia* chose to remain idle. One evaluation of the first two years of Solidarity Chile (Galasso, 2006) noted an increase in labour-market participation in rural households, but not in urban ones.

Table II.1  
LATIN AMERICA (10 COUNTRIES): MONTHLY PER CAPITA AMOUNTS OF CONDITIONAL CASH TRANSFERS, AROUND 2011  
(Dollars at constant 2005 prices, as a proportion of the indigence and poverty lines)

Country, programme and year	Dollars at constant 2005 prices	Amount as a proportion of the indigence line	Amount as a proportion of the poverty line
Bolivia (Plurinational State of), Juancito Pinto Grant and/or Juana Azurduy de Padilla Mother-and-Child Grant (2009)	0.57	0.02	0.01
Chile, Social Allowance (2011)	10.67	0.23	0.14
Colombia, Families in Action (2008)	11.98	0.45	0.23
Ecuador, Human Development Grant (2011)	8.33	0.25	0.15
Honduras, Family Allowance Programme (PRAF) (2007)	3.67	0.12	0.07
Mexico, <i>Oportunidades</i> (2010)	10.29	0.16	0.10
Panama, Opportunities Network (2011)	6.84	0.18	0.11
Paraguay, <i>Tekoporã</i> (2011)	4.99	0.17	0.10
Peru, <i>Juntos</i> (2011)	4.87	0.16	0.09
Uruguay, Social Uruguay Card (2011)	31.94	0.68	0.37

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special processing of data from household surveys conducted in the relevant countries.

Some authors have also pointed to the positive synergies that exist between such transfers and the employability of beneficiary households (Hanlon, Barrientos and Hulme, 2010; Samson, 2009). Alzúa, Cruces and Ripani (2010) discovered an increase of between 5% and 7% in the hourly wage paid to men participating in the *Progresa* programme. An assessment of *Bolsa Familia* found that the proportion of people looking for work is significantly higher in households that use the programme (Camilo de Oliveira and others, 2007). Medeiros, Britto and Veras Soares (2008) found that labour-market participation rates in the bottom three deciles of the income distribution were higher among the beneficiaries of *Bolsa Familia* than among non-beneficiaries. In Colombia, an assessment revealed that the Families in Action programme had a significant positive impact on the employment rate in urban households and that it lowered the inactivity and unemployment rates by 3.2 and 0.7 percentage points, respectively. The programme also had the effect of increasing per capita household income by an average of 25%, and reducing sources of non-labour income. However, the study showed that the impact of the programme is greater among men than among women (Núñez, 2011).

The evidence regarding the labour inclusion of women is mixed (Holmes and others, 2010). In another study on

Families in Action, Attanasio and Gómez (2004) did not find any statistically significant impacts on the female labour supply or the number of hours worked. In Brazil, Camilo de Oliveira and others (2007) found that women participating in *Bolsa Familia* had higher employment and job-finding rates than non-participant women.

Nevertheless, in certain situation it was observed that women's labour-force participation and the number of hours they devoted to paid work may be falling. In Argentina, it was observed that married women with very low income jobs (US\$ 50 per month) withdrew from the labour market once they began to receive the Universal Child Allowance for Social Protection (AUH); moreover, it was ascertained that almost 40% of women who withdrew from the labour market once they had access to AUH were employed in domestic service (Bustos, Villafaña and Trujillo, 2011, cited in ECLAC, 2013). Teixeira (2010) and Tavares (2008) both found reductions, of 4% and 10% respectively, in the number of hours of paid work undertaken by female participants in the *Bolsa Familia* programme. Meanwhile, a study by De Brauw and others (2013) showed that in rural areas, male participants in the same programme tended to increase their weekly working hours, while the proportion of women that worked fell by 13 percentage points.

These negative impacts may be caused by the time required to comply with the programmes' conditionalities and the burden of responsibility that such compliance entails, which is primarily shouldered by women (Martínez Franzoni y Voorend, 2008). Should this be the case, the effect could be corrected by fostering a culture of co-responsibility within households in respect of compliance with conditionalities, and by strengthening the care economy, especially in poor areas where families do not have access to market solutions

## E. Disincentives to formalization?

In addition to the risk that conditional cash transfers might create disincentives to labour inclusion, concerns have been raised that social programmes might create a "vicious circle" by handing "subsidies" to the informal sector, incentivizing workers to seek low-productivity employment (avoiding compulsory social-security contributions) and thereby lowering the productivity of labour and capital and contributing to the creation of bad jobs (Levy, 2009 and 2010).

In response to the above, it should first be stated that the risk of "giving social benefits" to informal workers seems to have been overstated. Most non-contributory programmes—including CCTs—are not aimed directly at working-age adults but rather at children or older adults. Neither are they focused according to employment status.<sup>5</sup> If the income generated in the labour market has no impact on the transfers that families receive through programmes, then there should be no incentives to work in the informal sector.<sup>6</sup>

Secondly, these concerns often rest on assumptions that are not entirely founded: on the one hand that spending on social protection is inherently unproductive and diverts resources away from true development, and on the other, that self-employment is voluntary and therefore many own-account workers—if not all—work informally from choice.

According to ECLAC (2006), social protection represents an investment in human capacities, which gives rise to important gains in productivity and social cohesion. Labour informality is mainly the result of a heterogeneous production structure, which generates and maintains the informal sector owing to the limited capacity of modern (higher productivity) sectors to absorb the labour force, and the tendency to force it out into lower productivity sectors (Infante, 2011). Informality is not

to meet the care requirements of children, the elderly and the infirm.

CCTs have achieved the desired effect of disincentivizing child labour. While the results vary from one country to another, an extensive review of impact assessments, by De Hoop and Rosati (2014)—which included 23 studies on programmes in Latin America and the Caribbean—showed that CCTs reduced the participation of boys and girls in child labour, as well as the number of hours worked in both paid and unpaid activities.

generally the outcome of a preference for self-employment resulting from the workers' economic rationality (ECLAC, 2008; Hanlon, Barrientos and Hulme, 2010). In most cases, workers do not choose or prefer informal status, rather it is their only opportunity to participate in the labour market.<sup>7</sup>

Neither is there any clear evidence for possible incentives to informality that could be caused by non-contributory social protection. In Latin America, the informality rate has fallen from 54.6% of employees in 1990—before CCTs began to be implemented—to 49.1% in 2009.<sup>8</sup> This means that informality has fallen during the period in which these programmes were implemented. It therefore does not seem correct to blame non-contributory social protection and CCTs in particular, for rising informality.

The results of the different impact assessments on labour informality among the beneficiaries of *Bolsa Familia* are varied and do not allow definitive conclusions. De Brauw and others (2013) show that the programme's impacts differed according to whether beneficiaries lived in urban or rural areas. In urban areas, the number of hours of formal work fell by an average of eight hours per week per household member, with the number of hours worked in the informal sector increasing by the same amount; in rural areas this pattern was not observed. However, Barbosa and Corseuil (2013) argue that there is no evidence to suggest that the programme increases informal-sector employment among in-work beneficiaries. Also in Brazil, Medeiros, Britto and Veras Soares (2008) found no evidence that the Continuous Benefit Programme (BPC), a social pension for older adults and persons with disabilities, resulted in lower social security contributions.

<sup>5</sup> It must, however, be said that some CCTs that are focused according to employment status, such as the AUH in Argentina, which is directed at the unemployed, workers in the informal economy, domestic employees with an income below the minimum wage, and those paying into a simplified tax regime for small taxpayers ("*monotributistas sociales*") (Bertranou and Maurizio, 2012).

<sup>6</sup> CCTs select households on the basis of indirect means testing. *Bolsa Familia* is the well-known exception, since it is targeted according to household income levels, even though this income is self-declared.

<sup>7</sup> In Argentina, different empirical studies on Greater Buenos Aires in 2005 highlighted that labour informality was more likely to be involuntary, because it presented an alternative to unemployment when faced with a lack of income. Similar findings were presented for the Greater Mendoza area in 2009 (Bertranou and Casanova, 2013).

<sup>8</sup> According to data from ECLAC, which are generated through continual processing of the household surveys conducted in the region's countries, informal workers are considered to be those who are employed in low-productivity sectors, who work in micro-enterprises (establishments that employ no more than five people), domestic employees and unqualified independent workers (own-account workers and unpaid family workers with no professional or technical qualifications).

In Uruguay, Vigorito (2014) showed that the Family Allowances provided under the Equity Plan had a potentially negative impact on labour formalization among beneficiaries, especially women. The study points out that this is due to the programme's design, in which the Social Security Institute (BPS) —which manages both contributory and non-contributory allowances— carries out frequent reassessments (every two months) of beneficiaries' formal income to establish whether they are still eligible for the non-contributory component. Households exceeding the threshold are suspended from the programme for six months, which is a strong incentive not to declare an income rise and to remain in informal or partially informal employment.

These findings confirm the importance of providing the right incentives and taking into account the potential disincentives to labour formalization which may stem from programmes' design and mode of operation. In this respect it is essential that rules are not adopted that exclude households in which members secure formal employment, since formal labour-market insertion does not always lift households out of poverty. It is worth highlighting the experience of Chile's Ethical Family Income programme, a CCT in which female workers between the ages of 25 and 60 who secure a formal job are rewarded with an in-work benefit (*Bono al Trabajo de la Mujer*), rather than being punished with expulsion from the programme.

## F. Conclusions and policy recommendations

To prevent the vicious circle of higher informality and lower productivity, positive synergies need to be created between non-contributory social protection, labour inclusion and the principles of decent work. By providing greater liquidity for households, CCTs allow them to take better decisions regarding their employability under decent and fair conditions, to avoid the dissipation of human capital that occurs as a consequence of survival strategies that jeopardize these assets (such as with child labour, associated with dropping out of school) and to make productive investments. At the same time, by fostering the development of human capital, these programmes make a decisive contribution to strengthening the labour assets of people living in poverty (OAS/ECLAC/ILO, 2011; ILO, 2010).

Non-contributory social protection formulated through a rights-based approach can therefore help create a “virtuous circle” (Hanlon, Barrientos and Hulme, 2010; Samson, 2009) of independent income generation by poor and vulnerable families. This virtuous circle refers not only to the theory that strengthening the human capital of children will improve the productive inclusion of poor and vulnerable population segments in the future, which naturally depends on the “macro assumption” of economic growth and the job-creating capacity of local economies (Cohen and Franco, 2006; ILO, 2010), but also refers to more immediate effects as a result of increased income through transfers.

If cash transfers from general revenues are guaranteed and constant over time, they provide a protection floor for people living in poverty, who then have an assured minimum subsistence level. In the near term, this will provide them with greater opportunities to enter the labour market, since they have resources at their disposal to look for a job and to cover the cost of travelling to and from work. Cash transfers may also provide them with greater bargaining power against very low wages, as well as more opportunities to invest in productive

assets, such as micro-enterprises and agricultural activities. For example, Gertler, Martínez and Rubio (2006) found that the beneficiaries of the *Oportunidades* programme viewed the transfers as permanent, and invested 12 cents of each peso received through the programme in micro-enterprises or agricultural activities, with an estimated rate of return of 17.6% over a period of about five years.

Some authors have asserted that cash transfers provided through non-contributory social protection are having an important “multiplier” effect in poor communities, thus contributing to economic growth (Hanlon, Barrientos and Hulme, 2010). In a study of rural pensions in the State of Paraná, Brazil, Schwarzer (2000) describes the stimulating effect on the local economy as a result of the increased purchasing power of those receiving cash transfers. The day on which pensions are paid is when “the wheels of the economy turn” in small rural settlements, and many companies—including commercial banks—generate profits on the strength of these transfers. Similar results have been observed in the case of *Bolsa Família*: Luiz Pereira and others (2008) found that in the Brazilian municipalities with the lowest human development index, cash transfers from the programme led to substantial increases in the profits of food shops. At the macroeconomic level, Neri, Vaz and Ferreira de Souza (2013) found that *Bolsa Família* contributes to Brazil's economic growth, since each real invested in the programme adds 1.78 reais to the country's GDP.

Nevertheless, for the “virtuous circle” to become a reality, CCTs must go beyond cash transfers and directly or indirectly (in other words, through coordination with other public programmes) provide young people and working-age adults, living in poverty, with opportunities to improve their capacities and potential for productive and labour inclusion. The services provided in this sphere, which are described in section C and summarized in annex A.2.1, are drawing

increasing attention from those responsible for policy in the region, although it must be recalled that success requires long-term assistance for the target population. These efforts should be complemented by strengthening care systems, since the lack of government support for families caring for children, the elderly and persons with disabilities is adversely affecting the labour-force participation of poor women.

Once families manage to generate enough income to keep themselves out of poverty, their participation in CCTs could

be concluded. However, families' exit from these programmes should not be understood as a departure from social protection—which according to ILO Recommendation No. 202 concerning National Floors of Social Protection is a right—but should serve as a link with other social protection and promotion measures provided for in social policy. From this perspective, the notion of “graduation” should be seen as a passage through different stages in a continuum of interventions tailored to different needs and the exercise of rights (Cecchini and Martínez, 2011).

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## Annex A.1

### Current indicators

Table A.1.1  
LATIN AMERICA AND THE CARIBBEAN: URBAN UNEMPLOYMENT, AVERAGE ANNUAL RATES, BY SEX, 2003-2013  
(Percentages)

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Latin America</b>											
Argentina <sup>a</sup>	17.3	13.6	11.6	10.2	8.5	7.9	8.7	7.7	7.2	7.2	7.1
Men	15.5	11.9	10.0	8.4	6.7	6.6	7.8	6.7	6.3	6.1	6.1
Women	19.5	15.8	13.6	12.5	10.8	9.7	9.9	9.2	8.5	8.8	8.5
Bolivia (Plurinational State of) <sup>b</sup>	...	6.2	8.2	8.0	7.7	6.7	7.9	6.5	...	...	...
Men	...	5.0	6.8	7.1	6.3	...	6.6	5.5	...	...	...
Women	...	7.5	9.9	9.1	9.4	...	9.4	7.6	...	...	...
Brazil <sup>c</sup>	12.3	11.5	9.8	10.0	9.3	7.9	8.1	6.7	6.0	5.5	5.4
Men	10.1	9.1	7.8	8.1	7.4	6.1	6.5	5.2	4.7	4.4	4.4
Women	15.2	14.4	12.4	12.2	11.6	10.0	9.9	8.5	7.5	6.8	6.5
Chile <sup>d</sup>	9.5	10.0	9.2	7.8	7.1	7.8	9.7	8.2	7.1	6.4	5.9
Men	9.1	9.4	8.5	6.9	6.3	6.8	9.1	7.2	6.1	5.4	5.3
Women	10.3	11.2	10.6	9.5	8.6	9.5	10.7	9.6	8.7	7.9	6.9
Colombia <sup>e</sup>	16.7	15.4	13.9	13.0	11.4	11.5	13.0	12.4	11.5	11.2	10.6
Men	14.0	13.0	12.2	10.7	9.7	9.9	11.3	10.7	9.5	9.4	8.9
Women	19.6	18.1	17.1	15.4	13.3	13.5	15.0	14.4	13.6	13.2	12.5
Costa Rica <sup>f</sup>	6.7	6.7	6.9	6.0	4.8	4.8	7.6	7.1	7.7	7.8	8.2
Men	6.1	5.8	5.6	4.5	3.4	4.3	6.5	6.0	6.3	6.5	6.9
Women	7.6	8.2	8.8	8.2	6.8	5.6	9.2	8.8	9.7	9.6	10.0
Cuba <sup>g</sup>	2.3	1.9	1.9	1.9	1.8	1.6	1.7	2.5	3.2	3.5	...
Men	1.7	1.7	1.8	1.7	1.7	1.3	1.5	2.4	3.0	3.4	...
Women	3.4	2.2	2.2	2.2	1.9	2.0	2.0	2.7	3.5	3.6	...
Dominican Republic <sup>h</sup>	7.3	6.1	6.4	5.5	5.0	4.7	5.3	5.0	5.8	6.5	7.0
Men	5.4	4.2	4.7	3.7	3.7	3.1	4.0	3.9	4.4	4.9	5.0
Women	10.8	9.8	9.6	8.7	7.4	7.3	7.8	6.9	8.2	9.1	10.4
Ecuador <sup>i</sup>	11.5	9.7	8.5	8.1	7.3	6.9	8.5	7.6	6.0	4.9	4.7
Men	9.1	7.4	6.8	6.2	6.0	5.6	7.1	6.3	5.1	4.5	4.2
Women	15.0	12.8	10.9	10.6	9.2	8.7	10.4	9.3	7.1	5.5	5.5
El Salvador <sup>j</sup>	6.2	6.5	7.3	5.7	5.8	5.5	7.1	6.8	6.6	6.2	...
Men	8.6	8.8	9.4	7.6	7.9	7.2	9.0	8.3	8.7	8.0	...
Women	3.1	3.7	4.8	3.6	3.4	3.5	4.9	5.1	4.1	4.2	...
Guatemala <sup>k</sup>	5.2	4.4	...	...	...	...	...	...	3.1	4.0	3.8
Men	4.0	4.3	...	...	...	...	...	...	2.7	3.7	3.9
Women	6.8	4.5	...	...	...	...	...	...	3.7	4.5	3.8
Honduras <sup>l</sup>	7.4	8.0	6.1	4.6	3.9	4.2	4.9	6.4	6.8	5.6	6.0
Men	7.1	7.4	5.4	4.3	4.1	...	...	3.2	3.3	5.3	5.7
Women	7.7	8.8	7.1	5.0	3.6	...	...	5.2	6.1	6.1	6.3
Mexico <sup>m</sup>	3.3	3.8	4.7	4.6	4.8	4.9	6.6	6.4	5.9	5.8	5.7
Men	3.2	3.5	4.5	4.4	4.5	4.8	6.7	6.5	6.0	5.9	5.7
Women	3.5	4.2	5.0	4.9	5.2	4.9	6.5	6.3	5.8	5.7	5.7
Nicaragua <sup>n</sup>	10.2	8.6	7.0	7.0	6.9	8.0	10.5	9.7	...	...	...
Men	11.7	8.6	7.8	8.1	7.6	8.4	...	...	...	...	...
Women	8.4	8.5	6.1	5.7	6.0	7.6	...	...	...	...	...
Panama <sup>o</sup>	15.9	14.1	12.1	10.4	7.8	6.5	7.9	7.7	5.4	4.8	4.7
Men	13.2	11.5	10.0	8.6	6.5	5.4	6.3	6.5	5.3	4.2	3.9
Women	19.6	17.6	15.0	13.0	9.6	7.9	9.9	9.3	5.4	5.5	5.7
Paraguay <sup>p</sup>	11.2	10.0	7.6	8.9	7.2	7.4	8.2	7.2	7.1	8.1	8.1
Men	10.5	8.7	7.1	7.7	6.2	6.6	7.9	6.6	6.3	6.7	6.5
Women	12.2	11.6	8.3	10.4	8.4	8.5	8.7	8.1	8.2	9.9	9.9
Peru <sup>q</sup>	9.4	9.4	9.6	8.5	8.5	8.4	8.4	7.9	7.7	6.8	5.9
Men	8.5	8.1	8.3	7.2	7.3	6.5	6.7	6.5	5.8	5.4	4.9
Women	10.7	11.1	11.2	10.1	9.9	10.6	10.4	9.6	10.1	8.5	7.2
Uruguay <sup>r</sup>	16.9	13.1	12.2	11.3	9.8	8.3	8.2	7.5	6.6	6.7	6.7
Men	13.5	10.3	9.6	8.7	7.2	6.1	6.1	5.7	5.3	5.3	5.4
Women	20.8	16.6	15.3	14.2	12.7	10.8	10.5	9.5	8.1	8.3	8.3
Venezuela (Bolivarian Republic of) <sup>s</sup>	18.0	15.1	12.3	10.0	8.4	7.3	7.8	8.7	8.3	8.1	7.8
Men	16.3	13.1	11.3	9.2	7.9	7.0	7.4	8.5	7.7	7.4	7.1
Women	21.1	17.9	13.8	11.3	9.3	7.8	8.3	9.0	9.2	9.0	8.8

Table A.1.1 (concluded)

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>The Caribbean</b>											
Bahamas <sup>p</sup>	10.8	10.2	10.2	7.6	7.9	12.1	14.2	...	13.7	14.0	15.8
Men	10.0	9.4	9.2	6.9	6.7	...	14.0	...	13.6	14.1	15.6
Women	11.7	11.0	11.2	8.4	9.1	...	14.4	...	13.7	14.0	16.1
Barbados <sup>p</sup>	11.0	9.6	9.1	8.7	7.4	8.1	10.0	10.8	11.2	11.6	11.2 <sup>q</sup>
Men	9.6	8.8	7.4	7.7	6.5	6.9	10.1	10.9	9.8	11.0	11.1 <sup>q</sup>
Women	12.6	10.5	10.8	9.8	8.5	9.5	9.8	10.6	12.6	12.2	11.3 <sup>q</sup>
Belize <sup>p</sup>	12.9	11.6	11.0	9.4	8.5	8.2	13.1	12.5	...	15.3	13.2
Men	8.6	8.3	7.4	6.2	5.8	...	...	...	...	...	...
Women	20.7	17.4	17.2	15.0	13.1	...	...	...	...	...	...
Jamaica <sup>p</sup>	10.9	11.4	11.2	10.3	9.8	10.6	11.4	12.4	12.7	13.9	15.2
Men	7.2	8.1	7.6	7.0	6.2	7.3	8.6	9.2	9.3	10.5	11.2
Women	15.6	15.7	15.8	14.4	14.5	14.6	14.8	16.2	16.7	18.1	20.1
Trinidad and Tobago <sup>p</sup>	10.5	8.3	8.0	6.2	5.5	4.6	5.3	5.9	5.1	5.0	3.7 <sup>r</sup>
Men	8.0	6.4	5.8	4.5	3.9	...	...	...	...	...	...
Women	13.8	11.2	11.0	8.7	7.9	...	...	...	...	...	...
<b>Latin America and the Caribbean<sup>s</sup></b>	11.1	10.3	9	8.6	7.9	7.3	8.1	7.3	6.7	6.4	6.2 <sup>t</sup>

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC) and International Labour Organization (ILO), on the basis of household surveys conducted in the respective countries.

<sup>a</sup> Gradual incorporation up to 31 urban areas.

<sup>b</sup> Urban areas. Data for 2004 are calculated on the basis of the survey carried out between November 2003 and October 2004. Data from 2009 on are not comparable with those of previous years because of a change in the measurement.

<sup>c</sup> Six metropolitan areas.

<sup>d</sup> National total. Data from 2010 on are not comparable with those of previous years because of a change in the measurement.

<sup>e</sup> Thirteen metropolitan areas. Includes hidden unemployment.

<sup>f</sup> Urban areas nationwide. Data from 2009 on are not comparable with those of previous years because of a change in the measurement.

<sup>g</sup> National total. Working-age population refers to those aged 17-54 years in the case of women and 17-59 years in the case of men.

<sup>h</sup> National total.

<sup>i</sup> Urban areas nationwide. Includes hidden unemployment.

<sup>j</sup> Urban areas nationwide. In 2007, the definition of the working-age population changed from 10 years and over to 16 years and over.

<sup>k</sup> Urban areas nationwide. In 2011, the definition of the working-age population changed from 10 years and over to 15 years and over.

<sup>l</sup> Urban areas nationwide.

<sup>m</sup> Corresponds to 32 urban areas.

<sup>n</sup> Up to 2009, urban areas nationwide; from 2010 on, urban areas of Asunción and the Central Department.

<sup>o</sup> Metropolitan Lima.

<sup>p</sup> National total. Includes hidden unemployment.

<sup>q</sup> Average for January-September.

<sup>r</sup> Data refer to March.

<sup>s</sup> Weighted average. Includes an adjustment to the data to leave hidden unemployment in Colombia, Ecuador and Panama out of the regional calculation. Does not include Guatemala.

<sup>t</sup> Preliminary data.

Table A.1.2  
**LATIN AMERICA AND THE CARIBBEAN: URBAN LABOUR MARKET PARTICIPATION, AVERAGE ANNUAL RATES, 2003-2013**  
*(Percentages)*

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Latin America</b>											
Argentina <sup>a</sup>	60.3	60.2	59.9	60.3	59.5	58.8	59.3	58.9	59.5	59.3	58.9
Bolivia (Plurinational State of) <sup>b</sup>	60.4	58.6	55.7	58.7	57.1	...	56.9	57.3	...	...	...
Brazil <sup>c</sup>	57.1	57.2	56.6	56.9	56.9	57.0	56.7	57.1	57.1	57.3	57.1
Chile <sup>d</sup>	54.4	55.0	55.6	54.8	54.9	56.0	55.9	58.5	59.8	59.5	59.6
Colombia <sup>e</sup>	65.0	63.6	63.3	62.0	61.8	62.6	64.6	65.7	66.7	67.6	67.5
Costa Rica <sup>f</sup>	56.8	56.3	58.2	58.2	58.5	58.6	62.3	60.7	62.6	62.3	61.6
Cuba <sup>g</sup>	70.9	71.0	72.1	72.1	73.7	74.7	75.4	74.9	76.1	74.2	...
Dominican Republic <sup>g</sup>	48.5	48.9	49.0	49.7	49.9	50.1	48.4	49.6	51.0	51.4	51.3
Ecuador <sup>h</sup>	58.9	59.1	59.5	59.1	61.3	60.1	58.9	56.9	55.2	55.9	54.8
El Salvador <sup>i</sup>	55.4	53.9	54.3	53.9	63.6	64.1	64.3	64.4	63.7	64.6	...
Guatemala	61.6	58.4	...	...	...	...	...	...	61.0	65.5	62.1
Honduras	53.5	52.7	50.3	52.1	51.7	52.7	53.1	53.7	52.5	51.2	54.3
Mexico <sup>j</sup>	58.3	58.9	59.5	60.7	60.7	60.4	60.2	60.1	60.3	60.9	60.6
Nicaragua <sup>k</sup>	53.0	52.6	53.7	52.8	50.5	53.8	52.1	71.7	...	...	...
Panama <sup>l</sup>	63.5	64.2	63.7	62.8	62.6	64.4	64.4	64.0	63.2	63.6	64.1
Paraguay <sup>m</sup>	59.2	62.4	60.4	57.9	59.6	61.5	62.3	62.5	62.4	62.9	65.2
Peru <sup>n</sup>	67.4	68.0	67.1	67.5	68.9	68.1	68.4	70.0	70.0	69.1	68.9
Uruguay	58.1	58.5	58.5	60.8	62.9	62.8	63.7	63.9	64.3	64.0	63.6
Venezuela (Bolivarian Republic of) <sup>o</sup>	69.1	68.5	66.2	65.5	64.9	64.9	65.1	64.5	64.4	63.9	64.3
<b>The Caribbean</b>											
Bahamas <sup>o</sup>	76.5	75.7	76.3	75.1	76.2	...	...	...	72.3	74.6	73.2
Barbados <sup>o</sup>	69.3	69.4	69.6	67.9	67.8	67.6	67.0	66.6	67.6	66.2	66.5
Belize <sup>o</sup>	60.0	60.3	59.4	57.6	61.2	59.2	...	...	...	65.8	64.5 <sup>p</sup>
Jamaica <sup>o</sup>	64.4	64.5	64.2	64.7	64.9	65.5	63.5	62.4	62.3	62.5	63.0
Trinidad and Tobago <sup>o</sup>	61.6	63.0	63.7	63.9	63.5	63.5	62.7	62.1	61.6	61.8	61.9 <sup>q</sup>
<b>Latin America and the Caribbean<sup>r</sup></b>	<b>59.5</b>	<b>59.6</b>	<b>59.2</b>	<b>59.5</b>	<b>59.6</b>	<b>59.7</b>	<b>59.7</b>	<b>60.0</b>	<b>60.3</b>	<b>60.5</b>	<b>60.3<sup>s</sup></b>

Source: International Labour Organization (ILO), on the basis of household surveys conducted in the respective countries.

<sup>a</sup> Corresponds to 31 urban agglomerations.

<sup>b</sup> Figure for 2004, on the basis of the survey conducted between November 2003 and October 2004. Data from 2009 on are not comparable with those of previous years because of a change in the measurement. The figure for 2010 refers to the first half-year.

<sup>c</sup> Six metropolitan regions.

<sup>d</sup> National total. Data from 2010 on are not comparable with those of previous years because of a change in the measurement.

<sup>e</sup> 13 metropolitan areas. Includes hidden unemployment.

<sup>f</sup> Refers to July of each year. Data from 2009 on are not comparable with those of previous years because of a change in the measurement.

<sup>g</sup> National total.

<sup>h</sup> From 2004 on, refers to the four-quarter average. Includes hidden unemployment.

<sup>i</sup> In 2007, the definition of the working-age population changed from 10 years and over to 16 years and over. Includes hidden unemployment.

<sup>j</sup> 32 urban areas.

<sup>k</sup> Data from 2010 on are not comparable with those of previous years because of a change in the measurement.

<sup>l</sup> Includes hidden unemployment.

<sup>m</sup> Nationwide urban total up to 2009. From 2010 on, the figures refer to Asunción and the Central Department, and so are not comparable with those of earlier years.

<sup>n</sup> Metropolitan Lima.

<sup>o</sup> National total. Includes hidden unemployment.

<sup>p</sup> Data refer to April.

<sup>q</sup> Data refer to March.

<sup>r</sup> Weighted average. Includes an adjustment to the data to leave hidden unemployment in Colombia, Ecuador and Panama out of the regional calculation.

<sup>s</sup> Preliminary data.

Table A.1.3  
**LATIN AMERICA AND THE CARIBBEAN: URBAN EMPLOYMENT, AVERAGE ANNUAL RATES, 2003-2013**  
*(Percentages)*

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Latin America</b>											
Argentina <sup>a</sup>	49.9	52.1	53.0	54.1	54.5	54.2	54.2	54.4	55.2	55.0	54.7
Bolivia (Plurinational State of) <sup>b</sup>	54.9	55.0	51.2	54.0	52.7	...	52.4	53.6	...	...	...
Brazil <sup>c</sup>	50.1	50.6	51.0	51.2	51.6	52.5	52.1	53.2	53.7	54.2	54.0
Chile <sup>d</sup>	49.3	49.5	50.4	50.5	51.0	51.7	50.5	53.7	55.5	55.7	56.0
Colombia <sup>e</sup>	54.2	53.8	54.5	54.0	54.8	55.3	56.2	57.6	59.1	60.1	60.3
Costa Rica <sup>f</sup>	53.0	52.5	54.2	54.7	55.7	55.7	57.0	56.4	57.8	57.4	56.5
Cuba <sup>g</sup>	69.2	69.7	70.7	70.7	72.4	73.6	74.2	73.0	73.6	71.6	...
Dominican Republic <sup>g</sup>	45.2	46.0	45.9	46.9	47.4	47.7	45.8	47.1	48.0	48.2	47.7
Ecuador <sup>h</sup>	52.1	53.4	54.4	54.3	56.8	56.0	53.9	52.5	51.9	53.2	52.2
El Salvador <sup>i</sup>	52.0	50.4	50.3	50.8	59.9	60.6	59.7	60.0	59.5	60.6	...
Guatemala	58.4	55.8	...	...	...	...	...	...	59.0	62.8	59.5
Honduras	49.5	48.5	47.2	49.7	49.7	50.5	50.5	50.3	48.9	48.3	51.1
Mexico <sup>j</sup>	55.6	55.8	56.7	57.9	57.8	57.5	56.2	56.2	56.7	57.4	57.1
Nicaragua <sup>k</sup>	47.6	48.1	49.9	49.1	47.1	49.5	46.6	64.7	...	...	...
Panama	53.4	55.1	56.0	56.3	57.7	60.2	59.3	59.1	59.8	60.6	61.1
Paraguay <sup>l</sup>	52.5	56.1	55.8	52.7	55.3	57.0	57.1	55.9	56.2	57.8	59.9
Peru <sup>m</sup>	61.2	61.6	60.7	61.8	63.0	62.4	62.7	64.5	64.5	64.4	64.8
Uruguay	48.3	50.9	51.4	53.9	56.7	57.6	58.4	58.8	60.7	59.6	59.3
Venezuela (Bolivarian Republic of) <sup>n</sup>	56.7	58.0	58.0	58.9	59.4	60.2	60.0	58.9	59.0	58.7	59.3
<b>The Caribbean</b>											
Bahamas <sup>o</sup>	69.7	68.0	...	...	...	...	63.0	...	62.4	64.2	61.6
Barbados <sup>o</sup>	61.6	62.7	63.2	61.9	62.8	62.1	60.3	59.4	60.0	58.5	59.1
Belize <sup>o</sup>	52.3	53.3	52.8	52.2	56.0	54.3	...	...	...	55.8	56.7 <sup>n</sup>
Jamaica <sup>o</sup>	57.1	57.0	57.0	58.0	58.6	58.5	56.3	54.7	54.4	53.8	53.4
Trinidad and Tobago <sup>o</sup>	55.2	57.8	58.6	59.9	59.9	60.6	59.4	58.4	58.2	58.8	59.6 <sup>o</sup>
<b>Latin America and the Caribbean<sup>p</sup></b>	<b>52.9</b>	<b>53.5</b>	<b>53.9</b>	<b>54.5</b>	<b>55.0</b>	<b>55.4</b>	<b>54.9</b>	<b>55.6</b>	<b>56.2</b>	<b>56.6</b>	<b>56.5<sup>q</sup></b>

Source: International Labour Organization (ILO), on the basis of household surveys conducted in the respective countries.

<sup>a</sup> Corresponds to 31 urban agglomerations.

<sup>b</sup> Figure for 2004, on the basis of the survey conducted between November 2003 and October 2004. Data from 2009 on are not comparable with those of previous years because of a change in the measurement. The figure for 2010 refers to the first half-year.

<sup>c</sup> Six metropolitan regions.

<sup>d</sup> National total. Data from 2010 on are not comparable with those of previous years because of a change in the measurement.

<sup>e</sup> 13 metropolitan areas.

<sup>f</sup> Refers to July of each year. Data from 2009 on are not comparable with those of previous years because of a change in the measurement.

<sup>g</sup> National total.

<sup>h</sup> From 2004 on, refers to the four-quarter average.

<sup>i</sup> In 2007, the definition of the working-age population changed from 10 years and over to 16 years and over.

<sup>j</sup> 32 urban areas.

<sup>k</sup> Data from 2010 on are not comparable with those of previous years because of a change in the measurement.

<sup>l</sup> Nationwide urban total up to 2009. From 2010 on, the figures refer to Asunción and the Central Department, and so are not comparable with those of earlier years.

<sup>m</sup> Metropolitan Lima.

<sup>n</sup> Data refer to April.

<sup>o</sup> Data refer to March.

<sup>p</sup> Weighted average.

<sup>q</sup> Preliminary data.

## Annex A.2

### Labour-inclusion and income-generation services associated with conditional cash transfer programmes

Table A.2.1  
LATIN AMERICA AND THE CARIBBEAN (12 COUNTRIES): ACCESS TO LABOUR-INCLUSION AND INCOME-GENERATION SERVICES THROUGH CONDITIONAL CASH TRANSFER PROGRAMMES (CCTS)

Country	CCT and year commenced	Services					
		Remedial education	Technical and vocational training	Support for independent work	Labour intermediation	Direct job creation	Indirect job creation
Argentina	Universal Child Allowance for Social Protection (UAH)	<i>Progresar</i> <sup>a</sup>	<i>Progresar</i> / Continuous Training Network of the Ministry of Labour, Employment and Social Security <sup>a</sup>		<i>Progresar</i> / Network of Municipal Employment Bureaus <sup>a</sup>		
	Unemployed Heads of Household (2002-2009) <sup>b</sup> Training and Employment Insurance (2006), More and Better Work for Young People (2007)	Completion of education	Continuous Training Network of the Ministry of Labour, Employment and Social Security <sup>a</sup>	Independent employment programme of the Ministry of Labour, Employment and Social Security	Network of Municipal Employment Bureaus <sup>a</sup>		
Brazil	<i>Bolsa Família</i> (2003)	<i>Brasil Alfabetizado</i> literacy programme <sup>a</sup>	Sector Vocational Training Plan (PlanSeQ), also known as Next Step <sup>a</sup>  National Programme for Access to Technical Education and Employment (Pronatec)/ <i>Brasil Sem Miséria</i> (BSM) <sup>a</sup>	National Family Agriculture Programme (Pronaf), <i>Crediamigo</i> , <i>Agroamigo</i> , National Programme for Guided Productive Microcredit (Crescer) <sup>a</sup>	<i>Acessuas/Trabalho</i> <sup>a</sup>  <i>Mais Empregos</i> <sup>a</sup>	Sector Vocational Training Plan (PlanSeQ)-Next Step, linked to the Growth Acceleration Programme (PAC) <sup>a</sup>	
Chile	Solidarity Chile/Ethical Family Income (2002 and 2012)		Solidarity Chile Programme to Develop Labour Competencies for Women, Employment Support Programme of the Solidarity Chile System, Preparation for Work Programme, Youth Employability Programme <sup>a</sup>	Programme to Support Family Production for Self-consumption, Urban Indigenous Micro-business Generation Programme, <i>Emprende Más</i> Micro-business Support Programme <sup>a</sup>	Employment Support Programme of the Solidarity Chile System, Preparation for Work Programme, Youth Employability Programme <sup>a</sup>		Labour Hiring Bonus Programme <sup>a</sup> ,  <i>Subsidio al Empleo Joven</i> <sup>a</sup> ,  <i>Bono al Trabajo de la Mujer</i> <sup>a</sup>
Colombia	Families in Action (2001)			Youth in Action <sup>a</sup>	Youth in Action <sup>a</sup>		
	Income for Social Prosperity (2011)		Competency training, skills development and social service (community work) <sup>c</sup>	Skills development workshops <sup>c</sup>			
Ecuador	Human Development Grant (2003)		Training plan for the beneficiaries of the Human Development Credit <sup>a</sup>	Solidarity Productive Credit Programme, Human Development Credit <sup>a</sup>			
El Salvador	Solidarity in Rural Communities, Solidarity in Urban Communities (2005)		Temporary Income Support Programme (PATI), part of Solidarity in Urban Communities <sup>a</sup>	Programme to provide uniforms, shoes and school supplies under Solidarity in Rural Communities <sup>a</sup>		Component promoting employability, social enterprise and employment in public works <sup>c</sup>	Programme to provide uniforms, shoes and school supplies under Solidarity in Rural Communities <sup>a</sup>
Jamaica	Programme of Advancement through Health and Education (PATH) (2001)	Steps to Work programme <sup>c</sup>	Steps to Work programme <sup>c</sup>	Steps to Work programme <sup>c</sup>	Electronic Labour Exchange (ELE) of the Labour Market Information System (LMIS) <sup>a</sup>		
Mexico	<i>Oportunidades</i> (1997)	Youth with Opportunities <sup>c</sup>		Youth with Opportunities <sup>c</sup>			
Panama	Opportunities Network (2006)		Development of capacities and income generation <sup>a</sup>				



Table A.2.1 (concluded)

Country	CCT and year commenced	Services					
		Remedial education	Technical and vocational training	Support for independent work	Labour intermediation	Direct job creation	Indirect job creation
Paraguay	<i>Abrazo</i> (2005)		<i>Bansocial</i> <sup>c</sup>	<i>Bansocial</i> <sup>c</sup>			
Peru	<i>Juntos</i> (2005)	National Mobilization Programme for Literacy (Pronama) <sup>a</sup>					
Trinidad and Tobago	Targeted Conditional Cash Transfer Programme (TCCTP) (2005)		Vocational training component <sup>c</sup> , Micro-enterprise and Training Grant (MEG) <sup>a</sup>	Micro-enterprise and Training Grant (MEG) <sup>a</sup>	Eligible household members registered with an employment agency <sup>a</sup>		

**Source:** Organization of American States/Economic Commission for Latin America and the Caribbean/International Labour Organization (OAS/ECLAC/ILO), "Social Protection and Employment Generation: Analysis of Experiences from Co-responsibility Transfer Programs", *Project Documents*, No. 398 (LC/W.398), Santiago, Chile, 2011 and Economic Commission for Latin America and the Caribbean (ECLAC), Database on non-contributory social protection programmes in Latin America and the Caribbean [online] <http://dds.cepal.org/bdptc/>.

<sup>a</sup> Services provided indirectly through programmes complementary to the CCT.

<sup>b</sup> The beneficiaries of the Unemployed Heads of Household programme launched in 2002 were gradually transferred to other programmes, including Training and Employment Insurance, from 2006.

<sup>c</sup> Services provided directly by the CCT.

Labour market performance was somewhat paradoxical in Latin America and the Caribbean in 2013, as discussed in this report: despite cooling economic growth and slowing job creation, the region's unemployment rate came down once again, to a new historic low. This was a reflection of lower labour market entry rates, as seen in a lower participation rate, which thus broke its long-term uptrend. Some indicators give grounds for concern, however, especially those relating to young people in the labour market, and youth unemployment has risen.

In the past few years, many of the countries in Latin America and the Caribbean have set up conditional transfer schemes to combat poverty over both the short and long terms. Over time, the labour dimension has gained increasing importance in relation to these schemes. This report summarizes the main features of conditional transfer schemes and analyses their impact on labour markets, as well as the challenges such policies face. It is concluded that they must be closely coordinated with integrated social protection systems and with active labour market policies aimed, among other objectives, at boosting labour demand.