Social programmes, poverty eradication and labour inclusion

Lessons from Latin America and the Caribbean

LAÍS ABRAMO
SIMONE CECCHINI
BEATRIZ MORALES
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Social programmes, poverty eradication and labour inclusion

Lessons from Latin America and the Caribbean

Laís Abramo
Simone Cecchini
Beatriz Morales
This book was prepared by Laís Abramo, Chief of the Social Development Division of the Economic Commission for Latin America and the Caribbean (ECLAC), and Simone Cecchini, Senior Social Affairs Officer, and Beatriz Morales, Research Assistant, with the same Division, in the framework of the activities conducted under the project “Vocational education and training for greater equality in Latin America and the Caribbean”, implemented by ECLAC and the Government of Norway.

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Foreword

The 2030 Agenda for Sustainable Development enshrines a consensus on the need to progress towards more inclusive, solidary and cohesive societies in which “no one is left behind” on the road to development. It is an integrated, universal agenda that places rights-based equality at the heart of sustainable development.

The Latin American and Caribbean countries have signed up to the 2030 Agenda and committed to it, and they are taking action to progress towards inclusive social development and foster the equality, dignity and human rights of all. This book analyses the regional experience with respect to a series of social programmes that are crucial for making these rights a reality and fostering social and labour inclusion of the population living in poverty and vulnerability. It looks in particular at anti-poverty cash transfers for families with children, older persons and persons with disabilities, as well as programmes of labour and production inclusion aimed at youth and working-age adults. These programmes are fundamental components of public policies for achieving several of the Sustainable Development Goals of the social pillar, in particular Goal 1, “end poverty in all its forms everywhere”, Goal 8, “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”, and Goal 10, “reduce inequality within and among countries”.

Poverty and inequality continue to be structural problems in our region. As discussed in Social Panorama of Latin America, 2018,¹ although significant strides were made in reducing poverty and extreme poverty

¹ Economic Commission for Latin America and the Caribbean (ECLAC), Social Panorama of Latin America, 2018 (LC/PUB.2019/3-P), Santiago, 2019.
in the region between the last decade and the mid-2010s, setbacks have occurred since 2015, especially as regards extreme poverty. In 2017, 10.2% of the population of Latin America was living in extreme poverty and 30.2% in poverty. What is more, although income inequality has eased in the past 15 years, the pace of this improvement has lost momentum in the past few years and Latin America and the Caribbean remains the world’s most unequal region. In 2017, the simple average of the Gini coefficient for 18 Latin American countries was 0.47.

To tackle these problems and progress towards greater inclusion and a fairer distribution of the benefits of development and exercise of rights, the Economic Commission for Latin America and the Caribbean (ECLAC) —in its most recent edition of Social Panorama and in the document Linkages between the social and production spheres: gaps, pillars and challenges, presented in October 2017 at the second session of the Regional Conference on Social Development in Latin America and the Caribbean— has recommended that the countries make simultaneous progress in social and labour inclusion. It also recommended they address the inequalities faced by diverse groups as regards access both to services associated with fundamental rights —such as health care, education, housing and basic infrastructure (water, electricity and sanitation)— and to social protection and decent work.

The inequality in our region is a complex and multidimensional phenomenon and it is closely bound up with the heterogeneity of our economies’ production structures. Socioeconomic inequality (most clearly seen in income inequality and unequal ownership of physical and financial assets) is further layered with inequalities of gender, ethnicity and race, age and geography. These are compounded by inequalities arising from disability, migratory status, sexual orientation and gender identity. Inequalities concatenate, intersect and exacerbate one another throughout the life cycle and they impact on rights across multiple areas: income, work and employment, social protection and care, education, health and nutrition, basic services, citizen security and a life free of violence, and participation and decision-making.

As is made clear in the document presented at the thirty-seventh session of ECLAC, The Inefficiency of Inequality, institutions and public policies must foster quality and work to close gaps not only as an ethical imperative, but also because social gaps and lags have nefarious effects on productivity, public finances, environmental sustainability and the spread of the knowledge society. In other words, inequality is inefficient and throws up obstacles to growth, development and sustainability.

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2 ECLAC, Linkages between the social and production spheres: gaps, pillars and challenges (LC/CDS.2/3), Santiago, 2017.
3 ECLAC, The Inefficiency of Inequality (LC/SES.37/3-P), Santiago, May, 2018.
Despite the persistence of certain approaches that favour a minimal State, the subsidiarity principle, market preeminence and relegation of social policy to the margins, it is becoming increasingly evident that this route cannot reduce inequality or poverty and that institutions and social policies are needed to tackle the problems of the current development pattern and the challenges arising from global shifts. Over the past few years, it has become ever clearer that pro-equality policies have long-term benefits. The synergies between equality and growth have regained traction, insofar as many social policies, through their impact on human capacities, have helped to boost productivity and stimulate economic growth.

This book seeks to contribute to the quest for effective ways to consolidate the design and implementation of social policy to reduce inequalities and poverty. It was prepared under the cooperation programme between ECLAC and the Government of Norway, entitled “Vocational Education and Training for Greater Equality in Latin America and the Caribbean.”

This book also represents a contribution to the deliberation and exchange of experiences in the framework of the Regional Conference on Social Development in Latin America and the Caribbean, a subsidiary body of ECLAC whose resolution 1(I) encouraged the Commission to continue the integrated analysis of economic, production and social policies and policies on employment protection and decent work, and urged it to focus its research and technical assistance agenda in the social area on the multiple dimensions of social inequality, poverty and vulnerability and social protection, with particular emphasis on the non-contributory pillar, among other aspects. In resolution 2(II), the countries attending the second session of the Regional Conference on Social Development in Latin America and the Caribbean urged the Commission to further its analysis of the social dimension of the 2030 Agenda for Sustainable Development, and of how it interconnects with the economic and environmental dimensions, how it applies to the region’s social policies and how it is to adapt to the challenges arising from changes in the world of work.

In this framework, this book is intended as a contribution to strengthening the institutional and human capabilities needed to end poverty and reduce inequalities, a fundamental mission of all the countries committed to the 2030 Agenda for Sustainable Development.

Alicia Bárcena
Executive Secretary
Economic Commission for Latin America and the Caribbean (ECLAC)
Introduction

Over the past two decades, Latin American and Caribbean countries have devised a range of strategies, public policies and social programmes geared towards eradicating poverty and reducing inequalities at all stages of the life cycle (ECLAC, 2016b) In particular, the region has increased the number of non-contributory social protection programmes —traditionally known as “social assistance”—, chief among them conditional cash transfer programmes, labour and productive inclusion programmes and social pensions.1 To receive benefits from these social programmes, individuals do not need to have made contributions in the past in the form of deductions from wages (social security contributions) or to have participated in the formal labour market.2 These programmes are financed through the general budget, on the basis of the principle of solidarity, with funds raised from direct or indirect taxes, public enterprises or —in the poorest countries— international cooperation.

In light of the strong expansion of non-contributory social protection programmes in the region, of the current challenges related to a context of greater fiscal constraints and the stalled process of poverty reduction (ECLAC, 2019), and of political changes that may change the outlook and

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1 Non-contributory social protection also includes other types of programmes, such as early childhood care, feeding, scholarship and homebuyer subsidy programmes (Cecchini and Martínez, 2011). However, this book examines those programmes whose link to the world of work has been most discussed.

2 For this reason, the expression “non-contributory social protection” is used to refer to these programmes. However, it should be borne in mind that the recipients of these benefits contribute to society and the economy in various ways, for example, through their unpaid work or through the payment of indirect taxes such as value added tax (VAT). At the same time, it should be remembered that “contributory” benefits are financed, in part, by State transfers from general tax revenue.
characteristics of social policy, this book offers the most up-to-date and exhaustive analysis possible of these programmes and their relationship with labour inclusion. In particular, it addresses the ongoing discussion regarding the possible incentives and disincentives of non-contributory social protection in connection with the inclusion and formalization of the target population in the labour market, and sets out some policy recommendations that, based on a comprehensive and rights-based approach, aim to improve policies for overcoming poverty, reducing inequalities, and promoting social and labour inclusion.

One of the main objectives of this book is to question the opinion—unfortunately quite commonly held among analysts, public authorities and managers, and the general public—that people find themselves living in poverty because of personal or family failings. This opinion ignores the major structural inequalities (linked to sex, ethnic and racial origin, territory and other factors) that intersect and overlap, limiting access to services (such as education, care and health) and good quality jobs (ECLAC, 2016a).

The vast majority of people of working age who are living in poverty in the region do work or are actively looking for work. However, they do so without pay or they have jobs that not only do not pay enough to lift them out of poverty, but also reproduce it. Such working conditions may include low wages; informality; precariousness; absence of contracts and social protections; non-compliance with labour rights; discrimination on the basis of gender, ethnicity and race and against persons with disabilities; and other forms of unacceptable or degrading work, such as child labour or forced labour. In other words, people living in poverty have high deficits of decent work (Abramo, 2015).

Given that poverty is a structural problem of Latin American societies, it is argued that attributing poverty to “laziness”, is not only highly prejudicial and discriminatory towards people living in poverty and one of the most flagrant examples of the culture of privilege in the region (ECLAC, 2018), but also leads to bad public policy decisions.

Policies implemented to eradicate poverty and reduce inequalities must address and, at the same time, overcome a twofold challenge, namely social and labour-market inclusion. Therefore, in order to move towards greater levels of inclusion and participation in the benefits of development and the exercise of rights, basic levels of well-being must be achieved, as a minimum, by guaranteeing a basic income, universal access to good quality social services and decent work opportunities (ECLAC, 2017 and 2019).

In particular, as proposed by the Economic Commission for Latin America and the Caribbean (ECLAC, 2010, 2012 and 2014), countries must move towards establishing public policies with a rights-based approach,
rooted in the principles of human dignity, freedom, equality and solidarity. Public policies based on this approach have a better chance of helping to eradicate poverty and improve levels of well-being and equality in society. Such policies recognize that the excluded are citizens who have rights, and are not just vulnerable or needy people. Therefore, instead of passive beneficiaries, recipients of social programmes become bearers of rights and responsibilities, which are legally binding and enforceable as guarantees (Cecchini and Rico, 2015).

Chapter I of this book highlights the importance of creating positive synergies between non-contributory social protection, labour inclusion and the principles of decent work for ending poverty and reducing inequality in the region. It then examines in detail the link between the three types of non-contributory social protection programmes and the labour dimension. Chapter II analyses examples of conditional transfer programmes. Chapter III explores labour and productive inclusion programmes and chapter IV discusses social pensions.

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Chapter I

Towards a virtuous circle of social protection and inclusion

Introduction

Non-contributory social protection programmes —primarily intended for persons living in poverty or extreme poverty and/or vulnerable situations— are a core component of poverty eradication policies and strategies in the countries of the region. Their aim is not only to help boost the incomes of the participating households but also to provide greater access —either directly or indirectly, depending on the type of programme— to social services and decent work. These three elements are of key importance if progress is to be made towards an increasing degree of inclusion, a greater share in the benefits of development and an enhanced capacity for the exercise of human rights.

This book will focus on three types of non-contributory social protection programmes: conditional cash transfer (CCT) programmes, inclusive labour and production programmes, and social pensions. Each type has specific characteristics and trajectories but, generally speaking, they have all reached out to large sectors of society (such as informal workers, poor women, rural population groups, indigenous peoples and Afrodescendants) that have historically been excluded from social protection benefits.

CCT programmes provide poor or extremely poor families who have one or more minor children with monetary and non-monetary resources on the condition that they comply with certain requirements (chiefly in the
areas of health and education) that are designed to build human capacities.¹ These programmes, of which they are now 30 in 20 different Latin American and Caribbean countries, were introduced in the mid-1990s: at the local level in 1995 in the cities of Campinas and Ribeirão Preto and in the Federal District of Brazil and at the national level in 1997 in Mexico with the launch of the Education, Health and Food Programme (Progresma) (Cecchini and Madariaga, 2011).

Labour and productive inclusion programmes cater to young people and adults of working age who are living in conditions of poverty or vulnerability to poverty. They offer technical and vocational training, remedial education, direct and indirect job creation, support for self-employment and labour intermediation services (ECLAC, 2016b). Although some programmes of this sort began to be set up in the 1970s and 1980s, they came into their own in the 1990s and expanded rapidly throughout the 2000s.

Social pension programmes are monetary transfers related to old-age and disability that the State provides to people who have not been employed in the formal labour market or who did not pay sufficient social security taxes during their working life. The first non-contributory pensions of this type in the region were introduced in Uruguay (1919) and Argentina (1948), but they did not become widespread until the 2000s (see figure I.1).

Figure I.1
Latin America and the Caribbean (30 countries): number of non-contributory social protection programmes in operation, per year²

A. Conditional cash transfer programmes

¹ There are also some unconditional cash transfer programmes in Latin America and the Caribbean. In the Bolivarian Republic of Venezuela, for example, the allowances provided under the Great Mission for Households of the Nation are not conditional. In addition, some countries’ conditional transfer programmes include a non-conditional component, as in the case of the basic family allowance and the basic individual cash transfer, both components of the Security and Opportunities subsystem in Chile.
In section A of this chapter, the discussion will focus on the twofold challenge of social and labour inclusion that must be overcome in order to end poverty and reduce inequalities in the region. Section B will deal with the key need to promote decent work, while section C explores how people perceive the issue of poverty. Section D looks at the ongoing debate about whether or not certain types of policies and non-contributory social protection programmes may create disincentives for joining the labour
market or switching from informal to formal employment. Finally, section E underscores the importance of creating positive synergies among non-contributory social protection, employment and the principles of decent work in order to uphold the rights of all people and include everyone in the development process.

A. Social and labour inclusion: the twofold challenge of poverty eradication policies

In order to end poverty and reduce inequality, simultaneous progress needs to be made in both social inclusion and labour inclusion. As noted in Social Panorama of Latin America, 2018 (ECLAC, 2019), the concept of social inclusion is a multidimensional one that encompasses the realization of rights, participation in social affairs, access to education, health and care services, basic infrastructure services and housing, and disposable income. It thus refers to a process of improving economic, social, cultural and political conditions in order to enable people to participate fully in society (ECLAC, 2008 and 2009; United Nations, 2016; Levitas and others, 2007). The concept of labour inclusion, for its part, refers to access to the labour market and the ability to be a part of the labour force while enjoying decent working conditions. This concept has been developed further by the International Labour Organization (ILO) and is the basis for Sustainable Development Goal 8 of the 2030 Agenda for Sustainable Development (“Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”).

ECLAC (2017b and 2019) has conducted twofold (i.e. social and labour) inclusion measurements in order to gauge the extent of the challenge that governments will have to meet in order to guarantee both universal access to quality social services and basic infrastructure regardless of household income levels and other characteristics, on the one hand, and, on the other, access to gainful employment under working conditions that are in accord with standards of human dignity that will provide access to social protection and to income levels capably of lifting households above the poverty line (see box I.1). This analysis complements those that ECLAC has traditionally performed in connection with monetary poverty by also encompassing the effects of public policy actions in areas such as, for example, the expansion of access to basic services, education and contributory social protection schemes. It does not directly measure coverage under non-contributory social protection programmes or the effect of anti-poverty monetary transfers, but it does indirectly include some of their effects (e.g. school attendance and grade repetition rates).
Methodology for the measurement of dual (social and labour) inclusion

The two dimensions of the dual inclusion measurement exercise are labour inclusion and social inclusion. Each classifies households — the unit of analysis used, since it is the main unit on which many social development policy interventions are based — as being included or excluded either directly or on the basis of certain traits of some household members which are then used to classify the household as a whole.

In terms of social inclusion, a household is considered to be in a situation of inclusion when all of the following conditions are met:

1. Education: (i) all school-age members of the household (as defined by the applicable laws, with the age range from 6 to 17 years being the most common) are attending school unless they have already completed their secondary education; (ii) no school-age member of the household is three or more years behind the grade in school that corresponds to his or her age; (iii) all household members between the ages of 18 and 64 have completed their basic education (primary and lower secondary school); and (iv) all household members aged 65 or over have completed their primary education.

2. Basic services: (i) the household has electricity; (ii) the household has adequate access to sanitation systems; and (iii) the household has adequate access to drinking water.

In the labour inclusion dimension, a household is considered included if:

1. Per capita labour income and income from contributory pensions (the sum of all such income streams received by the household, divided by the total number of household members) are equal to or higher than the relative poverty line used in the Sustainable Development Goals (50% of the median per capita income).

And at least one of the following conditions is also met:

2. All working persons of 15 years of age or more pay into (or are affiliated to) a contributory social security (pension or health insurance) system.

3. All persons between the ages of 60 and 64 who are not economically active and all persons aged 65 years of age or over receive a pension from a contributory system.

By combining these two dimensions (social and labour inclusion), households can be classified into one of four categories: (i) included in both the labour and social dimensions (dual inclusion); (ii) included in the labour dimension, but not in the social dimension (labour inclusion only); (iii) included in the social dimension, but not in the labour dimension (social inclusion only); and (iv) not included in the labour or the social dimension (dual exclusion).

Clearly, measuring inclusion on the basis of such a small set of indicators has its limitations. For example, the concept of social inclusion also refers to health care and broader aspects of participation in society that are not generally captured in household surveys. The International Labour Organization (ILO) defines decent work in a much broader sense than the indicators used in this exercise. What is more, a situation of dual inclusion may be a precondition, but not necessarily sufficient in and of itself, for a person to feel, in a subjective sense, that he or she is included in society, since this will depend on more complex and more specific aspects of each social and even individual set of circumstances.

Source: Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), Social Panorama of Latin America, 2018 (LC/PUB.2019/3-P), Santiago, 2019.
The analysis done by ECLAC (2019) indicates that, as of 2016, only 23.5% of Latin American households were in a situation of both social and labour inclusion (see figure I.2). The averages for the countries of the region indicate that the percentage of households in a situation of dual inclusion has been rising steadily since 2002, while the percentage of households that are excluded from both these dimensions has fallen. As a result, the ratio of households in the former category to households in the latter category has been halved, from 3:9 in 2002 to 1:9 in 2016. While the upward trend in dual inclusion between 2002 and 2016 is a reflection of improvements in both of these indicators, greater progress has been made in social inclusion than in labour inclusion. Measured in absolute figures, as of 2016, 46.5 million households (132.9 million people) had achieved inclusion in both these dimensions, while another 60.6 million households (238.5 million people) were excluded from both.

Figure I.2
Latin America (17 countries): households in a situation of dual inclusion and those subject to dual social and labour exclusion, 2002–2016a
(Percentages)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), Social Panorama of Latin America, 2018 (LC/PUB.2019/3-P), Santiago, 2019; on the basis of Household Survey Data Bank (BADEHOG).

A high level of dual inclusion is associated with the existence of a strong welfare State. Countries with higher levels of inclusion in both of these dimensions have more highly developed welfare States, whereas

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2 Defined on the basis of a typology for welfare States that considers such factors as the State’s capacity to support and protect people who have no income or have an insufficient income and society’s capacity to generate sufficient revenues via the labour market. Countries are placed in one of three categories based on their welfare gaps: (i) extreme, (ii) moderate; or (iii) modest (ECLAC, 2016b).
countries where the welfare State is less developed have dual inclusion rates of no more than 15%. Yet the dual inclusion rate has risen over the past 15 years in all the countries of the region (see figure I.3).

The dual inclusion typology developed by ECLAC (2017b and 2019) is based both on the concept of dual inclusion used by Martínez and Sánchez-Ancochea (2013), who analysed the expansion of social services and job creation in Costa Rica, and on the operational application of this concept to the case of Colombia in 2008–2012 by Angulo and Gómez (2014), who quantified the conjunction of households’ access to formal, standard employment with the absence of multidimensional privation at both the national level and at the level of the participants in the Families in Action conditional cash transfer programme. These authors contend that the trend in the incidence of dual inclusion reflects the Colombian government’s prioritization of social policy in response to an increase in social service coverage and the difficulty of raising living standards through formal sector job creation. However, when they compared the variation in dual inclusion indicators in the nationwide totals and the variation among participants in the Families in Action programme, they saw that members of the programme’s target group invariably showed more signs of entering a virtuous circle. In fact, in 2008 the largest category of participants in the Families in Action programme was the exclusion category, whereas, in 2012, the largest category was “non-productive social inclusion”.

**Figure I.3**

**Latin America (17 countries): households in a situation of dual inclusion (social and labour), by country, around 2002 and 2016 (Percentages)**

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**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2018* (LC/PUB.2019/3-P), Santiago, 2019; on the basis of Household Survey Data Bank (BADEHOG).

a Urban areas.
Angulo and Gómez (2014) therefore concluded that, if Colombia wishes to attain high levels of dual inclusion, it will have to modify the design of its programmes, their entry and exit conditions, and their linkages with other social protection and promotion initiatives but, most importantly, with the labour market. These authors also recommend linking up the revamped More Families in Action programme with programmes aimed at improving employability, assisting workers to transition into the formal sector of the economy, promoting entrepreneurship and income generation. Their findings provide valuable information about the scope and limitations of non-contributory social protection in contributing to greater social and labour inclusion for population groups living in poverty or vulnerable situations.

The following discussion will take a closer look at the role of decent work in overcoming poverty and reducing inequality.

**B. Decent work as a response to the challenges of poverty and exclusion**

In addition to being the main driver for poverty eradication and for the creation, exacerbation or mitigation of inequality, work is a fundamental mechanism for building autonomy and identity, upholding dignity and expanding the scope of citizen action; it is also the main avenue for social and economic integration (ECLAC, 2010, 2012a and 2014). On the one hand, the centrality of work lies in the fact that it generates the lion's share of household income. According to ECLAC estimates for 18 Latin American countries around 2017, earnings from work accounted for 72% of total household income and 64% of total household income in the first income quintile (ECLAC, 2019).

Events and trends in the labour market and, in particular, in labour income levels will therefore have a strong impact on total household incomes and, hence, on living conditions. On the other hand, the labour market creates and exacerbates types of inequalities that are not solely related to income. For example, asymmetries associated with gender, race, ethnicity and area of residence are extremely influential in terms of gaining access to different types of occupations and jobs and of achieving success in them (ECLAC, 2014 and 2016b).

Not just any type of paid work provides a path to the elimination of poverty and the reduction of inequality, and this is reflected in the way that the eighth Sustainable Development Goal is formulated. For much of Latin America’s population, paid work is no guarantee that workers will be able to escape poverty or extreme poverty given the conditions under which that work is performed. ECLAC (2018a) calculations for the period around 2016 indicate that 21.8% of working persons in Latin America were
living in poverty and 6.4% were living in extreme poverty. What is needed, therefore, is not just work of any kind but decent work: work for which a person is paid a suitable wage, and which is performed under conditions of human dignity, liberty, equity and security.

Public policies focusing on the promotion of decent work are aimed at creating productive employment of good quality, upholding labour rights, expanding the scope of social protection and strengthening social dialogue, with equality —and especially gender equality— being the touchstone for this entire effort. The idea is not simply to create jobs and combat unemployment but to go further than that by putting an end to types of work that yield insufficient income or that are unhealthful, dangerous, unsafe or degrading: work that does not enable workers and their families to escape poverty and that therefore helps to perpetuate social exclusion and inequality. Thus, the progressive formalization of work needs to be coupled with an expansion of social protection and full respect for labour rights, including the rights of representation, association, union organization and collective bargaining. There are types of employment and work —such as child labour and all forms of forced, compulsory and degrading work— that are simply unacceptable and should be abolished (Abramo, 2015).

In Latin America, poverty and income inequality declined between 2002 and 2014 (see figure I.4). The economic growth and job creation driven by booming commodity prices were not the only factors that made this possible. The political context was another driver. The governments of the region placed a high priority on social development objectives, increased public social investment (thanks to the increase in public revenues) and promoted public policies designed to expand the reach of social protection schemes with the hope of one day achieving universal coverage, together with proactive redistributive and inclusive social and labour policies.

Trends in the labour market were also positive. This is reflected in a number of different indicators, such as the drop in the unemployment rate (although this did not close the gaps between the youth population or women and the rest of the workforce), a narrowing of the differential between the labour force participation rates of women and men, an increase in the percentage of wage employment, a decrease in the relative level of employment in low-productivity sectors, a rise in labour income in real terms (especially in the case of women), a reduction in labour income dispersion and an expansion of the coverage of social protection systems (Abramo, 2016).

While labour income did rise in real terms, the average level of such income for women (4.1 times the poverty line around 2013) continues to be significantly lower than it is for men (5.6 times the poverty line around 2013) (ECLAC, 2016b).
Various types of labour policies contributed to the reduction in poverty and inequality. Special simplified schemes, tax deductions and, in some countries, stepped-up labour inspections were used to promote labour market formalization. The institutional structure was also strengthened as improvements were made in the administration of labour regulations (with a leading role being played by labour ministries), the minimum wage scale, collective bargaining arrangements and social dialogue. In an effort to bring more young people into the workforce, some countries introduced special first-job and vocational training policies. Policies and initiatives have also been put in place to promote employment and improve working conditions for women, combat gender-based and ethnically or racially based discrimination in the workplace and promote the employment of persons with disabilities.4

A number of countries took steps to provide greater social protection to workers of both sexes and to promote their labour rights, which led to an expansion of the percentage of the population covered by unemployment insurance in the event of illness or accidents and the right to an end-of-year bonus, paid time off and severance pay. Progress was also made in lengthening

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4 Argentina (Act No. 25.698 of 2003), Chile (Act No. 21.015 of 2017), Costa Rica (Act No. 8862 of 2010) and Uruguay (Act No. 18.844 of 2010) have passed laws establishing mandatory quotas for the employment of persons with disabilities either in the public or the private sector.
maternity leave and introducing or extending paternity and parental leave (ECLAC, 2016a, 2016b and 2016d; ECLAC/ILO, 2016b; Filgueira, 2015). In addition, inroads were made in the field of education, with the region moving closer to achieving universal primary education coverage, increased enrolment in secondary and higher educational institutions and the adoption by some countries of inclusive policies aimed at extending enrolment in technical, vocational and tertiary institutions to include more of those who have historically been excluded from such opportunities, such as young people and adults from low-income households, indigenous peoples and persons of African descent (Abramo, 2016). Skill-building is a particularly effective means of integrating people into better forms of employment and of ensuring that new generations acquire the capabilities and expertise that will be in demand in the labour market of the future (ECLAC, 2017a).

In the past few years, however, poverty and extreme poverty levels have begun to climb again in the regionwide figures. This is primarily a reflection of a deterioration of the situation in the Bolivarian Republic of Venezuela and Brazil, however, as poverty and extreme poverty continued to decline in most of the countries (ECLAC, 2018a). The region also suffered a setback on the labour front, as its GDP shrank in both 2015 and 2016. For example, the regionwide open urban unemployment rate rose from 6.9% in 2014 to 9.3% in 2017 and 2018. The sharpest increase in unemployment was seen in Brazil, where the rate for the country’s 20 metropolitan areas jumped from 7.8% in 2014 to 14.2% in 2018 (ECLAC, 2018b). The rate of reduction in income inequality has also slowed, with 2017 levels standing at much the same point as they had in 2014.

The creation of decent jobs thus remains a formidable structural challenge for Latin America and the Caribbean, and making progress towards taking up that challenge by reducing poverty and improving labour market indicators becomes all the more difficult in the current slow-growth conditions (the region’s GDP growth for 2018 is estimated at 1.2%) (ECLAC, 2018b). This state of affairs raises concerns about the sustainability of the inroads achieved up to the middle of this decade and directs attention, once again, towards low-productivity workers and those who face the greatest barriers to entry into decent forms of work owing to structural inequalities in the labour market, such as young people—especially young women—who are in neither employment or education (ECLAC, 2019).

Initiatives and strategies are therefore needed to ensure that the most disadvantaged sectors of the population are covered by the various social policies and programmes that are in place and to ensure that those policies and programmes encompass the diversity of the sectors of the population.

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5 The Preliminary Overview of the Economies of Latin America and the Caribbean, 2017 (ECLAC, 2018b) does not give an unemployment rate for the Bolivarian Republic of Venezuela.
(in terms of sex, age, ethnicity or racial identity, disability, geographical location and other aspects) whose integration into formal employment they are seeking to promote. This —together with the implementation of macroeconomic, productive and sectoral policies that will help to spur quality job creation (ECLAC, 2016a and 2016b)— is what will put the region’s populations on a sustainable path that will lead them out of poverty and away from inequality. Promoting decent work for the unemployed and for wage earners and self-employed persons —both men and women and both urban and rural residents— remains a key tool for putting an end to poverty and reducing inequality (ECLAC, 2016d).

1. **Work is no guarantee of a way out of poverty**

In designing and implementing inclusive social and labour policies, one key element is the deconstruction of the idea that “laziness” is the main cause of poverty. Viewing poverty as the result of a lack of individual or family effort leads to the stigmatization of people who are living in poverty without any thought being given to the surrounding situation, the constraints they face or the economic and social structure of which they are part yet are excluded from. This is particularly true in the case of women —and especially indigenous and Afrodescendent women—who are shouldering a heavy burden of unpaid work in the home as a result of entrenched traditional gender roles in the division of labour in the household (ECLAC, 2013) and the absence of adequate public care systems. Women in this situation clearly have even greater difficulty than men in finding a place in the labour market.

A first step towards debunking the notion of “laziness” as a cause of poverty can be taken by analysing the activity and occupational status of Latin American women and men who fall into one of four categories (extremely poor, poor, at risk of poverty and all the rest) (see figure I.5). First of all, such an analysis shows that a majority of extremely poor and poor men are employed (60.6% and 69.2%, respectively). The fact that a larger percentage of the poor are economically inactive than is true of the rest of the population is largely because of the much higher rates of economic inactivity for women in that category. As shown by the results of time-use surveys, this does not mean that these women are not working but rather than they devote long hours to unpaid domestic work and taking care of children, older adults and persons with disabilities. Although the results of these surveys are not always comparable, they indicate that women aged 15 or older devote between 18.6 hours per week (in Brazil) and 48.4 hours per week (in Mexico) to unpaid work and that, on average, they spend three times as many hours as men performing such work. When the data are disaggregated by income quintile, it becomes clear that labour market entry barriers for poor and vulnerable women are much higher than for the rest
of the population. Women in the highest income quintile spend, on average, nearly 32 hours per week performing unpaid work, whereas the corresponding figure for women in the lowest income quintile is around 46 hours. The size of the unpaid workload is also directly related to the presence of children, especially if they do not attend day-care centres. In Mexico, as of 2014, women living in households where there were no children under 5 years of age were devoting 22 hours per week to caring for other members of the household, whereas those in households with children under age 5 who attended a day-care centre spent 35.5 hours per week on such tasks and those with under-5s who did not go to day care spent 44.1 hours per week on care tasks (ECLAC, 2017b).

Figure I.5
Latin America (18 countries): economic activity status and occupational category, by sex and income level, around 2016
(Percentages)
A second factor is that unemployment is higher among the poor than among the rest of the population: in 2016, the unemployment rates for men and women who were neither poor nor vulnerable were 2.7% and 2.5%, respectively, compared with 12.8% and 7.6%, respectively, for men and women in extreme poverty. The unemployment rates for extremely poor men and women are thus 4.7 times higher and 3.0 times higher, respectively, than the corresponding unemployment rates for men and women who are not poor or vulnerable (see figure I.5).6

6 This does not imply the existence of a cause-effect or one-way relationship, since it is known that unemployed persons are more likely to be living in poverty.

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

**Persons are classified into four categories: extreme poverty, poverty, vulnerable to poverty (household incomes between 1.0 and 1.8 times the poverty line) and other. Simple averages.**
A third factor is that, once employed, a large percentage of poor and extremely poor persons are working in less desirable occupations that do not provide them with social protection. Among extremely poor women, 48% are self-employed, 25% are unpaid family workers and 11% work in domestic service, while just 17% are wage earners. In the case of poor women who do not fall into the category of extreme poverty, a little less than one third are wage earners, 14% of them are employed in domestic service, and the percentages who are unpaid family workers or self-employed are smaller than in the case of extremely poor women. In the case of men, more than half of the extremely poor are self-employed and a little less than a third are wage earners. A much larger percentage of men living in poverty (but not extreme poverty) are wage earners (almost 51% of the total) and fewer are self-employed. In both cases, the percentages of men who are unpaid family workers are much smaller and the number working in domestic service is negligible.

The inclusion of poor and extremely poor persons in the labour force is therefore not solely a problem of lack of employment or lack of sufficient hours of employment. In fact, many of them hold down more than one job and have very long workdays. Men—and especially women—who live in poverty are unable to obtain decent work because they are often employed in low-productivity sectors (see figure I.6), lack job stability, are unable to avail themselves of their basic rights and do not earn enough to attain even basic living conditions, much less secure a better future for themselves and their families.

Clearly, then, having paid employment—whether as a wage earner or a self-employed person—is no guarantee of escaping poverty (ECLAC, 2013). The situation is made even worse by the existence of child labour. According to ILO (2017), as of 2016 some 10.5 million boys and girls between the ages of 5 and 17 were working in Latin America and the Caribbean, most of them in dangerous jobs.

The following section will explore people’s perceptions concerning poverty and its principal causes and solutions.

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7 A study conducted by ECLAC (2016b) and reported in Social Panorama of Latin America, 2015, found that the unemployment rates for the extremely poor, poor and vulnerable to poverty sectors of the population are inversely proportional to a country’s level of development and well-being. In 2013, the unemployment rate for this segment of the population averaged just 4.6% in the countries with “extreme welfare gaps” (with lows of 1.9% in Guatemala and 3.2% in the Plurinational State of Bolivia), 6.6% in countries with “moderate welfare gaps” and 13.8% in countries with “modest welfare gaps” (with highs of 18.3% in Chile and 25% in the urban areas of Argentina). In countries with modest welfare gaps, youth unemployment rates are exceedingly high, at over 40% for people between the ages of 18 and 24 who are extremely poor or vulnerable to extreme poverty.
**Figure I.6**

Latin America (18 countries): employed persons in urban low-productivity sectors, by sex and income quintile, 2016*  
(Percentages)

<table>
<thead>
<tr>
<th>Quintile I</th>
<th>Quintile II</th>
<th>Quintile III</th>
<th>Quintile IV</th>
<th>Quintile V</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Women</td>
<td>Both sexes</td>
<td>Men</td>
<td>Women</td>
<td>Both sexes</td>
</tr>
<tr>
<td>81.2</td>
<td>69.9</td>
<td>69.8</td>
<td>60.8</td>
<td>54.7</td>
<td>59.1</td>
</tr>
<tr>
<td>60.8</td>
<td>54.7</td>
<td>59.1</td>
<td>42.3</td>
<td>47.2</td>
<td>52.3</td>
</tr>
<tr>
<td>48.3</td>
<td>44.1</td>
<td>40.7</td>
<td>52.3</td>
<td>59.1</td>
<td>60.8</td>
</tr>
<tr>
<td>30.3</td>
<td>30.5</td>
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<tr>
<td>49.3</td>
<td>45.7</td>
<td>42.9</td>
<td>54.7</td>
<td>49.3</td>
<td>54.7</td>
</tr>
</tbody>
</table>

**Source:** Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2015* (LC/G.2691-P), Santiago, 2016.

* Simple averages. Annual regional averages were calculated on the basis of information from each country for the corresponding year at the national level. When such information was not available, data for the closest available year or for urban areas were used. Employment in low-productivity sectors is defined on the basis of the following categories: microenterprises, unskilled workers in microenterprises, domestic service workers and unskilled self-employed persons.

**C. Perceptions of poverty and of its causes and solutions**

In order to make better decisions regarding public policies on social and labour inclusion, it is important to gain a deeper understanding of the phenomenon of poverty—which entails much more than simply an insufficient level of income (see box I.2)—and of how people perceive and talk about poverty, its causes and the steps needed to address the problem. Taking a rights- and equality-based approach to the issue also entails considering the views of people who are living in poverty and an awareness of the fact that definitions and perceptions of these phenomena and their causes will vary in line with a series of factors, including gender, age, culture, socioeconomic position and location (Narayan and others, 2000).
The concept of poverty and its multiple dimensions

Over the past few decades, the study of poverty has evolved from a one-dimensional analysis focused on income to a multidimensional approach that takes in a series of other aspects, such as education, health, employment, housing, water and sanitation. Although income levels continue to be a key indicator, income is regarded as being of limited usefulness as a single indicator of well-being because it fails to include other elements that are important for development. There is now a consensus that the phenomenon of poverty is influenced by a series of factors that can be addressed by means of a number of different approaches and that overcoming poverty entails much more than simply crossing over a given income threshold.

The most influential work in the definition of a multifaceted framework for understanding poverty has been that of Amartya Sen (1985 and 1992) and his development of the concepts of functionings and capabilities. Functionings are related to the consumption of goods and access to income but they also have to do with what a person can do or be. Capabilities refer to the different sets of functionings that can feasibly be secured. Viewed from this perspective, poverty is the inability to obtain certain basic sets of functionings (e.g. food, employment, education, shelter, social inclusion and empowerment) that should be within the reach of everyone, together with the deprivation of a given set of capabilities. Therefore, in order to reduce poverty, people’s capabilities must be expanded (Sen, 1985).

The multifaceted nature of poverty and its relationship to a rights-based approach —in which rights are indivisible, encompass a variety of dimensions and are all of equal importance (ECLAC, 2013)— are taken up in the work of ECLAC (2016, p. 12), which argues that poverty “threatens survival, dignity and the effective enjoyment of rights —notions which exceed the concept of sufficient monetary income to meet basic needs”. Poverty is thus viewed as a situation arising from the absence or insufficiency of resources and opportunities for exercising basic rights and for obtaining recognition of a person’s identity as a citizen (ECLAC, 2013). This approach is of special importance when measuring child poverty (Espíndola and others, 2017).

The United Nations 2030 Agenda for Sustainable Development recognizes the multidimensional nature of poverty and therefore frames poverty reduction as being linked not only to income but also to social protection, entitlement to basic services, the mitigation of risks associated with natural disasters and extreme weather events, and access to employment and decent work. The 2030 Agenda also explicitly places emphasis on segments of the population whose members are disproportionately exposed to discrimination, want, the deprivation of their rights and vulnerability, as in the case of children, young people, women, older adults, persons with disabilities, migrants, indigenous peoples and persons of African descent.

1. **Studies on people’s perceptions of poverty: “laziness”, injustice and failed social programmes**

One idea that —although not unanimously espoused— appears as a common thread in the findings of studies on the general public’s perception of poverty is that people who are poor are poor because they are “lazy” or, in other words, because they lack the initiative or the will to work hard. Many also feel that cash or in-kind transfer programmes encourage people to shun hard work, and they voice a preference for job creation and skill-building (education and vocational training) programmes.

The question arises as to whether these survey results reflect a prejudice against poor people or, in other words, a rejection of them simply because they are poor—a reaction that led Adela Cortina (2017, p. 21) to coin the term “aporophobia”: an attitude that leads to the rejection of persons, races or ethnic groups that generally lack resources. This type of attitude has been observed in analyses of Latin American societies undertaken by ECLAC (2018c) which have identified a deeply rooted culture of privilege that gives rise to the negation of “outsiders” and the reproduction of inequalities, whose existence has come to be viewed as the “natural” state of affairs. There is also empirical evidence that wealthy Latin Americans’ resistance to redistributive policies is greatest in those countries where the lines dividing the rich from the poor are particularly closely associated with ethnic and geographical differences (Zucco, 2014).

The results of a number of opinion polls taken in Chile, Uruguay and Mexico are of interest in this regard. The national public opinion poll taken in November 2015 by Chile’s Centre for Public Studies (CEP) (2015) showed that 41% of the survey respondents felt that one of the most common causes of poverty was that people were lazy and lacked initiative; that view was more common in rural areas (49.2%) than in urban ones (38.8%). An analysis of these results by age group also showed that 45% of persons aged 55 or over and 34.1% of the respondents in the 18–24 age group thought that poverty is attributable to a lack of initiative. Suárez and others (2019) compared the CEP survey results for 1996 and 2015 and observed a decrease in responses in which poverty was attributed to structural factors (unemployment and economic policies) and an increase in those in which it was attributed to individual failings (laziness or a lack of initiative). Their analysis did show, however, that most people expressed ambivalent views or attributed poverty to a combination of individual, structural and fatalistic (bad luck) factors. CEP (2015) also found that 85.8% of the respondents in 2015 felt that the

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8 A total of 1,449 people over the age of 18 in rural and urban areas were surveyed. The Chilean population was divided into eight socioeconomic groups (A, B, C1, C2, C3, D, E and F) based on income, selected qualitative characteristics, place of residence and consumption habits. The A, B and C1 segments together (ABC1) are defined as “upper class” and the rest as “lower class”.

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chief way in which the State should help people who are living in poverty is through skill-building (education or training) programmes, while only 11.5% thought that it should focus on cash transfers. These averages mask a sharp difference between socioeconomic strata, however, as 16.9% of the bottom socioeconomic segment—compared with only 1% of the top segment—were in favour of cash transfers as the main government response.

A survey conducted in Uruguay yielded similar results and indicates that, over time, the percentage of people who believe that laziness is the chief cause of poverty has grown (OPP, 2015, p. 15). In 1996, a hefty majority of the population (77%) shared the view that people “are poor because society has treated them unfairly”, but by 2011, that majority had shrunk to a minority (34%). In the same vein, only 12% of the respondents in 1996 thought that poor people were “poor because they are lazy and don’t try hard enough”, but this group had grown to 26% by 2006 and to 45% by 2011. Thus, the majority opinion in Uruguay is that the poor themselves are to blame for remaining poor. It is interesting to note that, both in Uruguay and in Chile, this shift in attitude has coincided with a significant reduction in poverty levels.

In Mexico, unlike the situation in Chile and Uruguay, only a minority appear to identify a lack of effort as the main cause of poverty, but the respondents shared their counterparts’ lack of confidence in the effectiveness of social programmes. According to the results of the National Poverty Survey (Cordera, 2015), 24.8% of the respondents thought that there are poor people because “the government doesn’t work well”, while others believed that it is because “there are always poor people and rich people” (19%), because “poor people don’t work hard enough” (17.6%), because “they don’t receive help from any institution” (12.7%), because “they have had bad luck” (9.6%), because “society is unfair” (8.5%) or because “poor people don’t help each other” (2.4%). When asked to identify solutions, respondents saw the creation of well-paid jobs (11.4%) and raising wages (40.7%) as being important, while social programmes were not regarded as being the main means of solving the problem because it was thought that they would allow people to get used to not working hard enough. According to the respondents, the main

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9 A total of 1,000 persons over the age of 18 in urban and rural areas were surveyed in each round. The fieldwork for the three survey rounds was conducted in October 1996, between 7 October and 21 November 2006, and in November 2011.

10 However, the 2017 National Survey on Discrimination results showed that 37% of the women respondents and 42% of the men said that they agreed with the statement that “Poor people don’t make much effort to escape poverty” (INEGI, 2017).

11 In November 2014, 1,200 persons over the age of 15 were interviewed in various regions of the country.

12 A “better education” was mentioned by 9.8% of the respondents and “government support” by 5.6%.

13 In all, 57.3% of the respondents “agreed” or “strongly agreed” with the statement that social programmes get people used to not working hard enough.
task of the government was to create jobs (29.5%), as they ranked this above education (22.1%), health care (21.2%), food programmes (13.8%), combating poverty (9.3%) and fighting crime (3.8%).

Finally, in a 2015 survey conducted by Latinobarómetro in 18 countries of the region, 33.5% of the respondents felt that job opportunities were uncertain, and 37.3% thought that social policies were important for their country’s development. This finding is a cause of concern, as it appears to indicate that, in the eyes of the population, social policies lack legitimacy.

2. What the poor say: definitions, causes and solutions

The results of surveys that canvassed poor people themselves indicate that they define poverty in relation to a variety of factors, such as not having enough money for food, lacking access to health care and decent housing, and not having good employment or educational opportunities.

The study entitled *Voices of the Poor: Can Anyone Hear Us?* (Narayan and others, 2000 and 2002), on the situations of people who are living in poverty around the world, provides a wealth of qualitative data. The various ways in which poverty is defined by the persons who were interviewed for the 20 participatory poverty assessments carried out in 12 countries of Latin America and the Caribbean refer to a number of different factors: a lack of sufficient food, clothing and adequate housing; dependence on charity; the high cost of living; the absence or poor condition of basic infrastructure; and a lack of medicines. In all the countries, issues around work and employment were seen as of central importance, and reference was made to the lack of jobs, particularly stable wage jobs, that is exacerbated by a lack of education or training, low wages and a lack of farmland. Problems encountered when looking for work that were mentioned by the interviewees included racial discrimination (Brazil and Ecuador) and stigmatization of persons living in ghettos or other “bad” areas (Brazil and Jamaica).

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14 Of the respondents who placed greater importance on job creation and higher wages as a means of ending poverty, 52.5% were unemployed and 54.7% were of low socioeconomic status while 45.3% were of a higher socioeconomic status. Of the seven socioeconomic levels defined by the Mexican Association of Marketing Research and Public Opinion Agencies (AMAI), the A and B categories are the highest and the E category is the lowest.

15 The 18 countries of the region that were covered by the survey were: Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

16 Other important factors in development include environmental policy (42.7%), infrastructure (32.7%), institutions (26.9%) and global integration (24.2%).

17 The 12 countries of Latin America and the Caribbean covered in the study were: Argentina, Bolivarian Republic of Venezuela, Brazil, Costa Rica, Ecuador, El Salvador, Guatemala, Jamaica, Mexico, Nicaragua, Panama and Plurinational State of Bolivia.
Some surveys of poor people in the region provide information not only on how they define poverty but also on what they see as being the causes of poverty and possible solutions.

In Mexico, a survey entitled “What the Poor Say” was conducted by the Secretariat of Social Development in 2003 in an effort to find out what people living in poverty had to say about a number of different social issues. The results indicate that a relative majority of the respondents felt that being poor was not having enough to eat (34.6%), while others defined it as not having the necessary resources to “get ahead” (34.2%) or not having work (8.1%). In the same survey, 19.4% said that people are poor because they don’t work enough; this response was more common in urban areas (21.4%) than in rural zones (16%); 24.8% of the respondents said that what is needed to put an end to poverty is more jobs, and 23.7 said that what was needed was higher wages. Approximately 28% felt that the solution has to do with government policies (government supports, better government platforms or better education). When asked what the best way to assist low-income sectors of the population would be, 28.8% said “to give economic support to families”; others said “give support in the areas of nutrition and health for children” (279%), “create more jobs” (25.7%) and “try to give families housing” (13.1%). The study carried out by Reyes, García and Martínez (2014) in an effort to assess people’s perceptions of poverty and of the support provided by the Oportunidades programme in the Tarahumara Sierra in the State of Chihuahua indicates that poverty is understood as “having nothing”, not having enough to eat, not having work and not having money, while between 79% and 89% of the respondents, depending on the community in question, said that Oportunidades had made a positive contribution because the support it provided enabled them to “live better”. Nonetheless, 50% of the respondents were of the view that Oportunidades was not going to solve the problem of poverty.

In El Salvador, in a study undertaken by the United Nations Development Programme (UNDP) (2014), the people who were interviewed described poverty in terms of the shortages or needs that they felt the most keenly in their daily lives: having great difficulty obtaining enough food and almost always eating the same things, not having decent housing, not having a stable job, lacking access to health-care services and not having the opportunity to obtain a good education or enough education to find a good, stable job. In Guatemala, a majority of the survey respondents (89%) defined poverty as “not having enough money to eat” and said that the main causes of poverty were low wages (100%), the lack of work (60%) and the lack of farmland (63%); only 11% mentioned “laziness” or a lack of effort (Von Hoegen and Palma, 1995).
In Costa Rica (Sauma, Camacho and Barahona, 1997), 50% of the interviewees felt that poverty is the result of economic and social factors, with the most frequently cited ones being low incomes and the high cost of living. The second most frequently cited factor was a lack of employment opportunities (18%). The respondents associated the options for mitigating and combating poverty with the world of work and with social assistance programmes such as those providing housing allowances and food vouchers. Poor people in rural areas, in particular, emphasized access to land and to credit. The results of the Perceptions of Inequality Survey in Costa Rica (UCR/UNDP, 2015) indicate that many people feel that not everyone has an equal opportunity to escape poverty but that it can be done: 57.9% of the respondents believed that, if people really set their minds to it, they can find a job that pays a decent wage. Only 35.8% of the survey respondents felt that job opportunities were available, however.

The results for Colombia (Arboleda, Petesch and Blackburn, 2004) reflect a broad consensus among poor people that their living conditions could improve if they had more job opportunities. According to the men and women who answered the survey, “a job that offers a decent and stable income...is the number one condition for well-being” (Arboleda, Petesch and Blackburn, 2004, p. 8). In this study, participants were asked to describe the policies and programmes that they felt would address their priority needs. Their suggestions for providing employment support included investment in community enterprises, increased day-care services for very young children, access to production inputs (land) and marketing support, and promotion of start-ups in such areas as ecotourism. The participants also formulated specific proposals regarding technical and vocational training for young people, especially in urban areas. In rural areas, their proposals focused on training in how to set up cooperatives.

Finally, in the Plurinational State of Bolivia, economic issues were at the forefront of the views expressed by inhabitants in eight rural and urban communities who were surveyed on the subjects of poverty, quality of life and well-being. They were also asked how they thought those factors were related to production and infrastructure in rural areas and to employment and basic services in the cities (World Bank, 2000).

These results suggest that persons living in poverty are generally looking for dual inclusion (social and labour), since they feel that their living conditions would be improved if they had more job opportunities, higher

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20 A total of 262 interviews were conducted at different locations in the 16 districts designated as priority zones under the 1994 National Anti-Poverty Plan.

21 A total of 800 persons aged 18 years or over from all over the country were interviewed between 29 May and 12 June 2015.

22 Between June and July 2002, 942 people in 10 very poor communities were surveyed.
wages and access to markets, credit and productive land. At the same time, they also see access to social services and social welfare programmes in a positive light.\textsuperscript{23}

Based on these findings, section D will focus on the need to create a virtuous circle of social protection and labour inclusion.

\section*{D. Social protection: making the switch from a vicious circle to a virtuous one}

The impact of public policies on non-contributory social protection systems and their linkages to employment are the topic of heated debates around the world, and the Latin American and Caribbean region is no exception. Members of some academic and political circles maintain that the monetary transfers provided for under non-contributory social protection schemes—like conditional cash transfers or social pensions—generate perverse incentives, such as disincentives for job-seekers because of the “free” benefits they receive, on the one hand, and, on the other, incentives for remaining in the informal sector of the economy, on the assumption that people who work would rather sidestep the costs (but not the benefits) of formal employment. This, they argue, sets up a vicious circle that undermines economic growth, productivity and labour force participation in the countries of the region.

The deterrent effect on employment is seen as deriving from the fact that members of recipient households who have a guaranteed level of income would feel less of a need to find work. Viewed from this angle, monetary transfers are seen as a disincentive for efforts on the part of household members to lift themselves out of poverty on their own.

Looking past the neoclassic economic theory according to which income transfers result in a marginal decrease in the supply of labour (ILO, 2010), this argument is often associated with the view that poverty is the result of “laziness” and that poor people are therefore responsible for their situation. The fact of the matter is, however, that working-age adults in poor households receiving non-contributory cash transfers are highly unlikely to just “do nothing” because the amounts of such transfers in the region are quite small and generally compensate for only a small part of these households’ income shortfalls.\textsuperscript{24} Even when households receive such transfers, they still have to rely on their own efforts in order to escape poverty

\textsuperscript{23} For example, the participatory studies conducted by Narayan and others (2000 and 2002) show that poor people value government programmes such as the food coupon scheme in Jamaica, health-care programmes in Argentina and community health-care and food distribution services in Brazil.

\textsuperscript{24} See figure II.4 for further details on the contribution of conditional cash transfer programmes to a reduction in poor households’ income shortfalls.
and remain out of poverty once they have done so (ECLAC/ILO, 2014). In fact, the results of impact assessments conducted at the global and regional levels, which will be discussed in chapter II, show that conditional cash transfer programmes do not act as disincentives for their recipients’ entry into the workforce, although men and women recipients do react differently to some degree depending on the existence and design of conditionalities, the characteristics of the labour market and the availability of care services.

The incentive for working in the informal sector (for information on the case of Mexico, see Levy, 2010) would presumably take the form of a desire on the part of workers belonging to households that are receiving non-contributory transfers to avoid the obligatory deductions for health insurance and pension plans made in formal sector jobs. Therefore, so the argument goes, they look for low-productivity jobs in the informal sector instead. This could happen if the programmes in question target unemployed working-age adults who, if they were to enter the formal sector, would become ineligible. Non-contributory social protection programmes in which households’ per capita income is an important factor in determining eligibility could also create such disincentives, just as social pension schemes could discourage workers from joining the formal sector of the economy because they can expect to receive an old-age pension without having had to pay into an established social security system.

However, the majority of the region’s non-contributory transfer programmes do not target working-age adults but rather children or older adults; nor do they base eligibility on occupational status. If labour earnings have no impact on the transfer payments made to households participating in the programme, then there would be no reason for them to act as an incentive for informal employment (ECLAC, 2017a). In addition, social pensions are so small that they could hardly be regarded as a sufficient source of income during old age.

While a number of studies do point to disincentives for formalization (see chapter II), the risks of providing social benefits to informal sector workers appear to have been overestimated. In the region, self-employment and informal employment are not simply a result of personal, rational decisions; they are, instead, the outcome of the nature of the production structure and the labour market. In most cases, poor workers do not choose, nor do they prefer, to work in the informal sector; that is simply the only option open to them (ECLAC, 2012a), and this is especially the case for poor women with small children who have no access to day-care services.

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25 The great majority of conditional cash transfer programmes target households with young children that are classified as poor on the basis of indirect determinations of their means as measured by a series of social indicators.

26 For further information on the size of social pensions, see chapter IV and specifically annex table IV.A.1.
To a large extent, the heterogeneity of the production structure is what creates and sustains the informal sector, given the higher-productivity sectors’ weak labour force absorption capacity and their tendency to shed workers, thereby pushing them back towards lower-productivity sectors (Infante, 2011). The degree of informality in the region’s economies also has to do with the weakness of the institutions that are supposed to enforce labour regulations and laws, including the countries’ labour inspectorates (ECLAC, 2017a).

Thus, rather than embracing the idea of a vicious circle of perverse incentives whereby non-contributory social protection initiatives would hurt productivity, growth and employment, the argument being made here is that positive synergies can be created among non-contributory social protection programmes, employment and decent work (ECLAC, 2012a; ECLAC/ILO, 2014). As noted by ECLAC (2016d, p. 9): “Social issues are not played out in the social sphere alone… By the same token, production diversification and structural change are not achieved exclusively through the economy: economic prosperity also hinges on inclusive social development and better living standards.” Non-contributory social protection can be particularly effective in helping to create a virtuous circle of autonomous income generation that will have significant multiplier effects (ECLAC, 2017a; Hanlon, Barrientos and Hulme, 2010; Samson, 2009). When social programmes are well established, and their continuity is assured and when the transfers that they provide are of a sufficient amount, they can be effective in ensuring a basic level of well-being that will then enable people to take better employment decisions. This, in turn, can speed poverty reduction and spur local and general economic activity (see diagram I.1).27

Viewed within the context of a virtuous circle, it becomes evident that providing people with the assurance that they can count on, at the least, a minimum subsistence level of income, will avert the misuse and waste of human capacities occasioned by the use of survival strategies (such as in the case of child labour, which, in addition to being a very serious violation of the rights of children and adolescents, often obliges them to drop out of school) (ECLAC, 2017a). Non-contributory cash transfers can also have virtuous-circle effects by covering households’ opportunity costs when members seek work (including the costs of job searches and commuting costs). These transfers can, in addition, promote income generation by furnishing the funds needed for microenterprise start-ups or investments in production capacity in rural or urban settings and can provide their recipients with

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27 In addition to the amount of these transfers, their continuity over time enables households to cross over certain thresholds in terms of basic needs which puts them into a better position to invest in their children’s education, find more decent forms of employment, invest in small start-ups or farming activities and thus improve their economic position (ECLAC, 2012a; Hanlon, Barrientos and Hulme, 2010).
greater bargaining power when they are offered very low wages or very poor working conditions (ECLAC/ILO, 2014; OAS/ECLAC/ILO, 2011; ILO, 2010). These programmes should also, of course, be accompanied by broader policies for promoting decent forms of employment and access to social services in order to reinforce their effectiveness as tools for increasing people’s and households’ well-being.

![Diagram I.1](image)

**Diagram I.1**  
The virtuous circle of non-contributory social protection schemes

- **Cash transfers**
- **Multiplier effects on local economies and growth**
- **Guaranteed minimum subsistence levels**
- **Productive investments (agriculture, microenterprises)**
- **Funds to cover job-search and commuting costs and backing to increase wage bargaining power**


Non-contributory social protection can contribute to productivity gains, growth and employment in a variety of interconnected ways that may be manifested at the micro level (individuals or households), meso level (local economies and communities) and macro level (Alderman and Yemtsov, 2012).

At the individual level, non-contributory social protection can translate into more education and better health (ECLAC, 2016d) and a greater ability to generate labour income. For example, in their analyses of Brazil’s *Bolsa Família* conditional cash transfer programme, both Lichand (2010) and Ribas (2014) found that programme participants were more likely to engage in entrepreneurship. This finding corroborates the hypothesis that a reliable income stream, even if the amount involved is small, has a considerable impact
on occupational decisions.\textsuperscript{28} In Mexico, Gertler, Martínez and Rubio-Codina (2006) found that participants in the Oportunidades programme invested 12 cents out of every peso they received in microenterprises or farming activities at an estimated rate of return of 17.6\% over a period of five years.

At the level of local economies and communities, cash transfers also have multiplier effects by boosting consumption and demand. Local economies are energized by increases in the resident population’s purchasing power, particularly when it is used to buy food. Recipients of non-contributory social protection programmes spend a large part of the cash transfers that they receive on groceries and other products in the local economy (Cecchini, 2014; Ibarrarrán and others, 2017), and this generates positive spillovers for households that are not part of the programme and business owners. In his paper on rural pensions in Brazil, Schwarzer (2000) describes how the increased purchasing power of recipients of cash transfers has galvanized the economies of municipalities in the State of Paraná. Payday is when “the wheel of the economy turns” in the small rural towns of that state, and many businesses—including commercial banks—make money from those transfers. The Bolsa Família programme has had similar results. Luiz and others (2008) found that, in the five municipalities with the lowest rankings on the Human Development Index in 2006, the cash transfers provided by that programme pushed up the profits of grocery stores in those locales and that their revenues would drop by 40\% if the programme were not in operation. Landim (2009) has shown that, for 5,500 Brazilian municipalities, a 10\% per capita increase per year in the Bolsa Família transfers raised the municipal GDP by 0.6\% thanks, in large part, to increased commercial activity. It has also been found that the money invested in that programme ends up back in municipal government coffers, as a 10\% increase in the programme’s target population boosts municipal tax receipts by an average of 1.05\%, while a 10\% increase in the size of the transfers raises tax receipts by 1.36\%.

Social protection’s multiplier effect is not confined to the local level but is instead felt throughout the economy. At the aggregate level, the impact of non-contributory social protection may be channelled through variations in aggregate demand and changes in the overall labour force participation rate (Mathers and Slater, 2014; Alderman and Yemtsov, 2012). It may also

\textsuperscript{28} The strongest effects were observed in relation to start-ups of microenterprises in the services sector (an increase of five percentage points). This is not surprising, given the low cost of the physical assets required to launch a business of this type (which can, for example, be run out of a person’s home), whereas sales and manufacturing ventures require a larger initial investment in products and other physical assets.

\textsuperscript{29} Using general equilibrium models and microdata from household surveys to calculate the multiplier effects of the cash transfers provided by seven different programmes in sub-Saharan Africa, Davis, Di Giuseppe and Zezza (2017) found that they all had positive effects on the local economy, with real income multipliers ranging between 1.08 (Kenya) and 1.81 (Ethiopia).
take the form of greater social cohesion and a reduction in violence, which will in turn help to create a more growth-friendly environment, and may help to stabilize the economy during crises by shoring up domestic demand (Videt, 2014).30

In the United States, according to a study conducted by Zandi (2009) on the fiscal stimulus package that the Obama Administration introduced to help counter the effects of the 2008 financial crisis, every US$ 1.00 increase in food stamp payments boosted GDP by US$ 1.73. Mostafa, Monteiro and Ferreira (2010) and Neri, Vaz and Ferreira de Souza (2013) estimated the short-term multipliers for government cash transfers in Brazil and found that the Bolsa Família programme and the continuous benefit programme —Benefício de Prestação Continuada (BPC)— make a greater contribution to economic growth than the other programmes of this type: each real invested in Bolsa Família in 2009 added 1.78 reais to the country’s GDP, and the multiplier for the BPC programme was 1.19.31 These multiplier effects can thus help to complete the circle by generating more funds that can then be used to maintain cash transfer and other non-contributory programmes.

E. Strengthening social policies and programmes

In order to create a virtuous circle of non-contributory social protection, productivity, growth and employment, a solid institutional structure must be in place, along with integrated strategies for overcoming poverty and extending the scope of social protection to cover the entire life cycle. These strategies must also be linked to strategies for promoting decent work and the development of the production sector; in addition, all of these strategies need to incorporate a gender perspective and be designed to promote ethnic and racial equality (ECLAC, 2016d). All of these elements are needed in order to ensure that, rather than seeing their employment options confined to informal, substandard and insecure forms of work that will not provide them with social security coverage, the participants in non-contributory social protection programmes will have greater opportunities for securing good-quality jobs in the formal sector of the economy (ECLAC, 2017b).

In addition to cash transfers, public policies must provide quality services for all that are sufficiently sensitive to differences to be adjusted

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30 The size of the impact that non-contributory social protection will have on economic growth is clearly influenced by the level and distribution of public spending. While non-contributory social protection does have an impact on production capacity at the individual or community level, it is unlikely to have a significant direct effect on aggregate growth in countries with low levels of public social expenditure and high levels of inequality (Mathers and Slater, 2014).

31 The other programmes that they analysed were unemployment insurance, the Monthly Minimum Salary Programme, the General Social Insurance Regime, the Individual Social Insurance Regime and the Personal Employee Reserve Savings (FGTS) Programme.
to suit people’s differing needs in the areas of health care and education. Inclusive labour and production programmes are also needed in order to provide more opportunities for autonomous income generation to young people and adults of working age who are poor or vulnerable to poverty. Thus, anti-poverty strategies should be composed of three pillars: (i) guaranteed incomes; (ii) access to education, health care and care services along with basic infrastructure services and housing; and (iii) economic (labour and productive) inclusion.32

In relation to the first pillar (a guaranteed income), ECLAC (2016b) has advocated expanding the coverage of transfers to reach all poor members of the population and increasing the amounts of those transfers so that they will at least be enough to lift all the members of recipient households out of extreme poverty. More and more people in the region and around the world are talking about the idea of a basic minimum income, i.e. a regular, non-conditional cash payment made by the State to all its citizens (ECLAC, 2016c and 2018c). As observed by ECLAC (2018c, p. 235): “By freeing people from the most serious consequences of material dependency, a basic income could lead to a rearrangement of social hierarchies, increase the bargaining power of women, young people and other groups in situations of discrimination and subordination, and open up spaces of greater autonomy and freedom for all people.” Since the provision of such a minimum income would require the mobilization of a prodigious amount of resources, however, it would have to be phased in gradually in the Latin American and Caribbean countries (e.g. by age groups, geographic areas, by income level) over the long term. It should be noted that this basic income would not be a replacement for the welfare State, which would continue to provide the other services and benefits to which people are entitled, but would instead be an additional pillar (ECLAC, 2018c).

In terms of the second pillar, progress has to be made towards providing universal, quality education and health care, care services, and access to housing and to drinking water, sanitation, electricity and the Internet. To do this, a universalist, difference-sensitive approach is called for that will use affirmative action policies to “break down access barriers to social services and well-being that are faced by individuals living in conditions of poverty or vulnerability, women, Afrodescendants, indigenous peoples, persons living in deprived areas, persons with disabilities and migrants, as well as children, young people and older persons” (ECLAC, 2016c, p. 79). While government social services are primarily aimed at upholding people’s economic, social and cultural rights, they also represent a lifelong investment.

32 One example is the intersectoral Brasil sem Miséria (Brazil without poverty) strategy, which focused on: (i) a guaranteed minimum income under the Bolsa Família and the BPC programmes; (ii) access to public services; and (iii) inclusion in the rural and urban production sectors through programmes for promoting access to labour income and job creation (Robles and Mirosevic, 2013).
in human capacity. Raising the level of education and improving the health of the population will spur innovation, growth and sustainable development (ECLAC, 2018c).

As regards the third pillar, although shortcomings in relation to productive inclusion are structural in nature —given the scant workforce-absorption capacity of modern, high-productivity sectors of the economy— the labour supply also suffers from certain shortcomings, and an improvement in the skill levels and expertise of the labour force would increase its members’ ability to take advantage of existing opportunities (ECLAC, 2012a). In order to enhance the chances of poor or vulnerable people of entering the workforce, it is important both to bolster the demand for labour through direct and indirect job creation and support for self-employment and to strengthen the labour supply by offering technical and vocational training and remedial studies programmes and by providing job placement services that can help to match up supply with demand (ECLAC, 2016b) (see chapter III). If these efforts are to meet with success, they must be based on the concept of decent work and be supported by stronger care systems, since the absence of public support services for families with small children, older adults and persons with disabilities who cannot care for themselves is blocking many women, especially poor women, from entering the labour force (ECLAC/ILO, 2014).

Finally, if social policies and programmes are to be reinforced, social public investment must be protected from budget cuts, especially at a time when the poverty reduction process has stalled (ECLAC, 2019). As pointed out by ECLAC (2017a), insufficient tax revenues and social spending impede the creation of a virtuous circle of development in Latin America and the Caribbean, leave the region far removed from the standards attained by developed countries and fall short of having the desired redistributive effects. Protecting social expenditure from cuts and promoting the formation of a solid institutional structure and the effective management of social programmes are crucial for the achievement of a sustainable development process (ECLAC, 2018c).
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Chapter II

Conditional cash transfer programmes and labour inclusion

Introduction

Conditional cash transfer (CCT) programmes aimed at families with children sprang up in the mid-1990s in Brazil and Mexico, with the aim of addressing two simultaneous objectives: (i) reduce poverty in the short term, by boosting poor families’ consumption via monetary transfers, and (ii) reduce poverty in the long term by building the human capacities of children, adolescents and young people via conditionalities. The hypothesis was that the combination of transfers and conditionalities would hold to prevent poverty from being passed on to the next generation.

As they were originally designed, these programmes did not include labour and production inclusion components to directly facilitate access by working-age adults to the labour market. However, many countries in the region began to take measures at different times to improve the labour market integration of the poorest and most vulnerable segments of their populations, in the framework of “second generation” poverty eradication schemes, which broadened the emphasis from the impacts on families’ consumption capacity and the human capacities of the children participating in the schemes to include the impacts on the labour market status of young people and adults of working age.

This chapter looks at the links between CCT programmes and labour inclusion. Section A gives a brief history of these programmes in the region. Section B analyses the available results concerning the short- and long-term
impacts of CCT programmes on labour inclusion, while section C reviews the impacts on child labour. Lastly section D examines the increasing use of additional components in the framework of CCT programmes (such as family support and complementary labour and productive inclusion programmes) to help families out of poverty.

A. An overview of conditional cash transfer programmes in Latin America and the Caribbean

CCT programmes have a common basic structure, which consists of providing monetary (and sometimes non-monetary) resources to families with children and adolescents (and, to a lesser extent, to families with youth members or persons of other age groups) living in poverty or extreme poverty, on the condition that they fulfil certain commitments with regard to education (primary and secondary school enrolment and attendance), health (vaccination schedule for infants and antenatal and postnatal check-ups for women) and nutrition (Cecchini and Madariaga, 2011). Although they have common characteristics, CCT programmes reflect specific institutional trajectories in each country in terms of public policy and the political economy of social sector reform (Cecchini and Martínez, 2011). As a result, across Latin America and the Caribbean these programmes differ considerably in key parameters such as the benefits they offer (cash and in-kind transfers, psychosocial support and follow-up for families, complementary programmes, and so on), the modality of delivery, the existence and severity of sanctions, operational management and inter-institutional linkages (Cecchini and Madariaga, 2011).

In view of the great variety of programmes, and particularly of conditionalities, Cecchini and Martínez (2011) propose a classification of CCTs into three types: (i) income transfer programmes with soft conditionalities, inspired by Brazil’s Bolsa Família; (ii) programmes that foster demand (for health and education services) with strong conditionalities, inspired by Oportunidades (formerly Progresa) in Mexico; and (iii) systems or networks of coordinated programmes with conditionalities, along the lines of Solidarity Chile.

In income transfer programmes with soft conditionalities, the cash transfer is considered a right and the health- and education-related conditions part of the reinforcement of access to that right. The main

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1 Although families with children are the main target population, some programmes have also included families without children. One example is Mexico’s Education, Health and Food (Progresa) programme, which has included poor families without children since its inception in 1997. In Brazil, through the benefit for ending extreme poverty, since 2013 the Bolsa Família programme has included extremely poor families without children (in 2017, this meant those with per capita monthly incomes of under 85 reais, or around US$ 27).
The objective of demand-building programmes with strong conditionalities is to promote human development of the population living in poverty, which in practice means increasing their use of public education and health services by removing access barriers. The third type of programme—systems or networks of coordinated schemes with conditionalities—consists of linking up mechanisms intended to ensure access to benefits offered by different specific programmes in order to create an inclusion floor.

Social development ministries or their equivalents are the main entities responsible for executing CCTs and they have become more engaged over time. Other institutions that are heavily involved are sectoral ministries (such as ministries of health, education and labour), presidential or vice-presidential offices, social investment funds and subnational institutions (see figure II.1).

Since their beginnings, CCTs have offered a doorway into social protection for millions of Latin America and Caribbean families living in poverty and extreme poverty who, thanks to these transfers, have been able to maintain basic levels of consumption (see box II.1) and obtain better access to social services. The greatest expansion of these programmes in the region occurred in the second half of the 2000s. Between 2000 and 2005, the number of programmes in place rose from 6 to 20, and today the region has more than 30 active schemes in place (see table II.1).
One of the criticisms levelled at CCT programmes is that, at best, they may encourage “inclusion by consumption”. Campello and Gentili (2017) offer an interesting critique of this view, on the basis of the experience of Brazil over recent years. These authors argue that the possibility of acquiring consumer goods, such as a refrigerator or washing machine, or of gaining access to basic infrastructure, such as drinking water, sanitation and electricity, should be seen as an expression of basic rights and a minimum standard of citizenship for broad contingents of the population. They propose that access to such goods and services is no peripheral dimension of inequality. What for much of the population is a consumer good is for the poorest a “non-right”, an often structural limitation on their development opportunities. What for some is just another form of diversified access to a broad range of comfort and well-being, to others is a fundamental part of basic opportunities, whose absence denies fundamental rights and even the possibility of a life that is decent and safe. For example, having a refrigerator means being able to store food properly, plan purchases of perishable products and reduce the likelihood of illness from damaged food. Thus, it has to do with families’ food security and savings possibilities. Having a washing machine frees up a significant part of the time spent on domestic chores, especially for women.

The data from Brazil in relation to the broadening of cash transfers to poor households speak volumes: between 2002 and 2015, the percentage of households in the first income quintile with a refrigerator rose from 44.1% to 91.2% and those with a washing machine from 5.4% to 28.9%. In that period, the gap between the first and the fifth income quintiles with respect to ownership of a refrigerator or freezer narrowed from 43.2 percentage points to just 7 percentage points.

Source: Prepared by the authors, on the basis of T. Campello and P. Gentili, “As múltiplas faces da desigualdade”, Faces da desigualdade no Brasil: um olhar sobre os que ficam para trás, T. Campello (coord.), Brasília, Latin American Faculty of Social Sciences (FLACSO)/Latin American Social Sciences Council (CLACSO), 2017.
### Table II.1

**Latin America and the Caribbean (20 countries): conditional cash transfer programmes by country, 2017**

<table>
<thead>
<tr>
<th>Country</th>
<th>Name</th>
<th>Starting year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>Universal Child Allowance for Social Protection (AUH)</td>
<td>2009</td>
</tr>
<tr>
<td></td>
<td>Porteña Citizenship programme</td>
<td>2005</td>
</tr>
<tr>
<td>Belize</td>
<td>Building Opportunities for Our Social Transformation (BOOST)</td>
<td>2011</td>
</tr>
<tr>
<td>Bolivia (Plurinational State of)</td>
<td>Juancito Pinto Grant</td>
<td>2006</td>
</tr>
<tr>
<td></td>
<td>Juana Azurduy Mother-and-Child Grant</td>
<td>2009</td>
</tr>
<tr>
<td>Brazil</td>
<td><strong>Bolsa Familia</strong></td>
<td>2003</td>
</tr>
<tr>
<td></td>
<td><strong>Bolsa Verde</strong></td>
<td>2011</td>
</tr>
<tr>
<td></td>
<td>Child Labour Eradication Programme (PETI)</td>
<td>1996</td>
</tr>
<tr>
<td>Chile</td>
<td>Solidarity Chile(^a)</td>
<td>2002</td>
</tr>
<tr>
<td></td>
<td>Security and Opportunities Subsystem (Ethical Family Income)</td>
<td>2012</td>
</tr>
<tr>
<td>Colombia</td>
<td>More Families in Action</td>
<td>2001</td>
</tr>
<tr>
<td></td>
<td><strong>Unidos Network</strong></td>
<td>2007</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>Avancemos</td>
<td>2006</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>Progressing with Solidarity</td>
<td>2012</td>
</tr>
<tr>
<td>Ecuador</td>
<td>Human Development Grant (BDH)</td>
<td>2003</td>
</tr>
<tr>
<td></td>
<td>Zero Malnutrition</td>
<td>2011</td>
</tr>
<tr>
<td>El Salvador</td>
<td>Support for Solidarity in Communities (PACSES)</td>
<td>2005</td>
</tr>
<tr>
<td>Guatemala</td>
<td>My Secure Grant</td>
<td>2012</td>
</tr>
<tr>
<td>Haiti</td>
<td><em>Ti Manman Cheri</em></td>
<td>2012</td>
</tr>
<tr>
<td>Honduras</td>
<td>Better Life Grant</td>
<td>2010</td>
</tr>
<tr>
<td>Jamaica</td>
<td>Programme of Advancement through Health and Education (PATH)</td>
<td>2001</td>
</tr>
<tr>
<td>Mexico</td>
<td><em>Prospera</em> (formerly <em>Progresas and Oportunidades</em>)</td>
<td>2014</td>
</tr>
<tr>
<td>Panama</td>
<td>Opportunities Network</td>
<td>2006</td>
</tr>
<tr>
<td></td>
<td>Grant for Food Purchase programme</td>
<td>2005</td>
</tr>
<tr>
<td>Paraguay</td>
<td>Tekoporâ</td>
<td>2005</td>
</tr>
<tr>
<td></td>
<td>Abrazo</td>
<td>2005</td>
</tr>
<tr>
<td>Peru</td>
<td>National Programme of Direct Support for the Poorest (<em>Juntos</em>)</td>
<td>2005</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>Targeted Conditional Cash Transfer Programme (TCCTP)</td>
<td>2005</td>
</tr>
<tr>
<td>Uruguay</td>
<td>Family Allowances–Equity Plan</td>
<td>2008</td>
</tr>
<tr>
<td></td>
<td>Uruguay Social Card</td>
<td>2006</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory Social Protection Programmes in Latin America and the Caribbean Database [online] https://dds.cepal.org/bpsnc/cct.

\(^a\) The start date refers to the programme currently in place. However, in several cases the current programmes were preceded by other conditional transfer schemes. See a list of concluded programmes in Cecchini and Atuesta (2017).

\(^b\) Although the main programme in Chile since 2012 has been the Security and Opportunities Subsystem (Ethical Family Income), in 2017 there were still some families in the Solidarity Chile programme.

The coverage of CCT programmes expanded from 3.6% of the region’s population in 2000 to 14.6% in 2005, and peaked in 2010, when those living in households receiving assistance from this type of programme came to represent 22.6% of the region’s population. Since then, coverage has fallen and data for 2017 show that CCTs cover 20.7% of the total population in
the region, corresponding to 133.5 million people living in 30.2 million households. Spending on these programmes was around 0.37% of regional GDP in 2017, or US$ 148 per capita (see figure II.2).

Despite the broad coverage achieved by CCT programmes, a large part of the population still lives in poverty and lacks coverage, and this proportion has increased in the past few years. Comparison of the number of people living in recipient households of CCT programmes with the population living in monetary poverty shows that the coverage of the poor population rose at the regional level between 2002 and 2014, then fell again as a result of two simultaneous occurrences: a fall in the number of programme recipients (mainly in Brazil, Colombia and Guatemala between 2014 and 2017) and a rise in the number of poor (see figure II.3). Furthermore, in 2015, although the number of individuals living in recipient households of CCTs matched or exceeded the total poor population in 4 of 18 countries analysed, in the other 14 countries this was not the case, with the proportion varying between 7.5% (Haiti) and 84.2% (Dominican Republic) (Cecchini and Atuesta, 2017).
In many countries, the monetary benefits provided under CCT programmes are small in relation both to the poverty line and to the income shortfall of those living in poverty (the gap between their autonomous income and the poverty line), which means that receiving the transfer is not enough by itself to lift these households out of poverty. Figure II.4 shows, for example, that the monthly per capita monetary transfer received by poor households varies from 2.9% (in the Plurinational State of Bolivia) to 38.6% (in Uruguay) of their income deficit. A consequence of this is that programmes tend to do more to reduce the severity and depth of poverty (which are more sensitive to changes in the lowest part of the income distribution) than to reduce poverty overall. The greatest achievements occur in countries where programmes are broader in scope and transfer amounts are larger, as in Argentina, Brazil and Uruguay (Cecchini, Villatoro and Mancero, 2019). Where both coverage and amounts are more modest, programmes have little appreciable effect, at least on the incidence of monetary poverty (Cecchini and Madariaga, 2011; Cruces and Gasparini, 2013; Veras, 2009).

Beyond the effect on monetary poverty, CCT programmes have also had positive impacts on access by the poor to school and health services. In education, the effects are seen in general in higher enrolment rates and better school attendance; in health, in higher coverage of growth monitoring
for children, preventive check-ups and vaccinations. Positive impacts are also seen in learning outcomes and in the health and nutritional status of participating children, which depends, to a great extent on the quality and coverage of public health-care services (ECLAC, 2016d).

For example, in Colombia, participation in the Families in Action programme boosts the probability of completing secondary school by between 4 and 8 percentage points (Báez and Camacho, 2011) and raises standardized test scores in mathematics (García and others, 2012). In Mexico, the Oportunidades programme has helped to reduce gender gaps in secondary school enrolment, especially in rural areas (Parker, 2003), and to raise enrolment and progression rates among indigenous students (Escobar and González, 2002b and 2009). Rasella and others (2013) also found that Brazil’s Bolsa Família programme was a contributor to lowering mortality rates in children under age 5 by 17% between 2004 and 2009, thanks to its effect on poverty-rated causes of death, such as malnutrition and dysentery.
B. Effects of CCT programmes on labour inclusion

The theory of change of CCT programmes holds that boosting the human capacities of the participating children should improve their labour inclusion in the future because better educated and more healthy individuals are more productive. However, as seen in chapter I, the region’s poorest and most vulnerable population faces major problems of unemployment, informality, underemployment and deficit of decent work, and it is not realistic to expect non-contributory social protection programmes to resolve all these situations. As argued by ECLAC (2016b), closing the gaps in the labour market and improving the labour inclusion of the poorest and most vulnerable population will take a structural change towards higher levels of growth, productivity and decent work, and a more linked-up relationship between economic, industrial and labour policy on the one hand, and social policy on the other. Furthermore, given the matrix of social inequality and the culture of privilege ingrained in the region, it is not reasonable to hold the entire poor population responsible for its circumstances and for the high levels of labour exclusion (ECLAC, 2016a and 2018a).

In view of the structural problems of labour markets, which disproportionately affect women and young people, as well as other groups of the population who suffer inequalities and diverse forms of discrimination and exclusion (such as rural, indigenous and Afrodescendent populations, persons with disabilities and migrants), the question is whether the income gains and human-capacity-building achievements among participants in CCT programmes have in fact contributed to better labour inclusion, occupational mobility and an end to the intergenerational transmission of poverty.

There follows an analysis of the data available on the long- and short-term effects of CCTs on the labour inclusion of their recipients.2

1. Long-term effects

International studies have found varied long-term results with respect to the long-term effects of anti-poverty monetary transfers on labour inclusion indicators among individuals who lived in recipient families as children. Molina and others (2018) analysed some 13 impact evaluations of eight CCT programmes in Cambodia, Colombia, Ecuador, Honduras, Malawi, Mexico, Nicaragua and Pakistan, looking at children who had participated in such programmes and had reached working age. They found mixed results on employment and income and concluded that it was difficult to corroborate whether the short-term gains had translated into sustainable long-term impacts. This may be partly because the former recipients were

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2 Long-term effects refer to the effect on children and young people who have participated in CCT programmes and, having reached their majority, no longer do so.
still too young and had yet to transition fully into the labour market, and partly because the rise in schooling rates may not be enough in itself to sustainably improve livelihoods in contexts where many other factors weigh on economic opportunities. The authors further note that the interpretation of long-term effects on labour inclusion is complicated by the interaction between additional schooling, the options available in the labour market and limited work experience, added to family decisions such as marriage and reproduction. The authors therefore argue that it is too early to draw conclusions about the long-term effects on the labour trajectories of former CCT participants and on the intergenerational transmission of poverty.

However, two recent studies that used quasi-experimental methods to measure the long-term effects of the Oportunidades programme in Mexico on participating children who reached their majority found positive long-term impacts on labour inclusion, although with differences between men and women. Parker and Vogl (2018) estimate the long-term effects two decades after the launch of Progresa and find that early exposure (before age 12) significantly improves labour inclusion indicators in adult life. In particular, they find that having participated in the programme raised women’s labour market participation by between 6 and 11 percentage points, and their monthly labour income by between US$ 30 and US$ 40. Smaller effects were found in the case of men: they worked three more hours per week, and moved from agricultural to non-agricultural activities and from the informal to the formal sector, but the rise in their labour income was not statistically significant. Parker and Vogl (2018) thus concluded that Progresa (later called Oportunidades and now Prospera) had brought economic gains after a generation, especially for women, thanks to its impact on participants’ human capacities.

Kugler and Rojas (2018), who studied the effects of Oportunidades 17 years after it began, also found positive effects on labour market participation indicators and on labour income, but found that the gains had been larger for men than for women. In particular, they estimate that those who had participated in the programme for three years were 13.7 percentage points more likely to be employed, worked 2.9 hours more per week and earned 1.4 pesos more per hour than the comparable non-participant population. They also found that the more years spent in the programme, the greater the positive impact on labour inclusion indicators: for each additional year, former participants gained 4.5 percentage points in the probability of being employed, 3.1 hours of weekly work and 1.2 pesos of hourly labour income. For women and the children of illiterate women, no significant effects were found on labour income, which reflects the fact that they face higher barriers to labour market entry. In turn, in what could be defined as a medium-term analysis, Behrman, Parker and Todd (2011) examined changes 5.5 years after the implementation of Progresa. One of the groups
studied comprised young people who were between 13 and 15 years of age in 1997 and between 19 and 21 in 2003, a good proportion of whom would be expected to have entered the labour market. When they disaggregated the results by sex, the authors found that the programme had no significant effects for men, possibly because they were still completing their studies, although they found evidence of some substitution of non-agricultural for agricultural work. In the case of women, however, they found a significant rise in labour market participation (6 percentage points, a rise of 20%) and a shift towards non-agricultural work, but there was no significant effect on schooling. The authors concluded that young women were entering the labour market in replacement of their younger 15- and 16-year-old siblings, who did show higher schooling rates and less engagement with work.

Long-term evaluations are also available in other countries of the region. García and others (2012) analyse the impact of Colombia’s Families in Action on the population aged 18–26 years in participating households, 10 years after the launch of the programme. With respect to the labour market, among the few significant impacts, they found a rise of 2.5 percentage points in the likelihood of formal employment among women in rural areas. With regard to men’s employment and occupational category, no major impacts were found. For Ecuador, Araújo, Bosch and Schady (2017) analyse the long-term effects on the labour market status of children who participated in the early stages of the Human Development Grant aged 9–15 and were between 19 and 25 in 2013 and 2014. Although the transfers helped to increase the proportion of young women completing secondary education (by avoiding school dropout), no significant effects were found on labour market participation, for men or women. In Honduras, the results of the study by Ham and Michelson (2018) on the second phase of the Family Allowance Programme (PRAF) are mixed and limited, since they do not take into account the effects of migration. Lastly, Barham, Marcus and Maluccio (2017) estimate the effects of the Nicaragua’s Social Protection Network on labour inclusion indicators for men who were between 9 and 12 years of age in 2000 and between 18 and 21 during the follow-up survey conducted in 2010, and find that the short-term improvements in schooling and learning outcomes coincide with positive impacts in the labour market, since those young men are now more likely to be in paid work, emigrate temporarily to obtain better jobs and have higher incomes.3

When the effects on intergenerational occupational mobility are analysed to see whether the children of poor families receiving CCTs achieve better labour market situations than their parents, the results available show a positive, albeit small impact. Some quantitative studies on the impact of Oportunidades on intergenerational occupational mobility in rural areas,

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3 In this study, the analysis was not performed for women.
for example, have shown that the programme had a limited impact. Ten years into the programme, Rodríguez-Oreggia and Freije (2012) analysed occupational mobility of young people who were aged between 14 and 24 in 2007. They estimate that 60.4% of young men and 27% of young women remained in the same occupational category as their parents in terms of wages, formality and skills (compared with 54.4% of men and 26% of women non-recipients with comparable sociodemographic characteristics). Among men, downward mobility was 13.7% for users of Oportunidades and 17.3% for non-participants in the programme, compared with 13.2% for female participants and 17.6% for female non-participants. The authors conclude that, although the programme increases the likelihood of participants having more years of schooling, it had no great effects in the labour sphere. Although beneficiary children are more educated and healthier than their parents were after participating for a lengthy period in the programme, the structure and dynamics of the labour market and the macroeconomic context are what finally heavily condition the labour inclusion of young people (Rodríguez-Oreggia and Freije, 2008). Yaschine, Vargas and Huffman (2018) analyse the intergenerational occupational mobility of rural youth aged 18–35 years who participated in Oportunidades, 20 years after the start of the programme. The results show a mixed picture: half of these young people had risen above the occupational status of their parents, but were still highly likely to be engaged in lower-hierarchy occupations and experience strong occupational inheritance (i.e. they tend to have the same occupations as their parents) and barriers to upward social movement. Women and migrants show the highest rates of upward mobility and greater equality of labour opportunities than men and non-migrants, respectively. The authors found no differences by ethnicity.

The findings of Rodríguez-Oreggia and Freije (2008) and Yaschine, Vargas and Huffman (2018) coincide with those of the qualitative study performed by González de la Rocha (2008), which analyses the trajectories of recipients of Oportunidades in rural areas of Mexico 10 years after they entered the programme in 1997 as children, and attempts to measure the impact on their education and labour market integration, to determine whether the programme fulfilled its objective of breaking the intergenerational transmission of poverty (see box II.2). The study by González de la Rocha (2008) leads to the conclusion that, 10 years after it began, Oportunidades had a very limited and scarcely significant impact on intergenerational occupational mobility. Its impact is felt at the level of education and the improvement of the occupational position of its recipients, since it reduces gender and ethnic inequality (among non-participants these inequalities persist). Despite these improvements, the programme has not had as strong an occupational impact as had been expected, owing to the limited labour options and the extremely precarious local opportunities structure. In regions with strong international
migrant flows, many of the better schooled former participants migrate to other parts of the country or to the United States. According to González de la Rocha (2008), as well as better-quality health and education services, the main challenge for improving occupational impacts is to create productive and labour opportunities that offer workers stability and meet the needs of rural areas. In particular, the study emphasizes, it is essential to renovate agricultural activity and improve the coordination and diffusion of the battery of subsidies and supports for agriculture existing in Mexico so that rural producers can benefit more effectively from them.

**Box II.2**  
**Mexico: qualitative analysis of the occupational impact of the Oportunidades programme on the first cohort of participating children**

González de la Rocha (2008) led one of the largest ethnographic studies on the impact of CCT programmes on the socioeconomic status of their participants. For the study of the Oportunidades (formerly Progresa) programme in Mexico, González de la Rocha selected 12 rural microregions distributed proportionally in four states: two in the north (Sonora and Chihuahua) and two in the south (Oaxaca and Chiapas). In these states, indigenous and non-indigenous persons are in principle equally placed in terms of potential access to services. The ethnographic fieldwork included direct observations at points of service delivery (schools, clinics and health centres) and places of work, public events (provision of support, communal land and municipal assemblies, market days), as well as in dwellings.

The criteria for selecting participant and non-participant households were: (i) households that had at least one child in third or fourth grade of primary school when they entered the Progresa programme between 1997 and 1998, and (ii) participants of the same age and socioeconomic status who never received support. One of the key questions in the study is: “Does long-term exposure of children in households included early in the programme change the options of young people in terms of their occupational performance, or do they necessarily remain in traditional occupations (agricultural day labourers, campesinos)?” Although the study does not analyse the act of choosing between one occupation or another, it looks at whether young people engage in occupations other than those commonly taken up by local men and women who were not exposed to the programme.

To study the impact of the programme on the occupation of participating children and adolescents an occupational scale of 1 to 9 was drawn up based on the skills required, the regularity of their use, the benefits provided and the business to which it belongs. The classification covers from the least skilled traditional rural occupations (agricultural day labourers and pickers) (scale/level 1) to the ownership of small established business and the performance of technical professions (teachers, for example) (scale/level 7). As some former participants were attending university, another level (scale/level 8) was reserved for those future professionals. As was to be expected, there were no high-level professionals or directors of formal businesses.

On the basis of this classification, the researchers build three occupational groups: (i) occupational scales 1–3 (farm day labourers, pickers, fumigators, fertilizer-spreaders, bricklayers’ assistants, food sale assistants, domestic servants, market stall employees, gardeners, workers in tortilla shops, nannies and unskilled workers); (ii) occupational scales 4 and 5 (land-owning campesinos, wage employees in informal businesses, sellers of food prepared at home, owners of home-shops, bricklayers, mechanics and craft jewellers), and (iii) a third group comprising scales 6 and 7 (master bricklayers, plumbers, supervisors of shops with employees, overseers, owners of established businesses and professionals such as teachers).
The results show that the main positive impact is that most young people aged between 15 and 25 who participated in the programme report being students. In addition, 8.3% of these former participants were engaged in tertiary education at the time of the assessment (especially women, both indigenous and non-indigenous), which raises the expectation of future access to better occupations than they would have had if they had not attained that level of schooling.

Table 1
Mexico (12 selected microregions): young people aged 15–25 years who reported study as their main occupation, by sex, ethnicity and status in the Oportunidades programme, 2008*a

<table>
<thead>
<tr>
<th>Programme status</th>
<th>Sex</th>
<th>Ethnicity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant</td>
<td>Male</td>
<td>Indigenous</td>
<td>26.6</td>
</tr>
<tr>
<td>Non-participant</td>
<td>Male</td>
<td>Indigenous</td>
<td>12.1</td>
</tr>
<tr>
<td>Participant</td>
<td>Male</td>
<td>Non-indigenous</td>
<td>22.9</td>
</tr>
<tr>
<td>Non-participant</td>
<td>Male</td>
<td>Non-indigenous</td>
<td>23.7</td>
</tr>
<tr>
<td>Participant</td>
<td>Female</td>
<td>Indigenous</td>
<td>28.0</td>
</tr>
<tr>
<td>Non-participant</td>
<td>Female</td>
<td>Indigenous</td>
<td>7.4</td>
</tr>
<tr>
<td>Participant</td>
<td>Female</td>
<td>Non-indigenous</td>
<td>32.7</td>
</tr>
<tr>
<td>Non-participant</td>
<td>Female</td>
<td>Non-indigenous</td>
<td>10.7</td>
</tr>
</tbody>
</table>


The results in occupational terms show that the programme had a positive, albeit limited, impact on the occupational hierarchy of participating indigenous persons. In the case of non-indigenous participants, both men and women were concentrated in the lowest group (1–3) as were non-participants. However, although there are no non-indigenous non-participant women in occupational level 6–7, 18.8% of the female participants overall were at that level.

Table 2
Mexico (12 selected microregions): occupations of young people aged 15–25 by status in the Oportunidades programme, by sex, ethnicity and occupational group, 2008*a

<table>
<thead>
<tr>
<th>Occupational level</th>
<th>Participant indigenous men</th>
<th>Non-participant indigenous men</th>
<th>Participant non-indigenous men</th>
<th>Non-participant non-indigenous men</th>
<th>Participant indigenous women</th>
<th>Non-participant indigenous women</th>
<th>Participant non-indigenous women</th>
<th>Non-participant non-indigenous women</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td>57.1</td>
<td>83.6</td>
<td>74.0</td>
<td>72.0</td>
<td>46.4</td>
<td>80.7</td>
<td>50.0</td>
<td>50.0</td>
</tr>
<tr>
<td>4-5</td>
<td>35.8</td>
<td>14.0</td>
<td>22.2</td>
<td>16.0</td>
<td>39.2</td>
<td>15.4</td>
<td>31.3</td>
<td>50.0</td>
</tr>
<tr>
<td>6-7</td>
<td>7.2</td>
<td>2.3</td>
<td>3.7</td>
<td>12.0</td>
<td>14.3</td>
<td>3.8</td>
<td>18.8</td>
<td>0.0</td>
</tr>
</tbody>
</table>


According to the study, these young people are likely pioneers in their current occupational niches or strata, so they will possibly act as models in the future and links for their younger siblings and other young people in the area (social networks to access more formal, non-manual jobs that require a certain level of schooling are scarce or non-existent in these areas). As pioneers, then, they face obstacles to mobility because previous cohorts did not have the levels of schooling needed for jobs at higher levels of the occupational hierarchy.

In sum, the evidence of the long-term impact of CCTs on the labour inclusion of working-age members of participating families tends to be mixed, since the prevailing structural conditions offer scarce labour and productive opportunities for the population, especially the population living in poverty.

As well as questions about the long-term effects of CCTs on labour inclusion, there is a debate concerning the short-term effects of these programmes on the labour market integration of young people and working-age adults living in participating households. The issues under discussion relate mainly to the potential dependence on these programmes and the existence of disincentives to labour market participation ("laziness effect") and formalization. There follows an analysis of the data available on the short-term impact of CCTs on labour inclusion and on child labour.

2. Short-term effects

To contribute empirical data to the discussions on the effects of CCTs on labour inclusion, here we report on the results of the review of 87 quantitative short-term studies, which evaluated 21 programmes in 13 Latin American and Caribbean countries in the period 1995–2013, including both programmes currently under way and others no longer operating (see tables II.A1.1 and II.A1.3 in annex II.A1). The studies measured the effects of CCTs —particularly the longer-lasting ones, such as Oportunidades in Mexico (12 evaluations), Bolsa Família in Brazil (14 evaluations) and Families in Action in Colombia (10 evaluations)— on a large number of variables, such as labour income, hours worked, the probability of being employed or the type of occupation (for example, own-account work, wage work or informal work). The impact evaluations reviewed were done using different analysis periods and a variety of data sources, including data from continuous household surveys (54%), custom-designed surveys (39%), administrative records (22%) and censuses (4%). Most of them (70%) were quasi-experimental evaluations and the methodologies most used were difference-in-difference (48%) and propensity score matching (26%) (see box II.3).

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4 Since the evaluations can use a combination of data sources, the figures shown in brackets add up to more than 100%. Some studies also use a combination of primary and secondary sources.
Box II.3
Methodologies for evaluating programme impacts

Evaluation of the impact of a programme requires the construction of a counterfactual scenario (what would have happened to the participants in the absence of the programme) to compare it with the actual results observed in the data compiled (what happened to the participants as a result of the programme). A key element in evaluating the effects of any programme is the design and size of the sample used, since proper sample selection is fundamental for minimizing estimation errors. Another essential element for the reliability of the results is the point in time at which the evaluation is performed and its relationship with the time of operation of the respective programme.

The methodologies most commonly used to evaluate the impact of programmes are based on the classic experimental model and its quasi-experimental variations:

- Classic experimental design: This method is used to estimate the impacts achieved among beneficiaries, analysing their situation at two points in time (baseline and comparison line), and comparing it with a similar situation in a control group that did not participate in the programme. The samples from both groups are selected randomly before the launch of the programme. The selection of those to be included in each group is crucial. To properly analyse the differences observed, it is important to ensure that the two groups have no significant differences in the variables considered relevant to the possible outcomes.

- Quasi-experimental designs: These are similar to the classic experimental design, with the difference that the groups are not selected randomly. This design makes evaluation more feasible, since it is usually difficult to make all the sampling steps random because of the nature of social programmes themselves, especially when they use targeting instruments that tend, precisely, to select participants by the differential characteristics defined in the objectives. The more variables used to form the groups, the more reliable the estimate will be, although this does not resolve the problem of initial selection. It is therefore more accurate in these cases to refer not to control groups, but to comparison groups.

Several types of quasi-experimental design may be distinguished, including:

(i) Regression discontinuity designs, which are estimation strategies that make use of the programme’s assignment rule (for example, age or well-being index), according to which the probability of participating differs considerably between otherwise comparable individuals. Any difference observed in the variables analysed between individuals above and below the threshold set by the programme’s assignment rule can then be associated with differences in each group’s probability of participation.

(ii) Instrumental variables estimation, which assumes that in given circumstances the probability of participation is strongly correlated with an exogenous factor (the instrument) which would not otherwise be related to the programme outcome. Here, differences in the results of an interest variable may be associated with differences in the value of the instrument, but only because of its relation with programme participation, in the case of individuals who are otherwise comparable.
(iii) Difference-in-difference method, which assumes the existence of a non-observable heterogeneity, which does not vary over time and uses information from participants and non-participants, both before and after their participation in the programme. If the two groups show a similar trend in the variable studied, for example, in income before the launch of the programme, differences seen in trends after the programme may be attributed to participation in it.

(iv) Case matching, where participants are twinned with cases in the comparison group. Not only the group, but also individuals must be similar. A commonly used technique is propensity score matching, which matches the two population groups on a case-by-case basis, using a multivariate index to select comparison cases (one by one) from among the non-participant group.


The review found 922 results for diverse labour market indicators, referring both to aspects of labour market entry and to formalization and child labour. In most cases (79%), the results are disaggregated by sex, it being less common to find results disaggregated by geographical area (43%), age (39%) and, especially, race or ethnicity (2%) (see diagram II.1). These breakdowns are important, because they show the heterogeneities in the results for individual indicators, from the perspective of the social inequality matrix (ECLAC, 2016a).

In total, it was found that 45.8% of the indicators showed statistically significant results. The 422 statistically significant indicators, which are those considered in this review, show mainly the desired effects on child labour, uneven effects on labour supply and mainly unwanted effects on informality. However, the results vary not only by country and programme analysed, but also by survey and methodology used, year and period of reference, geographical area and the sociodemographic characteristics of the participants in the programmes analysed by the researchers.

There follows an analysis, on the basis of the evaluations available, of the specific effects of participation in CCTs on labour supply, formalization and eradication of child labour among individuals living in poverty.

5 Regarding this last result, the 18 studies that look at the issue of informality (in 5 of which the results are not statistically significant) cover only six countries and eight programmes. Given the limited number of studies on the topic, deeper and more extensive work is needed, and hasty conclusions should not be drawn about possible informality stimulus by CCTs.
Diagram II.1

Latin America and the Caribbean (13 countries): labour inclusion and child labour, review of short-term impact evaluations of CCT programmes

13 countries
87 impact evaluations
21 programmes

Disaggregations
sex (79%)
territory (43%)
age (39%)
etnicity/race (2%)

922 indicators evaluated (100%)
422 statistically significant indicators (46%)

Labour supply/integration
195 significant indicators (46%)
For example, participation rate, employment rate (unemployment), activity rate (inactivity), hours worked, labour income

Labour formalization
67 significant indicators (16%)
For example, formal (informal) employment rate, probability of formal (informal) employment, weekly hours worked in the formal (informal) sector

Child labour
160 significant indicators (38%)
For example, child labour participation rate, probability of child labour, hours of child work (paid, domestic and in family businesses)

Effects (12 countries)
103 positive (53%)
92 negative (47%)

Effects (6 countries)
6 positive (9%)
61 negative (81%)

Effects (11 countries)b
30 positive (19%)
120 negative (75%)
10 mixed (6%)
c

Source: Prepared by the authors.

a The countries are: Argentina, Brazil, Chile, Colombia, Dominican Republic, Ecuador, Honduras, Jamaica, Mexico, Nicaragua, Paraguay, Peru and Uruguay. The indicators of impact on labour formalization refer to Argentina, Brazil, Colombia, Ecuador, Mexico and Uruguay. In the case of Jamaica no impact indicators were found for labour supply, while for Chile and the Dominican Republic non were found for child labour.

b In the case of child labour, a negative impact on the indicators means that the programme has reduced child labour, which is the desirable outcome.

c The effects are considered mixed in cases of indicators that measure a simultaneous rise in the time devoted to work and to education.

(a) Labour supply

Review of the studies carried out in 12 Latin American and Caribbean countries indicates that CCTs do not constitute disincentives to labour inclusion for most of the participants. As may be seen in figure II.5, in 59% of cases, the short-term impact of these programmes on the labour supply of working-age adults living in participant households is not statistically significant, in 22% of cases it is positive (it contributes to increasing the labour supply or improving conditions of labour market participation) and in 19% of cases it is negative (it reduces the labour supply or worsens conditions of labour market participation). Looking only at the statistically significant results, the impact of programmes on labour inclusion of participants was positive in 53% of cases and negative in 47% (see diagram II.1). However, when the results are disaggregated by sex, it is seen that among women the effects are more negative than positive, conversely to the pattern among men. Possible reasons for this difference by sex will be analysed later.
**Figure II.5**

Latin America and the Caribbean (12 countries): results of the short-term effects of CCT programmes on labour supply of working-age adults living in recipient households, total, women and men\(^a\)

*(Numbers and percentages)*

A. Total

<table>
<thead>
<tr>
<th></th>
<th>Positive effect</th>
<th>Non-significant effect</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>103 (22%)</td>
<td>284 (59%)</td>
</tr>
<tr>
<td></td>
<td>92 (19%)</td>
<td></td>
</tr>
</tbody>
</table>

B. Women\(^b\)

<table>
<thead>
<tr>
<th></th>
<th>Positive effect</th>
<th>Negative effect</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 (43%)</td>
<td>41 (57%)</td>
</tr>
</tbody>
</table>

C. Men\(^b\)

<table>
<thead>
<tr>
<th></th>
<th>Positive effect</th>
<th>Negative effect</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>39 (59%)</td>
<td>27 (41%)</td>
</tr>
</tbody>
</table>

**Source:** Prepared by the authors.

\(^a\) The countries are: Argentina, Brazil, Chile, Colombia, Dominican Republic, Ecuador, Honduras, Mexico, Nicaragua, Paraguay, Peru and Uruguay. The main indicators analysed are participation rate, employment (unemployment) rate, activity (inactivity) rate, hours worked and labour income. Since they are different indicators, referring to different programmes and countries, the effects reported refer to a summary of the studies reviewed, indicative of wanted (positive) and unwanted (negative) effects on labour inclusion. See the effects on specific indicators relating to the different programmes in the impact evaluations reported by country in annex box II.A1.1.

\(^b\) Includes only statistically significant results.
In line with what was found in the review, some studies conducted internationally have found no fall in the labour supply of working-age adults with participation in CCT programmes, for the population overall. On the basis of randomized controlled trials conducted in three Latin American countries (Honduras, Mexico and Nicaragua), two in Asia (Indonesia and the Philippines) and one in Africa (Morocco), Banerjee and others (2017) show that cash transfer programmes, whether conditional or not, do not discourage labour market participation by working-age adults. In a systematic review of 80 impact evaluations of conditional or unconditional cash transfers worldwide, Bastagli and others (2016) also found no reduction in the labour supply attributable to CCTs. In over half of the studies reviewed, the authors found no statistically significant effects on labour supply or its intensity (usually measured in hours worked) among working-age adults. In most of the studies with significant effects, the effects were positive. Bastagli and others (2016), however, note that the results are mixed in relation to the shift between paid and unpaid work. In turn, a study by Kabeer, Piza and Taylor (2012) of 11 CCTs in nine countries (Brazil, Chile, Colombia, Costa Rica, Honduras, Mexico, Nicaragua, Pakistan and Uruguay) finds mixed effects (by sex of the recipient, duration and amount of the transfer, and type of employment) and no statistically significant effect on the adult labour supply. The authors find that although transfers increase income, the rise is not large enough to enable poor households to reduce the number of hours their members work. In a review of the effects of social assistance programmes globally that included analysis of conditional and unconditional monetary transfers, the World Bank Independent Evaluation Group (IEG, 2011) found no negative effects on the labour supply of men and women in most countries. Lastly, in a study covering various countries in Latin America and the Caribbean, Alzúa, Cruces and Ripani (2010) found no significant effects on employment and work in agriculture by participating adults in the Education, Health and Food (Progresas) programme in Mexico, the Family Allowance Programme (PRAF) in Honduras and the Social Protection Network (RPS) in Nicaragua.

Various impact assessments find positive CCT effects on labour market participation of working-age adults. In Brazil, Ferro, Kassouf and Levison (2010) found that the Bolsa Escola school grant programme, which ran between 2001 and 2003, increased labour market participation by mothers and fathers of programme recipients by around 3 percentage points. For Bolsa Família, Camilo de Oliveira and others (2007) found that the proportion of individuals seeking work was significantly higher among user households compared with those not participating in the programme. In particular, they found higher employment and job search rates among women participating in Bolsa Família than among non-participant women. Medeiros, Britto and Veras-Soares (2008) found that labour market participation rates in the three lowest deciles of the

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6 The systematic reviews at the international level also include impact evaluations carried out in Latin America and the Caribbean, so take into account some of the studies conducted by the authors of this book (see annex table II.A1.1).
income distribution were higher among members of households participating in *Bolsa Família* (73% in the first decile, 74% in the second and 76% in the third) compared with individuals in non-participant households (67%, 68% and 71%, respectively). In turn, for the metropolitan areas of Brazil, Ribas and Soares (2011) noted a reduction of approximately 3 percentage points in the rate of unemployment among *Bolsa Família* participants of working age. Lastly, Oliveira and Soares (2013) compiled several impact evaluations for employment and informality, and reached the conclusion that the effects on the labour market were very limited. However, they noted some positive effects, such as a rise in the probability of employment for women.

In Chile, in an evaluation of the first two years of operation of the Solidarity Chile programme, Galasso (2011) found an increase in labour market participation in rural households, although not in urban ones. Larrañaga, Contreras and Ruiz (2009) also obtained positive results, but of smaller magnitude, for employment, as well as a non-significant rise in the generation of autonomous income in rural areas. They also found that female-headed households presented larger absolute rises in income and in employment than male-headed households. Galasso and Carneiro (2007) also note significant improvements in labour income and labour market participation in rural areas, and a positive effect in urban areas in terms of the possibility of household members being registered with the Municipal Labour Market Intermediation Office (OMIL), one of the basic conditions for unemployed participants in the Solidarity Chile programme.

In Colombia, Núñez (2011) reported a positive and significant impact of the Families in Action programme on employment rates in urban households. Barrientos and Villa (2013 and 2015) show that receipt of the Families in Action transfer does not have adverse labour effects. Although there are uneven effects by household composition and sex of the recipients, overall the results suggest that the programme may have positive effects on participation rates in participating households. Attanasio and Gómez (2004) find that Families in Action has positive effects on the female labour supply, which translates into a higher probability of obtaining labour income, especially in urban areas. The effect on the female labour supply seems to be an indirect one, insofar as the programme helps to reduce child labour, while mothers and older women engage more in the labour supply to offset the loss of income owing to the withdrawal of children from the labour market.

In Honduras, Galiani and McEwan (2013) present evidence concerning the Family Allowance Programme (PRAF), of an increase in the probability of working for the population aged between 21 and 65 in the first income quintile. Behrman and Parker (2011) show positive effects on the female labour supply, especially among women aged 50–69 in rural areas, which the authors attribute to health improvements under the programme. Bianchi and Bobba (2013) find evidence that the Oportunidades programme in Mexico has been effective in promoting microenterprise, by boosting household
liquidity. They point out that, whereas in October 1997 (the baseline) 25% of the recipients were unemployed, over the study period (until 1999) 4% became owners of microenterprises.

Other studies, however, have found neutral or negative effects. In Argentina, the impact evaluation of the Universal Child Allowance (AUH) carried out by Maurizio and Vázquez (2012 and 2014) concluded that the receipt of the cash transfer had not generated a work disincentive for adult members of participating households, either in terms of incidence on inactivity or in terms of reduction of the intensity of hours worked or the female labour supply.

In Brazil, Ferro and Nicolella (2007) suggest that Bolsa Escola did not generate incentives for adults to drop out of the labour market, but they did find changes in the number of paid hours worked by women (with falls in rural areas and rises in urban areas). With respect to Bolsa Família, the results of the evaluation by Foguel and Paes de Barros (2010) show no significant changes in women’s labour market participation. As for hours worked, the authors observed a small negative effect for women and a significant impact for those living on a below-average income, while no significant effects were found for men. De Brauw and others (2013 and 2015) found different effects for men and women participating in Bolsa Família in rural and urban areas. In rural areas, weekly hours worked by men rose by 4.6, while the proportion of women in paid work fell by 13 percentage points. In urban areas there was more likelihood of women seeking work. According to these authors, these differences between urban and rural women participating in the programme could reflect wage differences and the time costs of fulfilling the conditionalities in each locality. Teixeira (2010) and Tavares (2010) also found reductions in the hours of paid work performed by women in the programme, of around 4% and 10%, respectively. According to Teixera (2010), these uneven effects of Bolsa Familia on men and women depended on their location in the formal or informal sector and the agricultural or non-agricultural sector, and wage levels. Lastly, both Pedrozo (2010) and Firpo and others (2014) found that labour market participation fell among single or divorced mothers participating in Bolsa Família.

In Chile, Carneiro, Galasso and Ginja (2015) found no statistically significant effects on occupational indicators. An impact evaluation of the Ethical Family Income programme carried out by Universidad del Desarrollo (UDD, 2014) found no statistical evidence that the programme generated a negative effect on the labour market participation of active workers, on average. However, the labour market participation of women in the programme fell by between 8 and 9 percentage points compared with those in non-participating households.

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7 The authors postulate that rural mothers spend less time on paid work because they need to spend more time on childcare as a result of the conditionalities of the programme or because they need to perform certain domestic tasks previously performed by their children.

8 To improve labour market participation, especially by women, the authors call for better coordination and integration of Solidarity Chile with other employment support programmes, and to expand access to care services.
In the case of Colombia, Attanasio and Gómez (2004) found no statistically significant effects of participation in the Families in Action programme on the female labour supply or the number of hours worked. However, Farné, Rodríguez and Ríos (2016) found a significant negative CCT effect on labour market participation by programme recipient heads of household and spouses in urban areas. Meanwhile, Ospina (2010) notes that men increased their participation in paid employment while reducing their participation in domestic activities, while women increased their participation in the latter. Similarly, the results of the evaluation carried out by the National Planning Department of Colombia (DNP, 2008) indicate that transfers had no undesirable effect in terms of reducing labour market participation by adults, although no very significant effect was found in terms of raising it either. In urban areas, the programme was seen to have statistically significant effects on household labour income, which was 9.6% higher than it would have been without the programme.

In Ecuador, González-Rozada and Llerena (2011) found that workers living in a household receiving the Human Development Grant were less likely to leave unemployment than those in households not receiving the transfer, that recipient mothers remained unemployed three months longer than non-recipient mothers, and that they were more likely to leave formal employment. In Honduras, Benedetti, Ibarrarán and McEwan (2016) observed no effect on labour market participation by adults or on labour income of the recipients of the Better Life Grant.

In Mexico, two years after households began to receive transfers and services under Progresa, Parker and Skoufias (2000) found no indication of a fall in labour market participation. Skoufias and Di Maro (2008) found enough evidence to affirm that labour inactivity rose among users of Progresa as a result of transfers, but they also observed a lower probability (among both women and men) of self-employment or enterprise. Bosch, Stampini and Bedoya (2012) concluded that the expansion of Oportunidades was not directly correlated with changes in labour force participation and the proportion of formal age employment, or with the transition from informal employment to own-account work. Similarly, Rubio-Codina (2010) showed that the programme did not appear to substantially alter adults’ allocation of time in the labour market nor their use of time. However, Alzúa, Cruces and Ripani (2010) found that Oportunidades reduced women’s labour market participation by 2.1 percentage points, while contributing to raise the hourly wage paid to men in participating households by between 5% and 7%.

Lastly, it is important to emphasize that in some cases, the receipt of transfers seems to confer greater bargaining power vis-à-vis low wages or other types of adverse or precarious working conditions. In the metropolitan areas of Brazil, Ribas and Soares (2011) observe that the main workers in user households of Bolsa Família become more demanding when seeking
employment, precisely because they have the income from the transfer. In Ecuador, González-Rozada and Llerena (2011) note that, in order to find a better job, unemployed persons receiving the Human Development Grant take longer to change their occupational status or remain unemployed for longer.

(i) Considerations on the differentiated effects on labour occupation for women and men

As may be seen in figure II.5, while the effects of living in a household receiving conditional transfers are largely positive for men (in 59% of cases, the statistically significant impact indicators show a rise in the labour supply) for women labour market participation falls in most cases (57%).

The differentiated effects of CCTs on men’s and women’s labour inclusion are due to various factors, whose influence may vary in each case, depending on the design of the conditionalities, the characteristics of local labour markets, the availability of care-related services and benefits (such as care centres for children, older persons, persons with disabilities or the chronically ill) and the components of education systems (such as preschool education and all-day school schedules).

A first reason is the time needed to fulfil programme conditionalities (attend health check-ups, take children to school, obtain attendance certificates, and attend training programmes or sessions and community meetings) and the fact that this burden of responsibility falls primarily on women, for cultural reasons that are entrenched by the programme design (ECLAC, 2013, 2016c and 2017; Martínez Franzoni and Voorend, 2008; Molyneux, 2006).

Table II.2 shows how the design of CCT programmes defines both who is to be responsible for fulfilment of conditionalities and who is to receive the cash transfer. Concerning the first (who will fulfil the co-responsibilities), table II. 2 shows that, in 6 cases, this falls to mothers of female head of family, while in 12 cases, it may be discharged indistinctly by fathers or mothers, male or female heads of household or “the family”, which gives families the option of choosing the party who will assume co-responsibility and thus leaves open the organization of roles in the domestic sphere. In 10 cases this information is not available. In relation to the second aspect, the rules of operation of the 28 programmes analysed identify as the recipient of the transfers the mother (15 cases), preferably the mother (3 cases), the father or male head of household or the mother or female head of household, with preference given to the mother (3 cases),9 or the father or male head of household or the mother or female head of household indistinctly (6 cases). In the case of the Juancito Pinto Grant of the Plurinational State of Bolivia, the transfer is made directly to the student.

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9 In the case of Brazil’s Bolsa Família, for example, the transfer is to be given “preferably” to the woman (Bartholo, 2016) and, in 2007, 87.5% of recipients were women (Costa, 2008).
Table II.2
Latin America and the Caribbean (20 countries): recipients of the monetary transfers of CCT programmes in operation, by component, 2017

<table>
<thead>
<tr>
<th>Country</th>
<th>Programme (starting year)</th>
<th>Component</th>
<th>Recipient of the transfer</th>
<th>Party responsible for fulfilment of co-responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>Universal Child Allowance (AUH) for social protection (2009)</td>
<td>Social protection allowance per child</td>
<td>Father or mother, guardian or blood relative to the third degree, giving preference to the mother</td>
<td>Father or mother, guardian or relative</td>
</tr>
<tr>
<td></td>
<td><em>Porteña</em> citizenship programme (2005)</td>
<td>Household subsidy</td>
<td>Preferably the mother</td>
<td>…</td>
</tr>
<tr>
<td>Belize</td>
<td>Building Opportunities for Our Social Transformation, (BOOST) (2011)</td>
<td>Cash transfer</td>
<td>Preferably the mother</td>
<td>…</td>
</tr>
<tr>
<td>Bolivia</td>
<td>Juancito Pinto Grant (2006)</td>
<td>Grant</td>
<td>Student (the father, mother or guardian signs the form for the provision of the grant)</td>
<td>…</td>
</tr>
<tr>
<td></td>
<td>Juana Azurduy Mother-and-Child Grant (2009)</td>
<td>Grant for two-monthly comprehensive health check-ups</td>
<td>Mother</td>
<td>Fathers and mothers</td>
</tr>
<tr>
<td>Brazil</td>
<td>Child Labour Eradication Programme (PETI) (1996)</td>
<td><em>Bolsa criança cidadâ</em></td>
<td>Mother</td>
<td>Fathers and mothers</td>
</tr>
<tr>
<td></td>
<td><em>Bolsa Família</em> (2003)</td>
<td>Basic grant, variable grant, adolescent grant, variable grant for pregnant women, variable grant for breastfeeding infants, grant for ending extreme poverty</td>
<td>Preferably the mother</td>
<td>Family</td>
</tr>
<tr>
<td>Chile</td>
<td>Security and Opportunities subsystem (Ethical Family Income) (2012)</td>
<td>Protection grant, Basic Family Grant, grant for up-to-date healthy-child check-ups, School Attendance Grant, School Achievement Grant, ongoing family grant</td>
<td>Mother</td>
<td>…</td>
</tr>
<tr>
<td>Colombia</td>
<td>More Families in Action (2001)</td>
<td>Education grant, nutrition grant</td>
<td>Mother</td>
<td>Mother</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>Avancemos (2006)</td>
<td>Conditional cash transfer</td>
<td>Male or female head of household</td>
<td>Family</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>Progressing with Solidarity (2012)</td>
<td>“Eating comes first” school attendance incentive, “Studying I make progress” school grant</td>
<td>Male or female head of household</td>
<td>Family</td>
</tr>
<tr>
<td>Ecuador</td>
<td>Human Development Grant (BDH) (2003)</td>
<td>Transfer</td>
<td>Mother</td>
<td>…</td>
</tr>
<tr>
<td></td>
<td>Zero Malnutrition (2011)</td>
<td>Economic incentive</td>
<td>Mother</td>
<td>Mother</td>
</tr>
<tr>
<td>Country</td>
<td>Programme (starting year)</td>
<td>Component</td>
<td>Recipient of the transfer</td>
<td>Party responsible for fulfilment of co-responsibilities</td>
</tr>
<tr>
<td>---------------</td>
<td>------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------</td>
</tr>
<tr>
<td>El Salvador</td>
<td>Programme of Support for Solidarity in Communities in El Salvador (PACSES) (2005)</td>
<td>Education grant, health grant</td>
<td>Mother</td>
<td>Family</td>
</tr>
<tr>
<td>Guatemala</td>
<td>My Secure Grant (2012)</td>
<td>Education grant, health grant</td>
<td>Mother</td>
<td>Family</td>
</tr>
<tr>
<td>Haiti</td>
<td>Ti Manman Cheri (2012)</td>
<td>School component</td>
<td>Mother or female head of household, with preference for women</td>
<td>Mother</td>
</tr>
<tr>
<td>Honduras</td>
<td>Better Life Grant (2010)</td>
<td>Nutrition grant, health grant and education grant</td>
<td>Male or female head of household</td>
<td>Male or female head of household</td>
</tr>
<tr>
<td>Jamaica</td>
<td>Programme of Advancement Through Health and Education (PATH) (2001)</td>
<td>Health grant, education grant, post-secondary education grant, basic benefit</td>
<td>Representative of the family</td>
<td>Family</td>
</tr>
<tr>
<td>Mexico</td>
<td>Pro prospera. Social inclusion programme (formerly Progresa and Oportunidades, 1997)</td>
<td>Nutrition support, school supplies support, education support, energy support, “better living” nutrition support, “better living” child support</td>
<td>Mother</td>
<td>Mother</td>
</tr>
<tr>
<td>Panama</td>
<td>Opportunities Network (2006)</td>
<td>Conditional cash transfer</td>
<td>Mother</td>
<td>Mother</td>
</tr>
<tr>
<td>Paraguay</td>
<td>Grant for Food Purchase programme (2005)</td>
<td>Conditional cash transfer</td>
<td>Mother</td>
<td>…</td>
</tr>
<tr>
<td>Peru</td>
<td>National Programme of Direct Support to the Poorest (Juntos) (2005)</td>
<td>Grant</td>
<td>Male or female head of household</td>
<td>Representative of the household (father, mother or other member of the household aged between 18 and 80 years)</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>Targeted Conditional Cash Transfer Programme (TCCCTP) (2005)</td>
<td>Grant</td>
<td>Male or female head of household</td>
<td>…</td>
</tr>
<tr>
<td></td>
<td>Family Allowances-Equity Plan (2008)</td>
<td>Conditional cash transfer</td>
<td>Male or female head of household</td>
<td>…</td>
</tr>
</tbody>
</table>

**Source:** Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory Social Protection Programmes in Latin America and the Caribbean Database [online] https://dds.cepal.org/bpsnc/cct.

**Note:** … Information not available.
In the great majority of cases, then, the ownership of the benefit belongs to women. This is thought to have contributed significantly to women’s empowerment and greater relative autonomy, compared with the situation before the programme came into effect (Escobar and González, 2002a and 2009; Veras and Silva, 2010). In research on the impact of Bolsa Família on women in rural areas of Brazil with high poverty rates, Rego and Pinzani (2014) underscore the importance of women receiving regular income in their own name—which, in most families, is the only monetary income and, in many cases, the first experience of receiving a regular income—to begin the process of gaining autonomy. The authors note that one of the most common themes in these women’s stories is the fact that, for the first time in their lives, they experience a sense of greater “personal freedom” and respect in their communities—even from local merchants, who come to trust their ability to pay—and have the capacity to plan at least a minimum of expenditure planning in such basic areas as food and clothing.\textsuperscript{10}

Although the evidence is limited, some studies measure how fulfilment of conditionalities affect women’s total work burden and time use in terms of distribution between unpaid domestic work and paid work. Bearing in mind that, on the basis of the information available on programme design, only in 6 of the 28 cases analysed the responsibility for fulfilment of the conditionalities is laid exclusively upon the mother or female head of household, the fact that this responsibility falls on women in practice has to do not so much with programme design as with the persistence of a traditional sexual division of labour that attributes to women the care of children, and probably also with the fact that, in the case of a large percentage of poor families with children, the mother has no partner.

In the case of Mexico, the evaluation of Progresa by Parker and Skoufias (2000), with data one year into the programme, showed signs that women were spending significant amounts of time on fulfilling the requirements (although the results cannot be taken as conclusive owing to the short reference period used). Women are more likely to report that they invest time in taking household members to education and health centres (approximately 1.6 hours per day, which is equivalent to between 8 and 11 hours per week), and to show greater participation in community activities (around 2.8 hours daily, or between 14 and 18 hours per week). The authors also found that the time spent on fulfilling conditionalities depends on the demographic

\textsuperscript{10} It is important to note that, in other social programmes and policies, such as housing programmes or agrarian reform, giving preferential entitlement (to housing or land) to women is considered important for their empowerment and for the defence and affirmation of their rights (see, for example, the case of Brazil, Abramo, 2007).
composition of the household and the distance to locations where services are provided. In particular, Parker and Skoufias (2000) found a notable rise among women aged 18–24, possibly associated with the fact that this group has the largest number of children under age 5, who need more preventive health and nutritional check-ups. Escobar and González (2002b) found cases of women who skipped paid work to attend programme meetings. However, women recognize that they are willing to assume these extra burdens in order to provide their children with better opportunities. The findings of Espinosa (2006) show that recipients value Oportunidades because, in addition to covering their needs, it improves their quality of life. The participants identify fulfilment of conditionalities as part of “their work”, which combines household care with diverse economic activities. Gammage and Orozco (2008), on the basis of the National Time Use Survey (ENUT) of 2002, estimate that households invest, on average, 18.24 hours per year (or 1.6 hours per month) in fulfilling the conditionalities associated with health and food (including appointments, waiting and travel times, and attendance at preventive medicine workshops), and that 92% of that time (approximately 17 hours per year, or 1.4 hours per month) is covered by women. Moreover, women devote 13.42 hours per year (1.1 hours per month) to receiving the monetary transfer.

In the case of Guatemala’s Mi Familia Progresa programme, Gammage (2010) estimates the value of the extra time women need to spend on unpaid domestic work as a result of the reduction in child labour, taking as a reference the results obtained by Parker and Skoufias (2000) in Mexico, where child labour is reduced by 10 hours per week on average. If this reduction is calculated as a transfer of 8 hours of adult domestic work time, the amount of the transfer under the programme does not make up for the extra use of time (given the rise in unpaid work) assumed mainly by women.

A study by ECLAC (2013) on Ecuador’s Human Development Grant compared recipient and non-recipient women living in poverty, and found that the two groups spent the same number of hours working in the labour market (12 hours per week). However, recipients of the transfer spent more time on unpaid domestic and care work (38 hours per week compared with 33 hours in the case of non-recipients). Nevertheless, it should be noted in this comparison that the participating women have different profiles (apart from their poverty status) than non-participants (for example, they may have more children and thus spend more time on care, regardless of their participation in the programme).
In Colombia, Canavire-Bacarreza and Ospina (2015) analyse how participants in the More Families in Action programme aged over 10 years distribute their time between labour market activities, domestic work and education. The results show that men over age 18 increase their engagement in paid work at the expense of domestic work, while women over age 18 increase their domestic work by 0.38 hours per day more than the control group. Women under age 18 in the treatment group see their domestic work increased by 1.09 hours per day in relation to the control group of the same age.

The effects in terms of increased unpaid work burden for women could be corrected by including men’s and women’s co-responsibility in care in the programme design (Rico and Robles, 2016), by fostering a culture of co-responsibility within the household in fulfilling conditionalities and by strengthening care systems and services and other mechanisms that may contribute to reducing the burden of unpaid domestic work (for example, all-day school schedules and community meals halls). This would be especially important in poor sectors, where families are not in a position to use market solutions to issues of caring for children, older persons and persons with disabilities. It has also been noted that the burden of compliance with conditionalities is heavier for single or divorced women who, having no support at home, opt to leave the labour market to meet programme obligations.

Conversely, it is also argued that CCTs can help to reduce the burden of unpaid care work owing to children’s higher levels of school attendance and better health (ECLAC/ILO, 2014). In the case of Progresa in Mexico, Parker and Skoufias (2000) find that some women were able to spend more hours per week in paid employment as they had more time available with their children’s increased school attendance. In addition, for Bolsa Família, Camilo de Oliveira and others (2007) observe that women participating in the programme show higher employment and job search rates than those not participating. Chitolina, Foguel and Menezes-Filho (2013 and 2016) analyse the effects of the Variable Youth Benefit, included in 2007 as part of the benefits provided under Bolsa Família, and find a positive impact on the probability of mothers’ employment (an increase of 4.5 percentage points), which is especially significant in the case of mothers in rural households (9.2 percentage points). In this respect, they argue that the increase in the female labour supply may occur to offset the fall in family income caused by the reduction in work by adolescents or the time freed up by their participation in the programme. In the case of Ecuador’s Human Development Grant, Buser and others (2014) observe that mothers participating in the programme spend five more hours on paid work than the control group.
A second reason for the differentiated effects of CCT programmes on labour inclusion of men and women is that regular receipt of the transfer, although small in amount, enables people —especially women, who tend to find places in the labour market under worse conditions than men in the region (ECLAC, 2016b)— to forgo jobs with overly adverse working conditions, such as those with very low pay, long working hours, lengthy travel times between home and work and exposure to abuse (as often occurs in the case of domestic workers). In Argentina there has been a withdrawal from the labour market by female spouses engaged in low-pay occupations (around US$ 50 per month), mainly in domestic service, commerce and social services, associated with receipt of the Universal Child Allowance (AUH) for social protection (Bustos and Villafañe, 2011; Bustos, Giglio and Villafañe, 2012). In Brazil, a study on the impact of _Bolsa Família_ on women's autonomy and gender relations seems to support this hypothesis (Bartholo, Passos and Fontoura, 2017). On the basis of an extensive review of the literature and the qualitative studies on the subject, Bartholo, Passos and Fontoura (2017) observe a slight rise in the hours devoted to unpaid work and a small drop in the hours spent on paid work among programme participants. They also note that all the qualitative studies analysed in the review suggest that this tendency is not related to the time required to fulfil the conditionalities of the programme, but to the fact that having a regular income, albeit small, offers these women the possibility of reducing very long working days or even leaving jobs considered humiliating or degrading. Medeiros, Britto and Veras-Soares (2008), who found that in the case of _Bolsa Família_ there was a lower probability of labour market participation among female heads of household (compared with a similar group of women not receiving the transfer), argue that in these cases the drop in female labour market participation can be seen in a positive light, given that women are leaving precarious, poorly paid occupations.

Lastly, a third reason for the differentiated impact on paid work by sex, in the case of two-parent households, could be that the sharp gender income gaps in the labour market lead households to prefer to increase the better paid hours of work (i.e. those of the male partner) and reduce the worse paid ones (i.e. those of women). For example, Novella and others (2012) analyse the case of _Progresa_ in Mexico, where the labour supply changes depending on the years of study between mothers and fathers in the household; they find that the rise in the number of hours worked by fathers is concentrated in households where mothers have fewer or the same years of schooling. _Progresa_ thus impacts on the labour supply of the
couples in the sample, reducing by 2.5 percentage points the probability of mothers of being employed and increasing the labour supply of fathers (translated into a greater number of hours).

The three reasons described show how the differentiated impact of CCT programmes on women and men link up with underlying social and economic dynamics that need to be considered in relation to programme design and implementation. In this regard, as well as taking into account the gender perspective in the design of social programmes, fostering cultural changes and strengthening care systems, it is also necessary to attempt to end gender discrimination in the labour market.

(b) Formalization

Impact evaluations that measures the effect of CCTs on formal labour market inclusion of working-age participants are less common that those that look at the impact on occupation and child labour, and have been carried out in Argentina, Brazil, Colombia, Ecuador, Mexico and Uruguay. Of the 87 evaluations reviewed, only 18 have analysed the effects on participants’ labour formalization and their results are predominantly negative, for both women and men (see figure II.6).

Although in a few cases the effects are mixed or positive, most of the studies find unwanted effects of CCTs on labour formalization of working-age adults. In Argentina, the Unemployed Heads of Household Plan and the Universal Child Allowance (AUH) are observed to have unwanted effects on unregistered wage employment. In the case of the former, Gasparini, Haimovich and Olivieri (2007) argue that the design, targeting the unemployed exclusively, constitutes an incentive for informality, since entering formal employment would lead to de facto exclusion from the programme. The data indicate that transfer recipients under the Unemployed Heads of Household Plan entered formal jobs at lower rates than non-participants, at least in the early stages of programme implementation. In turn, the Universal Child Allowance seems to have a negative effect on formalization of recipients, in particular the unemployed, unregistered own-account workers and informal wage earners. According to Garganta and Gasparini (2012), this disincentive is significant for both men and women who have an informal employment status at the outset.

11 For the 2004–2005 panel, the authors found that 3.9% of participants moved from the programme to a formal job (compared with 5.7% in the control group).
Figure II.6
Latin America and the Caribbean (6 countries): results of short-term effects of CCT programmes on labour formalization among working-age adults living in recipient households, total, women and men\(^a\)
(Numbers and percentages)

A. Total

- Positive effect: 6 (6%)
- Negative effect: 61 (58%)
- Non-significant effect: 38 (36%)

B. Women\(^b\)

- Positive effect: 2 (12%)
- Negative effect: 14 (88%)

C. Men\(^b\)

- Positive effect: 1 (8%)
- Negative effect: 11 (92%)

Source: Prepared by the authors.

\(^a\) The countries are: Argentina, Brazil, Colombia, Ecuador, Mexico and Uruguay. The main indicators analysed are formal (informal) employment, probability of formal (informal) employment and weekly hours worked in the formal (informal) sector. Since they are different indicators, referring to different programmes and countries, the effects reported refer to a summary of the studies reviewed, indicative of wanted (positive) and unwanted (negative) effects on labour inclusion. See the effects on specific indicators relating to the different programmes in the impact evaluations reported by country in annex box II.A1.1.

\(^b\) Includes only statistically significant results.
In Brazil, the results of different evaluations of the impact of Bolsa Família on occupational informality are mixed. Ribas (2014) presents evidence of a 10% rise in the probability of recipients engaging in entrepreneurship and that these effects are followed by a significant reduction in participation in informal activity. On this basis, the programme may be assumed to have provided a financial opportunity for unemployed or underemployed persons to start their own business. De Brauw and others (2013 and 2015) show that the programme has different effects depending on the area of residence of recipient households. The authors report a significant change in families’ hours of work outside the formal sector in urban areas, while this sort of change is not observed in rural families. However, Ribas and Soares (2011) found a significant transition from the formal to the informal sector not only in metropolitan areas but also in rural and poorer areas, which is attributed to the participants’ need to pass income verification requirements to avoid losing eligibility for the programme. Meanwhile Barbosa and Corseuil (2013) find no statistically significant effects on the probability of choosing informality among working programme participants or on the hours devoted to formal or informal work.

In Colombia, Farné, Rodríguez and Ríos (2016) find that because participants in Families in Action lose programme eligibility when they accept formal employment, they prefer to work informally. Barrientos and Villa (2013 and 2015) estimate the impact on formality of Families in Action in urban areas and observe a positive and significant effect on the proportion of recipient mothers who report having access to formal employment (measured by access to health insurance, taken as a proxy for formality). The marginal impact of the programme on formal work is 3.2 percentage points, compared to non-participant adult mothers. The authors attribute this to the reduction in child labour, which implies a reallocation of work among the members of the household to offset the loss of income. However, for women in households with two adults and children under age 6, the effects are negative, but the study does not identify the specific channels through which these effects occur.

In Ecuador, González-Rozada and Llerena (2011) find that the Human Development Grant increases the probability of unemployed mothers taking an informal job or moving from formal to informal employment, compared with mothers who do not receive the grant. In Mexico, Bosch, Stampini and Bedoya (2012) find no clear association between Oportunidades with level of labour force participation and formality.

In Uruguay, evaluations of the National Social Emergency Response Plan (PANES) (Amarante and others, 2008, 2009 and 2011; Amarante and Vigorito, 2012) find a negative effect of approximately 6 percentage points on the probability of being formally employed, a 20%–25% reduction in
income from formal employment in recipient households registered in
the first follow-up survey, and negative changes in levels of social security
contribution, which are particularly marked in the case of young men
residing in the interior of the country. Bérgolo and others (2014) also show
a potentially negative impact of the Family Allowances under the Equity
Plan on formalization among recipients, especially women. The evaluation
suggests that this is because of the programme design, whereby the social
security institute —Banco de Previsión Social (BPS), which manages both
contributory and non-contributory allocations— frequently (every two months)
reassesses users’ formal income to determine their continued eligibility for
benefits under the non-contributory pillar. Households which exceed the
threshold are suspended from the programme for six months, which is a
strong incentive not to declare a rise in income and to remain in informal
or partially informal occupation.

In the light of these results, great care must be taken with programme
design and form of operation to avoid possible disincentives to labour
formalization and provide the right incentives (ECLAC, 2017a). With this
in mind, it is fundamental to avoid rules that exclude families from CCTs
when one of their members secures a formal job. When workers with the
characteristics of CCT target populations enter formal employment, it is
often unstable, short-lived and low-income, so does not necessarily help to
lift the household out of poverty. An interesting experience in this regard is
Chile’s Securities and Opportunities Subsystem, whose Working Women
Grant rewards the securement of a formal job by workers aged between
25 and 60, rather than punishing them by expelling them from the programme
(ECLAC, 2017a).

C. Effects on child labour

CCTs are considered important tools for combating the infantilization of
poverty and reducing inequalities during the early stages of the life cycle that
would otherwise be reproduced and deepened at later stages. In particular,
they are recognized to be important in eradicating child labour (see box II.4),
although not many programmes include this objective explicitly.12

12 Two examples of programmes that do include such objectives are: the Child Labour Eradication
Programme (PETI) of Brazil, which aims to remove all minors under age 16 from work, and
Paraguay’s Abrazo programme, which targets children up to age 14 living or working on the street,
and seeks to ensure their rights in health, education and social protection. Other programmes
combat child labour implicitly, by using cash transfers to cover the opportunity cost—as well as
the direct cost—to poor families of sending children to school instead of out to work (Cecchini
and Madariaga, 2011).
Since the mid-1990s, the Latin American and Caribbean region has made major efforts to prevent and eradicate child labour, through various policies and innovative strategies, with significant support from the International Labour Organization (ILO) and other agencies and programmes of the United Nations. The regional experience indicates that prevention and eradication of child labour demands, first, treating it as a severe violation of the rights of children and adolescents, as defined in ILO conventions, which prevents enjoyment of other rights enshrined in the Convention on the Rights of the Child.

The reduction in child labour achieved over recent decades may be attributed to legislative progress, particularly the ratification of the Minimum Age Convention, 1973 (No. 138) and the Worst Forms of Child Labour Convention, 1999 (No. 182) of ILO and the adaptation of national laws to reflect the commitments assumed by virtue of these conventions (ECLAC, 2017). Convention No. 138 of 1973 requires countries to specify a minimum age for admission to employment, which may not be less than the age of completion of compulsory schooling and, in any case, no less than 15 years. However, the Convention admits the possibility that a member State “whose economy and educational facilities are insufficiently developed” may, after consultation with the organizations of employers and workers concerned, initially specify a minimum age of 14 years. Convention No. 182 of 1999 defines as the worst forms of child labour all forms of slavery or practices similar to slavery (such as the sale and trafficking of children, debt bondage and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict), illicit activities (such as drug trafficking), sexual exploitation and work likely to harm the health, safety or morals of children. In Latin America, two countries (Argentina and Brazil) specified a minimum age of 16 years for admission to employment, six countries (Chile, Colombia, Costa Rica, Ecuador, Mexico and Uruguay) opted for age 15, and the rest of the countries have specified exclusions to Convention No. 138.

The prevention and eradication of child labour also requires an integrated and intersectoral strategy in a variety of spheres, and active participation by civil society. A very important role is played by ministries of social development, as well as other government bodies, such as ministries or secretariats of education, labour, health, human rights, women’s rights and gender equality, racial equality and protection of the rights of indigenous peoples. The core elements of this strategy include strengthening legislation and labour oversight; the provision of quality education; the formulation of policies and programmes for ending poverty and reducing vulnerability, to improve families’ income and access to basic services, such as health and education; and improvement of information and tools for identify those most vulnerable to child labour (ILO/ECLAC, 2018; ECLAC, 2016 and 2017; Abramo, 2015). The 2030 Agenda for Sustainable Development includes this subject in target 8.7, which calls for immediate and effective measures to eradicate the worst forms of child labour and, by 2025, end child labour in all its forms. The most recent global measurements (ILO, 2017) indicate that, although child labour has been reduced significantly at the global level, the target of eliminating the worst forms of child labour had not been achieved at the global level or in Latin America and the Caribbean in 2016. Efforts must therefore be redoubled to achieve this and other targets relating to the elimination of child labour.

The reduction of child and adolescent labour in households that participate in CCTs may be achieved through two channels: (i) the income effect, which reduces the probability that families will depend on the work of children and adolescents (for which the transfer must be perceived as stable and must be large enough), and (ii) conditionalities, which raise parents’ awareness of the importance of education and, thanks to regular school attendance, reduce the time that children and adolescents have to participate in the labour market (Fiszbein and Schady, 2009; Edmonds and Schady, 2012).

Although the results of impact evaluations vary from one country to another, the review of 43 studies on 19 programmes in 11 countries shows that CCTs have achieved desirable effects in terms of disincentives to child labour. As figure II.7 shows, although most of the indicators show no statistically significant results for the impacts of CCTs on child labour, in the cases that are statistically significant the main effects are reductions. Generally speaking, boys see a heavy reduction in paid activities, while girls see a fall in unpaid domestic work (such as cleaning, cooking, sewing or taking care of other household members). The mixed effects (3% of the total) suggest that education and child labour are not necessarily mutually exclusive and that, in some cases, programmes promote school attendance but do not prevent children from combining time spent at school with time devoted to work.

Figure II.7
Latin America and the Caribbean (11 countries): results of short-term effects of CCT programmes on child labour in recipient households, total, women and men

(Numbers and percentages)

A. Total

Positive effect
30 (9%)

Non-significant effect
178 (53%)

Negative effect
120 (35%)

Mixed effect
10 (3%)
These results coincide with the review by De Hoop and Rosati (2014), which includes 23 evaluations of programmes in Latin America and the Caribbean and shows that CCTs reduce participation in labour and hours worked by children in both paid and unpaid activities. De Hoop and Rosati (2014) find differences by sex and reveal that boys tend to reduce their participation in economic activities, while girls engage less in domestic work. They conclude that CCTs, as a policy tool, improve the well-being
of children and adolescents and that their impact depends partly on their integration with other measures (such as provision of health care, education and before- and after-school activities).13

In Argentina, Jiménez and Jiménez (2015) found that the Universal Child Allowance reduced school dropout among adolescents aged 14–17, and especially among those aged 16 and 17 (9 percentage points), who are legally allowed to work. In Brazil, both Pianto and Soares (2004) and Yap, Sedlacek and Orazem (2009) note that the Child Labour Eradication Programme (PETI) meets its objective of increasing schooling and substantially decreasing child labour. Chitolina, Foguel and Menezes-Filho (2013 and 2016) conclude that the Variable Youth Grant, a component of Bolsa Familia, met the goal of increasing school attendance. However, adolescents aged between 15 and 16 in the poorest 20% of households did not leave work and their probability of doing both activities increased. In addition, like the impact of Bolsa Escola, which operated between 2001 and 2003, it is estimated that in both urban and rural areas, the probability of child labour decreased among girls aged between 6 and 15 (Ferro, Kassouf and Levison, 2010; Ferro and Nicoletta, 2007). However, some of the evaluations performed for Bolsa Escola show that the transfers were unable to compensate families for the loss of income generated from child labour (Ferro and Nicoletta, 2007; Cardoso and Souza, 2004), since the contribution to family income made by child workers aged between 5 and 14 represented over 40% of household income for 17% of rural households. According to Cardoso and Souza (2004), Bolsa Escola increased school attendance among children aged 10–15 years, but did not remove them from the labour market. What the programme achieved, then, was to redistribute the time spent by adolescents between work and school.

In the case of Colombia, the National Planning Department (DNP, 2008) reports that Families in Action has brought about a significant reduction in the rate of labour market participation of girls between the ages of 10 and 17 (by 36% in rural areas and 29% in urban areas) and boys (by 19% in rural areas14). Meanwhile, Ospina (2010) found that rural households in Colombia did not withdraw their children and adolescents aged 7–17 years from school to work in response to crises (parents’ unemployment, illness of a household member, loss of the harvest and others), but that their children engaged in work at the expense of rest or leisure time. Attanasio and others (2006 and 2010) did not find that Families in Action had a significant impact on paid work by 10–13-year-olds or 14–17-year-olds in rural areas, while unpaid domestic work decreased by between 10 and 13 percentage points in urban areas. Canavire-Bacarreza and Ospina (2015) show that Families in Action is

13 The authors also found that CCTs mitigate the effect of economic crises, which can lead households to use child labour as a response mechanism.
14 In the case of boys aged between 10 and 17 in urban areas, DNP (2008) reported an increase of 1.7%, but this result is not statistically significant.
achieving its aim of reducing child labour and increasing school attendance; however, girls are spending more time on unpaid domestic work. Barrera-Osorio and others (2008) analysed whether the Conditional Subsidies for School Attendance programme, which operated in Bogotá between 2005 and 2012, had any effects on child labour. They found that, within the same family, a student in grade 11 (a grade at which many transition from school to work) selected for the programme had a 2-percentage-point higher probability of attending school and working one hour less than a sibling who was not selected.\(^1\)

In Ecuador, Edmonds and Schady (2012) show that the Human Development Grant helped to reduce child labour, especially among children and adolescents of both sexes aged 11–16, in terms of both paid and unpaid activities. In Honduras, Glewwe and Olinto (2004) found no significant effects of the Family Allowance Programme (PRAF) on child labour.

In Mexico, Skoufias and Parker (2001) identified a drop in the incidence of child labour among children and adolescents in the Progresa programme and a higher probability of spending longer in school. In particular, the time spent by girls on domestic work decreased. In the case of boys, although they spent less time on both paid and unpaid work, there is no indication that the programme lessened the time they spent on agricultural activities, such as tending crops and livestock. So, when work is looked at in a broader sense, it is apparent that a considerable number of children in the programme continue to combine work and school. The authors also observe that the average time spent on work rises with the age of the child, added to the fact that at young ages work tends to be concentrated in unpaid occupations (mainly own-account work or as unpaid family work). The percentage of children and adolescents in paid work begins to exceed those in other types of work at age 14 and, at age 16, most adolescents report being in work and receiving a wage for it. Similarly, in Nicaragua, Maluccio and Flores (2005) estimated that, as a result of the Social Protection Network, the proportion of children between the ages of 7 and 13 who were working fell by around 6 percentage points between 2000 and 2002. In addition, the proportion of children engaged in study only (versus those who worked and studied, only worked, or neither) rose significantly (from 59% to 84%) as a result of the Social Protection Network. For this programme, Dammert and others (2017) also report a reduction in child labour in rural areas, especially for male children and adolescents and in lower-income households.

In Paraguay, a significant impact by the Tekoporâ programme on reduction of child labour could be identified only for the group between ages 4 and 9, while those aged between 9 and 14 were found to combine work

\(^1\) This programme was assigned randomly and children were selected individually, not with their families, so there could be participant and non-participant children in the same family. In addition, the transfers were made directly to the students, not to their parents.
and school, instead of abandoning work altogether. The results in the control group, however, showed that child labour among programme participants would have been higher in its absence. The programme also had a valuable positive effect on school attendance among those groups most prone to school dropout (Veras, Perez and Issamu, 2008). In a study of the impact of the Juntos programme in Peru, five years after it began, Perova and Vakis (2012) observed a decline in child labour and a rise in school attendance in the case of children and adolescents aged between 6 and 14. Lastly, in Uruguay, Amarante and others (2008 and 2009) found that participation in the National Social Emergency Response Plan (PANES) did not bring about a significant fall in child labour in the 6–17 age group.

In short, on the basis of the effects they have demonstrated, CCTs may be said to constitute an important part of national strategies to prevent and eradicate child labour, along with other tools, such as legislation and labour oversight, and the rise in education coverage, since they help to eliminate this severe violation of the rights of children and adolescents, which generate profound and lasting negative effects throughout their lives (ECLAC, 2016d and 2017a).

After this overview of the short- and long-term effects of CCTs on labour inclusion and child labour, there follows a discussion of how, in “second generation” anti-poverty CCTs, complementary measures to achieve labour and productive inclusion of young people and working-age adults are gaining importance, as are family support schemes, which, together, form part of the new “exit strategies” of these programmes.

D. From exit rules to exit strategies

The recent literature on poverty eradication programmes makes frequent mention of the concept of “graduation” (Tassara, 2016; Veras and Orton, 2017), which refers to the participating families leaving the respective programme once they have succeeded in generating enough income by themselves. A particularly well-known model is the Ultra-Poor Graduation Programme of BRAC —an international non-governmental organization (NGO) that began in Bangladesh—, which consists of a series of measures to improve well-being (including cash transfers, training and support for participants).16

Instead of “graduation”, the term preferred here is “exit strategy”, as poverty is known to be a dynamic status which individuals can enter and leave, while “graduation” implies something permanent, as in the case of obtaining a university degree. Those who graduate from school or university

16 Today, the graduation approach is promoted by the World Bank through its Partnership for Economic Inclusion (Arevalo, Kaffenberger and de Montesquiou, 2018). See the technical guide on the graduation approach prepared by De Montesquiou, Sheldon and Hashemi (2018).
obtain a qualification that they will continue to have in the future, unless they have procured it illegally, whereas someone who “graduates” from poverty cannot be guaranteed never to return to poverty. Indeed, the generation of autonomous income needs to be sustainable over time and be supported by access to social services and social protection. Otherwise, families who leave programmes will simply return rapidly to poverty.

Although not all CCTs have exit strategies, they do have exit rules, which specify how participating families will cease to receive the benefits. This can occur under different conditions: for example, when families lose eligibility (when their children pass the age set for participating), fail repeatedly to fulfil the conditionalities, reach the maximum number of years allowed in the programme, provide false information or exceed the income threshold or living standards score (see annex table II.A1.2) (Cecchini and Madariaga, 2011). To ascertain whether families have exceeded a certain income threshold or living standard, around a third of the programmes in the region have “recertification” processes, i.e. regular re-evaluation of the poverty status of participating households, for which they need dynamic administrative records on participants. Recertification may occur in one of two ways: (i) periodic review of the information on participants by the programme administration (for example by sweep censuses of communities), or (ii) reporting by the participants themselves of changes in eligibility (living standards, birth or death of a household member) to programme officers. The frequency of recertification varies from one country to another. For example, for Bolsa Família in Brazil it takes place every two years, and for Prospera in Mexico, every eight years. Families who have not crossed the threshold out of poverty are then recertified as programme participants.17

Exit strategies differ from mere exit rules in CCTs because they are based on measures to support families’ emergence from poverty through increased income generation capacity (Paes-Sousa, Regalia and Stampini, 2013), as opposed to the situations mentioned in reference to exit rules. The exit strategies—sometimes called transition mechanisms—adopted by CCTs in Latin America and the Caribbean have two key pillars: (i) family support, and (ii) access to labour and productive inclusion programmes. As may be seen in table II.A1.2, with respect to CCTs in the region, 18 of 30 (60%) include family support measures and 26 of 30 (86.7%) include or are complemented by measures aimed at labour and productive inclusion, with these linkages tending to increase in the period 2000–2017 (see figure II.8).

17 Colombia and Mexico adopt differential scores for programme entry and exit; i.e. participants leave the programme if their approximate socioeconomic level exceeds a threshold that is higher than that set for entry to the programme (Medellín and others, 2015).
The rationale of family support efforts should take into account the fact that social vulnerabilities do not arise solely as a result of lack of income, but also from multiple forms of social exclusion that affect individuals, families and communities in poverty, such as difficulties in accessing social services or information. These exclusions are linked to the various axes of the social inequality matrix (to socioeconomic inequalities are added inequalities of gender, race, ethnicity, territory and age) (ECLAC, 2016a).

Solidarity Chile, today the Ethical Family Income programme, represents a pioneering experience in the region. It was conceived as a tool to resolve the fragmentation among social institutions and develop coordinated intersectoral action to connect families with the array of benefits and services offered by the State. This connection was achieved through family support provided by social workers (“psychosocial support”) in the framework of the Puente programme (Cecchini and Martínez, 2011). Family support was well received by the participants, who saw it as bringing closer a State that had hitherto seemed uninterested in them and out of touch with their reality (Larrañaga and Contreras, 2015; Nun and Trucco, 2008). However, it has been observed that the positive effects achieved by those who completed the programme successfully coincided with families that were in a better situation at the start of the intervention, while more vulnerable families often failed to fulfil
the conditions or dropped out of the programme before the support period ended (Nun and Trucco, 2008).

Countries such as Colombia and Costa Rica have taken inspiration from the Chilean experience in family support. In Colombia, the Unidos network seeks to provide a comprehensive and coordinated intervention, with ongoing family support for families in situations of poverty and displacement, and facilitating access to the range of State social services in order to secure 45 basic achievements in nine dimensions of human development (income and labour, habitability, bankarization and savings, nutrition, family dynamics, health, identification, access to justice and education). In Costa Rica, the Bridge to Development scheme is a mechanism for coordinating programmes and actions aimed at ensuring access to the supply of public goods and services, and providing opportunities for economic independence to families living in poverty; social workers are responsible for following up and monitoring families’ progress.

Several countries have attempted to support a sustainable emergence from poverty by providing access to working-age adults to labour and productive inclusion programmes. Two decades after the start of the first CCT programmes, it has become clear that there is a lack of mechanisms to foster labour inclusion and autonomous income generation both by young people who have recently left the programmes and by working-age adults in the recipient families. There is thus a common concern in the countries of the region to combine cash transfers aimed at ensuring certain living standards in the short term with conditionalities aimed at fostering human capacities over the long term, with programmes aimed at improving conditions for labour inclusion and generating current and future income for their recipients. This has led to strong growth in labour and productive inclusion programmes in the region (see chapter III).

There are two types of measures aimed at improving the labour and productive inclusion of participants in CCTs: (i) directly, i.e. carried out by the same institutions that conduct the CCT (ministries of social development or other social departments); or (ii) in a complementary manner, by facilitating access to inter-institutional programmes or programmes run by other State institutions (such as ministries of labour). Chile’s Ethical Family Income programme, for example, aims to support access by users to sociolabour programmes consisting of: (i) enabling sessions aimed at helping users wishing to enter the labour market to overcome entry barriers; (ii) job readiness training aimed at developing soft skills; (iii) building and strengthening technical skills through training sessions; and (iv) labour intermediation to bring supply and demand together (Cecchini, Robles and Vargas, 2012).

Mexico’s Prospera, for example, has a series of agreements and arrangements with other State institutions allowing its recipients priority access to training and enterprise programmes.
In Paraguay, the Tenonderã programme provides financial assistance for productive enterprises, with priority given to families in the final stages of the Tekoporã programme. In Peru, the Let’s Grow programme (Vamos a Crecer in Spanish, but called Haku Wiñay in the sierra regions and Noa Jayatai in the jungle areas), linked to the Juntos programme, is aimed at rural households living in poverty and extreme poverty with children and adolescents up to age 19 and pregnant women. In the Dominican Republic, Progresando Training and Production Centres (CCPP) and Community Technological Centres (CTC) have been set up under the Progressing with Solidarity programme to offer access and training in information and communications technologies (ICTs). The users of the Targeted Conditional Cash Transfer Programme (TCCTP) of Trinidad and Tobago are offered access to programmes of technical and professional training, micro-enterprise and financial planning. Eligible users must also register with employment agencies.

Despite the existence of all these measures, the implementation of sustainable exit strategies remains a great challenge for CCTs, because it is no simple matter to evaluate precisely when and how participants who are managing to generate enough autonomous labour income can leave without slipping back into poverty. One of the main challenges is to establish a suitable exit strategy that will not cut off support for participating families in an arbitrary manner, especially when they have children of school age, or raise administrative costs through excessive reassessments (Stachowski, 2011). In Solidarity Chile, for example, participation in the programme was regulated by a transition mechanism that included progressive reduction in support visits to families and in transfers, and the extension of other benefits beyond the end of family support (Cecchini and Madariaga, 2011).

It is also important to emphasize that possible exit from a programme does not in any way imply exiting the social protection system. This is key, because CCTs have often represented a genuine gateway to social protection by enabling millions of families living in extreme poverty, poverty and vulnerability to receive cash transfers from the State to meet their basic needs. From a rights-based approach, it is necessary to ensure that families who exit these programmes are still captured by other contributory or non-contributory programmes of social protection and do not slip into a protection “vacuum” (Cecchini and Martínez, 2011; Huda, 2012).

Lastly, although CCTs may have positive effects in terms of meeting basic needs, human capacity-building and labour inclusion of those living in poverty, as well as reducing child labour, they do not have the capacity to impact on structural dimensions or on the dynamics of labour markets —nor is that their purpose—. The poor levels of labour and productive inclusion stem from economic dynamics in the countries and a development pattern that produces concentration, exclusion and precariousness, generates insufficient employment and often disregards decent work standards.
Attention must therefore be drawn to the need to link up social policy more meaningfully with economic and production policy, both at the national and subnational levels, and to rethink the development pattern to achieve genuine dual (social and labour) inclusion. Ending poverty in the countries of the region will require both inclusive economic growth, with generation of decent work, and redistributive public policies, including the achievement of universal access to social services (such as health and education), housing and basic infrastructure, and the strengthening of integrated social protection systems. CCTs are an important piece in public policies for eradicating poverty, but they cannot be expected to achieve that major goal by themselves.

E. Conclusions

On the basis of the review of the studies available on the short- and long-term effects of CCTs on labour inclusion of working-age members of families that participate in these programmes, and the impacts on child labour, the following considerations may be advanced:

(a) As noted in chapter I, conditional cash transfer programmes cannot be asked to do more than they are designed to. The central objectives for which they have been designed and implemented are to support the consumption of families living in poverty or extreme poverty and contribute to the capacity development of their members, especially children, adolescents and young people.

(b) The labour and productive inclusion of those living in poverty, undoubtably a very important objective for ending poverty and achieving economic autonomy, depends on the dynamics of the production structure and, particularly, local labour markets, which tend to be the first scenario for the economic integration of this segment of the population. Generally speaking, these labour markets typically offer limited options and opportunities and their forms of operation differ depending on whether they are urban or rural, and on their country of location and the various circumstances that arise during the period under analysis.

(c) To contribute effectively to ending poverty, CCTs must be linked up with other programmes and strategies for creating productive and labour opportunities in rural and urban areas (such as productive development strategies, labour formalization or improvement to working conditions), i.e. with policies aimed at increasing job creation and job quality.

(d) The impact of CCTs in terms of labour inclusion or labour income tends to be mixed because of structural conditions and aspects related to their design and management, since, although they have elements in common, they also have differences. In particular, differentiated
effects are observed between men and women. The effects are usually more positive for men, but there are also some cases in which the effects have been the same or even more positive for women.

(e) In the case of women, the impact of CCTs on labour integration opportunities (especially in formal employment) depends to a great extent on the availability of care services and systems, which are essential for lowering the heavy burden of unpaid domestic and care work they carry, especially in lower-income families (ECLAC, 2017b).

(f) Despite the limitations signalled by studies on the impact of CCTs on intergenerational occupational mobility —crucial for breaking the circle of intergenerational poverty transmission— owing to the structural determinants of labour markets, some studies, such as González de la Rocha (2008) for the case of Mexico, indicate that they have a significant impact in terms of reducing ethnic and gender inequalities. Women participating in CCTs were found to enter more skilled occupational niches or strata in greater numbers, especially indigenous women acting as “pioneers” vis-à-vis their families or groups of origin.

(g) Receiving a cash transfer increases programme participants’ bargaining power and ability to avoid accepting jobs with overly adverse working conditions. In some cases, participants have even been able to leave such situations and return temporarily to “inactivity”, unemployment or job-seeking.

(h) Despite the great variety of situations found and the need for further studies and evaluations of the effects of CCTs on diverse aspects of labour inclusion, the empirical data do not support the theory of the “laziness effect”, i.e. that programmes discourage labour-market participation and integration efforts.

(i) The data are insufficient to resolve the argument over the possible action of CCTs in encouraging informality, since too few evaluations have been done and several of them are not statistically representative. However, the concern that this is a possible effect is a valid one. Programmes must be carefully designed and operated to avoid creating disincentives and to create the desired incentives (ECLAC, 2017a). To this end, it is essential to avoid rules that exclude families from CCTs when one of their members obtains a formal job. Formal labour market integration of workers with the characteristics of CCT target populations is often unstable, short-lived and poorly paid, so does not always contribute to ending poverty.

(j) Lastly, CCTs undoubtedly represent an important part of national strategies to prevent and eradicate child labour, alongside other instruments, such as labour legislation and oversight and expansion of education coverage.
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### Table II.A1.1

Latin America (13 countries): evaluations of short-term effects of CCT programmes that analyse the labour dimension

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<thead>
<tr>
<th>Country</th>
<th>Programme (years of operation)</th>
<th>Authors (year)</th>
<th>Analysis period</th>
<th>Methodology</th>
<th>Disaggregation</th>
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<td>Paraguay</td>
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<td>Veras, Perez e Issamu (2008)</td>
<td>2007</td>
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<td>Note: DD: Difference-in-difference; FE: Fixed effects; IV: Instrumental variables; M: Men; OLS: Ordinary least squares; MRL: Linear regression models; QE: Quasi-experimental; PSM: Propensity score matching; PSW: Propensity score weighting; R: Rural; RCT: Randomized controlled tests; RDD: Regression discontinuity design; SD: Single difference; U: Urban; W: Women.</td>
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Table II.A1.2  
Latin America and the Caribbean (20 countries): exit rules, recertification and exit strategies of CCT programmes in operation, 2017

<table>
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<tr>
<th>Country</th>
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<th>Recertification</th>
<th>Exit strategies</th>
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<td>Loss of eligibility</td>
<td>Repeated failure to fulfil co-responsibilities</td>
<td>Limited duration</td>
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<td>E and H</td>
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<td>Porteña citizenship programme (2005)</td>
<td>SS</td>
<td>E and H</td>
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<td>Porteña citizenship programme (2005)</td>
<td>Other (non-use of the card)</td>
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<td>Bolsa Família (2003)</td>
<td>AL (up to age 17 for the variable grant for adolescents; up to 6 months for the variable grant for breastfeeding infants)</td>
<td>E and H</td>
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</table>

<sup>a</sup> Loss of eligibility: SS (Suspending); AL (Altering); VL (Voluntary leaving);

<sup>b</sup> Recertification: Every two years;

<sup>c</sup> Exit strategies: COMP (More and better work for young people; Support for Argentine Students Programme, PROGRESAR); DIR (Esquema Integral de Desarrollo).
<table>
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<th>Programme (starting year)</th>
<th>Exit rules**</th>
<th>Exit strategies</th>
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<td>DIR (training; microenterprise)</td>
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<td>Brazil</td>
<td>Child Labour Eradication Programme (PETI) (1996)</td>
<td>SS AL (up to age 16)</td>
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<td>Chile</td>
<td>Security and Opportunities Subsystem/ Ethical Family Income (2012)**</td>
<td>SS AL (up to age 6 for the school attendance grant; up to age 18 for the School Achievement Grant and the Secondary School Completion Grant; and up to age 59 for the Working Women Grant)</td>
<td>Other (not participating in psychosocial support sessions; not claiming the grant for 6 consecutive months)</td>
</tr>
<tr>
<td>Colombia</td>
<td>More Families in Action (2001)</td>
<td>SS AL (up to age 6 for the nutrition grant; up to age 18 for the education grant; up to ages 19 and 20 for young people with school lag in tenth and eleventh grade)</td>
<td>Other (failure to pass more than two school years)</td>
</tr>
<tr>
<td>Colombia</td>
<td><strong>Unidos Network</strong> (2007)</td>
<td>SS</td>
<td>Yes (family and community support)</td>
</tr>
<tr>
<td>Country</td>
<td>Programme (starting year)</td>
<td>Loss of eligibility</td>
<td>Exit rules*</td>
</tr>
<tr>
<td>---------------------</td>
<td>-----------------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>Avancemos (2006)</td>
<td>SS AL (up to age 25) SGL (up to the completion of secondary education) Other (failure to pass more than two school years)</td>
<td>E and H</td>
</tr>
<tr>
<td>Ecuador</td>
<td>Human Development Grant (BDH) (2003)</td>
<td>SS AL (up to age 16) Other (failure to pass an educational level for the third time)</td>
<td>E and H</td>
</tr>
<tr>
<td></td>
<td>Zero Malnutrition (2011)</td>
<td>SS AL (up to age 1)</td>
<td>-</td>
</tr>
<tr>
<td>El Salvador</td>
<td>Programme of Support for Solidarity in Communities in El Salvador (PACSES) (2005)</td>
<td>SS AL (up to age 5 for the health grant; up to age 15 in rural areas; up to age 21 in urban areas for the education grant) SGL (up to the completion of secondary education)</td>
<td>E and H</td>
</tr>
<tr>
<td>Guatemala</td>
<td>My Secure Grant (2012)</td>
<td>SS AL (up to age 15; up to age 2 for the Growing up Healthy programme)</td>
<td>E and H</td>
</tr>
<tr>
<td>Haiti</td>
<td>Ti Manman Cheri (2012)</td>
<td>SS SGL (up to sixth grade of primary school)</td>
<td>...</td>
</tr>
<tr>
<td>Honduras</td>
<td>Better Life Grant (2010)</td>
<td>SS AL (up to age 5 for nutrition and health grants; up to age 18 for the education grant)</td>
<td>E and H</td>
</tr>
<tr>
<td>Country</td>
<td>Programme (starting year)</td>
<td>Exit rules&lt;sup&gt;a&lt;/sup&gt;</td>
<td>Exit strategies</td>
</tr>
<tr>
<td>-----------------</td>
<td>------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Jamaica</td>
<td>Programme of Advancement through Health and Education (PATH) (2001)</td>
<td><strong>SS</strong>&lt;br&gt;AL (up to age 17 for education grant)&lt;br&gt;SGL (up to the completion of tertiary education for the post-secondary grant)</td>
<td><strong>Every four years</strong>&lt;br&gt;...&lt;br&gt;COMP (Steps to Work Programme)</td>
</tr>
<tr>
<td>Mexico</td>
<td>Prospera (2014)</td>
<td><strong>SS</strong>&lt;br&gt;AL (up to age 22 for Jóvenes con Prospera)&lt;br&gt;Other (failure to attend guidance sessions)</td>
<td><strong>Every eight years</strong>&lt;br&gt;Yes (family support)&lt;br&gt;DIR (Youth with Prospera; labour inclusion; financial inclusion; Bécaté)&lt;br&gt;COMP (productive routes: Opciones Productivas programme; Agricultural Support Programme and National Enterprise Fund, among others)</td>
</tr>
<tr>
<td>Panama</td>
<td>Opportunities Network (2006)</td>
<td><strong>SS</strong>&lt;br&gt;AL (up to age 5 for health services; up to age 17 for education services)</td>
<td><strong>Every three years</strong>&lt;br&gt;Yes (family support)&lt;br&gt;DIR (technical and professional training, through the National Institute of Vocational Training for Human Development (INADEH)&lt;br&gt;COMP (Godfather Entrepreneur Programme; Labour Inclusion Support Programme (PAIL); Panamá Pro Joven project)</td>
</tr>
<tr>
<td>Grant for Food Purchase programme (2005)</td>
<td><strong>SS</strong>&lt;br&gt;AL (up to age 5 for health services; up to age 6 for education services)</td>
<td>-&lt;br&gt;-</td>
<td><strong>Every three years</strong>&lt;br&gt;-&lt;br&gt;DIR (training)</td>
</tr>
<tr>
<td>Country</td>
<td>Programme (starting year)</td>
<td>Exit rules*</td>
<td>Recertification</td>
</tr>
<tr>
<td>------------------</td>
<td>---------------------------</td>
<td>-------------</td>
<td>-----------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Loss of eligibility</td>
<td>Repeated failure to fulfil co-responsibilities</td>
</tr>
<tr>
<td>Paraguay</td>
<td><em>Tekoporã (2005)</em></td>
<td>SS AL (up to age 18)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><em>Abrazo (2005)</em></td>
<td>SS AL (up to age 14)</td>
<td>Other (engaging in child labour)</td>
</tr>
<tr>
<td>Peru</td>
<td>National Programme of Direct Support for the Poorest (<em>Juntos</em>) (2005)</td>
<td>SS AL (up to age 19) SGL (up to the completion of tertiary education)</td>
<td>E and H</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>Targeted Conditional Cash Transfer Programme (TCCTP) (2005)</td>
<td>SS</td>
<td>...</td>
</tr>
<tr>
<td>Uruguay</td>
<td>Family Allowances–Equity Plan (2008)</td>
<td>SS AL (up to age 14)</td>
<td>E and H</td>
</tr>
<tr>
<td></td>
<td><em>Uruguay Social Card (2006)</em></td>
<td>SS</td>
<td>Other (non-use of the card or sale of expressly forbidden articles: tobacco, cigarettes, alcoholic drinks and soft drinks)</td>
</tr>
</tbody>
</table>
Table II.A1.2 (concluded)

<table>
<thead>
<tr>
<th>Country</th>
<th>Programme (starting year)</th>
<th>Exit rules</th>
<th>Recertification</th>
<th>Exit strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Loss of eligibility</td>
<td>Limited duration</td>
<td>Family support</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Repeated failure to fulfil co-responsibilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of programmes</td>
<td>Percentage</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>30</td>
<td>30</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory Social Protection Programmes in Latin America and the Caribbean Database [online] https://dds.cepal.org/bpsnc/cct; N. Medellín and others, Moving Ahead: Recertification and Exit Strategies in Conditional Cash Transfer Programs, Washington, D.C., Inter-American Development Bank (IDB), 2015.

Note: - : Non-existent; …: Information not available; AL: Age limit: the family exits the programme when all children pass the age of eligibility set under the programme; SGL: School grade limit: the family exits the programme when all children reach the school grade for eligibility set under the programme; SS: Socioeconomic status: the family exits the programme when they cross the threshold of income or other socioeconomic characteristic identified by the programme; E: Conditionality linked to education; H: Conditionality linked to health; COMP: Labour and productive inclusion through complementary programmes to which the CCT facilitates access; DIR: Labour and productive inclusion performed directly or as part of the CCT.

a It is common for programmes to exclude families who have presented false information. For example, the rules of some CCTs establish that users will be suspended from the programme if the information presented is found to be partially or fully untrue. This occurs with the Porteña citizenship programme, the Juana Azurduy Mother-and-Chile Grant, Avancesmos, the Better Life Grant, Abrazo and Family Allowances, among others. Some programmes, such as Bolsa Familia, the Securities and Opportunities Subsystem, Avancesmos, My Secure Grant, the Better Life Bond, More Families in Action, Prospera, Juntos, Abrazo and the Uruguay Social Card, allow families to request suspension voluntarily.

b Households that voluntarily report income above the eligibility threshold may re-enter the programme if their socioeconomic status worsens in the following 36 months (“guaranteed return”).

c Bolsa Familia allows an additional temporary extension of two years in the case that per capita monthly income rises above the threshold set by the programme, but not above the monthly per capita average minimum wage.

d Since 2012, the main programme in Chile is the Securities and Opportunities Subsystem (Ethical Family Income). However, in 2017, some families were still participating in the Solidarity Chile programme.

e Students must have grades among the top 30% of their class to continue receiving the School Achievement Grant.

f Participating families stop receiving transfers after two years, but remain in the programme. Their socioeconomic status is reassessed after another year. Families considered eligible are readmitted and payments resume for a further two years.

g Solidarity Chile provided support for families in extreme poverty through the Puente psychosocial support programme.

h Full recertification is carried out every seven years, including an interview in the home. However, this is complemented by a more limited recertification process every two and a half years. See K. Hernández, “How does Avancesmos work? Best practices in the implementation of conditional cash transfer programs in Latin America and the Caribbean”, Technical Note, No. 931, Washington, D.C., Inter-American Development Bank (IDB), 2016.

i Prospera allows families to remain in a differentiated support scheme for between one and three years after exiting poverty. The time depends on the households maintaining the eligible demographic criteria (members aged under 22 or women of reproductive age) and their per capita income. If eligibility conditions remain unchanged, the programme may continue for an additional two years, renewable for further two-year periods up to a maximum of 10 years.

j If the household remains in poverty, it may continue in the programme for an additional four-year period, but with a gradual reduction in benefits.

k The programme Family Allowances- Equity Plan provides three exit routes differentiated by fulfilment of certain educational requirements. These are remaining in the programme: (i) up to age 16 when the user has not completed primary education for justified reasons (for example, if a parent is unable to work or deprived of liberty); (ii) up to age 18 if the participant is in education at a level above primary in a public or authorized private educational institution; and (iii) for life or until receipt of another category of social security assistance in the case of participants with a disability (with eligibility assessed every three years).

l Although the descriptive information in the table does not include Solidarity Chile, the programme was in operation up to 2017. The total number of programmes in the region therefore includes two programmes in the case of Chile, except with respect to recertification data.
Box II.A1.1

Latin America (13 countries): evaluations of short-term impact of CCT programmes on labour inclusion and child labour, by country and programme

Argentina

**Universal Child Allowance (AUH) (since 2009)**


Brazil

**Bolsa Família (since 2003)**


Box II.A1.1 (continued)


Child Labour Eradication Programme (PETI) (since 1996)


Box II.A1.1 (continued)


Chile

Ethical Family Income (since 2012)

UDD (Universidad del Desarrollo) (2014), Informe final: evaluación de Impacto de la Bonificación Ingreso Ético Familiar del Ministerio de Desarrollo Social (ex MIDEPLAN), Santiago, March.

Solidarity Chile (2002–2017)


Larrañaga, O. D. Contreras and J. Ruiz (2009), Evaluación de impacto de Chile Solidario para la primera cohorte de participantes, Santiago, United Nations Development Programme (UNDP).

Colombia

More Families in Action (since 2001)


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Box II.A1.1 (continued)


Dominican Republic

Progressing with Solidarity (2005–2012)


Ecuador

Human Development Grant (BDH) (since 2003)


Honduras

Better Life Grant (since 2010)


Family Allowance Programme (PRAF) (1990–2009)


**Jamaica**

**Programme of Advancement through Health and Education (PATH)** (since 2001)


**Mexico**

**Prospera (formerly Oportunidades and Progresa) (since 1997)**


Box II.A1.1 (continued)


Nicaragua

*Crisis Response System (2005–2006)*


Paraguay

*Tekoporã (since 2005)*


Peru

*National Programme of Direct Support for the Poorest (Juntos) (since 2005)*


Pakistan

Family Allowances–Equity Plan (since 2008)


Machado, A. (coord.) (2012), El nuevo régimen de Asignaciones Familiares: su impacto en la participación y permanencia en el ciclo básico de educación media, Montevideo, Ministry of Social Development.


Source: Prepared by the authors.

* The years of operation of the programme are shown in brackets.
Chapter III

Labour and productive inclusion programmes

Introduction

Exclusion from the labour market and employment in low-productivity sectors—in poorly paid jobs that do not provide access to social protection— are an especially worrisome aspect of the cycle of reproduction of poverty and inequality. In recent years, the countries of the region have been introducing an increasing number of labour and productive inclusion programmes as it has become clear that cash transfers to families with children or older adults alone cannot break the vicious cycle of poverty and that not all working-age adults are equally at risk of unemployment or have the same opportunities for obtaining decent work, even during upswings in the business cycle (Rossel and Filgueira, 2015).

This chapter presents an analysis of social programmes designed to promote the labour and productive inclusion of working-age young people and adults who are living in poverty or vulnerability, by providing them with links to the labour market and promoting autonomous forms

1 Numerous programmes are also run by non-governmental organizations and private foundations (see box III.1), and policies that support family farming (see box III.3) and economic solidarity initiatives play an important role, but a systematic compilation of information on all of these efforts exceeds the scope of this book. In addition, although some countries of the region have developed integrated rural or urban labour and productive inclusion strategies during the period under review, such as Brazil’s *Plan sem Miséria* (Brazil without Poverty Plan) (Campello, Falcão and Da Costa, 2015), this analysis focuses at the programme level, as these programmes are more widespread and their impact has been assessed.
of income generation and the development of productive activities. These programmes are generally executed by labour and social development ministries or implemented on an intersectoral basis (ECLAC/ILO, 2014). Their chief aim is to provide gateways to the labour market and to ensure that those gateways stay open by introducing measures that will help to improve working conditions and boost labour incomes. This is no small challenge, given the region’s shortcomings in terms of education and technical and vocational training, the scarcity of employment opportunities especially in certain territories—and existing gender and ethnic/racial gaps and barriers (ECLAC/OAS/ILO, 2011; ECLAC, 2016a).

Labour and productive inclusion programmes are an explicit response to the pledge made in the 2030 Agenda for Sustainable Development to “leave no one behind” and specifically to target 8.3 of Sustainable Development Goal 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), which characterizes decent work as one of the best routes out of poverty. These programmes should therefore focus on opening up access to types of employment that afford social protection in the formal labour market and to means of generating adequate levels of income both now and in the future (ECLAC, 2016b).

According to the information shown in table III.A1.1, which is drawn from the Database on Non-Contributory Social Protection Programmes in Latin America and the Caribbean, as of December 2017 there were 72 labour and productive inclusion programmes under way in 21 countries of the region. In some cases, there are overlaps with programmes discussed in chapter II because some conditional cash transfer (CCT) programmes also provide labour and productive inclusion services directly to the members of their target groups. Examples include the Prospera programme in Mexico, the Programme of Support for Solidarity in Communities in El Salvador or Progressing with Solidarity in the Dominican Republic. Other CCT programmes include labour and productive inclusion initiatives as supplementary areas of action (annex III.A1).

Target 8.3: “Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small and medium-sized enterprises, including through access to financial services”. The promotion of decent work as a core element of poverty eradication efforts did not figure as such in the Millennium Declaration of 2000 that gave rise to the Millennium Development Goals. But in 2003, el Director-General of the International Labour Organization presented a report at the ninety-first session of the International Labour Conference entitled “Working Out of Poverty” (ILO, 2003). Then, at the High-level Plenary Meeting of the General Assembly at its sixtieth session, that idea was echoed in the outcome document of the 2005 World Summit (World Summit, 2005) and, in 2008, it was incorporated into Millennium Development Goal 1 (Eradicate extreme poverty and hunger) as a new target (target 1B: full and productive employment and decent work for all, including women and young people), thereby giving voice to the internationally acknowledged fact that decent work is an essential factor in the eradication of poverty (Abramo, 2015; ECLAC, 2009).
region. Unlike the situation with regard to conditional cash transfer (CCT) programmes and social pensions, the number of participants in labour and productive inclusion programmes and the amount spent on them annually cannot be reliably estimated because the available data are insufficient.

The actions pursued under these programmes can be classified on the basis of the typology depicted in diagram III.1, with the first-order division being between supply-side and demand-side programmes. The former focus on technical and vocational training and remedial primary and, especially, secondary education courses for poor or at-risk adults. The latter concentrate on supporting independent forms of employment by providing microcredit, promoting self-employment and entrepreneurship and on promoting direct and indirect job creation. The linkage of supply and demand is then accomplished with the help of labour intermediation and placement services (ECLAC/OAS/ILO, 2011).

Of the 72 programmes analysed, 30 focus on a single area while the other 42 encompass between two and five different types of actions. No programme covers all six of the spheres of activity included in the typology (see figure III.1). A majority of the programmes (47) deal with technical and vocational training, and 33 support independent forms of employment (see table III.A1.1). Most of the countries in the region are working to provide programmes that meet the specific needs of population groups that are faced with a variety of entry barriers to the labour market, such as women and female heads of household, rural and urban groups, persons with disabilities and others.

Although an effort is made to ensure that the database (see [online] https://dds.cepal.org/bpsnc/lpi) is as complete as possible, there may be other programmes, particularly subnational programmes, that have not been included. This chapter is based on the information that was available as of December 2017. Any changes that were made in the programmes and institutions working in this area after that date are not covered.

In a recent ECLAC study (2019) on six countries of the region (Argentina, Chile, Colombia, Costa Rica, Mexico and Uruguay), it was estimated that average public expenditure on labour market policies amounted to 0.45% of GDP in 2016. The programmes covered by that estimate were not all necessarily serving poor and at-risk sectors of the population, and some of them were “passive” policies, such as unemployment insurance.

The category of support for independent forms of employment can also include credit assistance programmes for family farms (e.g. Brazil’s National Programme for Strengthening Family Farming (PRONAF)) or public procurement programmes designed to achieve the same end (e.g. Brazil’s Food Purchasing Programme). These initiatives have made a valuable contribution to income generation and to the development of the rural production sector.

Labour intermediation services include labour market information systems. This information is not always available, however, because there are multiple providers and because integrated labour information systems are not always in place (Gontero and Zambrano, 2018).

Given the slack demand for workers in the formal sector of the economy, in addition to skills-building for employment within corporate structures, training courses also often provide training in the skills needed to work independently as another option for productive inclusion.
Diagram III.1

Typology of labour and productive inclusion programmes

Supply-side support

Demand-side support

Technical and vocational training
Remedial education
Labour intermediation services
Support for independent work
Direct job creation
Indirect job creation


a The support provided for independent work often includes training, which is a supply-side measure.
As for the institutional framework for labour and productive inclusion programmes (see figure III.2), labour ministries are usually both the responsible and executing agencies, but social development ministries are increasingly involved in the implementation of these initiatives. Currently, labour ministries, secretariats or departments are the responsible agency for 31% of the programmes currently under way and are the executing agency for 32%; examples include the More and Better Work for Young People programme in Argentina and Mexico’s Employment Support Programme.

Social development ministries are the responsible agency for 19% of labour and productive inclusion programmes—including the Human Development Credit initiative in Ecuador, Youths with Prospera of Mexico and the “Uruguay Works” programme—while 11% are run by social investment funds—such as the Economic and Social Assistance Fund (FAES) of Haiti and Chile’s Solidarity and Social Investment Fund (FOSIS), which is in charge of four programmes. Another 8% are run by other types of institutions—e.g. the Foundation for Women’s Promotion and Development (PRODEMU) in Chile and the National Apprenticeship Service (SENA) in Colombia. Presidential or vice-presidential offices are the responsible agency for another 10% of the ongoing programmes (e.g. the Jóvenes con Todo of El Salvador and the Gran Misión Saber y Trabajo of the Bolivarian Republic of Venezuela).
Ministries of social development or their equivalent also play an important role in the implementation of labour and productive inclusion programmes, as they are in charge of 21% of these initiatives, including the National Programme for the Promotion of Access to the World of Work.
Social programmes, poverty eradication and labour inclusion...

(Acessuas Trabalho) and the National Youth Inclusion Programme (ProJovem) in Brazil and Tenonderã in Paraguay, while 19% of these programmes are run jointly by two or more agencies or ministries, as in the case of the National Programme for Access to Technical Education and Employment (PRONATEC) in Brazil, the Godfather Entrepreneur Programme of Panama and the Gran Misión Ribas in the Bolivarian Republic of Venezuela. Social investment funds execute 13% of these programmes, as in the case of Solidarity in Communities of El Salvador, which is run by the Social Investment Fund for Local Development (FISDL), and the rural income diversification and food security programme Haku Wiñay/Noa Jayatai, which is run by the Cooperation for Social Development Fund (FONCODES) of Peru.9

The following sections will describe the actions carried out under supply-side employment support programmes (section A), demand-side employment support programmes (section B), labour intermediation programmes (section C), programmes for young people living in poverty and vulnerability (section D) and programmes for persons with disabilities (section E). The findings of the impact evaluations done for these programmes will then be discussed on the basis of various labour market indicators (section F) and conclusions will then be presented (section G).

A. Supply-side employment support programmes

Technical and vocational training for working-age persons, remedial education and stay-in-school programmes are currently in operation in 18 countries of the Latin American and Caribbean region. Some of these programmes involve all of these types of initiatives and also work to link up trained personnel with the labour market through employment placement services and entrepreneurship promotion mechanisms.

A lack of the level of education and/or training that would open the door to more opportunities in the labour market is a risk factor for people of working age and in the reproductive phase of the life cycle (Rossel and Filgueira, 2015). Accordingly, investments need to be made in expanding access to education and ensuring that people complete primary and secondary education and then pursue technical and vocational training so that their skills will be better aligned with demand in the labour market and so that entry into the workforce can be facilitated for those who face the biggest obstacles in that regard (ECLAC, 2017a and 2017c). By endowing people who are living in poverty or who are at risk of doing so with more education and more skills, these initiatives should smooth the way for their inclusion and equip them to increase the continuity of their employment experiences and earn higher wages.

9 For more detailed information on the lead and executing agencies for ongoing and completed labour and productive inclusion programmes, see table III.A1.7 in the annex.
Young people and women are two of the groups that are confronted with entry barriers when they seek to join the labour market. In Latin America, the inclusion of young people in the workforce is hindered both by the fact that the economy does not create a sufficient number of new jobs and by the fact that many young people do not have the job skills that are in demand in the labour market (ECLAC/ILO, 2014 and 2017; Gontero and Weller, 2015). Women living in poverty and situations of vulnerability are confronted with the overlapping and intersecting problems associated with low levels of education, a heavy workload of unpaid domestic tasks and barriers to entry into sectors of the economy traditionally reserved for men (Espino, 2018; Vaca-Trigo, 2019).

In a number of countries, supply-side employment support programmes are explicitly linked with CCT programmes in an effort to provide comprehensive support to programme participants. Examples include the Social Prosperity Income programme launched in 2011 in Colombia. This programme is part of the Unidos network (formerly the Juntos network) and seeks to build up poor families’ income-generation capacities and skills and to support them in developing work habits that will bring them closer to achieving Goal No. 6 of the Unidos network, which is for “all working-age members of the household to attain a skill level that will facilitate their entry into paid work or improve their position in terms of the activity that they undertake”.

In Peru, the rural income diversification and food security programme Haku Wiñay/Noa Jayatai (formerly, Mi Chacra Emprendedora), which is linked with the CCT Juntos, provides both training courses and mechanisms for promoting independent work. The services it supplies include: (i) technical assistance, training and the provision of productive assets to assist in the adoption of production technologies that can be used to strengthen and consolidate rural household production systems; (ii) training and technical assistance in achieving a more healthy lifestyle (better food preparation, safe drinking water and solid waste management) so that participants can engage more successfully in productive activities; (iii) competitive grants for the promotion of rural business start-ups; and (iv) the strengthening of financial capacities, which involves the provision of basic information and knowledge about the financial system and the use of financial instruments (savings accounts, credit cards, etc.). In 2017, the programme served about 50,000 households.

Another example is the Steps to Work programme in Jamaica, which offers training to working-age members of families enrolled in the Programme for Advancement through Health and Education (PATH) in order to help them to find jobs and upgrade their entrepreneurial skills.

The implementation of supply-side employment support programmes can be jointly undertaken by the State, civil society and the private sector (see box III.1). Many training programmes for young people are of this type,
with the State often taking charge of their design, oversight, technical follow-up and all or part of their funding, while implementation is in the hands of both government and private agencies, which may be either non-governmental organizations (NGOs) or companies. The private sector may also offer internships which help to ensure that the training the interns receive matches up with staffing needs in the labour market (Betcherman, Olivas and Dar, 2004).

Box III.1
Public-private partnerships offering job placement services for persons living in poverty or vulnerability

Public-private partnerships may employ various types of mechanisms for pooling capacities and resources for use in effective forms of cross-sectoral cooperation aimed at achieving shared or complementary objectives (ECLAC, 2017). Partnerships of this type whose aim is to enhance the labour inclusion of poor and vulnerable groups of the population may work directly with the persons concerned or may focus on building institutional capacity. In the first case, they provide technical and vocational training either through companies or through public agencies that offer such services. They also provide internships in businesses and set aside a given number of vacancies for programme participants (Fundación CODESPA, 2013). Universities and non-governmental organizations (NGOs) may also form such alliances.

One of the advantages of these kinds of alliances is that the private sector generally has a clearer idea of the directions in which the labour market is moving and thus of the trends in the demand for training that should be promoted in order to achieve a better match between supply and demand. Skills certification and labour intermediation are usually more effective when both sectors are involved (Weller, 2009).

Colombia provides a number of outstanding examples of public-private partnerships in the field of labour and productive inclusion. Its institutional arrangements for the delivery of employment services are based on a partnership model in which public, private and non-profit organizations work together to match up employed persons and job-seekers with employment opportunities (ILO, 2015). Some of the most notable initiatives are the Inclusive Employment Model, which has been in operation since 2016 and is run by a partnership headed up by the Corona Foundation, the National Business Association of Colombia (ANDI) and a programme of the United States Agency for International Development (USAID) for Afro-Colombians and indigenous peoples. Agreements were also signed in 2017 with the mayors of Cali, Medellín and Bucaramanga. This model is designed to coordinate the efforts of the various public and private agencies working in the field of inclusive employment and to guide the design of new initiatives and strengthen existing ones seeking to provide access to the labour market to vulnerable groups of the population throughout the country. The groups designated as being the most vulnerable are Afro-Colombian and indigenous communities, persons going through the reintegration process, victims of the armed conflict, persons with disabilities, young people and women, with emphasis on adolescent mothers. One of the objectives of this partnership is to achieve enhanced inter-agency coordination in attaining positive outcomes in the medium and long terms by lowering the barriers to the inclusion of these sectors of the population in the labour market, marshalling the necessary elements to increase their employability and enhancing the economy’s ability to provide suitable employment to vulnerable persons (ANDI and others, 2016). By the end of 2016, the programme had placed around 11,000 people, mainly in the leather-making industry, tourism and health care. In addition, 84 companies had incorporated the model into their recruitment procedures.

Colombia is also using Social Impact Bonds (BIS) to channel private investment into public social projects (thereby transferring the associated risk to the private sector), with the executing unit being hired directly by the private investor. The government and international cooperation agencies then repay the investment plus a return on
that investment. The size of that return is determined by the results achieved by the project, with those results being independently verified by a third party. The first BIS offering was launched in March 2017 with the objective of increasing the employability of unemployed or vulnerable persons and helping to integrate them into the formal labour market. With an investment of 2.2 billion pesos (approximately US$ 700,000), training courses have been offered to the 514 people making up the target group for this pilot programme. This first BIS issue will be evaluated using performance indicators to measure job placement and participant retention in the labour market for three- and six-month periods to determine the extent to which the programme’s objectives have been achieved. Under the agreement signed in 2016, the Corona Foundation, the Bolívar Davivienda Foundation and the Mario Santo Domingo Foundation act as private investors or intermediaries, while the Carvajal Foundation, Kuepa, Corporación Volver a la Gente and Colombia Incluyente are the operators. The Department of Social Prosperity (DPS) of the Government of Colombia, together with the Inter-American Development Bank (IDB) and the Multilateral Investment Fund (MIF), provide disbursements to cover project outlays. Verification of its performance as measured by the selected indicators and its achievement of its impact objectives will be conducted by Deloitte and Instiglio (Corona Foundation and others, 2017).

Another example of a public-private partnership in this field is the Youth with a Future programme, which was in operation in Argentina until 2012. This programme was a cooperative effort of various businesses, the Ministry of Labour, Employment and Social Security and the Employment Services Network. A number of companies, with support from the Ministry, offered training courses to people between 18 and 24 years of age from vulnerable sectors of the population who had difficulty in finding a job either because they had not completed secondary school and lacked certified vocational training or because they did not have sufficient job experience. These employment offices offered participants orientation workshops to help them prepare themselves for a job in the formal sector. While this programme was in operation, from 2007 to 2011, it provided workplace training opportunities to 1,500 people; 68% of the trainees did obtain formal employment, and 49% of that group remained in the same firm that had sponsored their training (ILO, 2015).


b One of the indicators used for this BIS issue is whether or not the persons who received training did obtain employment and remained in the labour market for at least three months. See Inter-American Development Bank (IDB), “IDB-MIF supports Colombia as pioneer of social innovation”, News Releases, Washington, D.C., 29 March 2017 [online] https://www.iadb.org/en/news/news-releases/2017-03-29/colombia-as-pioneer-of-social-innovation%2C11761.html.
1. Technical and vocational training

Training is one of the most widespread components of labour and productive inclusion programmes, and it is also one of the most costly per participant (Kluve, 2016; McKenzie, 2017; Urzúa and Puentes, 2010). Most of these programmes are run by the Ministry of Labour (34%), Ministry of Social Development (21%) or the Office of the President or Office of the Vice-President (13%). The objective of these training initiatives is for the participants to attain a stipulated skill level in specific sectors of the labour market where there is a strong demand for workers.

Training programmes may take a traditional approach to the development and acquisition of job qualifications or they may provide competency-based training, which focuses on the development of skills that can be applied in a variety of situations and that can be adapted to changing requirements, such as communication or teamwork (ECLAC/OAS/ILO, 2011). The training courses may be imparted by public or private institutions and range from 40 to 360 hours in duration.

Until 2015, the National Programme for Access to Technical Training and Employment Access (PRONATEC) of Brazil was the largest programme of its type in the region, but its funding and coverage have been scaled back in recent years. PRONATEC is the successor of the Sector Vocational Training Plan (PlanSeq) and offers three levels of training: initial and continuing entry-level employment training; technical, vocational and professional training at a secondary level; and higher-level technology courses. This is a combined effort on the part of various ministries to broaden the scope and geographic coverage of vocational and technical training services, achieve a closer match between the types of training that are available and labour inclusion policies and augment the country’s production capacity (Mercadante, 2019). Between 2011 and 2014, it offered over 600 courses to approximately 8.1 million people in more than 4,300 municipalities (28% technical courses and 72% initial and continuing training courses).

PRONATEC is also noteworthy for its special component for the participants of the Brazil without Poverty Plan (Brasil sem Miséria)
(PRONATEC/BSM), who are members of vulnerable groups with incomes of up to half a minimum wage per capita. The PRONATEC/BSM component includes special courses having a minimum duration of 160 hours, along with other productive and employment inclusion services. Between 2011 and 2014, PRONATEC/BSM had 1.74 million enrolments. The age group with the largest number of enrollees was 18–29 years (47%), followed by those between the ages of 30 and 39 (25%). As for the ethnic/racial distribution of the participants, a majority identified themselves as *pardos* (45%); the next-largest group identified as white (26%), followed by *pretos* (8%). Self-identification of persons of African descent in censuses and household surveys in Brazil is done using two out of five categories relating to skin colour: “*preto*” (black) and “*pardo*” (dark). The combination of these two categories is equivalent to the “Afrodescendant” category (ECLAC, 2017c).

Afrodescendants (*pretos* and *pardos*) therefore made up 53% of the enrollees during that period, while another 0.4% self-identified as indigenous. In all, 51% of the participants had completed their upper-secondary education and 23% had some upper-secondary schooling; 34% were men and 66% were women (Müller and others, 2015). Most of the female participants were heads of household and had school-age children, and the reason that most of them were seeking training was so that they could work independently as a means of raising their household income (Barreto and Ermida, 2015).

Chile’s largest technical and vocational training programme has been *+Capaz*, which was introduced in 2014 and overhauled in 2018. This programme is for women from 18 to 64 years of age (80% of the participants in each year), young men (18–29 years), persons who have been incarcerated and vulnerable persons with disabilities. It offers technical training, cross-cutting skills and labour intermediation with the aim of increasing participants’ employability and improving their living conditions (Figueroa, 2015). The programme’s goal is for its participants (26,741 in 2017) to obtain quality employment either as wage earners or as entrepreneurs.

In turn, Mexico’s Employment Support Programme (PAE) illustrates the use of various training approaches: (i) mixed training, in which the programme provides an instructor at the request of employers who need trained personnel and are willing to provide the training facilities; (ii) worksite training, mainly for young people, so that they can gain work experience and the skills needed to obtain work; (iii) training for self-employment; (iv) in-person or online technical and vocational training to allow participants to update and reinforce the knowledge acquired at school so that they engage in apprenticeships or internships in a suitable firm; and (v) training for the purpose of job skill certification as a means of opening the door to employment.

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14 Self-identification of persons of African descent in censuses and household surveys in Brazil is done using two out of five categories relating to skin colour: “*preto*” (black) and “*pardo*” (dark). The combination of these two categories is equivalent to the “Afrodescendant” category (ECLAC, 2017c).
(a) Components and supplementary services

Technical and vocational training programmes can include various components, such as internships, entrepreneurship support, cash transfers and care services.

In all, 22 of the technical and vocational training programmes that were surveyed include an internship component (see table III.A1.2 in the annex). Internships or work experience components give participants an opportunity to adapt to the world of work. This is particularly helpful for people who have been out of work for some time (ClioDinámica Consulting, 2015). Businesses take on a mentorship role under the oversight and responsibility of the programme’s executing agency. While they are not required to pay their interns or to hire them after they have completed their internship, they often do recruit the interns who have done well. According to J-PAL (2013), in addition to boosting productivity through training, internships can furnish useful information about the effectiveness of training in meeting employers’ needs. This is important because the courses that are offered do not necessarily match the profiles that are in demand in the market, which can make it difficult to place programme participants in internships. Programmes that offer internships include the More and Better Work for Young People programme in Argentina, the PRONATEC Jovem Aprendiz (“young learner”) component in Brazil and Mi Primer Empleo Digno (“my first decent job”) in the Plurinational State of Bolivia. Vocational training and internships generally last for six months (between 200 and 400 hours of training and two or three months for an internship). The technical certificate offered by the More Youth in Action programme of Colombia’s National Apprenticeship Service (SENA) takes 36 months to earn (Medellín and others, 2015).

As labour demand in the formal sector of the region’s economies is fairly sluggish, training for self-employment is also offered as another option. Among the cases that were analysed, 25 programmes in 13 countries offer support for microentrepreneurship as well as training, and 6 programmes in 4 countries provide support for the development of business plans or work projects. For example, the Mi Primer Empleo Digno programme in the Plurinational State of Bolivia helps young people to start up their own microenterprises (see table III.A1.2).

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15 In Brazil, Apprenticeship Act No. 10.097 of 2000, which entered into force in 2005, establishes that large and medium-sized firms must set aside between 5% and 15% of their positions that require vocational training for apprentices, who are given special employment contracts for a set amount of time (up to two years). Because programme participants are also enrolled in technical or vocational courses related to their duties on the job, the working hours stipulated in the contract have to cover the time spent working in the firm and the time devoted to coursework.
Another complementary service offered by 21 programmes is a cash transfer conditional on training attendance, aimed at helping young people to stay in school. One example is the Youth in Action programme in Colombia, which provides young people with a monthly incentive payment of 200,000 Colombian pesos (US$ 65) while they are in school. Young people can also earn a second payment of the same amount by achieving academic excellence.

Seven programmes (including Mi Primer Empleo Digno in the Plurinational State of Bolivia and the Con Chamba Vivís Mejor (“life’s better with a job”) programme in Honduras) furnish a travel and meal subsidy, and 13 programmes provide accident and health insurance while a person is in training (e.g. the Labour Inclusion Support Programme (PAIL) of Panama and the “Argentina Works” plan16).

Finally, in a number of countries, childcare services are provided so that participants can attend and complete their vocational training courses. Under the Support for Argentine Students Programme (PROGRESAR), for example, participants can apply to the Ministry of Health and Social Development for assistance in finding a nursery school where they can leave their children while they attend training courses. In Chile, the +Capaz and Women Heads of Household programmes offer preferential access to public day-care centres and nursery schools for programme participants who are attending training courses.17 In Brazil, participants in the ProJovem National Youth Inclusion Programme have access to day-care centres for their children between the ages of 0 and 8 years (salas de acolhimento).

(b) Population groups served

Of the 47 technical and vocational training programmes analysed, 62% were for persons 15 years of age and older, and the other 38% were specifically for young people (from 16 to 29 years of age). Five of the programmes promote the inclusion of persons with disabilities (e.g. Chile’s +Capaz and Costa Rica’s Empléate); four programmes promote the inclusion of indigenous peoples (such as Youth in Action in Colombia and the Yo Trabajo (“I work”) programme in Chile) and another two reach out to persons who have been living in custodial settings (ProJovem in Brazil and +Capaz in Chile) (see table III.A1.2).

Four programmes are specifically for people in urban areas and five for persons living in rural areas. In the urban areas of Peru, the Productive Youth (formerly Youth to Work) programme focuses on wage work, while in

16 In February 2018 the name of the programme, which is run by the Ministry of Health and Social Development, was changed to Hacemos Futuro (“we’re making our future”).
17 Chile’s +Capaz programme allows children from 2 to 6 years of age to stay in the same facility where the training courses are given. Participants who have children below 2 years of age receive a childcare subsidy of 4,000 Chilean pesos (approximately US$ 6) for each session (ECLAC, 2016a).
rural areas it gives priority to training for self-employment and the promotion and implementation of economic and productive development activities. In urban zones of El Salvador, the Programme of Temporary Income Support (PATI), which seeks to meet the demand for income generation and improve the employability of poor and highly vulnerable people, gives priority to female heads of household and persons between the ages of 16 and 30 years. This programme works in three main areas: participation in community projects, vocational training courses and the strengthening of participating institutions. The courses promote women's participation in lines of work that have traditionally been performed by men in order to generate change and alter stereotypes about women's and men's occupational capabilities. Panama's Godfather Entrepreneur Programme focuses on at-risk adolescents between 15 and 17 years of age in urban areas.

In rural areas of Guatemala, the Ministry of Social Development is conducting the My First Job Grant programme, under which people between the ages of 16 and 25 attend training courses and perform internships over a period totalling eight months, and the My Craftpersons Grant, which, in addition to training, offers technical assistance so that its participants can start up family businesses of their own.

The following three technical and vocational training programmes are specifically for women in vulnerable situations: the Ellas Hacen (“they [women] do”) subcomponent of the “Argentina Works” Plan caters to women with three or more children (under 18 years of age or with disabilities) or who have been victims of gender violence; the Labour Skills Development Programme of Chile is for women registered in the Security and Opportunities Subsystem (Ethical Family Income); and Chile's Women Heads of Household programme focuses on women in the three lowest income quintiles who are their households' breadwinners.

There are numerous programmes that concentrate on helping unemployed persons find work or develop an own-account productive activity. In all, 23 programmes that have job training components (49% of the programmes that were surveyed) serve this population group. The Employment Support Programme (PAE) in Mexico, for example, offers job training to unemployed persons or job-seekers over 18 years of age in order to help them obtain employment or start up their own business. The PAE Bécate subprogramme provides six-hour daily training courses lasting up to three months, depending on the type of training, and scholarships amounting to the equivalent of between one and three wage floors. Another example is the National Programme for the Promotion of Employment Opportunities (Impulsa Perú, formerly Vamos Perú), which provides job training, job skills certification and technical assistance and training for independent forms of employment to unemployed and underemployed persons and persons who are at risk of losing their job (Weller and Gontero, 2016).
2. Remedial education and school retention

In addition, 16 (22.2%) of the labour and productive inclusion programmes in the region have specific remedial studies and school retention components. Their objective is to ensure that low-income adolescents, young people and adults who have little or no contact with the formal education system can obtain an education and remain in the system until they complete their studies. These remedial studies components mainly cover the primary and secondary education cycles, but some also provide access to instruction at the tertiary level, such as the Gran Misión Ribas in the Bolivarian Republic of Venezuela and Prospera in Mexico, which provides scholarships for higher studies.¹⁸ The school retention components focus on the basic secondary and upper-secondary levels.

These programmes are intended to address the fact that most of the people aged 15 and over in the region who are extremely poor, poor or at risk of poverty have had very little schooling: 32.7% of persons who are in one of these three categories in Latin America have completed between 0 and 5 years of schooling; 36% of them have attended between 6 and 9 years of school; 24.3% between 10 and 12 years; and just 7.1% have completed 13 years or more. Men have slightly fewer years of schooling than women do in this group of the population, while people in rural areas have far fewer than people in urban areas do (ECLAC, 2016b).

Labour ministries are responsible for implementing 37% of these programmes; 31% of them are inter-agency or interministry initiatives, and social development ministries are in charge of 19% of them (see table III.A1.3). Uruguay’s Education Commitment programme is an inter-agency involving the Ministry of Education and Culture, the Ministry of Social Development and the National Youth Institute (ECLAC/OIJ/IMJUVE, 2014). Other examples of institutional cooperation are PROGRESAR, in Argentina (Ministry of the Treasury, Head Office of the Cabinet of Ministers and the National Social Security Administration (ANSES)), and the ProJovem National Youth Inclusion Programme in Brazil, which, as of December 2017, was being conducted jointly by the Ministry of Education, the Ministry of Labour and the Ministry of Social and Agrarian Development.

In Mexico, the Youths with Prospera (formerly Jóvenes con Oportunidades) programme works to keep children from dropping out of school and to encourage young people from extremely poor households to continue their

¹⁸ Of these 16 programmes, 15 (94%) cover secondary school, 12 (75%) cover the basic education cycle and 6 (37.5%) also cover institutions of higher learning. Information on the coverage of the Ñamba’apo Paraguay programme is not available.
education until they obtain their secondary school diploma.\textsuperscript{19} Youths with Prospera offers scholarship holders who are in their third year of secondary school and those in upper-secondary school a deferred bonus payment that they accrue gradually on the basis of a point system if they stay in school. The accumulated points are converted into money that is then deposited into a savings account administered by a financial institution. Those accounts are transferred over to the scholarship holders on the condition that they complete their upper-secondary education before turning 22. Under the Prospera programme, the recipients can then use that money: (i) to continue their studies in an institution of higher learning; (ii) as the down payment for a home purchase, construction or improvement loan; (iii) to pay the enrolment fee for the public health insurance system; or (iv) as a guarantee fund for a credit from a savings and loan institution. This capital thus enables them to continue their studies (at the secondary or tertiary level) or set up a small business. The young people who participate in this programme also are given priority by the National Employment Service when they look for work and in the Bécate job training subprogramme.

\textbf{(a) Components and supplementary services}

In all, 69\% of the programmes that work to keep young people in school offer economic incentives as a means of discouraging students from dropping out and encouraging them to finish their studies. In most cases, these incentives take the form of cash transfers conditional upon school attendance and scholastic achievement (e.g. the More and Better Work for Young People programme in Argentina, the ProJovem National Youth Inclusion Programme in Brazil and the Gran Misión Ribas of the Bolivarian Republic of Venezuela), scholarships (e.g. the Education Commitment Orogramme in Uruguay) or transportation subsidies (e.g. +Capaz in Chile).

Now that access to primary school is almost universal in the region, literacy programmes play a very small part in labour inclusion policies. Since there are still some illiterate adults in the region, however,\textsuperscript{20} a few programmes offer literacy sessions for people over 15 years of age. For example, Enseña y Aprende (“teach and learn”) (part of the “Argentina Works” plan) helps participants to learn to read and write, although it does not certify their secondary-level studies. The Ñamba’apo Paraguay programme also has adult literacy activities.

\textsuperscript{19} While this programme does not offer university scholarships, it does make arrangements with the National Coordination Office for Higher Education Scholarships (CNBES) to give priority to young people who have participated in the programme (Secretariat of Finance and Public Credit and others, 2015).

\textsuperscript{20} According to the United Nations Educational, Scientific and Cultural Organization (UNESCO), in Latin America and the Caribbean, as of 2016, there were 1.8 million people between the ages of 15 and 24 and 30.9 million people over the age of 15 who were illiterate (see [online] http://data.uis.unesco.org/).
There are numerous public programmes in the region that offer literacy, remedial studies and school retention support but whose explicit objectives do not include improving participants’ employability. The Literate Brazil Programme (PBA) (which complements the *Bolsa Familia* programme) and the National Mobilization for Literacy Programme (PRONAMA) of Peru (which supplements the National Programme of Direct Support for the Poorest (*Juntos*)) are two of the literacy programmes in operation. Remedial education and school retention initiatives include the Primary and Secondary Education Completion Plan (FINES) in Argentina, a programme which mixes on-site and online modes of participation and is offered by the Ministry of Education, Culture, Science and Technology to persons 18 years of age who need to complete their primary education or secondary education or obtain certification for the secondary school courses that they had not completed previously. In Chile, the National Student Assistance and Scholarship Board (JUNAEB) of the Ministry of Education helps young fathers, mothers and pregnant teenagers to stay in school by providing School Retention Support Scholarships (BAREs). In Brazil, the University for All Programme (ProUni), which was launched by the Ministry of Education in 2005 pursuant to Act No. 11096, awards full and partial scholarships for private institutions of higher learning to persons from poor households. It also includes an affirmative action component whereby it reserves a percentage of these scholarships for indigenous students and students of African descent (ECLAC, 2017b).

(b) Population groups served

These programmes are primarily for people over the ages of 15 or 18. Some programmes focus on certain geographical areas while others are oriented towards women. Examples of geographically focused programmes include the following components of the *ProJovem* National Youth Inclusion Programme in Brazil: *ProJovem Urbano*, which not only provides urban youth with technical and vocational training but also includes civic education modules and social mentoring; and *ProJovem Campo*, which provides both instruction and community work activities for young farmers who have not completed their secondary educations. Chile’s Women Heads of Household Programme offers three types of remedial primary and secondary education support for women only: adult education programmes conducted by integrated adult education centres (CEIAs), open examinations and a flexible module. As in the case of training programmes, some of these initiatives also provide childcare services (PROGRESAR in Argentina and *+Capaz* in Chile). The *Gran Misión Ribas* of the Bolivarian Republic of Venezuela had a distance learning module for persons who would otherwise not have the time to attend classes because of their jobs or their domestic workloads.
B. Demand-side employment support programmes

Demand-side employment programmes provide support for independent work and seek to promote direct and indirect job creation. Programmes that include one or more of these components are being implemented in 18 countries of the region. The most common approach (used by 33 of the 49 programmes that were surveyed) focuses on support for independent forms of employment (see table III.A1.1).

1. Support for independent work

Give the structural shortcomings in terms of the creation of wage jobs existing in the region, various countries have programmes that promote independent forms of employment by providing support for start-ups and the expansion of own-account activities and microenterprises (Medellín and others, 2015; Keifman and Maurizio, 2012). These programmes are aimed at building up participants’ stocks of assets by furnishing financial support (seed capital), microcredits (29 of the programmes surveyed) and production asset transfers (5 programmes). Many of them also include training in the areas of savings and finance, microenterprise management and economic planning, and some also offer technical assistance and support the establishment of linkages with production or marketing networks (see table III.A1.4).

In Mexico, the Youths with Prospera programme has a lending system that is linked to savings and loan institutions. The Women Savers in Action (MAA) programme in Colombia, which was in operation from 2007 to 2014, provided a gateway for groups of vulnerable or displaced women to the microfinance system and to incentives for saving and for setting up production ventures.

Various programmes that support independent work are carried out in conjunction with CCT programmes. In Ecuador, the Human Development Credit Programme enables recipients of the Human Development Grant, old-age pension and disability pension to receive those payments in advance in the form of a loan on preferential terms. In Peru, the rural Haku Wiñay/Noa Jayatai programme, which is linked to the CCT Juntos, provides technical assistance, training and production assets in order to help build up productive and entrepreneurial capacities that can then be used to generate income and diversify income sources. The pilot Family Savings Promotion programme promotes saving and financial inclusion for households in the Juntos programme with a view to helping them obtain the capital needed to launch microenterprises.
(a) **Components and supplementary services**

Seed capital and microcredits are provided in order to help people belonging to vulnerable groups who have limited access to loans and other financial instruments to obtain the resources they need to start up enterprises or to improve the small businesses they already have in order to boost their incomes.

Before providing this type of financing, some of these programmes require participants to complete a set number of hours of training and to either have a microenterprise that is already up and running or to have an idea for a business. The training is aimed at helping participants to improve their administrative and managerial skills, gain more financial expertise (knowledge about economic planning, saving, credit, investment, etc.) and learn to negotiate and to market their products (ECLAC, 2016b). In all, 26 of the programmes that were surveyed (79%) include training in the areas of saving, finance, micro-entrepreneurship, economic planning and leadership.

In most cases, the monetary support that is provided is a set amount, although in some cases the total funding required for a business plan is furnished. The Haku Wiñay/Noa Jayatai programmes in Peru and the Creation of Urban Indigenous Microenterprise programme in Chile supply finance via challenge funds that award grants on a competitive basis to persons who submit successful business plans. In Peru, profiles and activity plans, which are supposed to match up with needs in the local market, are assessed by local resource allocation committees (CLARs), and the winning submissions are awarded funding for focused technical assistance services and the purchase of inputs and equipment (Trivelli and Clausen, 2015). Similarly, in Chile, successful grant applicants receive a subsidy for the implementation of their project (which may include purchases or investments in working capital, machinery, tools and so forth) and for training in the skills needed to start up their business.

Some programmes supply production assets such as seeds, fertilizers and livestock. The self-employment development subprogramme of PAE and the Promotion of Social Economy Programme of Mexico, the Zero Hunger-Food Productive Programme of Nicaragua and the **Kore Peyizan** programme in Haiti are some examples. Others offer technical assistance and mentoring (10 of the programmes) and support the formation of linkages with production or marketing networks (Medellín and others, 2015; ECLAC, 2012; ECLAC/ILO, 2014; ECLAC/OAS/ILO, 2011). Mentors provide technical advisory services to assist with the formulation of business plans, the calculation of tax payments for new start-ups and the search for financing under such programmes as the “Argentina Works” plan and Colombia’s Young Rural Entrepreneurs programme. The “Argentina Works” Plan also helps to strengthen partnerships with public agencies and enterprises and to promote participation in job fairs, exhibits and other events.
Promotion of labour formalization

Because there is a strong correlation between informal economic activity and own-account work, self-employment support programmes have to find ways of avoiding the creation of incentives for engaging in informal activities. A number of measures for furthering the formalization of employment have been implemented in the region, but their linkage to labour and productive inclusion programmes is still quite weak, as only 7 out of 33 such programmes include areas of activity aimed at promoting labour formalization. Some programmes seek to encourage micro-entrepreneurs and own-account workers to formalize their businesses by affording access to simplified tax regimes (see box III.2).

Box III.2
Measures to further the formalization of own-account workers' activities, microenterprises and small businesses

Given the prevalence of informal employment in Latin America, simplified tax regimes have been established for independent workers and small businesses. These regimes, known as “monotributos”, or “single tax regimes”, not only facilitate the formalization of independent workers but also give them access to the contributory social protection network and thus to the same social security benefits (including health insurance and retirement pensions) as are received by wage earners. Simplified tax regimes include special exemptions from the general requirements regarding personal or corporate income taxes and the value added tax (VAT) and put them in a lower tax bracket (Cetrángolo and others, 2014). In addition to lower labour costs, these regimes usually provide simplified administrative and regulatory procedures. In the countries where they have been introduced, an increase in the number of taxpayers and a reduction in tax evasion are expected. A number of examples of this kind of initiative in the region are described below.

In 1996, Brazil was the first Latin American country to design and introduce a simplified tax regime for small-scale taxpayers, known as the Integrated Taxation System for Microenterprises and Small Businesses (SIMPLES). Then, in 2006, it created the National SIMPLES regime, which unified and took the place of the various simplified regimes that had been operating at the different levels of government. In 2008, the Individual Microenterprise Taxation System (SIMEI) introduced a new legal framework for the formalization of micro-entrepreneurs and own-account workers and provided them with coverage under the contributory social protection system. As of 2016, 5.9 million working people (52% males and 48% females) had formalized their activities and obtained social security coverage; 26% of these people were between the ages of 16 and 30, 500,000 of the formalized micro-entrepreneurs were participants in the Bolsa Família programme and 63% of them were persons of African descent.

In Argentina, a simplified tax regime was set up in 1998 in order to promote formalization and expand the coverage of the social protection system. Under this regime, the social security tax payments of individual independent workers and microenterprises are subsidized. The system is supplemented by a simplified regime for local development and social economic agents (monotributo social). This regime, which is designed for what are described as “socially vulnerable workers”, i.e. people who have so few material and non-material assets that they and their households are exposed to sudden, sharp changes in their living standards (Cetrángolo and others, 2014, p. 36), subsidizes 100% of their tax and
social security payments. These taxpayers do not lose access to the Universal Child Allowance or for other social programmes and are entitled to the Universal Basic Pension component. The simplified regime for social economic agents, which, as of 2018, was part of the “Argentina Works” plan, is a reflection of the country’s effort to coordinate its social policies for vulnerable persons. In December 2018, 1.6 million independent workers were registered under the simplified taxation system and 361,000 independent workers were registered under the simplified system for social agents (Ministry of Production and Labour, 2018).

In Uruguay, as part of the 2007 tax reform aimed, inter alia, at establishing differentiated requirements for own-account workers and small enterprises, a simplified tax system (monotributo) was introduced for small-scale individual and entrepreneurial economic activities, which have been defined as including: (i) single-person companies and those consisting of a married couple that have no more than one employee; and (ii) two-person partnerships with no employees (or three-person partnerships if all partners are family members). In 2012, the Single Social Taxpayer System (monotributo social) was introduced. This is a special system for personal or associative enterprises (with up to four partners or, if they are all family members, five partners) comprised of persons who are members of households with incomes below the poverty line or who are in a situation of socioeconomic vulnerability as defined by the Ministry of Social Development. As in the case of the more general simplified tax system, this instrument provides registrants with social security coverage. They can also opt for medical coverage under the National Health Fund (FONASA) by paying the supplementary premium. This coverage is available to the entrepreneur and his or her otherwise uncovered family members.

The Simplified Tax Regime of Ecuador (RISE) has been in operation since 2008. Under this system, informal-sector workers gain access to microcredits and training via specialized technical assistance services. They can also then pay social security contributions and thus gain access to the system’s health insurance and pension benefits. Another of the advantages of RISE is that, for each new worker who signs up with the Ecuadorian Social Security Institute (IESS), a 5% discount on contributions is offered up to a maximum discount of 50%. According to data compiled by the Internal Revenue Service (SRI), 679,873 individuals were registered with RISE as of December 2016.

In 2014, the federal programme Crezcamos Juntos (“together we can grow”) was approved in Mexico. This programme is designed to encourage microenterprises and small businesses to make the switch from informality to formality by doing away with the requirements usually associated with formalization. As part of this programme, a new fiscal incorporation regime was created that provides the option of registering for the simplified regime. One of the benefits of this programme is a discount on income taxes (a 100% discount for the first year, 90% for the second and so on up until the tenth year). If an enterprise does not issue any invoices and has annual revenues under 100,000 Mexico pesos, it is exempt from VAT and the excise tax on goods and services. In addition, workers who have not paid into the system in the last 24 months can sign up with the Mexican Social Security Institute (IMSS) and receive a 50% subsidy (ILO, 2014).

(c) Population groups served

The target group for these programmes is the working-age population (over 15 or 18 years of age). Six programmes (Mi Primer Empleo Digno of the Plurinational State of Bolivia, Productive Youth in Peru, Young Rural Entrepreneurs in Colombia, the More and Better Work for Young People programme and Agroemprende in Argentina and Jóvenes con Todo in El Salvador) specifically target young people. Their goal is to develop productive activities and independent forms of employment by offering entrepreneurship training, preferential access to financial markets and mentoring (ranging from the identification of possible businesses, the development of business ideas and assistance with the completion of the administrative and technical procedures involved in setting up a business).

Seven of the programmes focus on promoting entrepreneurship exclusively in rural areas (where wage jobs are in short supply). Their objectives are not limited to supporting autonomous income generation ventures but instead also take in the promotion of production for own consumption and the reinforcement of food security. In rural areas, these programmes promote the accumulation of production assets by poor households as a means of increasing their autonomous income-generating opportunities (e.g. via access to credit) and improvements in basic social and economic infrastructure (education, health, drinking water, sanitation, telecommunications, roads, market linkages, etc.). These seven programmes are: Agroemprende in Argentina, the Economic Inclusion for Rural Families and Communities Programme (ACCESOS) in the Plurinational State of Bolivia, the Promotion of Rural Productive Activities Programme in Brazil, the Young Rural Entrepreneurs of Colombia, the Kore Peyizan programme in Haiti, the Zero Hunger-Food Productive Programme in Nicaragua and Haku Wiñay/Noa Jayatai in Peru.

Other measures that are helping to reduce poverty and promote employment in rural areas include the use of public procurement systems (see box III.3) and lending arrangements to promote family farming. Brazil and Uruguay have both enhanced family farms’ market access by passing laws on government procurement from family farming enterprises, while other countries, such as Ecuador and Paraguay, have government decrees that regulate this type of procurement (FAO, 2015; SELA, 2015). In Brazil, Act No. 11947 of 2009 establishes that a minimum of 30% of federal government transfers to state and municipal governments for the purchase of foodstuffs must be used to buy products from family-run farms.

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21 In addition to the programmes mentioned here, there are numerous public policies and programmes that support campesinos and, in particular, family farming in Latin America and the Caribbean (see, for example, FAO, 2014).

22 ACCESOS promotes the development of productive initiatives and community-based economic ventures aimed at increasing food security in the Plurinational State of Bolivia.

23 In Brazil, for example, the National Programme for Strengthening Family Farming (PRONAF) has been funding individual or collective family farming ventures since 1995 (Bianchini, 2015).
Public procurement, when used as a tool of national development, can help to improve the situation of vulnerable social sectors — especially in rural areas — and constitutes a strategic area of State action that has environmental, technological, social and commercial dimensions (SELA, 2015). The State is a major buyer of goods and services, including foodstuffs for use by other sectors of society, such as hospitals, childcare facilities, schools and so forth.

Programmes for the public procurement of foodstuffs and other products from family farms occupy an important place on the regional agenda, not only because of their impact on school meals and household food supplies but also because of their contribution to the promotion of production among rural households, to the transformation and opening of domestic markets, and to sustainable development. The State’s recourse to the supply produced by family farms in order to help meet the public sector’s food demand is an effective tool for the redistribution of resources and the socioeconomic reinforcement of rural communities (FAO, 2015). Some of the other benefits of government procurement of family farming products include the provision of fresh, unprocessed foods, such as fruits and vegetables, to social assistance programmes, school meal programmes and hospitals and a reduction in the negative environmental impact of the transport of food products over long distances.

The experience gained in the area of public procurement systems shows that family farming is a socially and economically important production sector, as family farms’ ability to produce, earn income and, in some cases, create jobs helps to reduce rural poverty (FAO, 2015). The findings reported by Sabourin, Samper and Sotomayor (2014) show that, in Latin America and the Caribbean, the family farming sector is composed of nearly 17 million production units, or almost 75% of all the production units in the region. In some countries, family farms account for a highly significant portion of the agricultural sector’s output and, even more importantly, of rural employment. For example, family-run farms in Colombia account for slightly over half of the country’s total farm output, nearly 80% of its coffee production and 30% of its fish production in value terms. In Ecuador, the family farming sector is composed of 250,000 producers (30% of the total) and employs nearly 70% of the working population in rural areas. In Mexico, small-scale production units account for 74% of employment in the agricultural sector, while large production units employ only 8% of all farmworkers (Sabourin, Samper and Sotomayor, 2014).

In recent years, governments have taken a more active part in universalizing school meal programmes by earmarking budget allocations for that purpose and linking those allocations up with the procurement of food products and the distribution of school meals (Sanches, Veloso and Ramírez, 2014). School meal programmes are one of the vehicles for the linkage of government procurement processes with family farming. Examples include the National School Meal Programme (PNAE) in Brazil, the school meals programmes of Colombia, Chile and Honduras, and the Integrated School Nutrition Programme (PINE) of Nicaragua.

Public procurement initiatives focusing on family farming that have had a significant impact in the countries of the region by enabling small-scale producers to become government suppliers include Brazil’s Food Purchasing Programme (PAA), which played a key role in the country’s Zero Hunger strategy and its Brazil without Poverty Plan; the Subprogramme on Public Procurement for the Development of Agricultural Producers in Uruguay and Ecuador’s Food Supply Programme (PPA). These initiatives primarily supply school meal programmes and facilities, such as hospitals and prisons, that serve vulnerable population groups.
A number of challenges remain to be dealt with in the implementation of these types of interventions: (i) the formation of an appropriate institutional structure for the execution of local procurement projects focusing on small and medium-sized producers; (ii) the implementation of legal and regulatory frameworks for public procurement that will facilitate the involvement of this segment of the production structure in the government procurement process by, for example, establishing minimum quotas for purchases from small rural producers and introducing measures to shield them from competition by larger producers (Sanches, Veloso and Ramírez, 2014); (iii) the organization of family farms into cooperatives or other structures that will provide a way of smoothly channeling high-quality products to public institutional buyers; (iv) the integration of government procurement procedures with other public policies in support of small-scale farmers (dealing with access to inputs and credit, technical assistance, post-harvest processing and marketing) in order to foster their productive inclusion (FAO, 2015); (v) the search for other markets; and (vi) scaling demand and supply appropriately on the basis of the types of products involved, the volume of output and product delivery timetables in order to cope with the fact that family farms are not always in a position to meet a demand for large volumes of their products.


Finally, 5 of the 33 programmes that furnish assistance for independent workers focus on women entrepreneurs, and 3 of them provide childcare. A few examples of programmes oriented towards women are the rural version of Solidarity in Communities in El Salvador, Chile’s +Capaz (which has a component for female entrepreneurs that offers skills-based training in business development to women who are building a business or wish to do so or who work independently) and the “Argentina Works” plan, which promotes team efforts and cooperativism (see table III.A1.4).

2. Direct job creation

Direct job creation programmes increase the demand for labour through public employment programmes at the national, departmental, provincial, regional or municipal level. These programmes offer temporary emergency placements or form part of a development plan. They generally deal with unskilled services, public works and local or community infrastructure projects.
The use of these programmes, which are generally oriented towards adults from poor households who have little formal education, has spread in the region during crises or sharp downturns in demand. Some, however, have been put in place in an effort to deal with long-term problems such as shortfalls in infrastructure and services and sluggish job creation in the private sector. They have also been seen as a poverty-reduction tool that could be of help in establishing a social protection floor (Farné, 2016).24 By keeping participants in contact with the labour market, these programmes are intended to avert losses of human capacity during periods of high unemployment (Kluve, 2016).

Direct job creation programmes offer temporary placements that are paid at a rate close to the minimum wage. This low wage level acts as a self-selection mechanism for participants (Keifman and Maurizio, 2012). The types of jobs provided by these programmes include janitorial work, construction work, the laying of electric cable and so forth.

While many direct job creation programmes are launched in an effort to cope with economic crises, as in the case in Argentina of the Unemployed Heads of Household Programme (2002–2005) and in Uruguay of the National Social Emergency Response Plan (PANES) (2005–2007), in some cases they remain in operation after the crisis is over, mainly because the participants cannot find a job elsewhere. Although temporary employment programmes have not been a central part of labour and productive policies targeting poor or vulnerable population groups in Latin America and the Caribbean in recent years, this could change if new crisis situations arise.

Currently, 11 of the programmes in the region that were surveyed include direct job creation components (e.g. the “Argentina Works” plan, the President’s Con Chamba Vívís Mejor initiative in Honduras, the “Peru Works” Inclusive Social Job Creation Programme, Ñamba’apo Paraguay, the Unemployment Relief Programme (URP) of Trinidad and Tobago and the “Uruguay Works” programme). These programmes are chiefly intended for unemployed persons or informal workers and last for an average of six months. For the most part, these programmes are run by ministries of social development (36.4%), labour ministries (27.3%) or inter-agency or interministerial groups (18.2%) (see table III.A1.5).

The Solidarity in Communities programme in El Salvador has an intensive employment promotion component based on job-creating investments in public works and projects. Its objective is to promote access for persons living in urban slums to decent work. It makes use of mechanisms that provide

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24 Guaranteed employment initiatives such as the programme launched pursuant to the Mahatma Gandhi National Rural Employment Guarantee Act, in India, and Ethiopia’s Productive Safety Net Programme are temporary job schemes that have been singled out by the International Labour Organization (ILO) as examples of approaches to the construction of a national social protection floor (Farné, 2016).
microenterprises with a way of participating in public tenders initiated by such bodies as the Ministry of Public Works, Transport, Housing and Urban Development and the Road Maintenance Fund.

In Honduras, the Chamba Comunitaria component of the Con Chamba Vivos Mejor programme (2014) furnishes assistance to unemployed persons and informal-sector workers through the execution of social works and forest conservation or farm improvement projects of benefit to the community.

The “Uruguay Works” programme serves persons between the ages of 18 and 64 who come from socioeconomically vulnerable households and have been unemployed for more than two years. Participants work for 30 hours per week over a period of up to 9 months performing tasks of value to the country. During this period they receive an “employment support” cash transfer and are furnished with social mentoring and training services to help them enter the labour market.

These programmes may be supplemented with other interventions to ease the participants’ entry into the workforce and to help improve their quality of life. For example, the Unemployment Relief Programme (URP) of Trinidad and Tobago offers job training, while Ñamba’apo Paraguay puts its participants in contact with the Youth and Adult Literacy System and offers them the services of the National Health System.

Brazil does not have any direct job creation programmes at the national level, but the Employment and Labour Relations Secretariat of the State of São Paulo has been implementing an emergency employment assistance programme known as the Frente de Trabalho, or “working front”, since 1999. This programme provides training and an income to persons over 17 years of age who are in highly vulnerable situations and have been unemployed for at least a year. Participants remain in the programme for nine months. For up to six hours per day, four days a week, they perform cleaning, conservation and maintenance work in state and municipal institutions. On the fifth day of each week they attend a vocational skills-building or literacy course.

3. **Indirect job creation**

Indirect job creation programmes provide subsidies —usually for a set amount of time— to private companies that recruit young people and adults belonging to vulnerable groups (Keifman and Maurizio, 2012). These subsidies act as a recruitment incentive, since they reduce the cost to the employer by covering part of the person’s wage or part of the employer’s social security contributions. According to J-PAL (2013), these subsides can have a number

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of effects: (i) they compensate the employing firm for the potentially low productivity of the workers hired through this programme; (ii) they give persons access to employment who would otherwise have little chance of finding a job; and (iii) they generate productivity gains in the medium term as a consequence of either the work experience gained or the training received.

This kind of indirect job creation component is found in far fewer labour and productive inclusion programmes (14%) than training or independent employment support components are (see table III.A1.1 in the annex), and there are therefore relatively few impact evaluations for this type of programme as well. Of the 10 programmes that do include an indirect job creation component in the region, four are exclusively for young people, one for women and one for urban residents. As far as their place in the institutional structure is concerned, 70% of these programmes are the responsibility of labour ministries (see table III.A1.6).

In Argentina, PROEMPLEAR, which is an initiative of the Ministry of Labour, Employment and Social Security, helps unemployed workers gain entry to the workforce by providing companies with economic incentives for taking on additional workers. The More and Better Work for Young People programme also supplies financial incentives (for a maximum of six months) to encourage microenterprises and small and medium-sized companies to hire young workers.

In Chile, the Youth Employment Subsidy and the Women’s Work Grant assist, respectively, people between the ages of 18 and 25 who are earning an amount equal to or less than the equivalent of 1.5 minimum wages and women between the ages of 25 and 59 who are enrolled in the Security and Opportunities (Ethical Family Income) Subsystem. Both of these programmes supply an incentive to employers that are willing to hire young people and women in vulnerable situations and provide a transfer to the workers concerned, regardless of whether they are employees or independent workers.26

In Panama, the Godfather Entrepreneur Programme offers persons between the ages of 15 and 17 job training through internships with sponsoring firms with a view to their employment once they have completed their studies. The companies provide a monthly stipend to the interns, who work five days a week for between four and six hours. In exchange, the participating firms receive tax breaks.

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26 The Women’s Work Grant is intended for women workers from the poorest 30% of households. The maximum subsidy is equal to 30% of the wage, with the equivalent of 20% of the wage going to the woman worker and 10% to her employer (Cecchini, Robles and Vargas, 2012).
C. Labour intermediation services

Labour intermediation services help to match up labour demand and labour supply by putting workers and employers in contact with one another with the help of occupational profiles of what skills are in demand and what skills are on offer. These services are generally supplied by public employment agencies (see box III.4), but there are also private agencies that offer these services.27

Box III.4 Public employment services in Latin America

Public employment offices link up job-seekers with businesses that need to hire personnel. These government agencies are generally attached to the Ministry of Labour or its equivalent (and are therefore funded out of the national budget). Their job is to plan and carry out various measures for promoting employment, protecting workers during labour market adjustments and economic transitions (ILO, 2016) and assisting first-time job-seekers to join the workforce, particularly in the case of groups that are confronted with entry barriers, such as young people and women. In the short run, public employment offices’ job is to help job-seekers find employment and put them in contact with the various types of labour inclusion programmes that are available, while, over the longer term, it is hoped that they can shorten the amount of time that people remain unemployed. Their services are provided free of charge and can be offered in person (at their offices or at job fairs, for example) or by virtual means via websites or electronic labour exchanges. Under agreements entered into between governments or between a government and private companies abroad, labour intermediation services can also be furnished to access foreign labour markets (Weller, 2009). Although these services are available to everyone, not just members of vulnerable groups, the users of these services are primarily unemployed and underemployed members of the economically active population, who are put in contact with private, public and non-profit enterprises and employers. Recent studies in the region indicate that specialized services are gradually being developed to assist persons with disabilities and other groups of the population requiring differentiated placement services.a

As can be seen from the table below, most of the countries in Latin America have these agencies. They are not, however, as solidly institutionalized as these kinds of offices are in developed countries, especially the European Union, where they are one of the main forms of employment support. The figures available for Latin America and the Caribbean indicate that the coverage of these public employment services is usually quite limited and does not extend to many locations, especially in rural areas. In fact, there is no country in the region in which they cover more than 10% of all employers (IDB/AMSPE/OECD, 2015).

These services differ from one another in terms of the institutional capacity and specific nature of each labour market, but they also have some characteristics in common. The services provided to job-seekers include: (i) job search assistance (personalized search plan, review of vacancies, preparation of a curriculum vitae, preparations for interviews); (ii) provision of information on other benefits (unemployment insurance, allowances) and proactive programmes in the labour market aimed at enhancing people’s employability (training, internships, language courses); (iii) advisory and support services for business start-ups; and (iv) information on the labour market. An initial assessment of each participant determines the mix of services required for that person.

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27 All the labour intermediation services catering to poor and vulnerable members of the population that are covered in this study are public.
Latin America (16 countries): public employment services

<table>
<thead>
<tr>
<th>Country</th>
<th>Programme (year established)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>National Employment System (SINE) (1975)</td>
</tr>
<tr>
<td></td>
<td>Job Portal Brazil (2016)</td>
</tr>
<tr>
<td>Chile</td>
<td>Municipal employment intermediation offices (OMILs) (1997) and National Employment Exchange (2009)</td>
</tr>
<tr>
<td>Colombia</td>
<td>Public Employment Agency and Public Employment Service (2013)</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>National Employment Service (SENAE) (2007)</td>
</tr>
<tr>
<td>Ecuador</td>
<td>Employment Partner Network (2009)</td>
</tr>
<tr>
<td>Honduras</td>
<td>Empleate Portal (“Find a job portal”)</td>
</tr>
<tr>
<td>Panama</td>
<td>Public Employment Service</td>
</tr>
<tr>
<td>Peru</td>
<td>Red CIL-Proempleo (1996)</td>
</tr>
<tr>
<td></td>
<td>One-Stop Employment Promotion Window (VUPE) (2012)</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors.

The services provided to employers include: (i) receipt of vacancy announcements; (ii) screening of applicants; (iii) organization of job fairs or recruitment events; (iv) legal advisory services (different types of contracts); (v) advisory services on training and educational options (short courses, upskilling) for closing gaps in candidates’ qualifications and adjusting their profiles to fit job requirements; (vi) liaison between businesses and graduates of training programmes; and (vii) information on the labour market.


Labour intermediation services are provided by 21 (29%) of the 72 labour and productive inclusion programmes that were surveyed. These services include the provision of information on vacancies in private firms and public agencies and give priority access to employment opportunities with municipal employment agencies or offices. They also help with job searches...
and strategies (preparation of curricula vitae, interview techniques and so forth), job placements (labour exchanges, candidate evaluations, applicant screening), job fairs and economic support (Medellín and others, 2015; ECLAC, 2012). The mentoring services that are part of labour intermediation activities are of key importance for the poorest groups of the population, and there is a growing tendency to provide more complete orientation and support services to help people develop personal job search strategies and plans (ECLAC/ILO, 2014).

Some programmes include employment promotion activities such as information workshops and fairs or assist with the creation and development of databases that can be used to provide orientation and information to job-seekers. Examples include the Employment Support Programme of the Plurinational State of Bolivia and Costa Rica’s Empléate programme.

Various programmes link up labour intermediation services with technical and vocational training courses. In addition to providing a monthly transfer payment, the Training and Employment Insurance programme and the More and Better Work for Young People programme in Argentina offer support for job searches in municipal employment offices, access to job orientation services, access to free vocational training courses (via PROGRESAR), employment programmes, job search and local job market orientation workshops and technical assistance for micro-entrepreneurs. In Brazil, the National Programme for the Promotion of Access to the World of Work (Acessuas Trabalho), which backstops the Bolsa Família programme, seeks to foster increased autonomy on the part of participant households by providing incentives designed to mobilize them and help them integrate themselves into the world of work. This programme offers educational and social orientation activities and provides participants with information about the courses offered by the National Programme for Access to Technical Education and Employment (PRONATEC) and the municipalities’ productive inclusion initiatives as a means of heightening their access to their rights, promoting autonomy and improving their quality of life. In 2011, under an agreement concluded between the Ministry of Labour and Employment and the Ministry of Social Development and Hunger Alleviation, the Mais Emprego (“more jobs”) employment portal is helping participants in the Bolsa Familia programme to find jobs in the north-eastern part of the country and in Minas Gerais by directing them to the National Employment System (SINE) (Gregol de Farias, 2014).

The Solidarity in Communities programme in El Salvador has a labour intermediation component that facilitates jobs searches and capacity- and skill-building for residents of urban slums. This is done through job centres that offer: (i) induction services for job-seekers that include the preparation of a work history and activities aimed at improving the people skills of job-seekers; (ii) intermediation, internships and job placements in public
and private companies and vocational training tailored to actual demand in the local, regional and national labour markets; and (iii) inventorying of municipalities’ public investments in order to match up the employment opportunities they create with the supply existing in urban slum areas.

Finally, Trinidad and Tobago’s Targeted Conditional Cash Transfer Programme requires participants to be registered with an employment centre and to be looking for work on a regular basis.

In the following section, before moving on to the impact evaluations of labour and productive inclusion programmes in the region, the discussion will focus on programmes in the region targeting two population groups whose members have a great deal of difficulty gaining access to the labour market: young people living in conditions of poverty and vulnerability, and persons with disabilities.28

D. Labour inclusion programmes for young people

One fifth of the 163 young people in Latin America are neither studying nor working. This means that, in total, nearly 30 million young people are excluded from the two areas of activity that are the keys that open the door to social and economic inclusion: the education system and the labour market (OECD/ECLAC/CAF, 2016; ECLAC, 2019).

In all, 83% of the young women and 76% of the young men who are not studying or working come from poor or vulnerable households. It should be borne in mind that 70% of the young women who are not studying or employed in the labour market are actually performing unpaid work in the home, where they are shouldering a heavy workload of housework and providing care for children, older adults, persons who are ill or persons with disabilities (OECD/ECLAC/CAF, 2016). In 2016, the percentage of women between the ages of 15 and 29 who were in this position (31.2%) was three times as high as the corresponding percentage of young men (11.5%). The percentages were also higher in rural areas (25%) than in urban zones (20%) and among indigenous youth and young people of African descent (ECLAC, 2019).29

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28 There are also initiatives for promoting the productive and labour inclusion of other groups of the population, such as persons of African descent. In Brazil, for example, the Bahia Agenda for Decent Work includes an integrated affirmative action project, courses to prepare people to submit competitive challenge-fund grant applications and socio-vocational programmes to improve the qualifications of workers of African descent.

29 In 2016, the simple averages for five Latin American countries (Brazil, Ecuador, Panama, Peru and Uruguay) for which racially disaggregated household survey data are available indicate that 13% of non-Afrodescendent, non-indigenous men between the ages of 15 and 29 were neither studying nor employed in the labour market; that figure rose to 15% in the case of young males of African descent, to 26% in the case of non-Afrodescendent, non-indigenous young women and to 34% for young women of African descent (ECLAC, 2019).
The transition from the education system to the world of work is a crucial step in the process of self-emancipation and construction of personal autonomy. Furthermore, people’s first jobs often have a very strong influence on their career path throughout the rest of their working life. Setting out on these paths and making these transitions is particularly difficult in the region, and people’s experiences in this regard are markedly diverse and irregular, as they often enter and leave both the education system and the labour market numerous times or enter or leave both at the same time. The transition from school to work, in particular, is less linear than it used to be owing, among other factors, to the fact that the demand generated by productive sectors has become much more dynamic and unfolds within a global framework —thereby making continuing training a necessity— and to the fact that young people are waiting longer to start a family, which, in turn defers their need for economic autonomy (ECLAC, 2017a and 2019).

When young people do manage to find a job, many of them end up in low-productivity sectors in low-paying jobs that do not offer job security and that require them to work longer hours than people in other age groups. In 2016, only 39% of the people between the ages of 15 and 29 in 18 Latin American countries were working in the formal sector of the economy, and the youth unemployment rate (11.3%) for the region as a whole was three times higher than the adult rate (3.7%); 43.9% of the region’s young people (with the bulk of them coming from socioeconomically disadvantaged groups) were working in low-productivity sectors (microenterprises with fewer than five employees, autonomous independent workers or unskilled, unpaid family workers and domestic workers) and were not covered by any health-care or pension system (OECD/ECLAC/CAF, 2016; ECLAC, 2014; Gontero and Weller, 2015). What is more, 47.5% of males between the ages of 15 and 29 and 52.1% of women in this age group were earning less than the national minimum wage.

These situations have negative implications over the long term. A study conducted in urban areas of Argentina, Brazil, Mexico and Peru found that roughly 60% of people between the ages of 15 and 29 who worked in the informal sector of the economy would still be employed in that sector one year later, while less than 30% would change over to a formal-sector job. Similarly, over 70% of those who were working in the formal sector would still be in that sector one year later, whereas only about 5% would change over to an informal-sector job. Starting off one’s working life in the informal or formal sector can thus lead to very different outcomes, and the school-to-work transition is therefore an extremely important stage in life (OECD/ECLAC/CAF, 2016).

Since the best employment opportunities are associated with a good education, many countries in Latin America and the Caribbean have, in addition to training and job placement services, set up specific labour inclusion
programmes for young people (known as “youth programmes”) (usually for people in the 15–29 age group) who have not finished secondary school, have little (or no) work experience and are living in poverty or are at risk of doing so. These programmes generally include a theoretical component that is conducted by training institutes and a practical component that is carried out by associated businesses (Weller and Gontero, 2016). While these kinds of initiatives do not solve the labour market’s more structural problems, they can completely turn around the employment paths of participants in the short run (González-Velosa, Ripani and Rosas-Shady, 2012).30

These programmes—a number of which have been mentioned in earlier sections—typically combine capacity-building services for their participants focusing on, for example, cognitive capacities, socio-emotional abilities and job experience, and measures for lowering the cost of job searches. Thus, the great majority of these programme interventions fall into one of the following categories: remedial instruction (formal schooling), skills-building and training, employment orientation workshops and courses, promotion of free enterprise and independent work, public employment services or programmes, and assistance with job searches, job creation subsidies, and first-job and employment promotion policies.

Chile has been a pioneer in this field in Latin America, and some of its programmes have been replicated in other countries of the region. The Chile Joven (“young Chile”) programme, which ran from 1991 to 1998, was the flagship for the “education-production” approach to the promotion of independent work or employment in microenterprises or cooperatives (Durston, 2001). Since 2007, the youth component of the Yo Trabajo (“I work”) programme—the Yo Trabajo Jóvenes (“I work - Youth”)—has been offering job skills workshops, assisting with paperwork and offering labour intermediation services. Between 2014 and its reformulation in 2018, the +Capaz programme helped people in socially vulnerable positions to gain access to the labour market and remain employed by providing them with technical training, supporting the development of cross-cutting skills and furnishing labour intermediation services aimed at making them more employable. The programme sought to ensure that 33% of its participants were young women and men. Some of the programmes run by the National Training and Employment Service (SENCE) of Chile have helped to reintegrate persons who have been in prison or in institutionalized settings into society and into the labour market by organizing youth integration fairs to familiarize young people who are soon to be released from custodial facilities with the types of training that are

30 From a more comprehensive standpoint, Romero-Abreu and Weller (2006) observe that strategies need to be developed to cope with the specific challenges facing different groups of young people based on improved coordination and cooperation among public and private stakeholders at both the national and local levels. They also advocate the formation of closer links between the school system and businesses and the development of flexible, differentiated job training systems.
available to them and developing training courses under agreements with various public institutions designed to increase their employability and assist them to gain entry into the labour market.\textsuperscript{31}

In Colombia, the More Youth in Action programme, which was established in 2001 for persons between 16 and 24 years of age, provides a monthly grant while the participants are in training and seeks to make them better-equipped to enter the workforce and to increase their mobility and their chances of integrating into society (Rossel and Filgueira, 2015).\textsuperscript{32}

The ProJovem National Youth Inclusion Programme of Brazil, which was established in 2005, caters to people between the ages of 18 and 29 in both urban and rural areas. It has various components, including the ProJovem Trabalhador ("ProJovem worker"), which offers vocational training courses and courses on alternative approaches to income generation, along with sessions designed to upgrade social skills and abilities, to unemployed young people and those whose incomes are less than 50% of the minimum wage. Under an agreement between the Ministry of Education and the Ministry of Justice, the coverage of the education component of the ProJovem National Youth Inclusion Programme, whose administration was taken over by the Ministry of Education in 2011, has been broadened to include young people who have been incarcerated, with priority being given to the female prison population (Duer and D’Alessandre, 2016).

In Argentina, the main objective of the More and Better Work for Young People programme, which has been serving people between the ages of 18 and 24 since 2008, is to create opportunities for social and labour inclusion by: (i) providing four-month workshops designed to enable young people to identify their desired occupational profile; (ii) supporting stay-in-school strategies aimed at ensuring that they complete their secondary education; and (iii) offering training and on-site internships to help them start up an independent production activity or obtain employment. The Support for Argentine Students Programme (PROGRESAR), established in 2014, helps people between the ages of 18 and 24 to complete their primary and secondary education, learn a craft or trade and, through workplace internships lasting up to six months, to become more employable. At the same time, it helps make businesses more productive and more competitive by giving them the chance to hire workers who have been trained in line with their needs.

\textsuperscript{31} The main training programme for inmates is the Public-Sector Transfers initiative, but the Job Scholarships, Job Training and +Capaz programmes have also offered their services in this connection. Agreements have been signed with the National Children’s Service (SENAME), the armed forces, the National Institute for Agricultural Development (INDAP), the prison guards service (Gendarmería de Chile) and the Chilean Chamber of Construction.

\textsuperscript{32} A number of impact evaluations have found that participants in the More Youth in Action programme have a greater probability of being employed than they would otherwise have had (see section F.3(a)).
In Costa Rica, the Empléate programme, which was launched in 2011, helps people between the ages of 17 and 24 to find employment. The programme is divided into two components: Avancemos Más (“going forward”) and Por Mí (“for me”). Avancemos Más is a training programme for young people living in vulnerable communities who have completed their secondary education and have not gone on to an institution of higher learning. Participants receive a monthly stipend of between 160,000 and 200,000 colones (US$ 270 and US$ 340) on the condition that they attend the programme’s two-year technical training courses in information and communications technologies (ICTs) and basic English courses. Por Mí is a six-month programme that provides training in areas in which an unmet labour demand has been identified.

In Mexico, the labour inclusion component of the Prospera programme that was launched in 2014 seeks to smooth the school-to-work transition for young people who have completed upper-secondary school through institutional coordination and links with existing employment and job training programmes. The National Employment Service gives Prospera participants priority access to the job-oriented services that it provides free of charge, such as advisory and orientation sessions and job-matching services. These young people are also eligible for the Bécate subprogramme (CONEVAL, 2018).

Finally, the Productive Youth (formerly, Youth to Work) programme established by Peru in 2011 targets people between the ages of 15 and 29 who are unemployed or living in poverty or extreme poverty. The programme’s objective is to improve these young people’s skills in specific occupational areas that are in demand in the labour market: agronomy, commerce, construction, manufacturing, fisheries, services, transport and communications. It also offers courses on the management aspects of own-account work.

E. Labour and productive inclusion programmes for persons with disabilities

In Latin America and the Caribbean, persons with disabilities lack access to various sources of well-being, including education and job opportunities (ECLAC, 2016b). On average, persons with disabilities complete only three years of schooling, and the percentage of persons with at least one disability aged 15 years or more who are economically active is much lower than it is for persons without a disability. The same is true of employment rates. The figures may be even lower for women with disabilities (ECLAC, 2013). While low levels of education and vocational training are primary factors, persons with disabilities are confronted with many other barriers when seeking employment:

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33 In addition to Prospera, Mexico has 12 other federal programmes and initiatives that address the main causes of young people’s low employment rates (CONEVAL, 2018).
a lack of information, prejudices and discrimination, businesses’ lack of experience in accommodating staff members with disabilities, the absence of an inclusive culture and inclusive policies, substandard infrastructure and many others.

The countries of the region have sought to address this situation by putting in place a variety of mechanisms—laws, regulations and programmes—to promote the employment of persons with disabilities. According to Zúñiga (2015), most of the region’s labour inclusion policies for persons with disabilities have been designed and implemented following the entry into force of the United Nations Convention on the Rights of Persons with Disabilities in 2006. The implementation of these policies entails a series of challenges, however, owing to the highly segmented nature of the labour market for this population group, as well as the difficulties that persons with disabilities encounter in finding a job and, in particular, continuing to be employed over the long term.

The measures that have been introduced include the following (OISS, 2014):

(i) Vocational training. In most of the countries of the region, persons with disabilities have been integrated into vocational training systems. The types of training that are made available mainly deal with job-seeking and job-maintenance skills (personal appearance, preparation of *curricula vitae* and preparations for interviews, punctuality and interactions with co-workers and customers) and trades (basic skills and knowledge). Some vocational training centres have concluded internship agreements with various companies. One of the main challenges is determining how to align training programmes with market demand while at the same time offering courses that will be useful to this heterogeneous group of the population (STATCOM, 2015).

(ii) Independent work and business start-ups. A number of institutions in the region have programmes that promote disabled workers’ entrepreneurial projects and provide financial support for their implementation. Their areas of activity include soft loans and advisory services.

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34 Article 27 of the Convention, on work and employment, calls on States parties to employ persons with disabilities in the public sector and to take proactive steps to promote their employment in the private sector. It also recognizes the right of persons with disabilities to work on an equal basis with others. It prohibits any form of discrimination with regard to all matters concerning employment, promotes access to vocational training and self-employment opportunities and calls for reasonable accommodation to be provided for persons with disabilities in the workplace. See United Nations, *Convention on the Rights of Persons with Disabilities* (A/RES/61/106), New York, 2007 [online] https://undocs.org/es/A/RES/61/106.
(iii) Employment quotas in public and private institutions. A number of countries in the region have mandatory or voluntary employment quotas for persons with disabilities that range between 1% and 5% of the total staffing table. These countries include Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Costa Rica, Ecuador, El Salvador, Honduras, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay. The main challenge in this connection is to encourage employers to meet these quotas.

(iv) Social clauses in public procurement contracts. Priority is given to companies that hire persons with disabilities in public procurement contracts for goods and services. These clauses may make the recruitment of members of this population group a prerequisite (an admission requirement), may assign a given number of extra points to firms hiring such persons or may simply make their recruitment an obligation (contract execution requirement). This mechanism has been used in Argentina, Chile, Colombia, the Dominican Republic, Mexico, Peru and the Plurinational State of Bolivia.

(v) Public employment and job guidance offices. These offices help people look for work, provide vocational guidance, refer people to training programmes and use other measures to increase the employability of members of the target group. They also advise employers about the benefits of hiring workers with disabilities. Making these services accessible via online employment portals (websites) to persons with disabilities can help to overcome mobility issues for persons with physical disabilities. Providing access to these portals for persons with visual impairments is a challenge that has yet to be overcome, however.

(vi) Incentives for private businesses. In Argentina, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Honduras, Mexico, Panama, Paraguay, Peru and Uruguay, incentives are given to companies that hire persons with disabilities. These incentives range from tax breaks and reduced social security contributions for employers to subsidies for each person with disabilities who is recruited.

(vii) Selective employment and employment retention programmes. People who have become disabled while on the job have the right to return to the same position that they had before or, if their disability prevents them from performing their former duties adequately, to another suitable position. In Uruguay, this right is upheld by the Protection for Persons with Disabilities Act.

(viii) Supported employment. This mechanism involves the presence of an assistant or guardian who offers the necessary support during job searches and then provides guidance concerning any adaptation of the job that may be necessary to support the person’s continuation in that position. The mentoring that is provided may be phased out or be maintained throughout the person’s employment, depending on the circumstances. For example, in this area of activity in Chile’s +Capaz programme, 90 hours of mentoring is offered during a person’s internship in a company or public agency, and then follow-up support is provided for a maximum of six months during the job placement process (STATCOM, 2015).

(ix) Sheltered employment or sheltered employment workshops. Sheltered employment provides a work placement for persons with disabilities who cannot be employed in mainstream activities because they cannot meet the productivity requirements of such work. The main productive activities in which sheltered employment is provided include industrial outsourcing and the production of various types of goods and services (gardening, cleaning). Argentina, Brazil, Colombia, the Dominican Republic, Ecuador, Honduras and Mexico have regulations governing sheltered workshops. While Chile, Paraguay, the Plurinational State of Bolivia and Uruguay have laws that refer to sheltered employment, they do not have any specific regulations governing this type of activity. Sheltered employment continues to serve as a form of economic activity for many workers with disabilities, but preference should be given to transitioning people out of sheltered work and into mainstream employment with a view to overcoming the segmentation of the labour market and the relegation of persons with disabilities to sheltered workshops or enterprises.

F. Impact evaluations of labour and productive inclusion programmes

1. Evidence around the world

The findings of systematic reviews of impact evaluations of labour and productive inclusion programmes and policies around the globe indicate that, although these interventions may not necessarily be effective at the macro level (for example, in lowering unemployment rates), they can have an especially important effect in terms of improving the employment status of persons belonging to the most disadvantaged groups in the population, particularly when they succeed in incorporating the various spheres of action mentioned in diagram III.1.
After reviewing over 100 studies on the impact evaluations of active labour-market programmes, many of them in countries belonging to the Organization for Economic Cooperation and Development (OECD), Dar and Tzannatos (1999) reached the following conclusions about their effectiveness at the macro level: (i) wage subsidies and training subsidies are not effective tools for reducing unemployment, while temporary employment programmes have only short-term effects; (ii) programmes that provide job-search assistance can have a significant impact, especially if the economy is expanding; and (iii) the impact and cost effectiveness of these programmes is not determined solely by their design but is instead also influenced by the phase of the business and labour cycle in which they are established. According to Dar and Tzannatos (1999), then, the sustained effects over time of labour and productive inclusion programmes hinges not only on the programmes themselves but also on the macroeconomic context, trends in new job creation and how effectively the various lines of action being pursued in the public domain are coordinated, among other factors.

Card, Kluve and Weber (2015) conducted a meta-analysis of 207 impact evaluations of active labour-market programmes around the world and concluded that the extent of the occupational effects of these programmes is greater in the case of women participants. These authors differentiated between short-, medium- (from one to two years after having participated in the programme) and long-run (two or more years after having participated in the programme) effects and found that, whereas, on average, the short-run outcomes in terms of the probability of obtaining a job is near to zero, the medium- and long-term effects were positive and increased over time. Unlike Dar and Tzannatos (1999), Card, Kluve and Weber (2015) found that these programmes have a greater impact during economic recessions and may therefore play an important countercyclical role.

Smedslund and others (2006) carried out a meta-analysis of studies on the impact of welfare-to-work programmes using randomized controlled trials. Using a database on 46 programmes, most of which are in the United States, they found that the effects on employment and labour income are positive, but small.

Olenik and Fawcett (2013) analysed 54 studies published between 2001 and 2012 on youth labour inclusion programmes in around 50 countries. They found that the programmes for young people in developing countries have a positive impact on employment and income and that the effect is greater in the case of young, low-income people who have had little formal schooling, especially in Latin America. Among the various programme components, the internship, job training and life-skills training have the most positive effects. The ones that tend to be the most effective of all, however, are the programmes that combine a number of different components, such as on-the-job training, life-skills (or socio-emotional skills) training and counselling. They
also found that, generally speaking, the effects of training are most apparent in the medium or long terms, while labour intermediation services usually have effects in the short run.

Kluve and others (2016) reviewed 113 impact evaluations of 87 youth employment programmes conducted between 2006 and 2016 in 31 developed and developing countries. They found that only one third of the evaluations indicated that the programme had had a significantly positive effect as measured by labour-market indicators such as employment rates and labour income. The did, however, observe that youth employment programmes —particularly those that provide vocational training and support for independent work— have been more successful in medium- and low-income countries and that they have proved to be especially useful for the most vulnerable groups in the population. They also found clear signs that programmes that have a number of different components are more likely to be successful owing to the fact that this mix of components makes them better able to respond to the different needs of their participants.

Finally, the World Bank study done by McKenzie (2017) reviewed 24 impact evaluations of training, indirect job creation and labour intermediation programmes and indicated that only 2 out of every 100 participants obtained a job as a result of the programme.

2. Evidence for Latin America and the Caribbean

In Latin America and the Caribbean, the increase in the number of labour and productive inclusion programmes in recent years has awakened interest in assessing their effects at the micro level (Bucheli, 2005), but a large pool of information is not yet available. The shortage of information in this respect becomes all the more evident when the data on these programmes is compared to the data on other social programmes such as conditional transfer programmes.36 This situation points up the wisdom of heeding the warning of the International Labour Organization (ILO) (2016) regarding the importance of undertaking rigorous evaluations before scaling up labour and productive inclusion programmes in order to determine their actual scope and limitations.

This section will look at the reviews of 37 quantitative studies (see annex box III.A1.1) that evaluated the results of 22 labour and productive inclusion programmes implemented in the region during the period 1998–2014 (some which are still under way while others have been discontinued).37 In the case

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36 Some macro evaluations of the net impact on aggregate employment and unemployment levels and a few cost-benefit analyses of the different approaches (Bucheli, 2005) have not been included in the overview provided in this section.

37 This is an updated and somewhat more detailed version of an earlier study presented by ECLAC (2017a).
of 32 of those studies, a variety of supply-side and labour inclusion indicators were examined, such as the probabilities of employment, unemployment and underemployment, the number of hours worked and labour income levels. In the case of 23 of the studies, the programmes’ effects in terms of the quality of employment were assessed (i.e. an evaluation was made of their impact on the probability of obtaining a job in the formal sector of the economy, of the person having a written contract and of payments being made into the pension and health-care system, among others).\(^{38}\)

For slightly more than half (58%) of the 645 indicators that were examined, some degree of statistical significance was observed. In 73% of those cases (269 indicators), the impact on the labour supply and insertion of the adults participating in labour and productive inclusion programmes was evaluated, and a positive impact was detected for 71% (190) of those indicators. The other 27% of the statistically significant indicators were measuring the labour formalization of participants, and 69% (70 indicators) were found to be reflecting a positive impact (see diagram III.2 and table III.1).

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Diagram III.2

**Latin America and the Caribbean (8 countries): review of impact evaluations of labour and productive inclusion programmes\(^a\)**

- **8 countries**
- **17 impact evaluations**
- **22 programmes**
- **645 indicators evaluated (100%)**
- **371 statistically significant indicators (58%)**

### Disaggregations
- **Sex (62%)**
- **Geographical area (41%)**
- **Age (51%)**

### Impacts (8 countries)
- **269 significant indicators (73%)**
  - E.g. Labour participation, labour income, hours worked, employed/unemployed/economically inactive, type of placement
  - **190 positive (71%)**
  - **70 negative (26%)**
  - **9 mixed (3%)\(^b\)**

### Impacts (7 countries)
- **102 significant indicators (27%)**
  - E.g. Formal (informal) employment, contract in writing, health insurance, benefits
  - **70 positive (69%)**
  - **30 negative (29%)**
  - **2 mixed (2%)\(^b\)**

### Source
Prepared by the authors.

\(^a\) The countries are Argentina, Brazil, Chile, Colombia, Dominican Republic, El Salvador (labour supply and insertion only), Mexico and Peru.

\(^b\) The results are classified as mixed if the effects are differentiated by, for example, the time that a given indicator was estimated.

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\(^{38}\) Some evaluations found both of these effects, which are therefore not mutually exclusive.
Table III.1  
Latin America and the Caribbean (8 countries): impact evaluations of labour and productive inclusion programmes

<table>
<thead>
<tr>
<th>Country</th>
<th>Programmes</th>
<th>Evaluations</th>
<th>Indicators</th>
<th>Statistically significant indicators</th>
<th>Effect</th>
<th>Indicators that were not statistically significant</th>
<th>Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Indicators</td>
<td></td>
<td>Indicators</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>+</td>
<td>-</td>
<td>+/-</td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>+</td>
<td>-</td>
<td>+/-</td>
<td></td>
</tr>
<tr>
<td>Argentina</td>
<td>3</td>
<td>4</td>
<td>121</td>
<td>73</td>
<td>60.3%</td>
<td>47 26 0</td>
<td>48 39.7% 31 15 2</td>
</tr>
<tr>
<td>Brazil</td>
<td>2</td>
<td>5</td>
<td>64</td>
<td>30</td>
<td>46.9%</td>
<td>10 20 0</td>
<td>34 53.1% 34 0 0</td>
</tr>
<tr>
<td>Chile</td>
<td>6</td>
<td>6</td>
<td>103</td>
<td>45</td>
<td>43.7%</td>
<td>45 0 0</td>
<td>58 56.3% 38 12 8</td>
</tr>
<tr>
<td>Colombia</td>
<td>4</td>
<td>7</td>
<td>102</td>
<td>67</td>
<td>65.7%</td>
<td>47 15 5</td>
<td>35 34.3% 25 9 1</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>1</td>
<td>4</td>
<td>70</td>
<td>33</td>
<td>47.1%</td>
<td>20 13 0</td>
<td>37 52.9% 22 9 6</td>
</tr>
<tr>
<td>El Salvador</td>
<td>1</td>
<td>1</td>
<td>8</td>
<td>8</td>
<td>100.0%</td>
<td>8 0 0</td>
<td>0 0.0% 0 0 0</td>
</tr>
<tr>
<td>Mexico</td>
<td>2</td>
<td>3</td>
<td>43</td>
<td>36</td>
<td>83.7%</td>
<td>33 0 3</td>
<td>7 16.3% 7 0 0</td>
</tr>
<tr>
<td>Peru</td>
<td>3</td>
<td>7</td>
<td>134</td>
<td>79</td>
<td>59.0%</td>
<td>50 26 3</td>
<td>55 41.0% 41 6 8</td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
<td>37</td>
<td>645</td>
<td>371</td>
<td>57.5%</td>
<td>260 100 11</td>
<td>274 42.5% 198 51 25</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors.

Note: +: positive effect; -: negative effect; +/-: mixed effect.
In 32 of the 37 studies that were reviewed, the effects were disaggregated by specific population groups. This is important because it reveals the heterogeneity of the results in relation to different aspects of the social inequality matrix (ECLAC, 2016a). The data are disaggregated by sex (in 19 studies), age (in 16 studies) and area of residence (in 19 studies, 8 of which concern urban areas only and 2 of which focus on rural areas). None of the studies disaggregated the data by ethnicity and/or race, which ECLAC (2016a) has identified as one of the dimensions that has a strong influence on access to employment.39

The impact evaluations that were based on continuous household survey data (13 evaluations), census results (1), ad hoc surveys (19) or administrative records (15).40 Different methodologies and study periods were used. Most of the evaluations are semi-experimental (78%), while the most commonly used methodologies were propensity score matching and difference in differences (see table III.A1.8).

A summary of the results of the various evaluations indicates that the effects in terms of indicators of labour inclusion were mostly positive and especially so in the case of women in regard to labour supply and integration indicators (see figure III.3) and in the case of men for formalization indicators (see figure III.4).

![Figure III.3](image-url)

**Figure III.3**

**Latin America and the Caribbean (8 countries): results of the indicators of the impact of labour and productive inclusion programmes on participants’ labour supply and integration**

*Numbers and percentages*

- Positive effect: 190 (41%)
- Negative effect: 70 (15%)
- Not significant: 196 (42%)
- Mixed effect: 9 (2%)

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39 The lack of disaggregation for these variables is not necessarily an omission on the part of the researchers. On the one hand, in many cases this disaggregation is not present in the programmes’ administrative records and, on the other, very few household surveys in the region include these variables and, even if they do, the corresponding analysis cannot always be carried out because of problems with statistical significance. For a discussion of the challenges involved in terms of the quality and coverage of statistics on the population of African descent, see ECLAC (2017b and 2017c).

40 Some studies used a combination of primary and secondary sources.
Social programmes, poverty eradication and labour inclusion...

Figure III.3 (concluded)

B. Women$^{ab}$

- Positive effect: 53 (84%)
- Negative effect: 9 (14%)
- Mixed effect: 1 (2%)

C. Men$^{ab}$

- Positive effect: 20 (51%)
- Negative effect: 10 (25%)
- Mixed effect: 3 (7%)

Source: Prepared by the authors.

$^a$ The results are classified as mixed if the effects are differentiated by, for example, the time that a given indicator was estimated.

$^b$ Only statistically significant results are reported.

Figure III.4

Latin America and the Caribbean (7 countries): results for indicators of the impact of labour and productive inclusion programmes on participants' occupational formalization

(Numbers and percentages)

A. Total$^b$

- Not significant: 78 (43%)
- Positive effect: 70 (39%)
- Mixed effect: 30 (17%)
- Negative effect: 20 (11%)
Evaluations of the impact of labour and productive inclusion programmes in Latin America and the Caribbean may suffer from a series of methodological limitations, however. One of the major limitations of this sort is underscored by González-Velosa, Ripani and Rosas-Shady (2012), who point out that these studies rarely isolate the impact of each of the different types of interventions carried out by any given programme and, as was discussed earlier, most of the programmes offer a combination of interventions. Evaluations of a programme as a whole do not provide the information that would be needed to determine which component or combination of components is the most effective, and this is something that decision-makers need to know. These studies do not always indicate under what circumstances and in what contexts the programmes are most effective either, and they rarely include calculations of the cost-efficiency
McKenzie (2017) also points out some of the problems associated with impact evaluations of labour and productive inclusion programmes, such as the fact that the samples are sometimes not very representative and long-term effects are often not accurately measured. The methodological differences between each evaluation and the next and the existence of constraints in terms of the availability and quality of the data used in them also reduce their comparability across countries and across programmes (Urzúa and Puentes, 2010).

These limitations notwithstanding, the results of these evaluations for each sphere of action are presented below. When the studies have not specified which component is being evaluated (probably because the evaluation looked at the programme as a whole), the classification is based on the main focus of the authors’ conclusions or, if information is available, then priority is given to the component with the largest number of participants. A majority of the evaluations focus on technical and vocational training interventions, followed by direct job creation (see figure III.5).

Figure III.5  
**Latin America (8 countries): impact evaluations of labour and productive inclusion programmes, by component**  
(Number and percentage of evaluations)

- **Support for independent work**: 1 (2.7%)
- **Indirect job creation**: 2 (5.4%)
- **Labour intermediation services**: 2 (5.4%)
- **Remedial studies and school retention**: 2 (5.4%)
- **Direct job creation**: 4 (10.8%)
- **Technical and vocational training**: 26 (70.3%)
- **All studies**: 37 (100%)

**Source**: Prepared by the authors.

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41 According to McKenzie (2017), in terms of a cost-benefit analysis, training programme participants would take between three and four years at least in order for their wages to cover the cost of the programme. However, the cost per participant of labour intermediation programmes is low (US$ 25 per participant). Therefore, if the programme raises the probability of obtaining employment by just 2% (the impact of a typical intervention of this type), that is enough to justify its implementation.
3. **Supply-side employment support programmes**

(a) **Technical and vocational training**

The chief outcome that technical and vocational training programmes are intended to achieve is an increase in participants’ skill levels (and, hence, an increase in their employability). This can be measured by the amount of time required to find employment and the quality of the job obtained following training, which in turn can be judged on the basis of various criteria (including pay levels, job stability and opportunities for professional advancement (Kugler, 2004)).

International studies on the subject (Betcherman, Olivas and Dar, 2004; Betcherman and others, 2007; Card, Kluve and Weber, 2015; Heckman, Lalonde and Smith, 1999; Kluve and others, 2007) are not conclusive regarding the effects of these programmes as gauged by a set of labour inclusion indicators, such as occupation and labour income. Overall, the effects appear to be moderate and mixed. Women and young people appear to benefit the most, often because they are the ones who are making the transition from economic inactivity to work.

Kluve (2016) argues that time is needed in order for the results of training to become apparent and that, in the short run, it may appear to have negative effects on the probability of participation in the labour market because people who have been trained become more demanding with regard to the type of work that they are going to perform. The long-term results will depend, among other factors, on the type of training, the nature of the executing agency, the geographic area concerned and its coverage, the links established with employers, the business cycle, and the dynamics and structure of the labour market.

The evaluations conducted in Latin America and the Caribbean that are analysed in this report indicate that 56% (246) of the results were statistically significant and that 72% of those were positive (while 26% indicated the presence of a negative effect) (see figure III.6). The positive effects mainly had to do with the probability of being employed (8 studies) and pay levels (16 studies). The principal negative effects were reflected in indicators such as seniority or length of time on the job (3 studies) and the probability of being economically inactive (3 studies).

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42 There are also positive externalities that are difficult to quantify but that are no less important, such as enhanced self-esteem, the development of social skills and the generation of social capital.

43 The concept of economic inactivity used in this report and in the impact evaluations is limited to non-involvement in remunerated labour activities and thus does not take in other types of activities that are highly valuable for society, such as studying or the performance of unpaid domestic work and care services.
Figure III.6
Latin America and the Caribbean (8 countries): results of the impact indicators for the technical and vocational training components in terms of participants’ labour inclusion
(Numbers and percentages)

A. Total

- Positive effect: 178 (40%)
- Not significant: 193 (44%)
- Mixed effect: 3 (1%)
- Negative effect: 65 (15%)

B. Women

- Positive effect: 45 (83%)
- Mixed effect: 1 (2%)
- Negative effect: 8 (15%)

C. Men

- Positive effect: 29 (85%)
- Negative effect: 5 (15%)

Source: Prepared by the authors.

- The results are classified as mixed if the effects are differentiated by, for example, the time that a given indicator was estimated.
- Only statistically significant results are reported.
The findings of some of these studies will be reviewed in the following discussion. In Argentina, the evaluation prepared by López and Escudero (2016) for the Training and Employment Insurance programme showed that the intervention had a positive impact on the quality of the participants’ jobs in the short run by reducing the probability of their being employed in the informal sector of the economy (by 2.1% for participants between the ages of 18 and 65), of working an excessive number of hours and of being underemployed. An increase in the per-hour wage was also observed. However, participation in the programme is also associated with an increase in the probability of being economically inactive. The authors note that this could be attributable to inactivity on the part of the participants at some point while they make the transition from the informal to the formal labour market. López and Escudero (2017) confirmed these results and also found that the results were not the same for all groups of participants: while the programme led to improved outcomes for young participants (who are less likely to be inactive and have a higher probability of having a better-paid job in the formal sector), it did not appear to have improved the working conditions of women participants between the ages of 18 and 65, who constituted a majority of the programme’s participants (70%). This suggests that the programme’s design should be modified to meet women’s needs more effectively by, for example, tailoring the courses to their preferences and providing childcare.

In Brazil, a study conducted by the Ministry of Social Development and Hunger Alleviation (2015) found a significant difference between the levels of labour inclusion of participants in the courses offered by the training component (Bolsa Formação) of PRONATEC in 2011–2014 and non-participants. An increase in the participants’ rate of formalization was observed, either via access to wage employment in the formal sector or the formalization of an independent worker as a result of the Individual Micro-entrepreneur (MEI) programme. The impact of PRONATEC on participants in the Bolsa Família programme was even stronger. These findings were corroborated by Araújo and Gomes (2016), who calculated that the formalization rate at the end of the observation period (2014) had risen by 11.8 percentage points for the treatment group as compared to 4.9 points for the control group.

Similar results were reported in the study by Sousa, Silva and Jannuzzi (2015), who noted that, in addition to the skills and abilities acquired through course attendance, access to information on available vacancies and the labour intermediation services provided by PRONATEC made a difference between the employment paths of participants and non-participants. They

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44 López and Escudero (2017) do not succeed in explaining the reason for this result. They postulate that it is attributable both to the challenges women face in Argentina’s labour market and to certain aspects of the programme’s design and implementation.

45 The study covered 2.5 million people (participants and non-participants).
concluded that PRONATEC not only has contributed to the formalization of existing employment situations but has also helped formerly inactive participants or unemployed persons to find work, whether in the formal sector or the informal sector.

Petterini’s study (2011) on the city of Fortaleza showed that the probability of finding work was between 11.1% (according to data from the Employment and Unemployment Survey) and 19.6% (according to data from the National Household Survey) greater for persons between the ages of 15 and 56 who participated in the Sector Vocational Training Plan (PlanSeq), which was the predecessor of PRONATEC, than it was for non-participants. Petterini also conducted a cost-benefit analysis that showed that the 1.1 million reais that were invested in this programme in Fortaleza (2009 values) generated 5.1 million reais in returns in real terms for society.

The results of the impact evaluation of the More Youth in Action programme in Colombia conducted by the National Planning Department (DNP, 2008) indicate that the training provided under that programme: (i) augmented employability as measured in terms of days worked and the probability of finding work; (ii) increased the chances that a person would obtain a job covered by an employment contract in writing in the formal sector, although this latter result was not always statistically significant; and (iii) raised the income levels of both wage earners and independent workers. Attanasio, Kugler and Meghir (2009 and 2011) also found that the programme boosted the incomes and employment levels of women participants, who were earning between 18% and 20% more and were more likely to be employed, primarily in the formal sector, than the women in the control group. Participation in the programme was associated with some increase in the labour income of young people living in extreme poverty and enabled many of them to obtain decent work in the companies where they had done their internships (Duer and D’Alessandre, 2016).

The evaluations of Colombia’s Young Rural Entrepreneurs programme—which targets persons in the most vulnerable groups of the rural population—prepared by Castañeda, González and Rojas (2010) and Steiner (2010) identified positive effects in terms of participants’ working conditions: attendance at courses offered by the programme had a positive impact on the graduates’ hourly wages and on the likelihood of finding work relative to people in the control group. Participants were also more likely to start up businesses of their own.

According to Beneke de Sanfeliú (2014), the Programme of Temporary Income Support (PATI) in El Salvador has increased the labour market participation rate and employment rate for its participants. The impact on labour income was positive but limited, probably because the participants’
positions in the labour market remain uncertain or substandard. PATI does, however, appear to have achieved its purpose of providing temporary income protection for poor and vulnerable households in urban areas. The results indicate that the programme attracted the people who were most in need of this type of support and thus that the self-selecting geographic targeting mechanism worked as it was supposed to. They also indicate that PATI reduced the incidence of extreme poverty among the participants even a year after they had completed the programme, and this was especially true for the less educated male participants.

In Mexico, the Job Support Programme (PAE), which includes the Bécate subprogramme, has also shown positive results in terms of monthly labour income and the employment rate, both of which are higher among participants than persons with similar profiles that were not part of the programme (Van Gameren, 2010). Analítica Consultores (2012) found that Bécate succeeded in placing its participants in the labour market and, when income levels were analysed on a sex-disaggregated level, that both men and women benefited in the short run from having participated in one or another of its components. The most positive effects of Bécate were observed for its mixed training and internship training components, which combine training with employment subsidies.46 A study on PAE as a whole (CONEVAL, 2010) also concluded that the programme facilitates its participants’ entry into a productive form of employment or activity.

In Peru, the Youth Labour Training Programme (ProJoven), which ran until 2008, had positive results in terms of its participants’ labour incomes and employment levels (Ñopo and Robles, 2002). The study done by Burga (2003) found that the programme raised the level of employability and the number of hours worked, which together accounted for the higher labour incomes earned by these young people.47 It also had a positive effect in reducing underemployment as measured by the number of hours worked, as the participants worked, on average, six hours more per week than before. The programme also boosted employment in medium-sized and large firms while reducing employment in microenterprises. Thus, despite the large extent of informality in Peru, the programme increased the likelihood that its participants would succeed in finding a formal-sector job that afforded them health and pension benefits (Díaz and Rosas, 2016). It also reduced the occupational segregation of men and women by 13% relative to the level of

46 For the whole of the evaluation period (all of 2008 and the first half of 2009), the impact attributable to Bécate is a 43% increase in the participants’ job placements 13 weeks after receiving training compared to 32% for the control group (Van Gameren, 2010).

47 The strongest effects in terms of average monthly income were observed 12 months after the end of the internships (see Ñopo and Robles, 2002).
segregation that would have existed if they had not participated in ProJoven\textsuperscript{48} by helping to increase the extent of women’s participation in traditionally male activities and the participation of men in traditionally female activities (Ñopo and Robles, 2002; Ñopo, Robles and Saavedra, 2002).

For the Dominican Republic’s Youth and Employment Programme, Card and others (2011) found signs of it having little impact (the results were not statistically significant) on employment and a modest impact on monthly earnings. Labour income levels were similar for men, women, young workers and adult workers, but did vary according to educational level (the higher the level of education, the higher the pay level) and place of residence (strong positive effects for residents of Santo Domingo). According to Vezza and others (2014), the Youth and Employment Programme helped to increase the probability of employment in the short term, but, in the medium term, it appears to have been more successful in raising expectations and improving basic skills than in changing the participants’ results in terms of labour integration. For example, employed women who participated in the programme have higher levels of job satisfaction than their counterparts in the control group, as measured by their lesser desire to change jobs (5.2 percentage points less than the control group) and their greater propensity to refuse job offers.

A more recent evaluation carried out by Ibarrarán and others (2015) found evidence that the Youth and Employment Programme had significant effects in increasing formal employment as measured by the categories of “employee with health insurance” and the probability of participants have an employment contract in writing, especially in the case of men. These authors also found positive effects in terms of men’s and women’s income levels in Santo Domingo.\textsuperscript{49} In particular, the long-term analysis (six years after participation in the programme) included in this study showed that the programme had a major impact in helping young men to obtain and remain in good jobs (in the formal sector) and in raising urban women’s

\textsuperscript{48} The Duncan Segregation Index was used to gauge this impact. That index measures the differences in the relative share of men and women in different occupations. In a completely segregated economy, the value of the index would be 1, while, in an economy in which men and women were equitably distributed over the various occupations, it would take a value of 0. Prior to the programme, the level of occupational segregation as measured by the Duncan Index was about 0.6 (Nopo and Robles, 2002; Nopo, Robles and Saavedra, 2002).

\textsuperscript{49} Apart from Santo Domingo, the authors looked at the programme’s effects in the three other regions of the country: Cibao (the northern region) and the southern and eastern regions (excluding Santo Domingo). The results for the eastern region overlap with those for the subpopulation of Santo Domingo, as, in this region, which surrounds the capital city, the programme is more active than in the northern and southern regions. In the northern region, the programme had negative effects in terms of the probability of labour participation and employment, and the negative results for young women in the sample were particularly evident. In the southern region, the only statistically significant positive impact was on male participants’ chances of obtaining formal-sector employment.
income levels. The authors concluded that this training programme worked particularly well in dynamic local contexts where there was a real demand for the skills offered by the programme.

In addition to the training courses that offer participants an opportunity to gain entry to the labour market, these programmes may also help to improve participants’ living conditions in other areas (ILO, 2016). For example, in the case of the Youth and Employment Programme, evidence has been found that it reduced the frequency of its young at-risk participants’ involvement in gangs and gang violence (World Bank, 2012).

**Remedial studies and school retention**

Data on the impact of remedial studies programmes in the region are provided by two studies conducted in Chile on programmes that are no longer in operation. Given the small size of the sample and the mixed findings regarding their effects on the different groups within the population, it is not possible to draw general conclusions from these findings.

The impact evaluation of the Chile Califica (“Chile qualifies”) programme, which ran from 2002 to 2009, identified differing effects for the nine subsamples of participants. In the case of persons over 40 years of age, residents of the Metropolitan Region and those who received both training and certification of their qualifications, the programme had a positive effect in terms of monthly labour income as compared to the results for the control group. The probability of having a written employment contract increased particularly sharply for women and those over 40 years of age. Participants who received certification of their qualifications were the only ones whose probability of being employed rose. According to the authors of this evaluation (Santiago Consultores, 2009), these results show that skills-based training should be linked to a certification process in order to be effective. This is an especially useful tool for middle-aged workers who may be nearing a point in their productivity curve where their labour income may otherwise start to level off.

Bravo (2003) found that the Job Skills Equalization Programme (PNCL), which ran in Chile from 1999 to 2008, raised participants’ employment rates by between 13% and 20%, with the increase being greatest in the case of women. No effect was found in terms of wage levels or formalization rates, however. A qualitative evaluation of its perceived impact showed that 50% of the participants in the basic and intermediate levelling courses felt that the programme had helped them to increase their employment options, while one third stated that their participation had led to an improvement in their working conditions.

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50 (i) All programme participants; (ii) women; (iii) men; (iv) people under 40 years of age; (v) people aged 40 or over; (vi) residents of the Metropolitan Area; (vii) residents of other regions; (viii) participants who received certification of their qualifications; and (ix) persons without certification.
4. Demand-side support programmes

Very few impact evaluations have been conducted for programmes that provide support for independent forms of employment or for direct and indirect job creation programmes. And in cases where these components form part of a programme that offers other services (such as training), the evaluations tend to focus on the latter. The impact of demand-side support programmes has been analysed in only seven of the evaluations reviewed here (19% of the total): one on support for independent work, four on direct job creation programmes and two on indirect job creation initiatives.

(a) Support for independent work

Programmes that support independent forms of employment have two main objectives: training for micro-entrepreneurs and access to capital. The idea is that, with these two tools, working-age adults living in poverty should be able to set up more successful businesses that would improve their living conditions (Martínez, Puentes and Ruiz-Tagle, 2013). The people who take part in these types of programmes encounter a number of difficulties, however, especially from the standpoint of sustainable income generation. It has been observed that microenterprise promotion programmes, in particular, tend to be effective only for a relatively small group of workers who are interested in starting their own business and to have the best results when the participants are motivated individuals with a relatively high level of education (Farné, 2009). The principal positive effects have been observed in the probability of being employed or engaging in independent work and the number of hours worked.

In the case of Brazil, Serpa and others (2008) evaluated the experience of Crediamigo (“friendly credit”), a microcredit programme associated with Bolsa Família that mainly operates in the north-eastern part of the country and has a large number of women clients. The authors found that this programme served mainly to strengthen pre-existing microenterprises. In 82% of the cases, the credits were used to expand existing businesses, while in 16% of the cases the recipients used the funds to start up their own venture. This would appear to indicate that microenterprise support interventions work best when they focus on reinforcing existing installed capacity rather than on promoting new income generation options.\(^\text{51}\)

In Chile, the impact evaluation of the Support for Microentrepreneurship Programme (PAME) (now Yo Emprendo Semilla) conducted by Martínez, Puentes and Ruiz-Tagle (2013) found that, after the participants had spent one year in the programme, their employment — and particularly

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\(^\text{51}\) The study sample was made up of 99 Bolsa Familia participants who were involved in the pilot project conducted in five municipalities (Ceará, Itaitinga, Maranguape, Pacajus and Paracuru) in 2007.
independent employment—rates and their labour income had risen by 18% and 32%, respectively (these results were not statistically significant, however), and the participants had improved their business skills. They also found evidence that the programme was apparently more effective for participants who were unemployed at the time that their baseline situation was registered than it was for those who had their own businesses, while, for participants who were wage earners, it was effective if their pay levels were low. The authors concluded that, as an alternative to microcredits, the programme’s cash transfers (in the form of, for example, seed capital) would encourage poor and at-risk participants to try to start up microenterprises by reducing their risk aversion.

The main problems encountered in the operation of the component of Solidarity Chile that provides support for independent forms of employment have included a lack of business experience, the unsuitability of some of the projects and the impossibility of projecting a present investment for future income under economic crisis conditions (Ministry of Social Development, 2006). In addition, these projects often end up in the informal sector or simply fail altogether. There have even been cases where the users have sold the capital goods they had acquired in order to generate income on the spot or have handed them over to other parties to use because they are not able to use them for their intended production purposes themselves (Ministry of Social Development, 2006 and 2009). Furthermore, if heads of household obtain what are seen as being good, well-paid jobs, then the development of a microenterprise is no longer regarded as being an attractive undertaking (Ministry of Social Development, 2009).

In Peru, where a number of different initiatives are under way for providing technical assistance and transferring production assets to rural households participating in the Juntos CCT programme, the findings of quantitative and qualitative evaluations have been generally positive. Escobal and Ponce (2015) found that, after two years in the Haku Wiñay/Noa Jayatai programme, users had significantly higher incomes than non-participants and felt that their level of well-being had improved.\(^{52}\) Their main sources of income are farming, stock-raising and, to a lesser extent, the manufacture and marketing of animal products or processed farm goods.

Del Pozo (2014) looked at whether poor rural households in the Juntos programmes are using their access to farm loans to make investments. The empirical evidence suggests that the linkage of the Juntos programme with production loans has resulted in an increase in the land area under cultivation and the numbers of poultry and size of livestock herds. The

\(^{52}\) Whereas 65% of the participants in the Haku Wiñay/Noa Jayatai rural programme said that they had seen an improvement in their incomes over the past two years, only 51% of non-participants said the same (Escobal and Ponce, 2015).
study also found, however, that the effects varied depending on the sex of the household head, as the results were positive and statistically significant when the head of household was male. A qualitative evaluation carried out by Segovia (2011) showed that the programme helped to improve the economy at the community level by holding fairs and putting up stands for the sale of household products and that the transfers were used to create small businesses. It also found that the programmes’ participants are the main driving force behind the local economy. The interviews held as part of this study showed that some of the mothers in the programme were beginning to form business partnerships and to obtain funding for use in starting their own businesses (e.g. raising small animals, starting organic gardens or buying seed). Segovia (2011) also found that women participants in the Juntos programme were learning how to save and to work with loans from the various sorts of financial institutions. It is also true, however, that, because of the misinformation provided by some local programme administrators, some of the households have chosen not to save because they fear that doing so will make them ineligible for the programme.

Finally, according to Trivelli and Clausen (2015), who studied the impact of the pilot scheme for promoting savings in Juntos participant households, as of July 2012, after the programme had been in operation for two years, 21% of the users of the Juntos CCT component were using their savings accounts (as compared to just 1% of the control group) and were saving 5.7% of their monthly transfers.

(b) Direct job creation

The data on the temporary public job creation programmes offered in Colombia and Peru show that they have positive effects during the execution of the programme but that those effects do not extend beyond that time horizon since, while short-run indicators of labour participation, number of hours worked and labour income trend upward during the programmes, those trends disappear when the programme ends. The results for the probability of obtaining formal-sector employment and of becoming wage earners are not conclusive. Here, too, there have been so few studies that their results do not serve as a basis for arriving at more general conclusions.

The impact evaluation of the Employment in Action Programme of Colombia, which ran from 2002 to 2004 and was aimed at creating temporary jobs in the construction of infrastructure works, found evidence that the programme had a significant effect on the participants’ levels of labour income over the medium term (i.e. nine months after the construction works had been completed), had resulted in an increase in the number of hours worked and had reduced their exposure to unemployment. The statistically significant positive results seen in terms of labour income could be associated with a marginal improvement in the quality of employment. It was also found that the
programme’s impact extended to other members of participants’ households: between 6 and 12 months after the completion of the construction works, other members of these households were working an average of 4.7 more hours per week and had higher monthly wage earnings. While the construction works were under way (i.e. in the short term), the women participants, and especially the women heads of household (almost 35% of all participants), and people between 18 and 25 years of age benefited the most from the programme in terms of both the number of hours worked and labour income levels. While women have traditionally been excluded from jobs in the construction industry, some of the women participants may have seized the opportunity to work part time at construction sites located close to their homes.

Finally, although the impact evaluation confirmed that one of the advantages that public temporary employment programmes have over other policy options is that they can be accurately targeted at poor and vulnerable population groups, it did not turn up strong evidence that their effects can be sustained over time. In fact, once the construction works had been completed, most of the participants returned to wage-based work in the urban informal sector (69%) (some of them to occasional wage work that does not provide social security benefits), 24.3% found work in agriculture and just 6.7% secured a better-paid job in the urban formal sector that provided them with social security benefits (DNP, 2007).

The findings for the Construyendo Peru (“building Peru”) programme, which was implemented from 2006 to 2011 and was the predecessor of today’s “Peru Works” Programme for the Generation of Inclusive Social Employment, point to positive effects in the short run for labour participation, probability of securing employment and the entry into the labour market of participants with fewer employment opportunities (i.e. women with low levels of education and workers living outside of Lima (Macroconsult, 2012; Escudero, 2016). Nevertheless, the likelihood that the participants would work in the informal sector, work long hour and be classified as poor remained high for these population groups. Furthermore, the effects after participation in the programme had ended were tenuous: no difference was found between participants and non-participants with regard to income, the likelihood of finding work or even any perceived improvement in living standards. In other words, the short-run effects of this programme dissipated as time passed.

According to Chacaltana (2003 and 2005), the A Trabajar Urbano social emergency urban work programme, which ran from 2002 to 2007, boosted participants’ incomes by nearly 40% over what they would have earned if

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53 It was found that, over the medium term, women heads of household benefited to the same extent as the rest of the population.

54 Many of the programme participants were members of indigenous peoples; on average, participants whose mother tongue was an indigenous language made up nearly 30% of the total and, in urban areas, around 12%, on average (Macroconsult, 2012).
they had not taken part in the programme. The author also found that the incomes of persons who received training under the programme were higher than those of people who did not. When these effects are disaggregated, it also turns out that, rather than being evenly distributed, they were greater for women, people living in extreme poverty and people living in rural areas.

(c) Indirect job creation

Only two impact evaluations were found for indirect job creation programmes, both of which concern initiatives in Chile. The Youth Employment Subsidy was found to have a considerable effect in terms of the probability of participation in the labour market, and the impact was observed to be slightly greater for men than for women relative to the control group. While this impact was reflected in a higher rate of employment for persons who had not previously been part of the formal labour market, no significant effect was found to exist in terms of social security contributions (Centro de Microdatos, 2012).

The evaluation of the Labour Hiring Bonus Programme (covering both its regular component and its Solidarity Chile component), which ran from 2001 to 2010, did not find statistically significant effects for participation in the programme on the probability of being employed, in either the formal or informal sector, or of earning more in 2004, 2005 and 2006, in the short term or at 6, 12 or 18 months after participation in the programme ended. The reasons for this may include the following: (i) the design of the programme was such that employers could select the workers they wanted to recruit, which blocked the programme’s impact on vulnerable workers, while, at the same time, allowing companies to reduce their recruitment costs; (ii) around 50% of the participants worked in firms that hire on a seasonal basis, such as forestry and construction, which create jobs each year regardless of the existence of a recruitment subsidy or not; and (iii) wages were not affected because the great majority of workers were paid the minimum monthly wage (Fundación Agro-UC, 2009).

5. Labour intermediation services

It has been found that, in developed countries, labour intermediation services are more effective than other types of programmes in shortening periods of unemployment and are, in addition, cost-effective (Rossel and Filgueira, 2015). Evaluations in Latin America and the Caribbean, on the other hand, have found that public labour intermediation services fall short of fulfilling their objective of placing participants in quality jobs, especially in the case of the poorest and most vulnerable individuals. These services also appear to be more effective in the short run (J-PAL, 2013) and to become ineffective during recessions, when companies are not willing to take on more personnel (Farné, 2009).
In Brazil, Silva, Almeida and Strokova (2015) underscore the low quality and ineffectiveness of the National Employment System (SINE), especially in regard to serving people who are living in poverty, who usually have less information and need more guidance in order to gain entry to the labour market.

In the case of Chile, the municipal labour market intermediation offices (OMILs) must contend with unreliable supplies of materials and human resources, and their job placement and user satisfaction ratings are low. In particular, their labour intermediation services appear to fall short of what they need to provide in terms of guidance for unskilled workers. This appears to be related to the greater demands that these intermediation services place on unskilled workers, who usually have informal jobs, do not have information about what labour intermediation services entail and mistrust them to some degree (only 3% of the participants in Solidarity Chile were registered with an OMIL) (Brandt, 2012).

In Colombia, the evaluation of the Public Employment Agency carried out by Pignatti (2016) showed that its services increased the likelihood of a person obtaining a job in the formal sector, mainly because participants often secure employment in large firms. The effectiveness of the Agency’s services in terms of labour formality is greater in the case of women and unskilled job-seekers than it is in the case of men and highly skilled persons. The evaluation also found evidence that obtaining a job through the Agency had a statistically significant and positive effect on the level of labour income of the less skilled participants. However, negative effects in terms of per-hour wages were found when participants were compared with people in the control group who found work through classified ads, private employment agencies and direct employer contacts but positive effects when they were compared with people who found employment (probably in the informal sector) through friends and acquaintances. The study also found that the effects were more positive when the Agency’s services were provided in person rather than via the Internet.

In Mexico, the evaluation of the formal employment subprogramme of the Employment Support Programme, which ran from 2002 to 2008, indicates that the monetary support offered by the subprogramme enabled users to find a better-paying job that provided better benefits, as well as reducing the amount of time they needed to re-enter the formal sector (Van Gameren, 2010).

Finally, the evaluation prepared by Dammert, Galdo and Galdo (2015) of the public employment services furnished by Uruguay and Peru 55

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55 This subcomponent entailed the delivery of economic support to the unemployed population that was excluded from the formal sector. Its aim was to help these people find employment by encouraging them to persevere in their job searches and providing occupational guidance and advisory services via the National Employment Service.
indicated that, while intermediation services tended to speed up the process of finding a job, and thus had statistically significant effects on employment after the first month, the control group tended to catch up by the third month (McKenzie, 2017).

G. Conclusions

Labour and productive inclusion programmes are a pillar of strategies for overcoming poverty in Latin America and the Caribbean, together with cash transfers and access to quality social services. These services need to be designed to accommodate the varying characteristics, nature and specific difficulties encountered by the different groups that make up the target population for these programmes. The evaluations reviewed in this study indicate that labour and productive inclusion programmes can have a significant impact in improving the labour indicators of the most disadvantaged groups, be they young people, women, persons living in extreme poverty, persons with low levels of education or persons with disabilities. It is noteworthy, however, how few of these evaluations looked at the ethnicity/racial dimension, i.e. the specific characteristics and realities of the indigenous peoples and persons of African descent who are some of the users of these programmes. This has to do, in part, with the fact that there are as yet few programmes that specifically target these population groups or explicitly incorporate this dimension into their design, implementation strategy or monitoring mechanisms; it may also have to do, however, with analysts and evaluators having assigned very little priority to the consideration of this issue, despite the existence of numerous studies that demonstrate that these groups are overrepresented in the population subject to poverty, extreme poverty and social and labour exclusion (ECLAC, 2019, 2017b and 2017c).

Achieving an increasingly inclusive labour market is subject to both factors that are exogenous and factors that are endogenous to the operation of labour and productive inclusion programmes. Exogenous factors include economic growth, the nature of the production structure, the quality of compulsory education and of vocational training institutions, social protection systems and the regulation and characteristics of the labour market, among others (Gontero and Weller, 2015). In particular, according to Romero-Abreu and Weller (2006), any programme that is intended to address some aspect of labour inclusion must be set within the context of a dynamic demand for labour and a conducive macroeconomic environment that will serve as the basis for the creation of productive jobs, whether via the recruitment of more personnel or via independent work. In the case of Brazil, Sousa, Silva and Jannuzzi (2015) observe, for example, that the positive results of PRONATEC were achieved against the backdrop of a favourable economic environment. During the time that this programme was designed and operating (2011–2014), Brazil’s labour market indicators were quite good, even among the poorest
sectors of the population. Formal employment was on the rise, labour income levels were climbing, the economic activities of independent workers were expanding, and unemployment levels were falling. This combination of factors thus helped to create a labour market that was more open to poor sectors of the population and to reduce poverty and inequality in the country (Silva, Almeida and Strokova, 2015).

The relevant endogenous factors primarily have to do with the design and execution of these programmes and their ability to coordinate and interconnect their various components, but there are also other important factors, such as whether or not the duration of the programme is appropriate, how it is linked to the private agents that create jobs, whether or not it incorporates a gender perspective (Gontero and Weller, 2015) and its sensitivity to the ethnic/racial dimension. For example, in an analysis of the poverty reduction strategy used in the Brazil without Poverty Plan in rural areas between 2011 and 2015, Mello (2018) found that the combination of two more rural productive inclusion policies had been the most successful in increasing the income levels of participating households. This demonstrates the importance of coordinating various tools for supporting rural production and access to goods and inputs.

Technical and vocational training is the component that is most frequently included in labour and productive inclusion programmes, and it plays a fundamental role in building skills and starting people out on a better employment path (Weller, 2009). There are many factors that can limit the effectiveness of technical and vocational training initiatives, however.

First of all, these programmes need to be of an appropriate length, since shortfalls in certain types of skills cannot be remedied by a few weeks or months of training. Studies conducted at the international level suggest that each additional year of formal education translates into approximately a 10% increase in earnings (Urzúa and Puentes, 2010; McKenzie, 2017). Short training courses can therefore not be expected to yield substantial results in terms of improvements in employability and reductions in the educational deficits of their participants. It is also important to couple training courses with remedial studies and skills certification. Second, the programmes need to be appropriately targeted, as programmes that are specifically designed to enable certain groups to become more employable are likely to be more effective than more general programmes. A thorough understanding of the

56 With regard to the question of the length of training courses, a quantitative and qualitative evaluation of the pilot for the +Capaz programme in Chile found that nearly a third of the users felt that the training course was too short and would have been willing to attend the course for a longer period in order to feel that they were better prepared (ClioDinámica Consulting, 2015). Some training providers in technical training agencies and vocational schools, on the other hand, believe that these courses are of a suitable length, noting that their limited duration reduces the dropout rate and gets people into a paying job more quickly.
needs of poor and vulnerable groups is also required in order to fine-tune the course content, instructional materials and class schedule. Third, the training has to meet certain quality standards, employ suitable instructional techniques and include practical on-the-job training components. Fourth, programmes should be designed in coordination with the private sector and with agencies that are familiar with local realities so that the skills that participants acquire will match up with demand in the labour market and so that the training that they offer will be attractive to potential participants and will be valued by them. Finally, it is best for such programmes to be part of an integrated training system so that trainees can move on to more advanced levels and have access to a variety of services focusing on specific skills and abilities (Urzúa and Puentes, 2010; Samaniego, 2004; Weller and Gontero, 2016).

It is essential for the course schedule to be suited to the needs of the target population (especially the women in that population) in order to facilitate participation in the courses, reduce the dropout rate and buoy attendance rates (ClioDinámica Consulting, 2015). Since most participants cannot afford the costs associated with attendance at classes and practice sessions, transportation and meal subsidies are an incentive for participation and, in some cases, make a contribution to household income. Another key incentive for women’s participation in labour and productive inclusion programmes and, more generally, in the labour force is the provision of care services and other forms of support that will help to reduce their workload in this respect.

Another challenge for training programmes is to avoid perpetuating occupational sex segregation. Muñoz (2017) and Espino (2018) recommend that the public sector work with the private sector to promote the entry of women into non-traditional or “typically male” areas of economic activity. They also advocate the introduction of measures for boosting productivity in “feminized” sectors and for diversifying the supply of vocational training and the organization of activities, such as workshops, both for employers and for women participants themselves, aimed at helping to overturn gender stereotypes in the labour market.

The second-most common component, after technical and vocational training, of labour and productive inclusion programmes in the region is support for independent work. Yet although the promotion of independent forms of economic activity appears to be a way of including poor sectors of the population in the production sector, this type of work does not necessarily ensure them a sustainable level of income or decent working conditions. What is more, many microenterprises do not manage to succeed and soon close their doors. The risk of this occurring is even greater when the entrepreneurs are not very educated (Weller, 2009). Not all of the households that participate in programmes designed to support independent work have the same ability to gain entry to the labour market or to take advantage of the services offered by these programmes, such as microcredits and microbusiness
support mechanisms (Cecchini and Madariaga, 2011). Silva, Almeida and Strokova (2015) therefore suggest adapting training and entrepreneurship programmes to the abilities and experience of their participants and taking steps to diversify the forms of support that are offered in order to broaden market access, promote partnerships with the private sector and open up access to financial services and technologies. Mechanisms also need to be put in place (e.g. simplified administrative and taxation procedures) to help own-account workers formalize their economic activities.

Direct job creation programmes can be useful for coping with temporary slumps in labour demand and for addressing short-term income deficits, since they can be more accurately targeted at poor and vulnerable groups of the population. They are not, in and of themselves, a solution for employment problems, however, since they do not necessarily increase the target population’s employability (Weller and Gontero, 2016). From a rights-based perspective, it is important for these programmes to open the way to quality forms of employment, as well as mitigating emergency situations and supporting minimum subsistence levels (Cecchini and Madariaga, 2011).

One of the challenges to be met is therefore the establishment of mechanisms that will provide participants in emergency employment programmes with a path that leads them from those programmes into the production sector. According to Weller and Gontero (2016), training is a key tool in this respect. If temporary employment programmes do not include components that will build their participants’ skills, they are unlikely to ensure any improvement in terms of employability or in their probability of finding quality jobs (Weller, 2009).

It is also important to draw upon the lessons to be learned regarding programmatic design and institutional structures from the emergency employment programmes implemented during the 1980s debt crisis. These lesson include the following: (i) project portfolios are needed that will provide economic, as well as social, foundations for these emergency job creation initiatives; (ii) an integrated employment and social protection database is needed that will pool the information on participants, their households and their acquired rights under various social programmes; (iii) institutional mechanisms and agencies must be in place that are capable of gaining immediate access to the necessary resources on a flexible basis, that command the political support of the executive and legislative branches of government at the highest level and that can coordinate with decentralized units; and (iv) there is a need for regulatory frameworks that will facilitate outsourcing arrangements with small and medium-sized enterprises (SMEs); for the right mix of financing options for emergency job creation and the acquisition of machinery and inputs and the recruitment of skilled personnel in order

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57 One example is the “More and Better Work” exit strategy for participants in the Unemployed Heads of Household Plan that was introduced in Argentina in 2004.
to ensure productivity; for the payment of decent wages and provision of access to health-care services for workers and their families; and for the prioritization of projects that will support more permanent forms of employment (e.g. irrigation, soil improvement, urban infrastructure, housing and SME support and training programmes) (ILO, 1998).

Indirect job creation programmes that provide subsidies for the employment of young people and women may open the doors to the labour market for members of disadvantaged groups who have greater difficulty in gaining entry to that market. These programmes may also encourage employers to shift their activities from the informal to the formal sector by registering their employees, thereby adding to the size of the formal labour market (J-PAL, 2013). The fact should be borne in mind, however, that the increased employment of target groups may not necessarily translate into a net gain in employment overall. This is because, rather than fuelling the creation of new jobs, wage subsidies may give rise to a substitution effect whereby employers hire people under the programme whom they would have hired anyway.

The main challenges to be met in relation to labour intermediation services are to open them up and align them with the needs of poor and vulnerable working-age adults, arrive at a more accurate determination of what potential private-sector employers are looking for and match up employment opportunities with job-seekers’ occupational profiles and work histories. Another factor is that a great deal of hiring activity continues to take place informally through personal contacts and recommendations, which undermines the efficiency of labour intermediation services and widens existing gaps in the labour market (ECLAC, 2012).

What is needed, therefore, is for these intermediation services to gradually give way to genuine employment centres that can support labour and productive inclusion by means of various types of more integrated interventions (Weller, 2009). Farné (2009) has proposed that these services should be converted into a type of “one-stop window” that would provide vulnerable workers with access to other services (job creation programmes, remedial studies courses, training courses and support for micro-entrepreneurs, among others) according to their individual needs.

An accurate analysis of the characteristics, needs and potentials of the target population when designing, implementing, monitoring and evaluating labour and productive inclusion programmes is of the utmost importance. This analysis should include not only levels of schooling, training and job skills, but also age (and the corresponding traits and needs of, for example, young people or any other age group), gender and ethnicity or racial identity in order to make these programmes as effective as possible in addressing the multiple dimensions of inequality and social and labour exclusion that exist in the region and in breaking down the entry barriers to the labour market that confront these population groups.
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### Table III.A1.1
Latin America and the Caribbean (21 countries): main spheres of action of labour and productive inclusion programmes, December 2017

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<th>Programme (starting year)</th>
<th>Technical and vocational training</th>
<th>Remedial education and school retention</th>
<th>Labour intermediation services</th>
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**Source:** Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory Social Protection Programmes in Latin America and the Caribbean Database [online] https://dds.ECLAC.org/bpsnc/la/.

- Delivered through the Support for Argentine Students Programme (PROGRESAR).
- Delivered through the More and Better Work for Young People programme.
- Delivered through PRONATEC.
- Capaz Women Entrepreneurs component.
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<th>Programme</th>
<th>Responsible agency</th>
<th>Number of users</th>
<th>Age group of users</th>
<th>Eligibility criteria</th>
<th>Duration of training courses</th>
<th>Other measures</th>
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<td>130 hours (four months)</td>
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<td>272 900</td>
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<td>Women with three or more dependent children (under age 18 or with disabilities) or victims of gender violence</td>
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<td>Six months (of internship)</td>
<td>- Cash transfers</td>
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<td>Continuing Training Programme</td>
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<td>Employed or unemployed persons</td>
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<td>Support for Argentine Students Programme (PROGRESAR)</td>
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<td>702 867</td>
<td>18–24 years</td>
<td>Unemployed persons or those with income of less than three times the minimum wage</td>
<td>130 hours (work induction courses)</td>
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<td>Ministry of Labour, Employment and Social Security</td>
<td>226 744</td>
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<td>Unemployed persons not eligible for contributory unemployment insurance</td>
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<td>Mi Primer Empleo Digno</td>
<td>Ministry of Labour, Employment and Social Security</td>
<td>3 377</td>
<td>18–24 years</td>
<td>Poverty and incomplete secondary education</td>
<td>Three months (10 hours from Monday to Saturday)</td>
<td>- Travel and food subsidy</td>
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<td>Duration of training courses</td>
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</table>
| Employment Support Programme (PAÉ) | Ministry of Labour, Employment and Social Security | 20 000 (2012‒2016) | Over age 18 | Unemployment or lack of previous work experience | At least 160 hours | - Training vouchers  
- Internships and labour inclusion  
- Accident insurance  
- Labour intermediation  
- Inclusion of persons with disabilities |
| | | | | | | |
| Brazil | | | | | | |
| National Programme for the Promotion of Access to the World of Work (Acessuas Trabalho) | Ministry of Social and Agrarian Development | 649 300 (2012‒2013) | 14‒59 years | Vulnerability and poverty | At least 160 hours | - Labour intermediation  
- Job-search guidance |
| Promogredir Plan | Ministry of Social and Agrarian Development | ... | Over age 16 | Vulnerability | ... | - Labour intermediation  
- Job-search guidance |
| Promotion of Rural Productive Activities Programme | Ministry of Social and Agrarian Development and Special Secretariat of Family Agriculture and Agrarian Development | 214 000 (2011–2016) | ... | Poverty and extreme poverty | ... | - Cash transfers  
- Microenterprise support  
- Business plan preparation |
| National Youth Inclusion Programme (ProJovem) | General Secretariat of the Office of the President, through the National Youth Secretariat | 1 419 398 (2010) | 18–29 years | Unemployment and income of less than 50% of the minimum wage | At least 350 hours | - Cash transfers  
- Tutors network (ProJovem Adolescente)  
- Inclusion of persons deprived of liberty  
- Childcare |
- Access to information and communications technologies  
- Grants for language courses |
| **Chile** | | | | | | |
| Training for Trades | National Training and Employment Service (SENCE) (Ministry of Labour and Social Security) | 14 351 (2014) | 18–65 years | Vulnerability and incomplete tertiary education | At least 250 hours | - Internships and labour inclusion  
- Daily subsistence for internship attendance  
- Accident insurance  
- Microenterprise support |
| Labour Skills Development Programme | Foundation for Women’s Promotion and Development (PRODEMU) | 700 (2015) | 18–65 years | Women vulnerable to poverty in families in the Solidarity Chile programme and the Security and Opportunities Subsystem (Ethical Family Income) | At least 40 hours | - Labour intermediation  
- Job-search guidance |
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<th>Programme</th>
<th>Responsible agency</th>
<th>Number of users</th>
<th>Age group of users</th>
<th>Eligibility criteria</th>
<th>Duration of training courses</th>
<th>Other measures</th>
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<td>+Capaz</td>
<td>SENCE (Ministry of Labour and Social Security)</td>
<td>26 741 (2017)</td>
<td>Over age 18</td>
<td>Vulnerability and little or no previous labour market participation</td>
<td>At least 180 hours</td>
<td>Internships and labour inclusion - Skills certification - Inclusion of persons with disabilities - Travel subsidy - Childcare (under age 6) - Accident insurance</td>
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<td>Women Heads of Household</td>
<td>National Service for Women and Gender Equity (SERNAMEG)</td>
<td>30 717 (2014)</td>
<td>18–65 years</td>
<td>Working women and female heads of household in the first three income quintiles</td>
<td>At least 80 hours</td>
<td>Preparation of personal job plan and training schedule - Microenterprise support - Childcare - Health care (preventive medicine, dental care, ophthalmology and mental health)</td>
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<td>Yo Trabajo</td>
<td>Solidarity and Social Investment Fund (FOSIS)</td>
<td>572 (2014)</td>
<td>Over age 29</td>
<td>Poverty or vulnerability, unemployment or precarious employment</td>
<td>...</td>
<td>Preparation of personal job plan - Inclusion of persons with disabilities - Inclusion of indigenous persons</td>
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<td>FOSIS (Ministry of Social Development)</td>
<td>2 579 (2015)</td>
<td>18–24 years</td>
<td>Poverty or vulnerability, unemployment or precarious employment</td>
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<td>Preparation of personal job plan - Microenterprise support - Travel subsidy - Financing for obtaining certificates - Dental care - Childcare</td>
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<td>Colombia</td>
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<td>Social Prosperity Income</td>
<td>Department of Social Prosperity (DPS)</td>
<td>6 083 (2015)</td>
<td>18–35 years</td>
<td>Male or female heads of household and their partners participating in the Unidos Network with schooling between the fifth grade (floor) and the eleventh grade (ceiling)</td>
<td>24 months</td>
<td>Cash transfers - Community infrastructure work - Savings promotion</td>
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<td>DPS</td>
<td>183 467 (2015)</td>
<td>16–24 years</td>
<td>Unemployed persons in levels 1 and 2 or the System for the Identification of Potential Social Programme Beneficiaries (SISBEN); participants in the Unidos Network; displaced persons; indigenous persons or young persons receiving protection measures under the Colombian Family Welfare Institute (ICBF)</td>
<td>360 hours (three months)</td>
<td>Cash transfers - Internships and labour inclusion - Inclusion of indigenous persons</td>
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<td>Programme</td>
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<td>Number of users</td>
<td>Age group of users</td>
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<td>Duration of training courses</td>
<td>Other measures</td>
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<td>Ministry of Labour and Social Security (MTSS)</td>
<td>4 000 (2014)</td>
<td>17–24 years</td>
<td>Vulnerability</td>
<td>80 hours in six months</td>
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<td>- Inclusion of young people with disabilities</td>
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<td>- Language courses</td>
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<td>- Technology courses</td>
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<td>MTSS</td>
<td>9 225 (2014)</td>
<td>Over age 15</td>
<td>Vulnerability, poverty and employment</td>
<td>Three months</td>
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<td>- Community infrastructure work</td>
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<td>- Inclusion of indigenous persons</td>
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<td>Ministry of Labour</td>
<td>41 000 (2009–2013)</td>
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<td>Unemployed or underemployed persons with incomplete secondary schooling</td>
<td>225 hours</td>
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<td>Office of the Vice-President and Production Centres (CCPP) and Community Technological Centres</td>
<td>300 575 (November 2015)</td>
<td>Young people and adults</td>
<td>Persons living in extreme or moderate poverty</td>
<td>...</td>
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<td>- Access to information and communications technologies</td>
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<td>Social Investment Fund for Local Development (FISDL) and Technical Secretariat of the Office of the President</td>
<td>23 456 (2013)</td>
<td>16–24 years</td>
<td>Persons residing in urban areas without formal employment</td>
<td>80 hours</td>
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<td>7 220 (2017)</td>
<td>15–29 years</td>
<td>Persons living in vulnerability, those unemployed or underemployed</td>
<td>64 hours</td>
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<td>- Skills certification</td>
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<td>- Microenterprise support</td>
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<td>- Labour intermediation</td>
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<td>and job-search support</td>
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<td>Programme</td>
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<td>Number of users</td>
<td>Eligibility criteria</td>
<td>Duration of training courses</td>
<td>Other measures</td>
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<tr>
<td>My First Job Grant</td>
<td>Ministry of Social Development</td>
<td>551 (2015)</td>
<td>Persons residing in rural areas; unemployed persons or those living in poverty or extreme poverty</td>
<td>60 hours</td>
<td>- Cash transfers - Internships and labour inclusion - Microenterprise support</td>
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<tr>
<td>My Craftspersons Grant</td>
<td>Ministry of Social Development</td>
<td>2 381 (2015)</td>
<td>Persons residing in rural areas; persons living in poverty; with preference given to women and single mothers</td>
<td>Six months</td>
<td>- Technical assistance - Microenterprise support - Internships and labour inclusion</td>
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<tr>
<td>Programme of Employment Creation and Vocational Education for Youth in Guatemala (Empleo Juvenil)</td>
<td>Ministry of Economic Affairs, Ministry of Labour and Social Security, and Ministry of Education</td>
<td>…</td>
<td>…</td>
<td>…</td>
<td>- Microenterprise support - Labour intermediation and job-search support</td>
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<tr>
<td>Con Chamba Vivís Mejor programme</td>
<td>Office of the President</td>
<td>Over age 18</td>
<td>Unemployed persons living in poverty and social exclusion</td>
<td>…</td>
<td>- Cash transfers - Internships and labour inclusion - Microenterprise support - Skills certification - Travel and subsistence subsidy - Accident insurance</td>
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<tr>
<td>Vocational Training for Youth at Risk of Exclusion programme (ProJoven)</td>
<td>Swiss Agency for Development and Cooperation (COSUDE)</td>
<td>…</td>
<td>Persons at risk and in situations of social exclusion</td>
<td>…</td>
<td>- Internships and labour inclusion - Labour intermediation and job-search support - Microenterprise support</td>
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<td>Building Youth for National Development</td>
<td>Jamaica Employers’ Federation</td>
<td>…</td>
<td>Youth</td>
<td>…</td>
<td>- Internships and labour inclusion - Preparation of a business plan - Microenterprise support</td>
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<td>Steps to Work Programme</td>
<td>Ministry of Labour and Social Security</td>
<td>3 000 (2012)</td>
<td>Participants in the Programme of Advancement through Health and Education (PATH)</td>
<td>Over age 18</td>
<td>- Internships and labour inclusion - Microenterprise support</td>
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<td>Programme</td>
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<td>Number of users</td>
<td>Age group of users</td>
<td>Eligibility criteria</td>
<td>Duration of training courses</td>
<td>Other measures</td>
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<tr>
<td><strong>Mexico</strong></td>
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<tr>
<td>Employment Support Programme (PAE): Bécate subprogramme</td>
<td>Secretariat for Welfare and Social Security</td>
<td>...</td>
<td>15‒69 years</td>
<td>Persons who are unemployed or temporarily not working</td>
<td>...</td>
<td>Cash transfers, Travel and training materials subsidy, Microenterprise support, Internships and labour inclusion, Skills certification, Inclusion of persons with disabilities, Online or distance training</td>
</tr>
<tr>
<td><strong>Prospera</strong>: labour inclusion and productive exit components</td>
<td>Secretariat for Welfare and Social Security</td>
<td>...</td>
<td>Over age 16</td>
<td>Unemployed users of Prospera</td>
<td>...</td>
<td>Cash transfers, Microenterprise support, Internships and labour inclusion</td>
</tr>
<tr>
<td><strong>Panama</strong></td>
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<tr>
<td>Labour Inclusion Support Programme (PAIL)</td>
<td>Ministry of Labour and Employment Development</td>
<td>...</td>
<td>Over age 18</td>
<td>Unemployment</td>
<td>...</td>
<td>Cash transfers, Accident insurance, Internships and labour inclusion</td>
</tr>
<tr>
<td><strong>Godfather Entrepreneur Programme</strong></td>
<td>Ministry of Social Development and Ministry of Labour and Employment Development</td>
<td>...</td>
<td>15‒17 years</td>
<td>Urban residents in situations of social risk</td>
<td>...</td>
<td>Cash transfers, Accident insurance, Internships and labour inclusion, Travel and subsistence subsidy</td>
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<tr>
<td><strong>Paraguay</strong></td>
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<tr>
<td>Namba’apo Paraguay</td>
<td>Employment Department (Ministry of Labour, Employment and Social Security)</td>
<td>...</td>
<td>Young people and adults</td>
<td>Persons with primary schooling completed to the third grade, living in situations of vulnerability</td>
<td>At least six hours daily</td>
<td>Cash transfers, Microenterprise support, Community infrastructure work</td>
</tr>
<tr>
<td>Tenonderã</td>
<td>Secretariat of Social Action (Office of the President)</td>
<td>7 200 (2014‒2015)</td>
<td>Young people and adults</td>
<td>Members of households at the exit stage of the Tekoporã programme</td>
<td>...</td>
<td>Microenterprise support</td>
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<tr>
<td><strong>Peru</strong></td>
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<tr>
<td>National Programme for the Promotion of Employment Opportunities (Impulsa Perú)</td>
<td>Ministry of Labour and Employment Promotion (MTPE)</td>
<td>10 138 (2015)</td>
<td>Over age 18</td>
<td>Unemployment and underemployment</td>
<td>...</td>
<td>Microenterprise support, Skills certification</td>
</tr>
<tr>
<td>Productive Youth</td>
<td>MTPE</td>
<td>87 000 (2011‒2015)</td>
<td>15‒29 years</td>
<td>Unemployment, poverty and extreme poverty</td>
<td>Six months</td>
<td>Internships and labour inclusion, Microenterprise support</td>
</tr>
</tbody>
</table>
### Peru

**Programme**: Haku Wiñay/ Noa Jayatai rural programme  
**Responsible agency**: Cooperation for Social Development Fund (FONCODES)  
**Number of users**: 59,574 households (2014)  
**Age group of users**: Young people and adults  
**Eligibility criteria**: Vulnerable persons residing in rural areas  
**Duration of training courses**: …  
**Other measures**: - Preparation of a business plan  
- Microenterprise support  
- Capacity-building of family production systems  
- Housing upgrades  
- Savings promotion

### Trinidad and Tobago

**Programme**: Unemployment Relief Programme (URP)  
**Responsible agency**: Ministry of Rural Development and Local Government  
**Age group of users**: Young people and adults  
**Eligibility criteria**: Unemployed persons living in situations of vulnerability (especially single mothers of children with cerebral palsy)  
**Duration of training courses**: …  
**Other measures**: - Childcare

### Uruguay

**Programme**: “Uruguay Works” programme  
**Responsible agency**: Ministry of Social Development (MIDES)  
**Number of users**: …  
**Age group of users**: 18–65 years  
**Eligibility criteria**: Persons living in vulnerability, unemployed for over two years and with schooling below the third grade  
**Duration of training courses**: Nine months (no more than six hours per week)  
**Other measures**: - Cash transfers  
- Grants for education  
- Social security benefits  
- Community infrastructure work

### Venezuela (Bolivarian Republic of)

**Programme**: Gran Misión Saber y Trabajo  
**Responsible agency**: Office of the Vice-President  
**Number of users**: 122,000 (2012)  
**Age group of users**: Young people and adults  
**Eligibility criteria**: …  
**Duration of training courses**: …  
**Other measures**: - Cash transfers  
- Internships and labour inclusion

Source: Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory Social Protection Programmes in Latin America and the Caribbean Database [online] https://dds.ECLAC.org/bpsnc/lpi.

Note: … : No information; - : No/Not applicable.

Courses are delivered by the National Programme for Access to Technical Education and Employment (PRONATEC).
<table>
<thead>
<tr>
<th>Programme</th>
<th>Responsible agency</th>
<th>Age group of users</th>
<th>Level of education</th>
<th>Eligibility criteria</th>
<th>Other measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina: More and Better Work for Young People</td>
<td>Ministry of Labour, Employment and Social Security</td>
<td>18‒24 years</td>
<td>x</td>
<td>x</td>
<td>- Unemployed persons</td>
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<tr>
<td>Argentina: Argentina Works* plan</td>
<td>Ministry of Social Development</td>
<td>Over age 15</td>
<td>x</td>
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<td>- Cash transfers</td>
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<tr>
<td>Argentina: Argentina Works and Apprentice</td>
<td>Ministry of Labour, Employment and Social Security</td>
<td>Over age 15</td>
<td>x</td>
<td></td>
<td>- Cash transfers</td>
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<td>Argentina: Continuing Training</td>
<td>Ministry of Labour, Employment and Social Security</td>
<td>Over age 16</td>
<td>x</td>
<td>x</td>
<td>- Unemployed persons</td>
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<tr>
<td>Argentina: Support for Argentine Students Programme (PROGRESAR)</td>
<td>Ministry of Labour, Employment and Social Security</td>
<td>18‒24 years</td>
<td>x</td>
<td>x</td>
<td>- Unemployed persons not eligible for contributory unemployment insurance - Cash transfers</td>
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<tr>
<td>Brazil: National Youth Inclusion Programme (ProJovem)</td>
<td>General Secretariat of the Office of the President, through the National Youth Secretariat</td>
<td>18‒29 years</td>
<td>x</td>
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<td>- Cash transfers</td>
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<tr>
<td>Chile: Capaz</td>
<td>National Training and Employment, Ministry of Labour and Social Security</td>
<td>Over age 18</td>
<td>x</td>
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<td>- Unemployed persons</td>
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<tr>
<td>Chile: National Training and Employment Insurance</td>
<td>National Training and Employment, Ministry of Labour and Social Security</td>
<td>Over age 18</td>
<td>x</td>
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<td>- Unemployed persons</td>
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<tr>
<td>Colombia: Social Prosperity Income (DPS)</td>
<td>Department of Social Prosperity</td>
<td>18‒35 years</td>
<td>x</td>
<td></td>
<td>- Male or female heads of household and their partners participating in the Unidos Network between the fifth grade (floor) and the eleventh grade (ceiling)</td>
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*Eligibility criteria and other measures vary depending on the specific programme and country.
<table>
<thead>
<tr>
<th>Programme</th>
<th>Responsible agency</th>
<th>Age group of users</th>
<th>Level of education</th>
<th>Eligibility criteria</th>
<th>Other measures</th>
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<td><strong>Dominican Republic</strong></td>
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<td>Progressing with Solidarity: Estudiendo Progreso school grant</td>
<td>Office of the Vice-President</td>
<td>5–21 years</td>
<td>x x</td>
<td>Extreme and moderate poverty</td>
<td>Cash transfers</td>
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<td><strong>El Salvador</strong></td>
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<tr>
<td>Jóvenes con Todo programme</td>
<td>Office of the President</td>
<td>15–29 years</td>
<td>x x</td>
<td>Young persons in situations of labour informality (unemployed or underemployed)</td>
<td>Cash transfers, Flexible modality</td>
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<td><strong>Mexico</strong></td>
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<tr>
<td>Prospera: education support and grants for tertiary education components</td>
<td>Secretariat for Welfare</td>
<td>Under age 18</td>
<td>x x x</td>
<td>Children and young people in families participating in Prospera</td>
<td>Cash transfers</td>
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<tr>
<td>Prospera: Youths with Prospera</td>
<td>Secretariat for Welfare</td>
<td>Under age 22</td>
<td>- x</td>
<td>Students in third and fourth grade of secondary school</td>
<td>Cash transfers, Access to systems of grants for technical studies at the tertiary or university level</td>
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<td><strong>Paraguay</strong></td>
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<td>Ñamba’apo Paraguay</td>
<td>Employment Department (Ministry of Labour, Employment and Social Security)</td>
<td>Young people and adults</td>
<td>... ... ... ...</td>
<td>Persons with primary schooling completed to the third grade, living in situations of vulnerability</td>
<td>Adult literacy programmes</td>
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<td>Education Commitment programme</td>
<td>National Public Education Administration (ANEP)</td>
<td>Adolescents and young people</td>
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<td>Social and educational vulnerability</td>
<td>Cash transfers, Support from facilitators, Creation of youth instances, Access to grants</td>
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<td><strong>Venezuela (Bolivarian Republic of)</strong></td>
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<td>Gran Misión Ribas</td>
<td>Ministry of People's Power for Education</td>
<td>Young people and adults</td>
<td>x x x</td>
<td>Socioeconomic vulnerability</td>
<td>Cash transfers, Labour inclusion, Access to distance or online education, Support from facilitators</td>
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</tbody>
</table>

**Source:** Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory Social Protection Programmes in Latin America and the Caribbean Database [online] https://dds.ECLAC.org/bpsnc/lpi.

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<tr>
<th>Programme</th>
<th>Responsible agency</th>
<th>Target age group</th>
<th>Priority</th>
<th>Measures</th>
<th>Other measures</th>
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<tbody>
<tr>
<td></td>
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<td>Rural population</td>
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<td>Women</td>
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<td>Argentina</td>
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<td>More and Better Work for Young People programme</td>
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<td>“Argentina Works” plan</td>
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<td>Agroemprende programme</td>
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<td>18–40 years</td>
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<td>Independent Employment and Local Linkages Programme</td>
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<td>Training and Employment Insurance</td>
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<td>Bolivia (Plurinational State of)</td>
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<td>Economic Inclusion for Rural Families and Communities Programme (ACCESOS)</td>
<td>Ministry of Rural Development and Land</td>
<td>Over age 18</td>
<td>x</td>
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<tr>
<td>Mi Primer Empleo Digno</td>
<td>Ministry of Labour, Employment and Social Security</td>
<td>18–24 years</td>
<td>x</td>
<td>x</td>
<td>x</td>
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</tbody>
</table>

- Promotion of the work of artists, craftpersons and small producers expressing the country’s cultural identity
- Strengthening of partnerships with firms and public bodies
- Promotion of participation in fairs, exhibitions, parades and other events
- Brand consolidation and advice on procedures

- Technical assistance
- Preparation of a business plan
- Promotion of enterprise among rural youth
- Technical assistance
- Inclusion of persons with disabilities
- Cash transfers
- Preparation of a business plan
- Promotion of participation in fairs, exhibitions, parades and other events
- Strengthening of food security
- Support for creation of economic alternatives in the non-agricultural rural sector
- Promotion of access to financial services, including saving, credit and insurance
<table>
<thead>
<tr>
<th>Programme</th>
<th>Responsible agency</th>
<th>Target age group</th>
<th>Priority</th>
<th>Measures</th>
<th>Other measures</th>
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<td>Ministry of Finance</td>
<td>...</td>
<td>x</td>
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<td>Progredir Plan</td>
<td>Ministry of Social and Agrarian Development</td>
<td>...</td>
<td>x</td>
<td>x&lt;sup&gt;a&lt;/sup&gt;</td>
<td>x&lt;sup&gt;b&lt;/sup&gt;</td>
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<tr>
<td>Promotion of Rural Productive Activities Programme</td>
<td>Ministry of Social and Agrarian Development and Special Secretariat of Family Agriculture and Agrarian Development</td>
<td>...</td>
<td>x</td>
<td>x</td>
<td>- Technical assistance</td>
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<td>Chile</td>
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<tr>
<td>Creation of Urban Indigenous Microenterprise programme</td>
<td>Ministry of Social Development</td>
<td>18‒65 years</td>
<td>x</td>
<td>x</td>
<td>- Technical assistance</td>
</tr>
<tr>
<td>+Capaz: +Capaz for Women Entrepreneurs</td>
<td>National Training and Employment Service (SENCE) (Ministry of Labour and Social Security)</td>
<td>18‒64 years</td>
<td>x</td>
<td>x</td>
<td>- Childcare (under age 6)</td>
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<td>Women Heads of Household</td>
<td>National Service for Women and Gender Equity (SERNAMEG) (Ministry of Women’s Affairs and Gender Equity)</td>
<td>18‒65 years</td>
<td>x</td>
<td>x</td>
<td>- Preparation of a business plan</td>
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<tr>
<td>Yo Emprendo Semilla</td>
<td>Solidarity and Social Investment Fund, (FOSIS) (Ministry of Social Development)</td>
<td>Over age 18</td>
<td>x</td>
<td>x</td>
<td>- Preparation of a business plan</td>
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<tr>
<td>Yo Trabajo-Apoyo a tu Plan Laboral</td>
<td>FOSIS (Ministry of Social Development)</td>
<td>Over age 18</td>
<td>x</td>
<td>- Preparation of a job plan for users</td>
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<tr>
<td>Programme</td>
<td>Responsible agency</td>
<td>Target age group</td>
<td>Priority</td>
<td>Measures</td>
<td>Other measures</td>
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<td>Colombia</td>
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<tr>
<td>Young Rural Entrepreneurs</td>
<td>National Apprenticeship Service (SENA)</td>
<td>16–35 years</td>
<td>Rural population</td>
<td>x</td>
<td>- Follow-up for a period of four or five months after project launch</td>
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<td></td>
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<td>Urban population</td>
<td>x</td>
<td>- Even after training and follow-up, advice is provided depending on the needs of users</td>
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<td></td>
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<td>Women</td>
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<td>Training</td>
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<td>- Five-person guarantor groups to secure credits</td>
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<td>Uruguay</td>
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<td>Entrepreneurship Strengthening Programme</td>
<td>Ministry of Social Development</td>
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**Source:** Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory Social Protection Programmes in Latin America and the Caribbean Database [online] https://dds.ECLAC.org/bpsnc/lpi.

**Note:**  
- : No information; - : No/Not applicable.  
  a Delivered through the National Programme of Guided Productive Microcredit.  
  b Delivered through the Individual Micro-entrepreneur (MEI) programme.
<table>
<thead>
<tr>
<th>Country</th>
<th>Programme</th>
<th>Responsible agency</th>
<th>Target age group</th>
<th>Eligibility criteria</th>
<th>Maximum duration</th>
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<tr>
<td>Argentina</td>
<td>“Argentina Works” plan</td>
<td>Ministry of Social Development</td>
<td>Over age 15</td>
<td>Persons living in vulnerability without formal income</td>
<td>...</td>
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<tr>
<td>Colombia</td>
<td>Social Prosperity Income</td>
<td>Department of Social Prosperity (DPS)</td>
<td>18-35 years</td>
<td>Male or female heads of household and their partners participating in the Unidos Network, and the seventh grade (floor) and the eleventh grade (ceiling)</td>
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<td>Costa Rica</td>
<td>National Employment Programme</td>
<td>Ministry of Labour and Social Security</td>
<td>Over age 18</td>
<td>Unemployed or underemployed persons living in poverty or extreme poverty</td>
<td>Three months (renewable)</td>
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<tr>
<td>El Salvador</td>
<td>Programme of Temporary Income Support (PATI)</td>
<td>Technical Secretariat of the Office of the President and Social Investment Fund for Local Development (FISDL), Office of the President</td>
<td>Young persons aged 16-24 years</td>
<td>Persons residing in urban areas without formal employment</td>
<td>Six months</td>
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<td>Honduras</td>
<td>Con Chamba Vivís “Major programme”</td>
<td>Ministry of Labour, Employment and Social Security</td>
<td>Over age 18</td>
<td>Unemployed and informal workers living in poverty and social exclusion</td>
<td>Three months (renewable)</td>
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<tr>
<td>Mexico</td>
<td>Temporary Employment Programme (PET)</td>
<td>Ministry of Labour and Social Security</td>
<td>Over age 18</td>
<td>Persons in situations of informality and vulnerability</td>
<td>Six months</td>
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<td>Paraguay</td>
<td>Ñamba’apo Paraguay “Employment Department, Ministry of Labour, Employment and Social Security”</td>
<td>Ministry of Labour, Employment and Social Security</td>
<td>Over age 18</td>
<td>Persons in situations of vulnerability</td>
<td>Six months</td>
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<td>Peru</td>
<td>Trabaja Perú - Programme for the Generation of Social Employment</td>
<td>Ministry of Labour and Employment Promotion</td>
<td>Over age 18</td>
<td>Unemployed or underemployed persons living in poverty or extreme poverty</td>
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<td>Trinidad and Tobago</td>
<td>Unemployment Relief Programme (URP)</td>
<td>Ministry of Rural Development and Local Government</td>
<td>Over age 18</td>
<td>Persons in situations of vulnerability, unemployment and informality for over two years</td>
<td>Eight months</td>
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<td>Social Cooperatives</td>
<td>Ministry of Social Development</td>
<td>Over age 18</td>
<td>Persons in situations of vulnerability and unemployment</td>
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Source: Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory Social Protection Programmes in Latin America and the Caribbean Database [online] https://dds.ECLAC.org/bpsnc/lpi.

Nota: ...: No information; - : No/Not applicable.
Table III.A1.6
Latin America and the Caribbean (6 countries): indirect employment creation components in labour
and productive inclusion programmes, December 2017

<table>
<thead>
<tr>
<th>Country</th>
<th>Programme</th>
<th>Responsible agency</th>
<th>Target age group</th>
<th>Eligibility criteria</th>
<th>Maximum duration</th>
<th>Maximum payment (monthly)</th>
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<td>Unemployment</td>
<td>6 months</td>
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<td></td>
<td>PROEMPLEAR</td>
<td>Ministry of Labour, Employment and Social Security</td>
<td>Adults</td>
<td>Unemployment</td>
<td>12 months</td>
<td>2 700 Argentine pesos (US$ 153)</td>
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<td>Continuing Training Programme</td>
<td>Ministry of Labour, Employment and Social Security</td>
<td>Over age 15</td>
<td>Employed or unemployed workers</td>
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<td>Empalme programme</td>
<td>Ministry of Social Development and Ministry of Labour, Employment and Social Security</td>
<td>...</td>
<td>Participants in programmes runs by the Ministry of Social Development and the Ministry of Labour, Employment and Social Security</td>
<td>24 months</td>
<td>9 632 Argentine pesos (US$ 548)</td>
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<td>Bolivia</td>
<td>Mi Primer Empleo Digno programme</td>
<td>Ministry of Labour, Employment and Social Security</td>
<td>18‒24 years</td>
<td>...</td>
<td>3 months</td>
<td>350 bolivianos (US$ 50)</td>
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<td>Brazil</td>
<td>National Programme for Access to Technical Education and Employment (PRONATEC)</td>
<td>Ministry of Social and Agrarian Development and Ministry of Education</td>
<td>Over age 16</td>
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<td>Chile</td>
<td>Women’s Work Grant</td>
<td>National Training and Employment Service (SENCE) (Ministry of Labour and Social Security)</td>
<td>25–59 years</td>
<td>Socioeconomic vulnerability</td>
<td>Four continuous years or up to age 60</td>
<td>440 378 Chilean pesos (US$ 690)</td>
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<td>Youth Employment Subsidy</td>
<td>SENCE (Ministry of Labour and Social Security)</td>
<td>18–25 years</td>
<td>Socioeconomic vulnerability</td>
<td>Up to age 24 (possible extension to age 27)</td>
<td>440 378 Chilean pesos (US$ 690)</td>
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<td>Con Chamba Vivis Mejor programme</td>
<td>Office of the President</td>
<td>Over age 18</td>
<td>Unemployment combined with poverty and social exclusion</td>
<td>3 months</td>
<td>3 646.31 lempiras (US$ 155)</td>
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<td>Panama</td>
<td>Godfather Entrepreneur Programme</td>
<td>Ministry of Social Development and Ministry of Labour and Employment Development</td>
<td>15–17 years</td>
<td>Social risk and residence in urban areas</td>
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<td>US$ 225</td>
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Source: Prepaed by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory Social Protection Programmes in Latin America and the Caribbean Database [online] https://dds.eclac.org/bpsnc/lpi.

Note: ... : No information; - : No/Not applicable.
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<th>Interministerial or inter-institutional body</th>
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Table III.A1.7 (continued)
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<td>My Craftspersons Grant (2012)</td>
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<td>Ti Kredi (2014)</td>
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<td>Kore Peyizan (2013)</td>
<td>R and E</td>
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<tr>
<td>Con Chamba Vivis Mejor programme (2014)</td>
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<td>Vocational Training for Youth at Risk of Exclusion programme (ProJoven) (2014)</td>
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<td>R and E</td>
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<td>Prospera (2014)</td>
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<td>Promotion of Social Economy Programme (2003)</td>
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<td>Tenonderã (2014)</td>
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<td>Ñamba’apo Paraguay (2010)</td>
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<td>National Programme for the Promotion of Employment Opportunities (Impulsa Perú) (2011)</td>
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<td>Productive Youth (2011)</td>
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<td>Trinidad and Tobago</td>
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<td>Unemployment Relief Programme (URP) (2010)</td>
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<td>Uruguay</td>
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<tr>
<td>Education Commitment programme (2011)</td>
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<td>Venezuela (Bolivarian Republic of)</td>
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<td>Gran Misión Saber y Trabajo (2012)</td>
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<td>Name of programme (starting year)</td>
<td>Completed programmes</td>
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<td>Community Employment Programme (2003‒2016)</td>
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<td><strong>Brazil</strong></td>
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<td>National First Job Stimulus Programme (2003‒2007)</td>
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<td>Chile Qualifies (2002‒2009)</td>
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**Source:** Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory Social Protection Programmes in Latin America and the Caribbean Database [online] https://dds.ECLAC.org/bpsnc/lpi.
<table>
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<th>Authors (year)</th>
<th>Analysis period</th>
<th>Methodology</th>
<th>Disaggregation</th>
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<th>Age</th>
<th>Territory</th>
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<td>2009–2010</td>
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<td>U</td>
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<td>Castañeda, González and Rojas (2010)</td>
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<td>2008–2014</td>
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Table III.A1.8 (concluded)

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<th>Analysis period</th>
<th>Methodology</th>
<th>Disaggregation</th>
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<td></td>
<td></td>
<td>QE, DD and PSM</td>
<td>Sex Age Territory</td>
</tr>
</tbody>
</table>

Source: Prepared by the authors.

Note: ATT: average treatment on the treated; DD: difference-in-difference/double difference; ITT: intention-to-treat analysis; IV: instrumental variables; LA: longitudinal analysis; LATE: local average treatment effects; OLS: ordinary least squares; PSM: propensity score matching; QE: quasi-experimental; RDD: regression discontinuity design; SM: stochastic matrix; TS: transversal study; RCT: randomized controlled tests; R: rural; MR: Metropolitan Region; U: urban.
Box III.A1.1
Latin America (8 countries): impact evaluations of labour and productive inclusion programmes, by country and programme

**Argentina**

**Sectoral vocational training courses (since 2003)**

**Training and Employment Insurance (since 2006)**


**Brazil**

**National Programme for Access to Technical Education and Employment (PRONATEC): Bolsa Formação component (since 2011)**


Chile

Youth Employment Subsidy (since 2009)

Yo Emprendo Semilla (formerly, Microenterprise Support Programme (PAME)) (since 2002)

Labour Hiring Bonus Programme (2001–2010)

Chile Qualifies (2002–2009)

Job Skills Equalization Programme (1999–2008)
Bravo, D. (2003), Evaluación de impacto del programa de nivelación de competencias laborales: informe final, Santiago, University of Chile.

Aedo, C. and M. Pizarro (2004), “Rentabilidad económica del programa de capacitación laboral de jóvenes ‘Chile Joven’”, Santiago, University of Chile.

Colombia

More Youth in Action (since 2001)


Young Rural Entrepreneurs (since 2003)


Public Employment Service (since 2004)
Employment in Action Programme (since 2000)

Dominican Republic
Youth and Employment (since 2003)

El Salvador
Programme of Temporary Income Support (Pati) (since 2009)

Peru
Box III.A1.1 (concluded)


**Construyendo Perú (2007–2011)**


**Social emergency urban work programme “A Trabajar Urbano” (2002–2007)**


**Source:** Prepared by the authors.

* The years of operation of the programmes are shown in brackets.
Social pensions and labour inclusion

Introduction

Social pensions are cash transfers provided by the State to older persons or persons with disabilities, and to others who have not been engaged with the formal labour market or have not contributed enough during their working life. They are intended to ensure coverage of basic needs through income transfer and, in some cases, to facilitate access to health services and food. Their provision is subject to age requirements, degree of disability and poverty status.\(^1\)

In a region with high levels of informality and advanced population ageing, social pensions play a key role in providing basic income security for older persons and persons with disabilities, because they compensate for the limited coverage of contributory pensions and help to strengthen social protection floors (ECLAC, 2018). In other words, social pensions ensure a source of income for people who did not achieve full labour inclusion during their working life, whether because they worked in the informal sector of the economy, because their working trajectory was unstable or broken, because they face labour inclusion barriers owing to a disability, because they suffer a degree of disability that does not permit them to work or for other reasons.

\(^1\) In some cases, recipients of social pensions are not selected by poverty status, but on the basis of a more universalist rationale (albeit with certain restrictions based on residence or nationality). The Renta Dignidad basic old-age pension in the Plurinational State of Bolivia and the food pension in Mexico City are two examples of pensions with a more universal rationale.
This chapter briefly describes the history of these programmes in the region and analyses the data available on the effects of social pensions on the labour inclusion status of recipients and family members living with them. These non-contributory social protection programmes can have effects on decisions regarding labour market engagement, so consideration must be given to the information on possible incentives or disincentives to labour inclusion, of both the individuals receiving the transfers and their family members.

A. Trends in social pensions in Latin America and the Caribbean

Since the start of the new millennium, considerable growth has been seen in social pensions, whose number has more than doubled, from 15 in 2000 to 34 in 2017 (see figure I.1 and table IV.1). This is not only a function of greater fiscal resources generated during an economic boom—which enabled countries to address the limited coverage of contributory systems and the rapid population ageing— but also of social pressures for better protection for vulnerable populations and a political context in which the region’s governments afforded priority to social development objectives and the consolidation of a rights-based agenda (Abramo, 2016; ECLAC, 2018; Oliveri, 2016; Rofman, Apella and Vezza, 2013).

However, social pensions are not a novelty in the region. In Latin America, the first non-contributory pensions for old age and disability were launched in Uruguay in 1919 and non-contributory pensions were later created in Argentina (1948), Brazil (1971), Costa Rica (1974) and Chile (1975) (Bertranou, Solorio and van Ginneken, 2002). Among the social pensions now in operation in the Caribbean, Guyana’s dates from 1944 and those of the Bahamas and Bermuda from the 1960s.

According to data from administrative records inventoried for the Database of non-contributory social protection programmes in Latin America and the Caribbean (ECLAC),

the coverage of social pensions in the region increased from 11.7% of those aged 60 and over in 2000 (5 million people) to 25.1% in 2017 (19.3 million). However, the uptrend was reversed in 2015, when coverage began to fall. In 2017, regional average public social spending on pensions for older persons represented 0.65% of GDP (see figure IV.1).

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2 See Economic Commission for Latin America and the Caribbean (ECLAC), Database of non-contributory social protection programmes in Latin America and the Caribbean [online] https://dds.cepal.org/bpsnc/sp.

3 According to data from household surveys in eight countries of the region (Chile, Costa Rica, Ecuador, Mexico, Panama, Paraguay, Peru and Plurinational State of Bolivia), the weighted average figure of coverage for persons aged over 65 around 2015 was 40.4% (ECLAC, 2017).
<table>
<thead>
<tr>
<th>Country</th>
<th>Name</th>
<th>Start year</th>
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<tbody>
<tr>
<td>Antigua and Barbuda</td>
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<td>1993</td>
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<tr>
<td></td>
<td>People’s Benefit Programme</td>
<td>2009</td>
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<tr>
<td>Argentina</td>
<td>Non-contributory pension programme</td>
<td>1948</td>
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<td>Universal Pension for Older Adults</td>
<td>2016</td>
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<td>Bahamas</td>
<td>Old-age Non-contributory Pension</td>
<td>1972</td>
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<td>Invalidity Assistance</td>
<td>1972</td>
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<td>Barbados</td>
<td>Non-contributory Old-age Pension</td>
<td>1982</td>
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<td>Belize</td>
<td>Non-contributory Pension Program</td>
<td>2003</td>
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<td>Bermuda</td>
<td>Non-contributory Pension</td>
<td>1970</td>
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<td>Bolivia (Plurinational State of)</td>
<td>Renta Dignidad Universal Old-age Pension</td>
<td>2008</td>
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<td>Solidarity Income programme</td>
<td>2013</td>
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<td>Brazil</td>
<td>Continuous Benefit Programme</td>
<td>1996</td>
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<td>Rural Pension</td>
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<td>Chile</td>
<td>Basic Solidarity Pension</td>
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<td>Colombia</td>
<td>Colombia Mayor programme</td>
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<td>Non-contributory Scheme for Basic Pensions</td>
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<td>Cuba</td>
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<td>Ecuador</td>
<td>Pension for Older Adults and Pension for Persons with Disabilities (Human Development Grant)</td>
<td>2003</td>
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<td>Nuestros Mayores Derechos</td>
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<td>Guatemala</td>
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<td>Guyana</td>
<td>Old Age Pension</td>
<td>1944</td>
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<td>Jamaica</td>
<td>Programme of Advancement through Health and Education (PATH)†</td>
<td>2002</td>
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<tr>
<td>Mexico</td>
<td>Older Adults Pension</td>
<td>2007</td>
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<td>Food pension for persons over age 68 residing in Mexico City</td>
<td>2001</td>
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<td>Panama</td>
<td>Guardian Angel Programme</td>
<td>2013</td>
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<td>Paraguay</td>
<td>Special Cash Transfers Programme for Older Adults (120 at 65)</td>
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<td>Peru</td>
<td>“Pension 65” National Solidarity Assistance Programme</td>
<td>2011</td>
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<td>National Programme of Non-contributory Pensions for Persons with Severe Disabilities Living in Poverty (CONTIGO)</td>
<td>2017</td>
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<td>Saint Kitts and Nevis</td>
<td>Non-contributory Assistance Pension</td>
<td>1998</td>
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<td>Saint Vincent and the Grenadines</td>
<td>Non-contributory Assistance Age Pension</td>
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<td>Senior Citizens’ Pension</td>
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<td>Gran Misión en Amor Mayor</td>
<td>2011</td>
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**Source:** Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), Database of non-contributory social protection programmes in Latin America and the Caribbean [online] https://dds.cepal.org/bpsnc/sp.

† Older persons and persons with disabilities may be eligible for two of the four transfers provided under PATH: the health grant and the basic benefit.
Figure IV.1
Latin America and the Caribbean (26 countries): social pensions coverage of the population aged 60 years and over and social public spending on social pensions for older persons, 1995–2017
(Percentages of the population aged 60 and over and percentages of GDP)

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

a The countries are: Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bermuda, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Guyana, Jamaica, Mexico, Panama, Paraguay, Peru, Plurinational State of Bolivia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Trinidad and Tobago, and Uruguay.

Social pensions coverage of persons with disabilities has grown steadily, having risen from 2.1% in 2000 (1.5 million people) to 6.4% in 2017 (4.5 million). In 2017, the regional average social public spending on pensions for persons with disabilities came to 0.28% of GDP (see figure IV.2). Coverage and public spending is highly uneven among the countries of the region, however, both for older persons and for persons with disabilities (see annex table IV.A1.1).

In 2017, the social pensions with the most extensive coverage in absolute terms in the region were Brazil’s Rural Pension and its Continuous Benefit Programme, which together covered 11.4 million older persons or persons with disabilities, and Mexico’s Older Adults Pension, set up in 2007, which covered 5.1 million persons over the age of 65. These were followed by the Colombia Mayor programme, with 1.5 million recipients, the Renta Dignidad Universal Old-age Pension in the Plurinational State of Bolivia and the non-contributory pension programme in Argentina, with around 1 million each.

With respect to the institutional structure of social pensions currently in operation, although ministries of social development are the main bodies responsible for them, implementation falls mainly to social insurance and security institutions (see figure IV.3).
Figure IV.2
Latin America and the Caribbean (12 countries): social pensions coverage of persons with disabilities and public spending on social pensions for persons with disabilities, 1995–2017a

(Millions of persons and percentages of GDP)

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

The countries are: Argentina, Barbados, Bermuda, Brazil, Chile, Costa Rica, Cuba, Ecuador, Panama, Peru, Saint Kitts and Nevis, and Uruguay.

Figure IV.3
Latin America and the Caribbean (26 countries): institutional structure of social pensions in operation, by responsible and executing agency, 2017a

(Percentages)

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

The countries are: Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bermuda, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Guyana, Jamaica, Mexico, Panama, Paraguay, Peru, Plurinational State of Bolivia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Trinidad and Tobago, and Uruguay.
Ministries of social development are responsible for 32% of the social pensions analysed. An example is the Older Adults Pension in Ecuador, a monthly transfer of US$ 50 run by the Ministry of Economic and Social Inclusion (MIES). Ministries of labour are responsible for 18% of the programmes under way (the Colombia Mayor programme, the Old Age Pension in Guyana and the Non-contributory Assistance Pension in Saint Kitts and Nevis, among others) and ministries of economic affairs are responsible for 15% (the Non-contributory Pension in Bermuda and the Non-contributory Assistance Age Pension in Saint Vincent and the Grenadines, among others).

With respect to execution, 44% of social pensions are provided through social security institutions, for example Renta Dignidad in the Plurinational State of Bolivia and the Continuous Benefit Programme and Rural Pension in Brazil. Ministries of social development implement 21% of social pensions, as in the case of the "Pension 65" National Solidarity Assistance Programme in Peru and the non-contributory pension programme in Argentina (see annex table IV.A1.2).

Of the 34 social pensions for old age, disability or both existing in 26 of the region’s countries, 15 (44%) offer benefits for both old age and disability, 14 (41%) only for old age and 5 (15%) only for disability (see annex table IV.A1.1).

Social pensions can also target other population groups. For example, Argentina’s non-contributory pension programme includes women with at least seven children and persons covered by special legislation, while the Cuba’s Social Assistance Regime offers coverage for women on unpaid leave to care for a child with illness or disability, orphans aged 17 who are studying, families who were financially reliant on a deceased worker, families of young people called up to military services who provided some or all of the family income, workers undergoing long-term treatments and pensioners with dependent family members.

Although the most common age for access to social pension schemes for older persons is 65, eligibility varies from age 54 (for women in the Colombia Mayor programme) to 75 (in the case of the Non-contributory Assistance Age Pension of Saint Vincent and the Grenadines). The age of eligibility for a pension is usually lower in the case of disability. In the Peru’s National Programme of Non-contributory Pensions for Persons with Severe Disabilities Living in Poverty (CONTIGO), pensions are available to those under 65, including children. The age of eligibility is 16 in the Bahamas and Saint Kitts and Nevis and 18 in Barbados and Bermuda. Under Chile’s Basic Solidarity Pension, eligibility for the old-age pension begins at 65, and for the disability pension at 18. The Continuous Benefit Programme has an eligibility age of 65 for old age, and no limit for persons with disabilities.
Other common eligibility conditions in pensions for older persons and persons with disabilities include poverty or vulnerability (which is income-based or means tested) and place of residence (see annex table IV.A1.1). Pensions for persons with disabilities should ideally not have age limits and, in particular, should guarantee the well-being of children with disabilities. Cash transfers are necessary, for example, to cover the opportunity costs of care provided by family members of working age who are obliged to fully or partially forgo paid work in order to assist the person with disabilities.

Generally speaking, the monthly sums transferred under social pensions for older persons are the same as those for persons with disabilities. Exceptions include the Non-contributory Scheme for Basic Pensions in Costa Rica, where the amount of the disability pension exceeds the old-age pension. As well as monetary transfers, in some cases —such as the Nuestros Mayores Derechos programme in El Salvador and the “120 at 65” scheme in Panama— recipients also have access to health and nutrition services, literacy projects and cultural and recreational activities. The Social Assistance Regime of Cuba includes in-kind assistance, in the form of food and medicines.

As set forth in Social Panorama of Latin America, 2017 (ECLAC, 2018), the amounts involved in social pensions are much lower than payments provided under contributory pensions. For example, around 2015, social pensions represented between 12.1% and 38.5% of the respective national minimum wages and less than a quarter of contributory pensions in Ecuador, Mexico, Panama, Paraguay, Peru and the Plurinational State of Bolivia, and less than 40% in Chile and Costa Rica. However, the amounts transferred are often more than those of CCT programmes and in several countries equal or exceed the income deficit of the poor population (Cecchini, Villatoro and Mancero, 2019) (see figure IV.4).

Although the transfer amount may not always be enough, social pensions have been particularly important in providing some degree of income security for the most disadvantaged social groups. Unlike the situation with contributory pensions, the social pensions coverage is greater among women than men, among the poorest than those with most resources and among those in rural areas than those in urban areas (see figure IV.5).

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4 In the case of Colombia Mayor, 76% of recipients report that the pension covers some of their needs, while approximately 10% report that it covers most of their needs (DNP, 2016).
Figure IV.4
Latin America (12 countries): monthly per capita amount of social pensions with respect to the income deficit of the poor population, on the basis of household surveys, 2017\(^a\)
(Percentages of the income deficit)

Source: Prepared by the authors, on the basis of S. Cecchini, P. Villatoro and X. Mancero, “El impacto de las transferencias monetarias no contributivas sobre la pobreza en América Latina y el Caribe”, 2019, unpublished.

\(^a\) The indicator relates the amount of the average monthly per capita transfer received by households to the average per capita income gap of the poor measured by the poverty threshold of the Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the household income before transfers.

b Data refer to 2015.

c Data refer to 2016.

Figure IV.5
Latin America (8 countries): receipt of contributory and non-contributory pensions among persons aged 65 or over, by sex, income quintile and area of residence, around 2015\(^a\)
(Percentages)


\(^a\) Weighted average for Chile, Costa Rica, Ecuador, Mexico, Panama, Paraguay, Peru and Plurinational State of Bolivia.
In view of the high female participation in the informal labour market and unpaid domestic and care work, the expansion of social pensions has been especially important for increasing the coverage of women, who have lower probabilities than men of receiving a contributory pension in old age and are more vulnerable to poverty (ECLAC, 2012, 2013 and 2018). For example, 56% of the 1.5 million older persons covered by the Colombia Mayor programme are women (Fedesarrollo/Fundación Saldarriaga Concha, 2015).

Social pensions have also enabled the expansion of social protection coverage to old age in rural areas and among indigenous peoples. For example, Brazil’s Rural Pension covers around 90% of the rural population, although barely 5% of the rural employed population contributes to social security (Bosch, Melguizo and Pagés, 2013). In Paraguay, the Food pension for older adults living in poverty was extended in 2012 to all older persons belonging to an indigenous group, without the need for means-testing.

With regard to the impact on well-being and living standards, it has been found that the rise in income as a result of a social pension translates into higher spending and consumption, especially in food. According to Galiani, Gertler and Bando (2017), consumption by recipients of the “Pension 65” National Solidarity Assistance Programme in Peru rose by some 40%, mainly in foodstuffs (67%). Galiani, Gertler and Bando (2014) found that recipients of the Older Adults Pension in Mexico used 71% of their transfer to finance higher household consumption (54% of which went to food). In the case of the universal solidarity benefit “Bonomosol” (the forerunner of Renta Dignidad) in the Plurinational State of Bolivia, Martinez (2004) found a consumption effect of over 1.5 times the amount of the transfer in rural areas, owing to increased purchases of agricultural inputs and livestock.

The positive effects of social pensions on well-being can also extend to the entire family group, which often includes working-age adults and children. Many older persons devote the income from the social pension to helping other family members and supporting consumption. This provides them with a sense of autonomy and “usefulness”: by becoming a source of income again they cease to feel like a “burden” to other family members.

The information available also shows that social pensions make an important contribution, though an uneven one from one country to another, to poverty reduction among older persons and their families (Rossel and

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5 Galiani, Gertler and Bando (2014) found that almost all those aged over 70 in rural areas of Mexico lived with their children and other relatives.
In the case of Chile, Joubert and Todd (2011) found, for example, that the introduction of the Basic Solidarity Pension led to a reduction in poverty in old age and an improvement in pension savings and income levels among women, which helped to reduce the gender gap in pension benefits. In some cases, social pensions have also helped to reduce inequality at the national level. This occurred in Brazil, where Medeiros, Britto and Veras-Soares (2008) found that the Continuous Benefit Programme produced a 7% reduction in the Gini coefficient between 1995 and 2004.

Non-contributory pensions can also benefit older persons in the health sphere. For example, Peru’s “Pension 65” and Mexico’s Older Adults Pension have been found to lead to improvements both in mental health, as shown by lower scores on the Geriatric Depression Scale (Galiani and Gertler, 2016; Galiani, Gertler and Bando, 2017), and in physical health and in the composition of the consumption basket, in terms of either quantity or variety of products (Escaffi, Andrade and Maguiña, 2014). Borrella-Mas, Bosch and Sartarelli (2016) also found an increase in the probability of spending on medicine upon receipt of the Renta Dignidad Universal Old-age Pension. Behrman and others (2011) suggest that, between 2006 and 2009, the transfers under the Basic Solidarity Pension in Chile also led to a rise in health spending and improvements in the health status reported by participants, by comparison with the control group, as well as lower alcohol consumption.

However, the possibility that the implementation of non-contributory pensions affects labour behaviour and saving by the working-age population given the expectation of receiving a social pension in the future gives grounds for concern. The argument is that workers could decide to contribute less to social security systems, knowing they can fall back on non-contributory regimes to finance their old age (Bosch, Melguizo and Pagés, 2013; Rofman and Oliveri, 2011). Although this discussion is still ongoing and there is insufficient evidence on the matter, evidently the risk of informalization would be especially high if the transfer received under a non-contributory regime came close to matching the amount received from a contributory pension which—as noted earlier— is not the case in the countries of the region (ECLAC, 2018).7


7 In the case of Brazil, Medeiros, Britto and Veras-Soares (2008) found no evidence that the Continuous Benefit Programme had led to lower social security contributions. On the basis of data from the national household survey (PNAD), they observed that between 1992 and 2005 the proportion of informal employed contributing to social security rose from 6% to 11% and contributions by independent workers living in households below the poverty line rose from 2% to 4.5%. Under the Constitution, the value of the transfer of the Continuous Benefit Programme corresponds to the minimum wage.
Be this as it may, programmes must be designed to avoid potential incentives to skip contributions to the contributory pillars. Pension systems need to be designed to create incentives to increase participation by those who have the capacity to contribute while offering social protection to those who do not (ECLAC, 2017). The provision of social pensions should also ideally be complemented with the creation and expansion of care services and support for persons with disabilities. This would contribute to the redistribution of unpaid work, increase women’s participation in the labour market and help to reduce poverty and inequality (ECLAC, 2012).

There follows a review of the empirical information available on the relationship between social pensions and the following two factors: (i) labour and productive inclusion of older persons and the working-age household members who live with them, and (ii) child labour.

B. Evaluations of the impact of social pensions

According to the economic theory, social pensions should have a direct impact on labour-related decision-making by older persons: the labour effect should lead recipients to work fewer hours or leave the labour force altogether. However, because the amounts of social pensions are small (in several cases they are not enough by themselves to lift people out of poverty), recipients continue to perform economic activities. The increased resources available upon receipt of a social pension can be used, for example, to invest in own-account work or to negotiate better payment for paid employment.

From a rights perspective, lower participation in the labour market by older persons could be viewed as desirable, where participation is involuntary and reflects a survival strategy. However, there are reasons to see an increase in older persons’ labour force participation as positive, for example, in the case of motivations relating to personal fulfilment, the benefits of remaining active and the desire to feel useful to society (Paz, 2010). In the case of working-age persons living with a recipient of a social pension, the desired effect is stronger labour inclusion, in the form of both increased participation and better working conditions. By providing a secure income for older persons, social pensions can in fact make it easier for other members of the households in which they live to build their human capacities and engage in productive, commercial and agricultural investments (Devereux, 2001). Part of the additional household income provided by social pensions can also be expected to contribute to the prevention and eradication of child labour and to the care of children and adolescents.

To ascertain the possible incentives and disincentives to labour inclusion caused by social pensions, a series of impact evaluations conducted in countries of the region were examined. Of the 17 such evaluations, which concerned 10 programmes in 8 countries, 15 were based on data from continuous
household surveys, 1 on census information and 1 on data from a specific ad hoc survey. Different methodologies and analysis periods were used. All the evaluations reviewed are quasi-experimental and 52% of them use difference-in-difference methodology (see annex table IV.A1.3). In 76.5% of the studies, some sort of disaggregation was applied to the indicators, by sex (in seven studies), age (eight studies) or place of residence (in eight studies, of which two looked exclusively at urban areas and five only at rural areas). None of the studies included disaggregation by ethnicity or race (see diagram IV.1). No studies were found analysing the effects of social pensions on the labour inclusion of persons with disabilities.8

Diagram IV.1
Latin America and the Caribbean (8 countries): review of impact evaluations of social pensions

<table>
<thead>
<tr>
<th>Disaggregations</th>
<th>Impact evaluations</th>
<th>Programmes</th>
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<tbody>
<tr>
<td>Sex (41%)</td>
<td>195 indicators</td>
<td>10 programmes</td>
</tr>
<tr>
<td>Age (47%)</td>
<td>95 statistically significant indicators (48.7%)</td>
<td></td>
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<tr>
<td>Territory (47%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethnicity/race (0%)</td>
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<td></td>
</tr>
</tbody>
</table>

For example, labour market participation, hours worked, wage work, non-wage work, independent work, labour income

For example, labour market participation, hours worked, wage work, non-wage work, independent work, formal (informal) employment, labour income

For example, probability of child labour

Labour supply/integration of older persons
75 significant indicators (79%)

23 positive (31%)
52 negative (69%)

Labour supply/integration of working-age persons
16 significant indicators (17%)

7 positive (44%)
9 negative (56%)

Child labour
4 significant indicators (4%)

1 positive (25%)
3 negative (75%)

Source: Prepared by the authors.

a The countries are: Argentina, Brazil, Chile, Colombia, El Salvador, Mexico, Peru and Plurinational State of Bolivia.
b In the case of child labour, a negative effect implies that the programme has reduced child labour, which is the desirable outcome.

1. Labour supply and integration of older persons

Across the 17 studies reviewed, 69% of the statistically significant indicators on labour supply and integration show that social pensions reduce the labour supply of older persons (see diagram IV.1). In particular, the reduction is seen to be larger among women than men (see figure IV.6).

For a discussion of the challenges of labour inclusion of persons with disabilities and public policies that contribute to addressing these, see section E in chapter III and ECLAC (2019), box IV.5.
Figure IV.6
Latin America and the Caribbean (8 countries): results of indicators of impact of social pensions on labour supply and integration of older persons, by sex\(^a\)
(Numbers and percentages)

A. Both sexes

- Positive effect: 23 (16%)
- Negative effect: 52 (35%)
- Non-significant effect: 73 (49%)

B. Women\(^b\)

- Positive effect: 4 (21%)
- Negative effect: 15 (79%)

C. Men\(^b\)

- Positive effect: 9 (37%)
- Negative effect: 15 (63%)

Source: Prepared by the authors.
\(^a\) The countries are: Argentina, Brazil, Chile, Colombia, El Salvador, Mexico, Peru and Plurinational State of Bolivia.
\(^b\) Includes only statistically significant results.
With respect to the results for social pensions in the different countries in the region, for Argentina, Bosch and Guajardo (2012) found that between 2003 and 2010 the non-contributory pension reduced the labour supply of older men and women by around 5 percentage points, although many continued to work in the informal sector.

Hernani-Limarino and Mena (2015), found that Renta Dignidad in the Plurinational State of Bolivia produces a reduction in labour force participation by older persons, principally reflecting a 20-percentage-point drop among women aged 60–65 years. In particular, Borrella-Mas, Bosch and Sartarelli (2016) estimated a reduction of 26.5 percentage points in the female labour supply when the husband received the pension, and of 36 percentage points when both spouses did.

In the case of Brazil, Kassouf and de Oliveira (2012) studied the possible effects of the Continuous Benefit Programme on recipients aged over 65 and other members of their family groups between 2006 and 2007. They found that the Continuous Benefit Programme allows older persons to retire from the work force, which they could not do without the benefit. Carvalho Filho (2008) finds that, in rural areas, access to old-age assistance under the Rural Pension increases the possibility of not working by around 38 percentage points and reduces total weekly hours worked by 22.5 hours for men aged 60–64.

According to Pfutze and Rodríguez-Castelán (2015), although the Colombia Mayor programme enabled men aged between 60 and 70 years to increase their participation in paid work (particularly independent work and agricultural activities), this effect did not appear in the case of women and men aged over 70. In turn, Farné, Rodríguez and Ríos (2016) found evidence that Colombia Mayor reduces by 14 percentage points the probability of informality among heads of households and their spouses in urban areas.

DNP (2016) studies the labour trajectory of participants in Colombia Mayor programme who report having had an instable working life from childhood and having worked in agricultural activities—in which they faced difficulties relating to violence, climate factors and low-income received for their products— or as domestic employees, without having contributed to social security during their years of work. However, several interviewees expressed an interest in continuing to work in old age because, apart from monetary considerations, they thought that performing an economic activity could be important to take up free time. Nonetheless, they felt discriminated against because of their age and reported earning less money than younger workers (DNP, 2016).9

9 Asked about their real enjoyment of the right to a decent life, 90% of participants in the Colombia Mayor programme mentioned health, family, protection and care. The lowest proportion of enjoyment of rights was in economic security (38%) and housing (DNP, 2016).
For Mexico, Galiani, Gertler and Bando (2014) provide evidence that the Older Adults Pension has a positive effect on material well-being and reduces by 20% paid work performed by older persons, who shift towards unpaid activities. Galiani and Gertler (2009) had found a substitution effect between paid work and unpaid family work in the case of the previous programme, called “70 and over”.

For Peru’s “Pension 65” National Solidarity Assistance Programme, it was found that the pension reduced paid work by those aged over 65 by 8.9% (4 percentage points) and that labour income fell by 20.3% (US$ 4.7 per week) (Galiani, Gertler and Bando, 2017; Galiani and Gertler, 2016).

2. Labour supply and integration of working-age persons and child labour

According to the impact evaluations reviewed, nine statistically significant indicators (56% of the total) show a negative effect of social pensions on the labour supply and integration of working-age persons residing with a recipient, while the other seven indicators (44%) show a positive effect. Five studies also look at the impact on child labour and three of the four with statistically significant results show a reduction in this indicator (see diagram IV.1).

10 The rise in child labour observed in the case of Renta Dignidad in the Plurinational State of Bolivia refers to the broad age group of 7–19 years (Hernani-Limarino and Mena, 2015), which includes ages at which engagement in paid work is not considered a violation of human rights.

In Argentina, Bosch and Guajardo (2012) find that women in formal employment who are close to retirement age (55–59 years) leave the labour market early upon receipt of the non-contributory pension, even though they could continue to contribute to the system and thus receive a higher pension.

In the case of Renta Dignidad in the Plurinational State of Bolivia, Hernani-Limarino and Mena (2015) find no statistically significant effects on the labour market participation of household members aged between 25 and 45 years living with an older person who receives the transfer (compared with those of the same age living in households without an older person in the programme).

In Brazil, Kassouf and de Oliveira (2012) find that co-residents of a recipient of the Continuous Benefit Programme are more likely to leave the labour market if they were hitherto the household’s sole provider and did not have a good job. It appears that the additional household income may enable them to take time to seek a better job or to study. The authors analysed two age groups: co-residents aged 18–29 and co-residents aged 18–49. No significant effects were found in the first group, but the second showed a reduced probability of working or seeking employment.
For Colombia, Pfutze and Rodríguez-Castelán (2015) offer evidence of a rise in labour market participation by working-age women and men in households with a recipient of the Colombia Mayor programme.

For Mexico, Galiani, Gertler and Bando (2014) provide evidence that the Older Adults Pension produces no significant negative effects on labour supply of working-age household members. Although the additional income increases their consumption, they do not leave the labour market. In the case of the food pension for persons over age 68 residing in Mexico City, Juárez (2010) finds that both men and women aged 18–59 increase their labour market participation if they live with a participating male, but reduce it if the recipient is female. The authors suggest that this is because women of advanced age are more likely than men to share their income with younger family members.

Some evaluations show that the cash transfers received under social pensions lead to a reduction in child labour. For example, Kassouf and de Oliveira (2012) find that the probability of working of 10–15-year-olds residing in a household with a recipient of the Continuous Benefit Programme falls by 22.5 percentage points. In the case of Mexico’s Older Adults Pension, Juárez and Pfutze (2015) find that child labour decreases by 4.8 percentage points for all co-residing males aged 12–17, and by 6.5 percentage points for all males in that age group in the first three income quintiles. The effects for females in the same age group also show a reduction, but it is not statistically significant.11

In conclusion, although it is important to analyse the relationship between social pensions and labour inclusion, the main objective of these social programmes in terms of rights is to provide a basic income floor as support in old age or disability. From the point of view of social protection throughout the life cycle, social pensions are a key instrument, alongside the conditional cash transfers examined in chapter II, which target mainly families with children, and the labour and production inclusion programmes reviewed in chapter III, which aim to contribute directly or indirectly to better labour inclusion of young people and working-age adults living in poverty or vulnerability.

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11 Juárez and Pfutze (2015) account for the differences by sex by the different probabilities of engaging in paid work (higher for males than for females in this age group). The authors do not measure unpaid domestic work.
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### Table IV.A1.1
Latin America and the Caribbean (26 countries): social pensions in operation, 2017

<table>
<thead>
<tr>
<th>Name of programme (start year)</th>
<th>Monthly amount (dollars) (latest year available)</th>
<th>Pension for Older persons</th>
<th>Persons with disabilities</th>
<th>Coverage as a percentage of the population with disabilities (latest year available)</th>
<th>Coverage as a percentage of the population aged over 60 (latest year available)</th>
<th>Age of eligibility (years)</th>
<th>Eligibility conditions</th>
<th>Age of eligibility (years)</th>
<th>Eligibility conditions</th>
<th>Spending as a percentage of GDP (latest year available)</th>
<th>Spending as a percentage of GDP (latest year available)</th>
<th>Other target population</th>
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<tbody>
<tr>
<td><strong>Antigua and Barbuda</strong></td>
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<tr>
<td>Old-age Assistance Programme</td>
<td>94(2017)</td>
<td>X X</td>
<td></td>
<td>Low income (less than 5,000 Eastern Caribbean dollars per annum); residence (15 years for citizens and 20 years prior to the date of application for foreigners)</td>
<td>0.01(2014)</td>
<td>0.43(2017)</td>
<td>60</td>
<td>As for older persons and, in addition, blindness or severe disability and inability to earn autonomous income</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
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<tr>
<td>People’s Benefit Programme</td>
<td>80(2012)</td>
<td>- X</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Restriction</td>
<td>Vulnerability; low income (less than US$ 300 per household); citizenship</td>
<td>...</td>
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<tr>
<td><strong>Argentina</strong></td>
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<tr>
<td>Non-contributory pension programme (1948)</td>
<td>306-318(2017)</td>
<td>X X</td>
<td></td>
<td>Low income; residence (5 years of continuous domicile for native-born or naturalized Argentines and 40 years of continuous domicile for foreigners)</td>
<td>0.88(2017)</td>
<td>0.04(2017)</td>
<td>No restriction</td>
<td>As for older persons and, in addition, at least 75% disability and permanent incapacity to perform work</td>
<td>...</td>
<td>20.72(2017)</td>
<td>Women with at least seven children, beneficiaries of special legislation, persons chosen by a national legislator</td>
<td></td>
</tr>
<tr>
<td>Universal Pension for Older Adults (2016)</td>
<td>359(2017)</td>
<td>X -</td>
<td>65</td>
<td>Vulnerability; citizenship; residence (minimum of 10 years for naturalized Argentines and 20 years prior to the date of application for foreigners); not having a paid job, except those under the Monotributo Social simplified tax system</td>
<td>0.03(2017)</td>
<td>1(2017)</td>
<td>-</td>
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<td><strong>Bahamas</strong></td>
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<tr>
<td>Old-age Non-contributory Pension (1972)</td>
<td>257(2013)</td>
<td>X -</td>
<td>65</td>
<td>Vulnerability; citizenship; residence; work history (must have worked as an employee or been self-employed for at least 21 consecutive months in the past 15 years)</td>
<td>0.05(2016)</td>
<td>3.15(2017)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Invalidity Assistance (1972)</td>
<td>257(2013)</td>
<td>- X</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16–65</td>
<td>Inability to work and vulnerability</td>
<td>-</td>
<td>-</td>
<td>0.07(2016)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Name of programme (start year)</td>
<td>Monthly amount (dollars) (latest year available)</td>
<td>Minimum age of eligibility (years)</td>
<td>Eligibility conditions</td>
<td>Spending as a percentage of GDP (latest year available)</td>
<td>Coverage as a percentage of the population aged over 60 (latest year available)</td>
<td>Age of eligibility (years)</td>
<td>Eligibility conditions</td>
<td>Spending as a percentage of GDP (latest year available)</td>
<td>Coverage as a percentage of the population with disabilities (latest year available)</td>
<td>Other target population</td>
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<tr>
<td>Barbados</td>
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<tr>
<td>Non-contributory Old-age Pension (1982)</td>
<td>310 (2017)</td>
<td>X X 66.5</td>
<td>Vulnerability; residence (12 continuous years since turning 40 or 20 non-continuous years since turning 15 for citizens, and 15 continuous years since turning 40 or 20 non-continuous years since turning 18 for permanent residents)</td>
<td>0.14 (2014)</td>
<td>5.0 (2017)</td>
<td>18</td>
<td>As for older persons and, in addition: low income (less than 30 Barbados dollars per week); blindness or deaf-muteness</td>
<td>...</td>
<td>1.76 (2017)</td>
<td>-</td>
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<tr>
<td>Belize</td>
<td>Non-contributory Pension Program (2003)</td>
<td>X</td>
<td>-</td>
<td>Women: 65; Men: 67</td>
<td>Vulnerability; permanent residence</td>
<td>0.06 (2017)</td>
<td>8.86 (2017)</td>
<td>-</td>
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<tr>
<td>Bermuda</td>
<td>Non-contributory Pension Program (1970)</td>
<td>X X 65</td>
<td>Vulnerability; residence (10 years during the past 20 years)</td>
<td>0.10 (2014)</td>
<td>7.47 (2017)</td>
<td>18–65</td>
<td>As for older persons and, in addition: permanent incapacity to perform paid work</td>
<td>0.03 (2014)</td>
<td>8.23 (2014)</td>
<td>-</td>
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<tr>
<td>Bolivia (Plurinational State of)</td>
<td>Renta Dignidad Universal Old-age Pension (2008)</td>
<td>X</td>
<td>60</td>
<td>1.34 (2017)</td>
<td>100.00 (2017)</td>
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<td>Solidarity Income programme (2013)</td>
<td>X X</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>18–65</td>
<td>Vulnerability (first three income quintiles); residence (5 years); physical and/or mental disability</td>
<td>0.01 (2017)</td>
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<tr>
<td>Brazil</td>
<td>Continuous Benefit Programme (1996)</td>
<td>X X 65</td>
<td>Extreme poverty</td>
<td>0.27 (2016)</td>
<td>7.57 (2017)</td>
<td>No restriction</td>
<td>Extreme poverty, long-term disability</td>
<td>0.33 (2016)</td>
<td>5.54 (2017)</td>
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<td></td>
<td>Rural Pension (1993)</td>
<td>X X 55 Women: 55, Men: 60</td>
<td>Geographical (residents of rural areas or urban areas up to 50,000 inhabitants with rural economic activities or small-scale fishing)</td>
<td>1.07 (2017)</td>
<td>24 (2017)</td>
<td>No restriction</td>
<td>Geographical (rural areas)</td>
<td>0.08 (2017)</td>
<td>1.02 (2017)</td>
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<td>Basic Solidarity Pension (2008)</td>
<td>X X 65</td>
<td>Vulnerability (first three income quintiles); residence (20 years)</td>
<td>0.28 (2017)</td>
<td>13.8 (2017)</td>
<td>18–65</td>
<td>Vulnerability (first three income quintiles); residence (6 years); physical and/or mental disability</td>
<td>0.13 (2017)</td>
<td>6.42 (2017)</td>
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<td>Pension for Older persons</td>
<td>Minimum age of eligibility (years)</td>
<td>Old age</td>
<td>Disability</td>
<td>Eligibility conditions</td>
<td>Spending as a percentage of GDP (latest year available)</td>
<td>Coverage as a percentage of the population aged over 60 (latest year available)</td>
<td>Age of eligibility (years)</td>
<td>Eligibility conditions</td>
<td>Spending as a percentage of GDP (latest year available)</td>
<td>Coverage as a percentage of the population with disabilities (latest year available)</td>
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<td>Colombia</td>
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<td>14–25 (2017)</td>
<td>X -</td>
<td>Women: 54&lt;br&gt;Men: 59</td>
<td>Extreme poverty (levels 1 and 2 of the System for the Identification of Potential Social Programme Beneficiaries (SISBEN))</td>
<td>0.12 (2017)</td>
<td>26.16 (2017)</td>
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<td>Cuba</td>
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<td>6–8 (2017)</td>
<td>X X Women: 60&lt;br&gt;Men: 65</td>
<td>Vulnerability</td>
<td>0.02 (2017)&lt;br&gt;2.68 (2017)</td>
<td>No restriction</td>
<td>Vulnerability: illness or disability</td>
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<td>50</td>
<td>X X 65</td>
<td>Vulnerability (levels 1 and 2 of the social register)</td>
<td>0.93 (2012)</td>
<td>27.23 (2017)</td>
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<td>Name of programme (start year)</td>
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<td>Old age</td>
<td>Disability</td>
<td>Minimum age of eligibility (years)</td>
<td>Eligibility conditions</td>
<td>Spending as a percentage of GDP (latest year available)</td>
<td>Coverage as a percentage of the population aged over 60 (latest year available)</td>
<td>Age of eligibility (years)</td>
<td>Eligibility conditions</td>
<td>Spending as a percentage of GDP (latest year available)</td>
<td>Coverage as a percentage of the population with disabilities (latest year available)</td>
<td>Other target population</td>
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<td>Older Adult Economic Contribution Programme (2005)</td>
<td>54 (2017)</td>
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<td>X</td>
<td>65</td>
<td>Vulnerability; nationality</td>
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<td>9.79 (2017)</td>
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<td>Vulnerability; nationality and physical, psychological or sensorial disability</td>
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<td>Old Age Pension (1944)</td>
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<td>Citizenship (10 years prior); residence (20 years)</td>
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<td>Programme of Advancement through Health and Education (PATH)</td>
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<td>Vulnerability</td>
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<td>No restriction</td>
<td>Vulnerability</td>
<td>...</td>
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<td>Older Adults Pension (2007)</td>
<td>31-61 (2017)</td>
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<td>-</td>
<td>65</td>
<td>Geographical (localities of up to 30,000 inhabitants or localities of over 30,000 inhabitants with priority given to those with highest concentrations of poverty)</td>
<td>0.17 (2017)</td>
<td>39.59 (2017)</td>
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<td>Food pension for persons over age 69 residing in Mexico City (2001)</td>
<td>60 (2017)</td>
<td>X</td>
<td>-</td>
<td>68</td>
<td>Residence (atleast three years living in Mexico City)</td>
<td>0.03 (2014)</td>
<td>4.30 (2017)</td>
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<td>Guardian Angel Programme (2013)</td>
<td>80 (2017)</td>
<td>X</td>
<td>-</td>
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<td>Vulnerability; residence</td>
<td>0.03 (2017)</td>
<td>-</td>
<td>No restriction</td>
<td>Vulnerability</td>
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<td>Special Cash Transfers Programme for Older Adults (120 at 65) (2009)</td>
<td>120 (2017)</td>
<td>X</td>
<td>-</td>
<td>65</td>
<td>Vulnerability; residence</td>
<td>0.29 (2017)</td>
<td>26.81 (2017)</td>
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<td>Name of programme (start year)</td>
<td>Monthly amount (dollars) (latest year available)</td>
<td>Old age</td>
<td>Disability</td>
<td>Minimum age of eligibility (years)</td>
<td>Eligibility conditions</td>
<td>Spending as a percentage of GDP (latest year available)</td>
<td>Coverage as a percentage of the population aged over 60 (latest year available)</td>
<td>Age of eligibility (years)</td>
<td>Eligibility conditions</td>
<td>Spending as a percentage of GDP (latest year available)</td>
<td>Coverage as a percentage of the population with disabilities (latest year available)</td>
<td>Other target population</td>
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<td><strong>Paraguay</strong></td>
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<tr>
<td>National Programme of Non-contributory Pensions for Persons with Severe Disabilities Living in Poverty (CONTIGO) (2017)</td>
<td>46 (2017)</td>
<td>-</td>
<td>X</td>
<td>-</td>
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<td>-</td>
<td>Under age 65</td>
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<td></td>
<td>Geographical (priority given to departments by poverty levels; severe disability)</td>
<td>0.001 (2017)</td>
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<tr>
<td><strong>Saint Kitts and Nevis</strong></td>
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<tr>
<td><strong>Saint Vincent and the Grenadines</strong></td>
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<tr>
<td>Non-contributory Assistance Age Pension (1998)</td>
<td>56 (2015)</td>
<td>X</td>
<td>-</td>
<td>75</td>
<td>Low income (below the non-contributory pension); residence (at the time of the application, for at least 5 years of the past 8, and for at least 25 years since the applicant's 20th birthday); work history (having been actively employed for a significant period before January 1987); not being currently in paid employment</td>
<td>0.09 (2015)</td>
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Box IVA1.1 (continued)
<table>
<thead>
<tr>
<th>Name of programme (start year)</th>
<th>Monthly amount (dollars) (latest year available)</th>
<th>Spending as a percentage of GDP (latest year available)</th>
<th>Coverage as a percentage of the population aged over 60 (latest year available)</th>
<th>Age of eligibility (years)</th>
<th>Eligibility conditions</th>
<th>Spending as a percentage of GDP (latest year available)</th>
<th>Coverage as a percentage of the population with disabilities (latest year available)</th>
<th>Other target population</th>
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<td><strong>Trinidad and Tobago</strong></td>
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<td>Senior Citizens’ Pension (2001)</td>
<td>73.8–516 (2017)</td>
<td>2.34 (2017)</td>
<td>44.9 (2017)</td>
<td>-</td>
<td>Low income (below the non-contributory pension); residence (20 years prior to the application, with total absences of less than 5 years in the preceding 20 years; and continuous residence for 50 days before the application)</td>
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<td>Non-contributory old-age and invalidity pensions (1919)</td>
<td>278</td>
<td>0.54 (2017)</td>
<td>2.8 (2017)</td>
<td>No restriction</td>
<td>Low income (below the non-contributory pension); citizenship; geographical (Uruguayans residing in Brazil and Argentina less than 5 km from the border with Uruguay); residence (15 continuous years for foreigners)</td>
<td>As for older persons and, in addition, severe disability that prevents the performance of paid work</td>
<td>...</td>
<td>12.05 (2017)</td>
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<tr>
<td><strong>Venezuela (Bolivarian Republic of)</strong></td>
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<tr>
<td>Gran Misión en Amor Mayor (2011)</td>
<td>Women: 55; Men: 60</td>
<td>-</td>
<td>-</td>
<td>As for older persons and, in addition, disability or illness that prevents autonomy</td>
<td>Women: 55; Men: 60</td>
<td>Low income (below the minimum wage); citizenship; residence (foreigners with legal residence for the preceding 10 years)</td>
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<td><strong>Total</strong></td>
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</table>

**Source:** Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory Social Protection Programmes in Latin America and the Caribbean Database [online] https://dds.cepal.org/bpsnc/sp.

**Note:** - : No/Not applicable; ... : Information not available.

- Average old-age pension. In cases of pensions for disability and for mothers with seven or more children, the average amounts are US$ 242 and US$ 343, respectively.
- In 2018, the age of eligibility rose to 67.
- Universal, with differences in the transfer amount if the person receives income or a contributory social security pension.
- Rural areas only.
- The Universal Basic Pension is provided only to those aged 70 or over (women and men); the other components of the programme are available to those aged 60 or over.
- In 2012, the programme was extended to all older indigenous persons in Paraguay without means testing for poverty, because most of the indigenous peoples in the country are living in poverty and because of census issues with these communities.
### Table IV.A1.2
Latin America and the Caribbean (26 countries): responsible and executing agencies for social pensions, 2017

<table>
<thead>
<tr>
<th>Name of programme (start year)</th>
<th>Ministry of social development or equivalent</th>
<th>Ministry of labour or equivalent</th>
<th>Ministry of economic affairs or equivalent</th>
<th>Social security institute or equivalent</th>
<th>Other ministry</th>
<th>Office of the President or Vice-President</th>
<th>Interministerial or inter-institutional body</th>
<th>Social investment fund</th>
<th>Subnational institution</th>
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<tbody>
<tr>
<td>Antigua and Barbuda</td>
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<tr>
<td>Old-age Assistance Programme (1993)</td>
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<td>R and E</td>
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<tr>
<td>People’s Benefit Programme (2009)</td>
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<td>Argentina</td>
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<td>Non-contributory pension programme (1948)</td>
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<td>R and E</td>
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**Source:** Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory Social Protection Programmes in Latin America and the Caribbean Database [online] https://dds.cepal.org/bpsnc/sp.

**Note:** R: Responsible agency; E: Executing agency.
Table IV.A1.3
Latin America (8 countries): impact evaluations of social pensions that analyse the labour dimension

<table>
<thead>
<tr>
<th>Country</th>
<th>Programme (years of operation)</th>
<th>Authors (year)</th>
<th>Analysis period</th>
<th>Methodology</th>
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<td>Pfutze and Rodríguez-Castelán (2015)</td>
<td>2010–2013</td>
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<td>M, W</td>
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<td>Ávila-Parra and Escamilla-Guerrero (2017)</td>
<td>2010–2014</td>
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</table>

Source: Prepared by the authors.

Note: CC: changes in changes; DD: difference-in-difference/double difference; DDD: triple difference; IV: instrumental variables; M: Men; MA: multivariate analysis; OLS: ordinary least squares; QE: quasi-experimental; PSM: propensity score matching; R: rural; DRD: regression discontinuity design; U: urban; W: women.
Box IV.A1.1
Latin America (6 countries): impact evaluations concerning labour inclusion and social pensions, by country and programme

Argentina

Non-contributory pension programme (since 1948)

Bolivia (Plurinational State of)
Renta Dignidad Universal Old-age Pension (since 2008)

Brazil

Rural Pension (since 1993)

Continuous Benefit Programme (since 1996)

Chile

Basic Solidarity Pension (since 2008)

Colombia

Colombia Mayor programme (since 2013)

El Salvador

Nuestros Mayores Derechos (since 2011)
Box IV.A1.1 (concluded)

**Mexico**

**Food pension for persons over age 68 residing in Mexico City (since 2001)**


**Older Adults Pension (since 2007)**


**Peru**

**“Pension 65” National Solidarity Assistance Programme (since 2011)**


**Source:** Prepared by the authors.

* The years of operation of the programmes are shown in brackets.
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Diverse social programmes—including conditional cash transfer programmes, labour and production inclusion programmes and social pensions—are being implemented in Latin American and Caribbean countries with the aim of ending poverty and reducing inequalities throughout the life cycle.

This book offers an up-to-date analysis of these programmes and the way they relate to labour inclusion, and analyses ongoing debates regarding the possible incentives and disincentives they create in terms of the labour supply, formalization and child labour among the target population. Considering that poverty is a structural problem of highly unequal societies, the thesis that poverty is due to a lack of effort on the part of the poor is argued to be an expression of the strong prejudice against those living in poverty, the great majority of whom work or are actively seeking employment, but are hampered by the large decent work deficits existing in the region.

From an integrated and rights-based perspective, public policies should simultaneously address the twofold challenge of social and labour inclusion in order to achieve basic thresholds of well-being by ensuring income, universal access to good-quality social services and opportunities for decent work.