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# **Mechanisms for the Formulation and Implementation of Employment Policy in Argentina**

**Fabio Bertranou**

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## **Abstract**

The paper identifies and assesses the mechanisms used to formulate and to implement the employment policy in Argentina. Specifically, it investigates the range of factors that have had a direct or indirect effect on determining the institutional organization surrounding such policies, as well as the context in which the mechanisms of employment policy have been developed. It also reviews the structure of employment policy and how it functions, as well as the main challenges to its consolidation as a component of a development strategy. The following factors are identified and described: a) mechanisms for tripartite coordination and coordination across jurisdictions and sectors; b) pillars essential to supporting employment policy, such as inspection, vocational education and training, and public employment services, as well as information, management and assessment systems; and c) accountability mechanisms.

**Key words:** employment policy, labor institutions, coordination mechanisms

**JEL:** J5, J8, J88, P41

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## **Spanish and English names of important agencies, institutions, and programs**

*Administración Federal de Impuestos:* Federal Tax Administration Agency

*Auditoría General de la Nación:* Federal Audit Agency

*Administración Nacional de la Seguridad Social:* National Social Security Administration

*Ciudad Autónoma de Buenos Aires:* City of Buenos Aires, which is an autonomous federal district

*Consejo Federal del Trabajo:* Federal Labor Council

*Comisión Nacional para la Erradicación del Trabajo Infantil:* Nationwide Commission for the Elimination of Child Labor

*Comisiones Provinciales para la Erradicación del Trabajo Infantil:* Provincial Commissions for the Elimination of Child Labor

*Comisión para el Trabajo con Igualdad de Oportunidades del MTEySS:* Ministry of Labor's Employment and Social Security Equal Opportunity Commission

*Encuesta de Indicadores Laborales:* Employment Indicators Survey

*Encuesta Nacional de Protección Social y Seguridad Social:* Nationwide Survey on Social Protection and Social Security

*Encuesta Permanente de Hogares:* Permanent Household Survey

*Red de Formación Continua:* Vocational Education and Training Network

*Gerencias de empleo y capacitación laboral:* Agencies for Employment and Job Training

*Programa Internacional para la Erradicación del Trabajo Infantil de la OIT:* ILO's International Program on the Elimination of Child Labor

*Ministerio de Trabajo, Empleo y Seguridad Social:* Ministry of Labor, Employment and Social Security

*Normas Internacionales del Trabajo:* International Labor Standards

*Oficinas Municipales de Empleo:* Municipal Employment Offices

*Oficina Nacional de Presupuesto:* National Budget Office

*Producto Interno Bruto:* Gross Domestic Product

*Plan Jefas y Jefes de Hogar Desocupados:* Plan for Unemployed Heads of Households, a nationwide cash-transfer plan

*Programa Jóvenes con Más y Mejor Trabajo:* More and Better Employment for Youth, a nationwide youth employment program

*Plan Nacional de Regularización del Trabajo:* National Plan for Employment Regularization, a nationwide plan to enforce employment laws and eliminate informal employment

*Procedimiento Preventivo de Crisis:* Crisis Prevention Procedures

*Programa de Recuperación Productiva:* Program for Productive Recovery, a nationwide program to avoid private-sector layoffs and dismissals

*Seguro de Capacitación y Empleo:* Training and Employment Insurance, a nationwide program for unemployment benefits and training

*Sistema Integral de Inspección del Trabajo y de la Seguridad Social:* Comprehensive System for Workplace Inspection and Social Security, a nationwide program to ensure compliance with employment laws including fiscal contributions

*Salario Mínimo Vital y Móvil:* Vital and Mobile Minimum Wage

*Red de Servicios Públicos de Empleo:* Network of Public Employment Services

*Superintendencia de Riesgos del Trabajo:* National Workplace Risks Office

## 1. Introduction

Employment policy in Argentina tends to be considered in broad terms, encompassing employment and income policy as well as economic policies that affect labor supply and demand. As such, it entails a large number of institutions and social actors.<sup>1</sup> In the last two decades, particularly after the major economic crisis that seized the country in 2001, employment policy has grown more complex since it is a public policy priority.

This paper sets out to identify and assess the mechanisms used to formulate and to implement employment policy. Specifically, it attempts to examine a range of factors including the context in which those mechanisms were developed, how they are structured and operate, as well as the main challenges facing the consolidation of employment policy as a component of a development strategy.

For a number of reasons, Argentina is a unique case. Compared to other Latin American countries, labor relations developed quickly in the mid-20<sup>th</sup> century. Nonetheless, a normative framework that could be called a “system” and institutionalization of labor policy did not truly take hold until after the return to democracy in the eighties.<sup>2</sup> Another distinctive feature of Argentina is the high rate of worker participation in trade unions, which makes them key social actors in labor regulation and employment policy.

Similarly distinctive in the Argentine case is the major economic crisis the country underwent in 2001. In the aftermath of that crisis, the labor market was besieged by deep problems. While labor market deterioration was relatively marked in the eighties and nineties, it was not until the 2001-2002 crisis that the unemployment rate, the rate of precarious employment, and the drop in income from work reached unprecedented levels. As a result, economic policies that attempted to respond to the crisis and foster recovery focused on re-establishing and broadening employment policy as a fundamental part of development strategy (Tomada 2007). Thus, recent years have witnessed numerous innovations in the mechanisms for coordinating and supporting employment policy, mechanisms that merit further analysis. Indeed, the national government included issues related to the ILO’s mandate, such as decent work and employment performance, in the Millennium Development Goals it issued in 2003.

To grasp the institutional organization that determines the formulation and implementation of employment policy, it is important to bear in mind that Argentina

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<sup>1</sup> The ILO’s “Guide for the Formulation of National Employment Policies” defines employment policy as “a concerted and coherent vision of a country’s employment objectives and ways to achieve them” (OIT, 2012a).

<sup>2</sup> In the forties and fifties, when industrialization under an import-substitution model was taking place in Argentina, protectionist policies and policies to bolster domestic demand were the cornerstones of a strategy focused on full employment of heads of households. It was in this framework that welfare policies were devised. Starting in the seventies, however, this model was gradually eschewed, rendering it necessary to adjust employment policy, or to create new policies, in order to address issues like growing unemployment and informal employment, as well as self-employment and non-registered salaried employment.

is a federal country with three levels of government (national, provincial and municipal); it encompasses twenty-four jurisdictions: twenty-three provinces and the Autonomous City of Buenos Aires. Each of these jurisdictions has its own government and it shares governmental responsibilities with the national (or federal) government. The level of decentralization is relatively high in terms of the provision of goods and public services. Elementary and secondary education, health care, police services, components of the justice system and others are delivered by the provincial governments; the decentralization of these areas began with the *de facto* military government that seized power in 1976 and was furthered by the reforms enacted by government in the nineties.

Value added and income taxes, on the other hand, are collected by the federal government. While the provinces have the power to collect property tax and some sales-related taxes, most of their resources come from the national government by means of a revenue sharing mechanism. Similarly, as will be discussed below, the provincial and municipal governments participate in different components of the provision and production of services connected to employment policy, for instance job training and employment services.

This text is divided into four sections. The first provides a summary of the economic and institutional context of the last two decades; it discusses vocational education and training tendencies in the development of labor institutions, as well as a stark contrast between the nineties and the early 2000s. The second part describes the mechanisms for formulating and implementing employment policy. The third section inquires into some specific aspects of the implementation of employment policy, aspects bound to its functioning and interaction with an array of existing institutions. Specifically, this section analyzes the case of the Network of Public Employment Services and the Vocational Education and Training Network, as well as joint institutional and inter-governmental efforts to implement inspection mechanisms. The fourth and final section offers some conclusions, lessons learned, and future challenges for the Argentine case.

## **2. Context for the Development of Employment Policy from 1991 to 2012**

As explained in the introduction, in Argentina employment policy encompasses labor and income policies, as well as measures that act directly on labor supply and demand. Labor and income policies include the regulatory framework of labor, institutional mechanisms for social dialogue, collective bargaining, conflict management, inspection of working conditions, as well as some aspects of social protection related to employment. Policies that act directly on labor supply and demand include measures that actively attempt to reduce unemployment, favor the creation of and access to more productive jobs, as well as measures that attempt to attenuate the immediate consequence of loss of employment (ILO, 2011).

In Argentina, the main actor in employment policy is the Ministry of Labor, Employment and Social Security, which acts on a national level. The first law to explicitly charge the Ministry of Labor with fomenting employment and job training was the National Labor Law (Law N° 24,013), which was enacted in 1991. This law made the Ministry of Labor the supreme authority in employment policy, entrusting it with, among other things, the responsibility to devise overall employment policy as

well as emergency measures for specific sectors and regions, and to enact training programs and create a network of employment services. This law also created unemployment insurance and established a fund for financing employment policy.

On this basis, it is possible to define two distinct periods in employment policy in Argentina: the period from 1991-2000 and the period from 2002-2012 (Chart 1). These two periods are divided by the economic crisis of 2001, which resulted in a major change in the country's macroeconomic framework and socio-occupational policies.

In the nineties, public policies were conceived in the framework of the prescriptions based on the so-called "Washington Consensus." The economy at large, and the public sector in particular, underwent a process of structural adjustment in conjunction with a macroeconomic regime called "Convertibility" in which the local currency was pegged to the United States dollar. This period was also marked by growing foreign debt, widespread economic deregulation, greater employment flexibility, and the privatization of publically-held companies that produced goods and provided services, for instance transportation and telecommunications. As a result, this period yielded low average growth rates and failed to generate employment; rates of informal and precarious employment increased, as did overall inequality. In this context, labor market policies only served to offset the structural adjustment underway. On the basis of the National Labor Law, the national government took charge of devising and implementing an array of measures geared to fomenting employment among the unemployed. At the same time, a number of provincial governments also created their own employment programs, many of them with specific focuses. Over the course of that decade, unemployment insurance, though limited in scope, was the program for the protection of the unemployed that reached the largest number of beneficiaries (ILO, 2011).

Poor economic performance in the late nineties, along with a growing lack of fiscal sustainability (due to the high level of debt and greater macroeconomic vulnerability because of the deregulation of capital flows) led to the crisis that enveloped the nation in 2001. After the president resigned, the new administration defaulted on the debt and devalued the currency, leaving behind the "convertibility" framework described above. In that context, the Argentine economy entered into a deep recession, with a dramatic drop in the GDP and the subsequent worsening of socio-occupational indicators.

In 2002, when unemployment was over 20% and the poverty rate 50%, the transitional government enacted an extensive cash-transfer program called Plan for Unemployed Heads of Households (known as "Plan Jefes") to alleviate the social emergency of families with children and teenagers in which the head of household was unemployed. The coverage of this program, unlike its predecessors, was wide: it reached over two million beneficiaries.

In 2003, after the change in the macroeconomic regime and incipient economic recovery, the Ministry of Labor enacted the Comprehensive Plan for More and Better Work, a battery of policies geared to promoting the employment insertion of unemployed workers. At the same time, the economy began to recover and generate jobs, which facilitated the transition of the unemployed in general and of



employment-program beneficiaries into registered employment. This process of economic activation was supported by the formation of two pillars of employment policy: The Network of Public Employment Services and the Vocational Education and Training Network.

**Chart 1. Economic and Development Context of Employment Policy: Two Contrasting Periods, Before and After the 2001 Crisis**

1991-2000	2002-2012
<ul style="list-style-type: none"> <li>➤ Overwhelming influence of the “Washington Consensus” in the development of public policies</li> <li>➤ Structural adjustment</li> <li>➤ Fixed currency exchange rate – pegged to the dollar – growing debt</li> <li>➤ Privatization</li> <li>➤ Deregulation</li> <li>➤ Growth with low rate of job creation</li> <li>➤ Increasingly flexible job market</li> <li>➤ Compensatory job-market policies</li> <li>➤ Growing rate of informal employment and inequality</li> </ul>	<ul style="list-style-type: none"> <li>➤ High real exchange rate</li> <li>➤ Improved economic competitiveness</li> <li>➤ Growth with high rate of job creation</li> <li>➤ Reversal of privatization and deregulation</li> <li>➤ Increase in formal employment</li> <li>➤ Growing role of labor institutions: collective bargaining, minimum wage, workplace inspection</li> <li>➤ Development of public employment services network</li> <li>➤ Drop in inequality</li> <li>➤ Substantial increase in the tax collection-GDP ratio</li> </ul>

Source: own elaboration

Economic recovery was strong, and annual growth averaged almost 9% from 2003 to 2008; jobs were also created at a high rate. Some of the privatizations that had been enacted in the previous decade were reversed, and changes in regulations restored some employment-protection legislation. The restoration of mainstays of labor and labor institutions—collective bargaining, minimum wage, workplace inspection—became a priority. This process yielded a considerable recovery in real wages and a significant drop in informal labor and income inequality. (Bertranou et al. 2013)

In 2009, the international crisis, along with domestic circumstances like a drought that reduced agricultural production, had an impact on Argentina’s economy. The high rate of growth that had characterized previous years was curtailed. In 2010 and 2011, however, economic growth and job creation, albeit slightly later, returned to previous levels. Since 2012, there has been a slowdown in these two indicators due to domestic and international factors.

## Box 2.1.

### **International Labor Standards (ILS) in Employment Policy: The Situation of Argentina**

While Argentina has not ratified Convention N° 122 on employment policy—one of the four priority governance agreements—it has ratified eight fundamental conventions to ensuring human rights at the workplace, as well as three other priority governance conventions.

The ratified agreements are Convention N° 81 on workplace inspection, Convention N° 129 on agricultural workplace inspection, and Convention N° 144 on tripartite consultation on international labor standards. Argentina has also ratified a number of technical conventions, including Convention N° 88 on employment services, Convention N° 142 on the development of human resources, and Convention N° 154 on collective bargaining.

Note: fundamental conventions are N° 29 on forced labor; N° 87 on freedom of association and the protection of the right to organize; N° 98 on the right to unionize and to collective bargaining; N° 100 on equal remuneration; N° 105 on the abolition of forced labor; N° 111 on discrimination (employment and occupation); N° 138 on minimum age; and N° C182 on the worst forms of child labor.

Source: own elaboration.

Another important indicator of the change in priorities in employment policy pursuant to the economic crisis of the early 2000s is the inclusion of decent employment as one of the Millennium Development Objectives adopted by the Argentine government. Thus, in addition to the goals established in international conventions, Argentina has embraced as a goal the “promotion of decent work.” This decision was based on the notion that a just and inclusive society depends on ensuring decent employment to all inhabitants.

Along these lines, the following performance indicators were established: a) unemployment rate; b) percentage of workers whose salary is less than the value of a market basket of consumer goods and services; c) percentage of the unemployed population that receives social protection; d) the rate of non-registered employment (that is, the proportion of salaried workers that is not covered by a contract and, hence, does not contribute to social security); and e) rate of child labor (five to fourteen years old). For these indicators, the following goals were established for 2015: a) reduce the unemployment rate to less than 10% for that year; b) reduce the rate of non-registered employment to 30%; c) increase social-protection coverage to 60% of the unemployment population for 2015; d) reduce the proportion of workers whose salary is less than the value of a market basket of consumer goods and services to less than 30%, and e) eradicate child labor.

### **3. Mechanisms for the Formulation and Implementation of Employment Policy in Argentina**

The primary mechanisms for the definition and coordination of employment policy involve entities that form part of the national, provincial and municipal governments. There are also mechanisms in place for inter-jurisdictional coordination. Three types of mechanisms can be identified: coordination, support, and accountability mechanisms.

#### **3.1. Coordinations Mechanisms**

Graph 1 summarizes the main employment policy coordination mechanisms in place in Argentina. Below is a description of the different levels of coordination, which are inter-jurisdictional, tripartite and/or sector specific, as well as of the specific entities under the auspices of which these coordination efforts are carried out.

##### **3.1.1. Federal Labor Council: Inter-Jurisdictional Governmental Coordination between the Federal Government and the Provinces**

Established in 1998 by the Federal Labor Agreement, the Federal Labor Council is an inter-jurisdictional coordinating body that includes both the national and provincial governments.<sup>3</sup> It is formed by the Ministry of Labor and the labor departments of each of the provinces and of the City of Buenos Aires. Its many objectives include “strengthening labor departments in the interest of greater efficacy on the part of government and the social actors in various jurisdictions and areas” and “bolstering labor policies to increase the coordination, cooperation, co-participation and co-responsibility of labor departments in the interest of greater efficacy on the part of government and the social actors in various jurisdictions and areas.”

The Federal Labor Council’s functions include facilitating the connection with international organizations via the Ministry of Labor and acting as the central authority in workplace inspections as per conventions N° 81 and N° 129 of the International Labor Organization. It is also authorized “to participate in the design of programs geared to increasing employment and job training, and to propose means of financing those programs, in keeping with regional needs and avoiding both gaps and overlap with programs operative in other areas.” The Federal Labor Council is authorized “to perform or commission studies and research in the common interest, ensuring the regular exchange of the latest official documents, reports, statistics and publications between its members.”

The Federal Assembly, which includes a delegate of each provincial department, is the body that oversees the Federal Labor Council. The Federal Labor Council also has a permanent secretary, who forms part of Ministry of Labor, Employment and Social Security’s Department of Labor, and an Executive Committee, whose members serve one-year terms. The Federal Assembly holds meetings at least once a quarter.

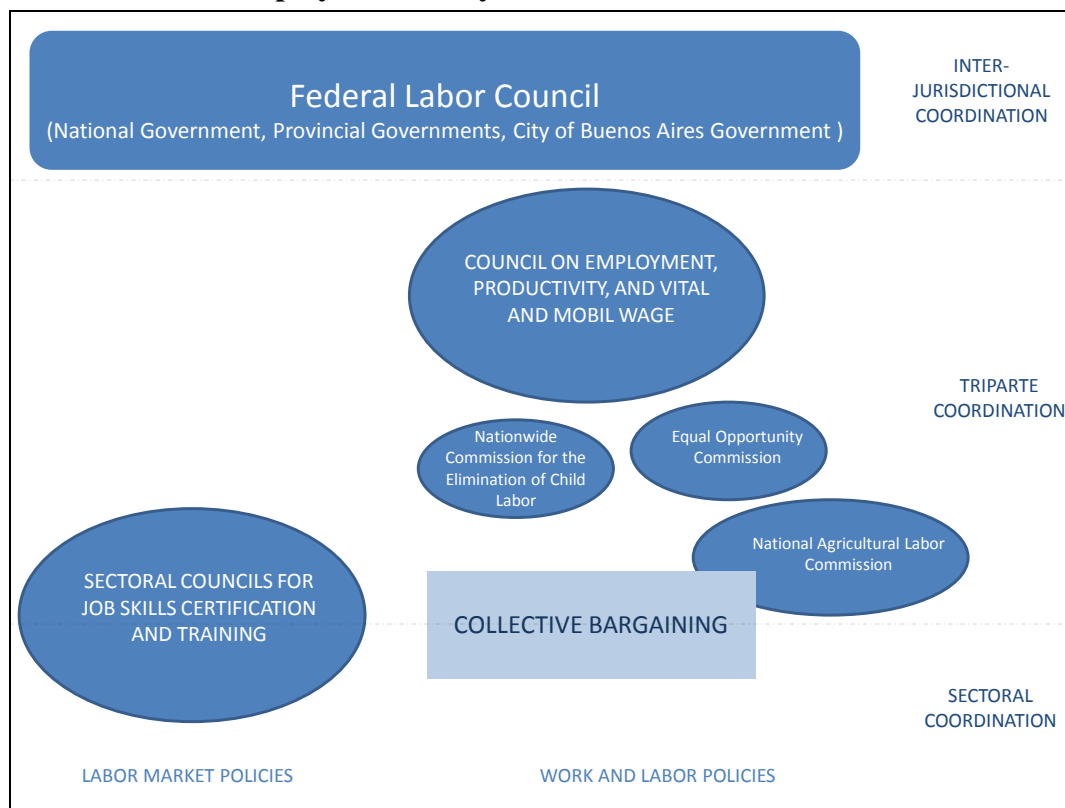
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<sup>3</sup> Law N° 25,212 enacted in November 1999 ratifies the “Federal Labor Pact.” See: [www.trabajo.gba.gov.ar/cft/index.html](http://www.trabajo.gba.gov.ar/cft/index.html)

### 3.1.2. Council on Employment, Productivity, and Vital and Mobile Minimal Wage

This council is a nationwide tripartite body whose members include representatives of the business sector and of trade unions (sixteen each); the Ministry of Labor presides over the council. Its functions include periodically adjusting the Vital and Mobile Minimum Wage, as well as maximum and minimum levels of unemployment insurance benefits. It is also in charge of setting standards for productivity and promoting studies of different sectors in order to identify training needs and prospects for labor insertion.

**Graph 1**  
**Employment Policy Coordination Mechanisms**



Source: own elaboration.

Though the council dates back to the mid-20<sup>th</sup> century, its current form was established in the National Labor Law of 1991, which defined its tripartite nature and main functions. In the nineties, though, the role of the council was limited and it made no adjustment to the minimum wage. Starting in 2004, its participation was once again central and its bylaws reformulated. Among the modifications put into effect at that time was the power of any member to call a meeting, as long as that motion is supported by the majority, and to place items on the agenda (Etchemendy, 2011).

There are four commissions that operate under the auspices of the council: the Vital and Mobile Minimum Wage and Unemployment Benefits Commission; the

Employment Commission (which deals with the issue of non-registered employment); the Vocational Education and Training Commission (dedicated to employment-oriented education and training); and the Productivity Commission (which is mainly concerned with establishing parameters as the points of reference for modifications in the vital and mobile minimum wage). Of these commissions, the first, which addresses minimum wage, is the one that has been most active since 2004. Thus, it can be stated that since 2004 the council has mostly dealt with salary issues and, to a lesser extent, the other topics that fall into its area of operation. One ongoing challenge is establishing the council as a permanent participant in the social dialogue.

In addition to the council, there are other forums for dialogue between sectors on labor issues. One is the National Agricultural Labor Commission, which is also tripartite in nature. It is charged with regulating employment in the rural sector. Like the council, the importance of this commission has grown since 2003, making considerable progress on salary issues and, mostly, the variable working conditions of this group of workers. One important measure, for instance, was establishing an eight-hour workday and regulating working conditions for what are called “migrant workers.”

### **3.1.3. Collective Bargaining**

Collective bargaining in Argentina has adopted the form of organized decentralization: the agreements are implemented at the company level but the negotiations are carried out centrally by area of activity. This ensures the participation of a large range of actors on local, sectoral and national levels.

The 1990s witnessed a drop in collective bargaining and an increase in negotiations carried out on a company basis. Starting in 2003 and 2004, however, thanks to the initiative of the Ministry of Labor, organizations of businesses and workers began to modify established collective bargaining agreements and to organize new agreements by activity and by company. This marked the beginning of what are called “rounds” of negotiation, which usually take place in the first term of each year. The rounds set an annual pattern for the collective bargaining process. By creating regulations, the Ministry of Labor acted as the engine behind the first of these rounds; later it served as a mediator and coordinator of the negotiations between the social actors involved.

Since 2003, the Ministry of Labor has played three distinct roles with varying degrees of intensity. Initially, it was the stimulus behind negotiations, providing incentives for participation in negotiations by means of legal and administrative measures. Soon, it came to play the role of coordinator, focusing on preventing negotiations from falling into a state of anarchy by setting, at the beginning of the “rounds,” a stipulated point of reference for wage increases—which usually acts as a minimum figure. This method has made it possible to avoid an excessive range of wages within a given sector and to moderate inflation expectations. Finally, as mediator, the Ministry of Labor has played an active role in facilitating and bridging positions so that agreements between social actors can be reached. The Ministry of Labor also acts as a mediator after collective bargaining agreements are signed insofar as it deals with non-compliance, complaints filed by trade unions, and varying interpretations of agreements (Etchemendy 2011).

In terms of the number of collective bargaining agreements signed, 2010 witnessed the greatest number since 1988. From 2003 to 2011, the number of private-sector workers covered by collective bargaining agreements grew from 3 to 5 million. From 2004 to 2012, a total of 11,722 labor agreements and conventions were signed. Most of the clauses of the registered agreements address wage issues (almost 85% of all items negotiated), which is explained by the economic growth that has taken place in the last ten years but also by growing concern with inflation amongst representative of workers, which serves as a justification for adjusting wages at least in nominal terms.

#### **3.1.4. Sectoral Councils for Job Skills Certification and Training**

The Sectoral Councils for Job Skills Certification and Training represent the consolidation of an institution as well as a deepening of the experience of social dialogue developed by the sectoral roundtables implemented in the early 2000s to deal with questions related to the Sectoral Qualifications Program. The transformation of this mechanism in the form of these councils entailed greater commitment to and advancement toward a strategy that addresses the specific configuration that each sector requires. Members of the councils, which are organized by the Ministry of Labor, are representatives of management, labor, and the public sector in over forty areas of economic activity. Their goal is to identify training needs and to devise a strategy to meet those needs in each sector; to encourage worker participation in specific training events; to guide the search for employment on the basis of demand; and to strengthen job-training institutions throughout the country. The sectoral councils have opened a forum for dialogue between representatives of business, labor and government in different areas in order to identify progress made as well as ongoing challenges in human resource training. This, in turn, furthers the tie between the Agencies for Employment and Job Training and local productive actors (this issue is addressed in section 3.2.2.)

#### **3.1.5. Coordination across Ministries for Human Resource Training**

In late 2011, the Ministry of Labor launched the Strategic Plan for Vocational Education and Training: Innovation and Employment - Argentina 2020, which is geared to the training of human resources in order to increase the country's competitiveness, incorporating the use of technology and universal access thereto. This plan attempts to improve, strengthen and promote the Ministry of Labor's training measures in order to increase their supply, develop the industry, and increase the competitiveness of different sectors of the economy. To meet these goals, it was necessary to coordinate this strategic plan with the measures of other ministries related to labor issues that were already underway. Along these lines, in 2012 an introductory meeting of the Strategic Plan for Vocational Education and Training was held in which representatives of the Ministry of Industry took part. A second meeting included representatives of the Ministry of Science, Technology and Productive Innovation as well. Both meetings included representatives of business and labor, and technical support from the ILO. The aim of the meetings was to introduce and share the main items on the vocational education and training agenda in the framework of the plan's overriding goals. While for the time being these have been ad hoc encounters to share the strategies of different areas of government, they have demonstrated that relevant actors feel the need for and have an interest in improving the coordination of the measures planned and carried out by the government.

### **Box 3.1.**

#### **Additional coordination mechanisms in areas related to employment policy: Nationwide Commission for the Elimination of Child Labor and Equal Opportunity Commission of the Ministry of Labor, Employment and Social Security**

The Nationwide Commission for the Elimination of Child Labor coordinates, assesses and performs ongoing evaluation of efforts to prevent and eradicate child labor. The members of the commission are representatives of different national ministries that address the issue of child labor, as well as organizations of workers, and business and civil society organizations. Advisors to the commission include UNICEF and the ILO's International Program for the Eradication of Child Labor (IPEC). To deploy its measures throughout the country's territory, the Nationwide Commission for the Elimination of Child Labor, in conjunction with the Federal Labor Council, has organized Provincial Commissions for the Elimination of Child Labor, which it coordinates.

Similarly, a number of different ministries participate in the Equal Opportunity Commission, as do business and workers' associations and social organizations. The Equal Opportunity Commission is geared to the coordination and orchestration of efforts that further consensus and social dialogue on the issue of equal opportunity across genders in the world of work. The actions it engages in include coordinating activities throughout the country, putting out studies and issuing reports on the issue, and developing consciousness-raising and informational materials.

Source: own elaboration.

### **3.2. Employment Policy Support Mechanisms**

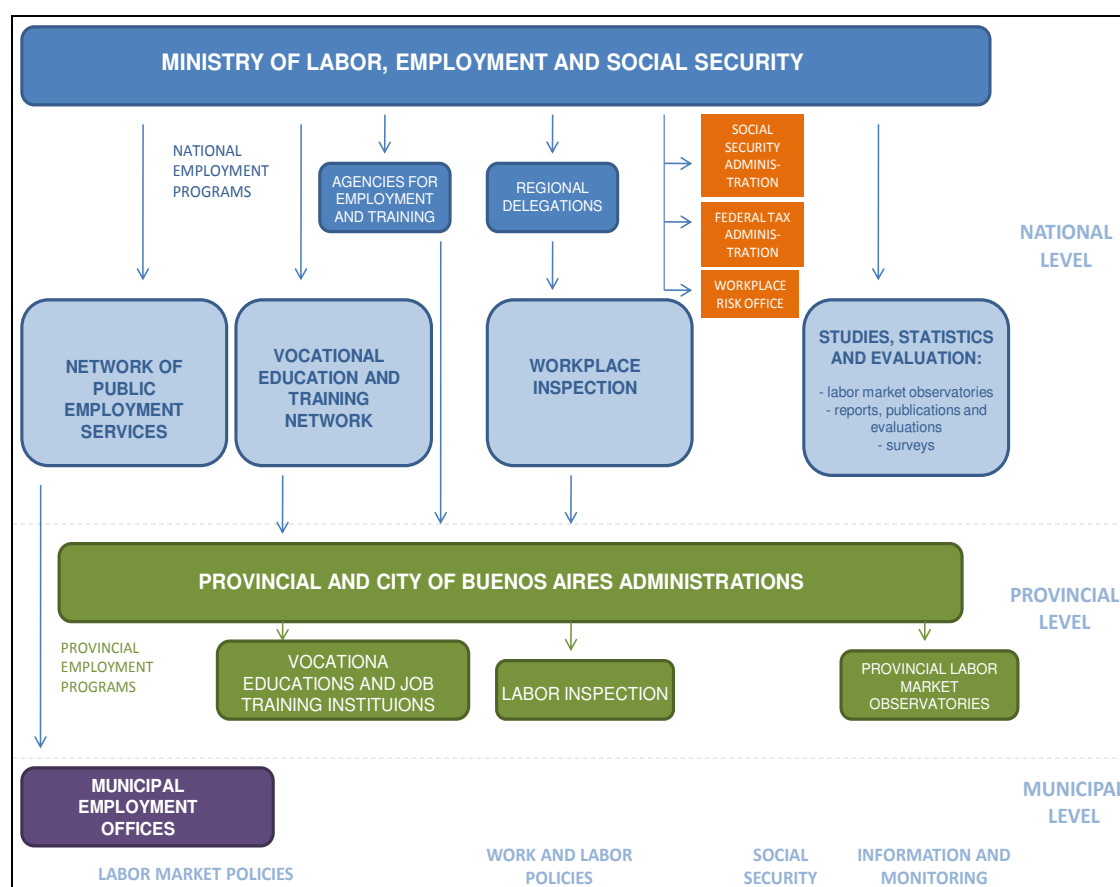
Given the range and breadth of employment policy support mechanisms, as well as the diversity of institutional actors in the Argentine case, this paper proposes the following typology. First, three key support mechanisms—called “pillars”—will be identified: workplace inspection, public employment services, and the job training network called the Vocational Education and Training Network. Second, it is considered to what extent employment policy is institutionalized throughout the country's territory, whether in terms of labor regulation and relations or in terms of issues that pertain directly to employment and skill-development programs. Third, the mechanisms for generating information and monitoring for the sake of later decision making and for follow up on employment policy. Graph 2 provides a framework for understanding these mechanisms.

### 3.2.1. Pillars of Employment Policy Support

#### 3.2.1.1. Workplace Inspection

As outlined in the National Labor Law (Law N° 14,013), workplace inspection is the joint responsibility of the federal and provincial governments. In the nineties, inspection was increasingly delegated to the provinces, and the Ministry of Labor’s involvement in this task was dramatically reduced. This had a major impact on the rise in informal employment—especially non-registered salaried employment—due to limitations on the ability of provinces to sustain workplace inspection in a context where they were asked to take greater responsibility for an array of functions.

**Graph 2**  
**Employment policy support mechanisms by level of government and function**



Source: own elaboration

Pursuant to the 2001 crisis and the change in economic policy, the rebuilding and strengthening of workplace inspection became a policy priority. In 2004, Law N° 25,877 created the Comprehensive System for Workplace Inspection and Social Security, whose goal is to supervise and monitor compliance with labor standards and norms, and with social security regulations. The law also grants the Ministry of Labor a fundamental role in the application of those norms, standards and regulations.



It was in this framework that the Ministry of Labor, by means of its regional delegations, enacted the National Plan for Employment Regularization, whose aim was to combat non-registered labor throughout the nation's territory. This plan is implemented jointly by the Federal Tax Administration Agency, the National Social Security Administration, the National Workplace Risks Office, and the governments of the country's provinces and of the City of Buenos Aires. Under the auspices of this plan, more than one million workplaces were inspected from 2003 to 2012, and more than 3,300,000 non-registered workers identified (Ministry of Labor, 2013).

During the structural reforms that took place in the nineties, responsibility for collecting social security contributions was shifted to the Federal Tax Administration Agency. One of the reasons for that shift was the belief that a nationwide body would be in a better position to carry out supervision and collection. Thus, the Federal Tax Administration Agency also plays an important role in the identification of non-registered work.

### **3.2.1.2. Network of Public Employment Services**

The Network of Public Employment Services encompasses all the Municipal Employment Offices in the country. The framework for its implementation is ILO Convention N° 88 and the stipulations in the National Labor Law (Law N° 24,013). The aim of the Network of Public Employment Services is to provide support, assistance, and occupational guidance in the process of looking for employment, as well as in the process of generating work as a self-employed individual. It also does outreach and guidance work geared to applicants to employment programs. In this framework, the Municipal Employment Offices, in conjunction with the Vocational Education and Training Network, are responsible for the training and occupational guidance of those receiving services in order to increased employability on the local level. The network also addresses the needs of employers as they attempt to fill vacancies and to train potential employees. There are some five hundred Municipal Employment Offices throughout the country, and they are estimated to reach about 70% of the population. The level of development and specialization of these heterogeneous Municipal Employment Offices varies greatly, and hence the strengthening and expansion of the Network of Public Employment Services represents a major challenge in employment policy.

### **3.2.1.3. Vocational Education and Training Network**

The Vocational Education and Training Network gathers all the Job Training Institutions in the provinces and the City of Buenos Aires that meet the quality requirements established by the Ministry of Labor. The aim of the Network is to connect the demands of the productive sector with the training needs of workers. The Job Training Institutions engage in three different kinds of actions in keeping with the employment policies in effect: the certification of formal studies (elementary and/or secondary school), technical training, and the certification of job skills. Thus, the Vocational Education and Training Network works with the Employment Services Network to provide job training and guidance to beneficiaries of employment policy.

The first aim of the program for certification of formal studies is to ensure that workers who have not completed the level of schooling mandated by law (which, in

Argentina, includes secondary / high school level) do so. This measure is primarily aimed at unemployed persons or beneficiaries of the Ministry of Labor's employment programs (such as the Job Training and Employment Insurance program and the More and Better Employment for Youth Program) that entail cash transfers in order to improve the economic security of households, as well as complementary actions geared to improving the employability of beneficiaries<sup>4</sup> (for further details on these programs, see section 3.3.2).

Secondly, technical and job training is aimed at those workers who want to learn a trade, further existing knowledge, and/or obtain a certificate that vouches for their skills. This task is entrusted to the Job Training Institutions that operate under the auspices of the provinces and the City of Buenos Aires, sometimes in conjunction with trade unions.<sup>5</sup>

Lastly, the Ministry of Labor engages in the certification of job skills. This is done on the basis of skill standards and norms set in conjunction with the relevant business chambers and workers' organizations that define the skills, knowledge, and criteria required if a worker is to perform a certain trade or job. The norms and standards, then, are useful to assessing workers and granting them the appropriate certification or to indicating the areas in which they need further training to be granted certification. These programs are in effect in twenty-nine different sectors, though those with the greatest rate of participation are the metallurgical, meat-processing, construction, and car mechanic sectors.<sup>6</sup>

### **3.2.2. Employment Policy Support Mechanisms throughout the Territory**

#### **3.2.2.1. Regional Labor Offices and Delegations**

The Regional Offices and Delegations act as representatives of the Ministry of Labor, Employment and Social Security, specifically its Department of Labor, throughout the country as it attempts to deal with the situations facing different regions. Its primary functions include workplace inspection in the framework of the National Plan for Employment Regularization and its federal offices. These Regional Offices and Delegations also deal with labor relation issues like collective bargaining and, in conjunction with the National Office of Trade Union Activity, with handling paperwork associated with union organizations. There are currently forty delegations of this sort throughout the country.

The regional offices operate in each of the country's seven regions (Buenos Aires Metropolitan Area, "Pampeana" region, mid-region, Cuyo region, northwestern region, northeastern region, and Austral region). Their aim is to coordinate the

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<sup>4</sup> From 2003 until January 2012, 769,597 individuals have benefited from employment policy measures that are geared to finishing school. In 2011, 90.5% of beneficiaries were enrolled in secondary school (Ministry of Labor, 2012).

<sup>5</sup> From 2003 until January 2012, 623,295 individuals participated in job training measures in the framework of the Vocational Education and Training Network; over 40% were women (Ministry of Labor, 2012)

<sup>6</sup> From 2003 until January 2012, 70,621 individuals had skills certified (Ministry of Labor, 2012); over 40% in the construction sector.

delegations' projects and activities and to act as an institutional liaison with local political and social actors.

The structure of the regional offices and delegations underwent a change in 2003 that led to an increase in their importance throughout the country. This change entailed, basically, an increase in the number of offices and personnel, as well as a broadening of their functions. The Regional Offices and Delegations have thus become one of the ways that the Ministry of Labor asserts a greater presence throughout the country, rendering it more capable of reaching local actors and more knowledgeable of local realities and issues. This has meant greater and more effective decentralization of employment policy.

#### **3.2.2.2. Agencies for Employment and Job Training**

The Agencies for Employment and Job Training are delegations of the Ministry of Labor that operate in the provinces throughout the country. They act as representatives of the employment division of the Ministry of Labor, Employment and Social Security (that is, of its Department of Employment). They are charged with promoting actions geared to generating jobs and training human resources, and as such their primary tools are employment and training programs. They are also in charge of providing technical assistance to institutions interested in presenting projects that might fall within the scope of their programs, coordinating the reception, assessment, and approval of those projects, as well as future follow up if approved. The activities carried out by the Agencies for Employment and Job Training are coordinated with the Municipal Employment Offices which operate under the auspices of municipal governments.

#### **3.2.3. Information and Monitoring**

In order to generate information on labor to facilitate follow up and monitoring of employment programs, the Ministry of Labor has a number of labor market observatories and instruments geared to providing primary data and secondary information. On the basis of the information gathered, the Ministry of Labor prepares and publishes statistics, reports, and studies on different labor issues.

The Ministry of Labor publishes the Employment Indicators Survey, which contains the results of a survey of medium-sized and large businesses (those with over ten registered workers) in all sectors except the primary sector. The survey is carried out on a monthly basis in the largest urban areas in Argentina. The Employment Indicators Survey makes it possible to study the progress and structure of salaried employment, and to assess the training needs and the norms that regulate the job market in registered private companies.

Another important survey, this one geared to households, is the Nationwide Survey on Social Protection and Social Security. It was carried out by the Ministry of Labor in the year 2011 in order to get a sense of the overall employment situation in the country and the scope of social security system coverage, as well as the population's needs in terms of social protection. This survey complements the information about

households and persons provided on an ongoing basis by the Permanent Household Survey conducted by the National Statistics and Census Bureau. Significantly, the Permanent Household Survey provides limited information on social protection, rendering the Nationwide Survey on Social Protection and Social Security essential to the ability to perform in-depth analysis.

In addition, the Ministry of Labor prepares information on various aspects of labor and employment on a regular basis. Such information is published in: a) the *Labor Statistics Bulletin*, which includes indicators about the job market, income, labor costs, employment and training programs, collective bargaining, follow up on the National Plan for Employment Regularization, social security, workplace risk, and child labor; b) the *Collective Bargaining Report*, which includes a summary of the most important aspects of collective bargaining during a determined period, aspects such as the pace of negotiations, the sphere to which they apply, the areas of economic activity subject to conventions and agreements, levels of negotiation, clauses agreed on, salary structure, union representation in collective bargaining, as well as other information, which is then compared to information from earlier periods; c) the quarterly series *Employment Dynamic and Business Turnover*, which measures the creation and loss of jobs due to changes in the demography of the employing companies; d) *Social Security Statistics Bulletin*, which provides consolidated statistics on the variables most important to social security, and e) the *Bulletin of Gender and Job Market Statistics*, which analyzes the behavior of employment indicators in terms of male-female distribution. Lastly, the Child and Adolescent Labor Observatory, which operates under the auspices of the Ministry of Labor, is in charge of collecting and elaborating quantitative and qualitative information on the issue of child and adolescent labor.

Provincial governments and the government of the City of Buenos Aires also operate labor observatories in their territories. These organizations generate statistics, record labor conflicts, and address the issue of child labor.

### **3.3. Employment Policy in Action: An Analysis of its Functioning in Two Key Areas**

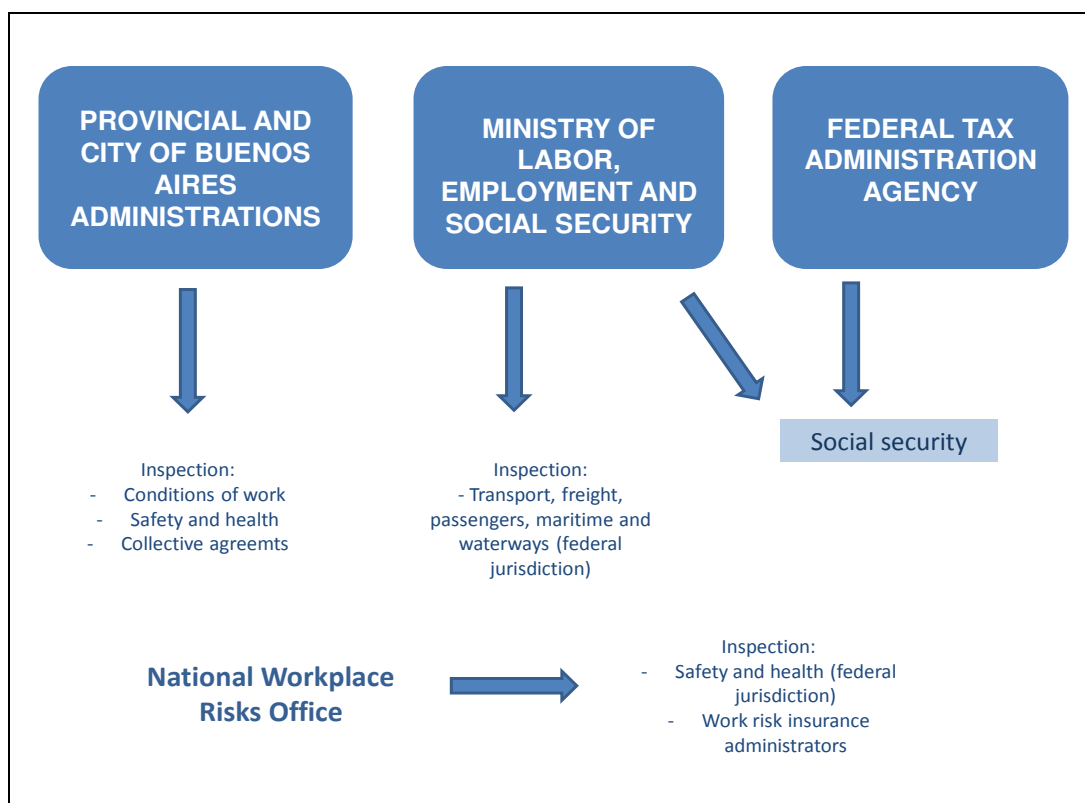
This section offers a brief description of employment policy and its functioning in key areas, mainly: a) registration of workers to reduce the rate of informal employment, and b) employment programs.

#### **3.3.1 Worker Registration: National Plan for Employment Regularization**

The strategy of the National Plan for Employment Regularization was formulated in Law N° 25,877 (2004); it is implemented by the Ministry of Labor's regional delegations in conjunction with the Federal Tax Administration Agency. Specifically, inspection is carried out by the Ministry of Labor's regional delegations, the Federal Inspection Office, and agencies in the provinces and in the City of Buenos Aires (Graph 3). In this framework, the National Social Security Administration and the Federal Tax Administration Agency play a fundamental role in terms of sharing information from their databases. The plan operates throughout the nation by means

of thirty-eight regional delegations; since the time it was put in effect, the inspection staff has grown to 472 (information from December 2012).

**Graph 3**  
**Distribution of Areas of Operation in the National Plan for Employment Regularization**



Source: [www.trabajo.gov.ar](http://www.trabajo.gov.ar).

The National Plan for Employment Regularization uses an array of mechanisms to detect non-registered employment and then attempt to bring excluded workers into the social security system. As such, the National Plan for Employment Regularization entails a battery of measures geared to reducing the rate of informal employment while facilitating auditing. These measures include the Tax Register Simplification and Unification Program, which established a new framework for registration with a single procedure to facilitate the enrolment of workers, the identification of employers, and the supervision of compliance with the regulations in effect. In January 2011, the Digital Work Enrollment System was created, which makes it possible to verify at the moment of inspection the status of the workers at the establishment being inspected by means of an online connection to the Social Security System's database. This has meant a qualitative leap in terms of inspection efficiency and resource optimization.

Similarly, online platforms have also led to advances in the simplification of employee enrollment and in monitoring compliance with tax obligations. By means of the program *Mi Simplificación*, the Federal Tax Administration Agency has facilitated the process of uploading data pertinent to the social security system and the tax

regimen.<sup>7</sup> These actions were accompanied by awareness and outreach campaigns in the mass media that explained the advantages of compliance with labor, tax, and social security obligations. Key to these actions has been education in community values such as a sense of solidarity and the importance of decent work by means of advocacy and awareness amongst the relevant actors.

### **3.3.2. Employment Programs: Economic Security with Improved Employability**

In late 2003 in the context of early economic and employment recovery, the Ministry of Labor devised a strategy whose aim was to orient employment policy towards greater employability of unemployed workers and their reinsertion into the workforce. To this end, the Comprehensive Plan for “More and Better Employment” was put into effect. In the subsequent years, this plan led to two major programs that can be seen as the “second generation” of the 2002 Plan for Unemployed Heads of Households: the Job Training and Employment Insurance Program and the More and Better Employment for Youth Program.

The Job Training and Employment Insurance Program is a non-contributory cash-transfer program associated with specific employment policy measures; it was created by the Ministry of Labor in 2006 in order to aid the unemployed in their search for employment and their attempts to increase employability. The program consists of a monetary transfer in exchange for which beneficiaries must participate in different education and training activities (finish the mandatory level of schooling, job training, occupational guidance, and others). The program was implemented in the framework of attempts to activate employment policy, which in the years immediately prior had been geared mainly to alleviating the impact of the 2001-2002 crisis by means of the Plan for Unemployed Heads of Households.

The Job Training and Employment Insurance Program offers services and tools to workers that opt to participate. Thus, beneficiaries receive, in addition to a monthly stipend, the following services: occupational guidance and support in the search for employment; participation in programs that join the labor needs of businesses with the skills of the unemployed; education, and job and occupational training; programs for finishing elementary and secondary school; support in individual enterprises or associative projects; and referrals to social services when deemed necessary. Another benefit of the program is that the monthly periods during which the worker is receiving cash transfers are considered periods of economic activity and hence, during them, beneficiaries accrue social security benefits.

The More and Better Employment for Youth Program is an employment program geared to unemployed youth between the ages of eighteen and twenty-four who have not met federally mandated education requirements. The aim of the program is to help these individuals improve employability by means of different job and occupational training actions, and to provide them with guidance as they try to find work and with support once they are working at their first jobs. Like the Job Training and Employment Insurance Program, this program entails a stipend in exchange for which

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<sup>7</sup> The *Mi Simplificación* and *Su Declaración* programs of the Federal Tax Administration Agency simplify the process for enrolling workers and for small business social security contributions. For further information, see: [www.afip.gob.ar](http://www.afip.gob.ar).

beneficiaries must perform certain tasks related to education, job training or the search for employment.

To be accepted into the program, an applicant must request a personal interview at the Municipal Employment Office assigned to the area where she or he resides. In the interview, a guidance counselor provides the young applicant with further information on the program. The next step consists of acquiring current information on the applicant's employment history and, once that information has been obtained, the two parties sign an agreement for participation in the program that must then be certified by the Ministry of Labor's Agency for Employment and Job Training in the jurisdiction where the applicant resides.

These are among the nine areas in which the More and Better Employment for Youth Program acts.

- *Workshops for guidance and introduction to the world of work*, in which a counselor or instructor uses specific measures to identify the beneficiary's areas of interest, needs, and priorities; the specificities of his or her social and productive environment; the knowledge and skills pertinent to employment that have been acquired through prior experiences, educational or otherwise; and strategies for the auspicious planning and realization of the search for employment, as well as training and access to jobs. These actions mean that each young person can formulate the course of his or her training and future occupational project. The maximum duration of the seminars is two months; they are mandatory and entail an additional cash benefit.
- *Education for certification of elementary and/or secondary school studies*. This component of the program operates in conjunction with the provincial departments of education. It entails training services and certification of general studies for adults that are appropriate in terms of availability, modality, materials, and curricula. Young people who attend school in order to finish elementary and/or secondary school receive additional economic assistance each month for a period of no more than eighteen months. This period can be extended for the completion of secondary school.
- *Job training courses*. This component of the program includes training sessions carried out by the Municipal Employment Offices. The courses offered must meet the quality standards established by the Ministry of Labor in terms of appropriateness to the socio-productive requirements of each region and to the training needs of young people.
- *Certification of job skills*. The job skills obtained through prior work experiences are certified.
- *Creation of independent enterprises*. Business management courses are provided, along with the assistance of specialized consultants to develop a business plan.
- *Internships in work environments*. These can take place in the private or public sector, and entail a counseling component provided by the Municipal Employment

Offices. The maximum number of hours is twenty per week, and work must be performed during the daytime and from Monday to Friday. Young people may take part in no more than one internship that lasts a maximum of six months.

- *Assistance in search for employment.* Young people have periodic appointments at their local Municipal Employment Offices for counseling, guidance and assessment. Young people who have attended the activities designed to assist in the search for employment receive a monthly stipend for no more than four months.
- *Employment guidance.* Through the Municipal Employment Offices, instructors inform participants of the personnel needs of local establishments that are compatible with their occupational profiles.
- *Employment insertion support.* The Ministry of Labor promotes the hiring of young people by offering financial incentives for a maximum of six months to the very small, small and medium-sized business that hire them. The young person who begins working at a small or medium-sized company in the framework of the Employment Insertion Program receives a small stipend, and the employer pays only the difference between that amount and the salary offered for the job according to the collective bargaining agreement in effect for the activity or sector.

### **3.4. Accountability Mechanisms**

Accountability mechanisms involve two distinct phases: a) the formulation of goals, aims, and strategic areas for employment policy during a determined period, including budget planning, and b) assessment—ongoing or final—of the implementation and finalization of budget and goals.

#### **3.4.1. Strategic Plan and Results-Based Management by the Ministry of Labor, Employment and Social Security**

Starting in 2008 and on a regular basis thereafter, the Ministry of Labor has developed a strategic plan that defines the aims of employment policy for the period in question. The plan formulates goals and aims, and defines strategic areas. As a management planning tool, the strategic plan outlines both general and specific goals underlying employment policy, as well as the outcomes that are expected during the period stipulated.

During the last decade, the issues that have driven planning include: the promotion of employment, which is understood as facilitating access to employment as well as improving the quality of employment, particularly in cases of precarious, informal and non-registered work; the extension of social security coverage; fine-tuning labor relations and the system in which they operate; and strengthening the Ministry of Labor's working relationship with other ministries of labor in the region and with international organizations. On the basis of the strategic plan, a budget is developed that contemplates expenditures for each policy area. Thus far, the Ministry of Labor has implemented two different strategic plans, one for 2008-2011 and another for 2012-2015.



As part of the strategic plan, the Ministry of Labor has begun to implement result-based management methodologies in order to systematically align strategic goals with operations and monitoring of management indicators. The aim of this new form of management is to improve efficacy in policy management. To that end, a comprehensive quality-management system certified by the ISO 9001/2008 is being applied to the most important programs undertaken by the Ministry of Labor. Finally, in order to support decision making, a system for the monitoring and assessment of physical and budget goals has been put into place to track the outcome and impact of measures implemented (Herrera, 2012).

### **3.4.2. Budget**

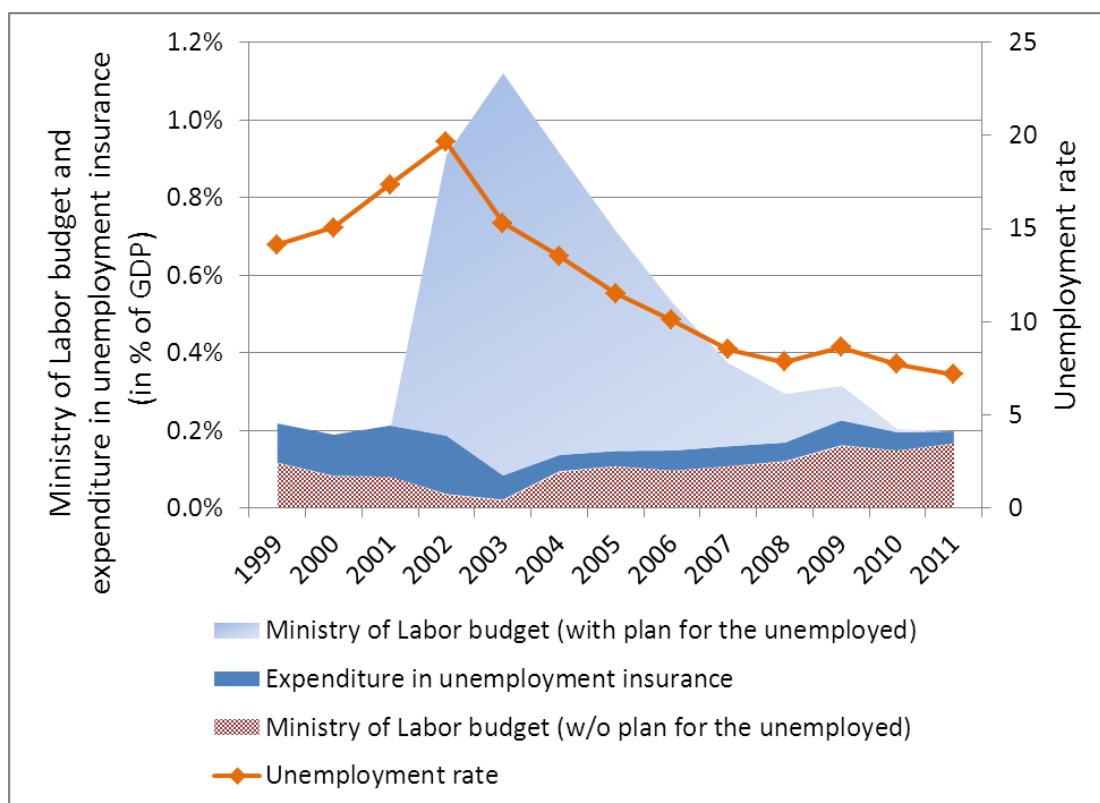
The primary source of funding for Ministry of Labor expenditures is its allocation from the National Treasury.<sup>8</sup> During other periods, resources provided by foreign credit agencies—loans from the Inter-American Development Bank and the World Bank—played a significant role. After the 2001-2002 crisis, however, the importance of those sources of funding diminished. There are currently specific funds allocated to employment policy, such as the National Employment Fund (created by Law N° 24,013 passed in 1991), as well as specific allocations that represent no more than 2% of the Ministry's overall expenditure.

The total expenditure of the Ministry of Labor has varied greatly in recent years. Until 2001, the design and implementation of some of the ministry's employment policies was decentralized, that is, carried out in the provinces. Pursuant to the 2001-2002 crisis, however, the Ministry of Labor came to play a major role not only in the design but also in the implementation of employment policy. Indeed, even after the effects of the crisis were largely overcome, the role of the ministry in employment policy management continued to grow, though the budget allocated to supporting individuals facing employment difficulties diminished due to two factors: the recovery of the job market and the restructuring of social-protection programs, specifically the shift of cash-transfer welfare programs from the Ministry of Labor to the Ministry of Social Development and the National Social Security Administration (see Graph 4).

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<sup>8</sup> The Budget Law is proposed every year by the Ministry of Economy and Finance and passed by the National Congress. The National Budget Office, along with other divisions of the Ministry of Economy and Finance, designs the budget for employment policy in the framework of the nation's overall budget. This is done in conjunction with different areas of the Ministry of Labor. The budget is then passed by the Congress and the expense items are distributed by the ministries' chiefs of staff. Finally, the National Budget Office has an area responsible for monitoring the enactment of the budget.

**Graph 4**  
**Ministry of Labor Budget with and without the Plan for Unemployed Heads of Households, expenditure in unemployment insurance, and unemployment rate (in percentages)**



Source: own elaboration.

In the 2000s, the Ministry of Labor had growing resources for employment policy due to both greater commitment on the part of the State and greater fiscal space thanks to a considerable increase in tax collection. It is important to point out, though, that the financing of specific funds has been volatile, since they are allocated the surplus of the National Employment Fund once unemployment insurance benefits (which is administered by the National Social Security Administration) have been paid. This may generate a degree of uncertainty about how these funds will behave during periods of fewer fiscal resources and/or higher rates of unemployment.

### 3.4.3. Auditing

The Federal Audit Agency is the entity that provides the Argentine Congress with technical assistance in the oversight of public-sector accounts. The Federal Audit Agency verifies that the executive power is complying with accounting, legal and management requirements; it monitors the thorough, clear and accurate presentation of public accounts and assesses the administration of fiscal interests. Its responsibilities include examining the books, documents and records at the close of the accounting year of the entities it has decided to audit. By means of Auditing Reports with comments, conclusions and recommendations, it counsels the legislative power on the performance of the National Public Administration and the state of

public funds. The Federal Audit Agency has issued reports on different branches and programs of employment policy such as the vocational education and training system, the Plan for Unemployed Heads of Households, and Program for Productive Recovery (Federal Audit Agency 2011; 2012a; 2012b).

At the same time, the National Budget Office assesses the application of the budget within its area of operation. The Ministry of Labor also has an Internal Audit Division that operates under the auspices of the Comptroller General of the Nation. The tasks of this office include verifying compliance with the ministry's policies and plans, carrying out legal and accounting inspections, determining the trustworthiness of the data used in official information and reports.

Lastly, provincial and municipal general controller departments are responsible for performing general audits of the public accounts of sub-national entities, including expenditures related to employment policy at the provincial and municipal levels.

#### **3.4.4. Employment Policy Assessment Instruments**

While within the Ministry of Labor there is no independent unit responsible for assessing employment policies, a number of different ad hoc measures have taken shape over time, particularly in recent years pursuant to recovery from the 2001 crisis. The Ministry of Labor's Office of Studies and Statistics, which operates in its Division of Technical Planning and Labor Studies, has provided assessments of specific employment policies, including instruments used to address the consequences of the international economic crisis of 2008-2009.

Two mechanisms for the preservation of employment and the creation of hiring incentives were put into effect in 2009 and in 2010: the Crisis Prevention Procedures and the Program for Productive Recovery, both of which are analyzed (see box 3.2) by means of "state of the art" assessment methodologies in order to evaluate their effectiveness and to devise possible modifications to optimize impact.

## Box 3.2

### **Outcomes and recommendations pursuant to assessment of instruments for employment policy used to handle the 2009 crisis**

In late 2008 and over the course of 2009, in the context of the international financial crisis, new policies were put into effect and existing policies expanded in order to prevent layoffs and to promote job creation. The specific instruments used were the Program for Productive Recovery and a temporary decrease in employer contributions to social security to favor the creation of new jobs. Both policies proved effective at attenuating the effects of the 2009 crisis. Thanks to the Program for Productive Recovery, layoffs were avoided, particularly in companies with low levels of employee turnover and longer-term workers. The reduction in employer contributions encouraged job creation especially in companies with a high turnover rate.

In 2012, the Ministry of Labor's Office of Studies and Statistics performed an assessment of the impact of these policies on the job market. The aim was to measure employment changes in the target population by means of a methodology that would indicate what would have taken place in the employment dynamic in terms of certain factors if the employment policies in question had not been applied. The main results of the assessment are presented below.

#### **Reduction in Employer Contributions**

In late 2008, the scale of an existing reduction in employers' contribution to social security was expanded for new jobs in order to keep up the pace of new hires despite the effects of the international crisis. The assessment revealed that the effect of the program was positive: employment growth in the companies that made use of the policy was 8.5% higher than in companies that did not take part. Thanks to the methodology used in the assessment, it was shown that the measure reduced employment loss by half compared to what would have occurred in the same context without the measure. The assessment also revealed that use of the policy instrument was more common in the construction, business activities, and the hotel and restaurant industries (all three cases registered that more than 7% of workers were employed under the auspices of this policy). Significantly, though, only half of the workers hired under this policy during the period were hired for new positions that would not have existed without the measure. The assessment also showed that the mechanism was mainly used in areas of the economy with high employee turnaround (Ministry of Labor-ILO, 2012).

#### **The Program for Productive Recovery**

While the Program for Productive Recovery has existed since 2002, its scale and funding were expanded in 2008 in the context of the international crisis in order to sustain levels of employment and to contribute to the recovery of businesses in certain sectors of the economy. During the period, participation in the Program for Productive Recovery was highest in the manufacturing sector and, at a rate of almost 50%, in medium-sized and large companies. The assessment revealed that the implementation of the Program for Productive Recovery successfully reduced layoffs in participating companies by half; it also served to reduce other sorts of employment dismissals. The assessment revealed that the program was more effective when focused on companies more affected by the crisis, like those in engineering- and employment-intensive industries.

In any case, the assessment of both instruments, that is, the one geared towards sustaining employment (the Program for Productive Recovery) and the one geared towards promoting new hiring (reduction in social security contributions), concluded that the analysis was applicable only to a specific national and international context during a relatively brief period. The outcomes must be considered within the boundaries of those circumstances. A further consideration is the need to keep in mind how difficult it is to assess specific employment-policy instruments where performance variables are determined by a range of aggregate and microeconomic factors (Ministry of Labor-ILO, 2012).

Source: Castillo, Rojo Brizuela and Schleser (2012), MTEySS-ILO (2012).

#### **4. Conclusions, Lessons Learned, and Future Challenges**

Over the course of the last two decades, Argentina has gradually developed labor institutions for the formulation and implementation of employment policy. The 2001 crisis and the subsequent change in development strategy towards a framework that privileges the creation and protection of employment has meant that in the last decade mechanisms for the coordination and support of employment policy have intensified and expanded; it is now a public policy priority. This is evident in the commitment on the part of the national government, and of a range of social actors (employers and workers' organizations), who have enrolled in three consecutive Decent Work Country Programs (periods 2003-2007, 2008-2011, and 2012-2015) in keeping with the recommendations of the International Labor Organization. As part of the same commitment, the government added to the internationally convened Millennium Development Goals an objective called the "Promotion of Decent Employment."

Thus, employment policy has found a political space in a context of greater economic growth, employment creation, and greater fiscal resources. This has made it possible to strengthen the pillars necessary for its development.

One important lesson learned is recognition of the need for ongoing engagement and long-term planning in order to optimize the development of the institutions relevant to employment policy. To that end, a certain degree of stability is necessary both in the representatives of the relevant social actors and in the staff working in the areas of government engaged in employment policy. In this sense, in the case of Argentina during the last decade (2003-2012), there has been considerable continuity in the government's administration, particularly in the case of the Ministry of Labor and, even more so, in its team of secretaries and department heads in the areas of labor and employment. This is also true of the Division of Technical Planning and Labor Studies, which has developed and furthered analysis, follow up and monitoring of employment policy.

In terms of accountability, there are various instruments for the monitoring of employment policy; assessment, though, is more incipient. The delay in intensive engagement in assessments of different aspects of employment policy was due to the fact that in the early 2000s all of the country's institutions were geared towards overcoming the consequences of the crisis and the socio-occupational emergency and extreme deterioration of the job market that it entailed. Another reason is the time that it takes to develop and optimize information systems and to train technical personnel specialized in public policy assessment. For instance, only in recent years has the Ministry of Labor had all the information necessary to study individual employment histories on the basis of social security records and business trajectories. This information is necessary for the analysis of both the demographics of those employment histories and the employment dynamic in general. Building solid information about programs, beneficiaries, and economic units, as well as their connection with different policy instruments, requires great institutional efforts and support from the highest levels of the political structure.

Finally, in terms of lesson learned, the profound economic crisis of 2001 revealed the urgent need to reconstruct an employment policy capable of confronting the

consequences of the crisis and putting the country on the path to growth. That is, the crisis also represented an opportunity to redefine the importance and centrality of employment policy to development strategy.

Below is a list of some ongoing challenges facing the mechanisms for formulating and implementing employment policy. Significantly, some of the challenges are not necessarily limited to the issue of employment but relevant to the complex institutional structure operative in the design and implementation of public policy in Argentina in general. This list includes both general and specific challenges.

- Reexamine the mechanisms of coordination across ministries, institutions and jurisdictions (national, provincial, municipal) in order to assess ways to improve their structure and functioning.
- Strengthen the Council on Employment, Productivity, and Vital and Mobile Minimal Wage and its operations, as well as the efforts of its commissions beyond the issue of wages.
- Improve coordinated efforts with social actors in both the Network of Public Employment Services and the Vocational Education and Training Network.
- Strengthen the joint efforts and relationships between the Sectoral Councils for Job Skills Certification and Training and local actors, particularly local members of the productive sectors.
- Modernize and improve coverage of both the Network of Public Employment Services and the Vocational Education and Training Network, reduce gaps in capacity in certain locations, and optimize the services offered according to local needs and demands.
- Improve the capacity and effectiveness of workplace inspection in the framework of the National Plan for Employment Regularization by, for instance, furthering and expanding mechanism for intelligent inter- and intra-institutional supervision.
- Broaden information systems that support employment policy on the basis of administrative records and specific surveys.
- Perfect the system for the registration of employment policy beneficiaries, including unemployment insurance benefit recipients, and improve coordination between ministries on other social policies that have a direct or indirect relationship to employment and to welfare on the household level.
- Develop an employment policy assessment system in which technical teams from different areas of the Ministry of Labor participate. Build a solid network of collaborators and external evaluators.

- Broaden and consolidate the technical team of the Ministry of Labor directly engaged in the design and implementation of employment policy; contribute to the training of personnel at the provincial and municipal labor agencies.

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## 6. Appendix

### Surveys, Reports, Publications, and Labor, Employment and Social Protection Observatories in Argentina developed by the Ministry of Labor

- On a periodic basis, the *Employment and Business Dynamic Observatory* of Argentina releases indicators for the structural and dynamic analysis of employment and business on the basis of administrative records provided by the Federal Tax Agency and the National Social Security Administration.
- The *Employment Indicators Survey* is carried out monthly in order to track the evolution of registered salaried employment and its structure and to measure the training needs, and norms and standards that regulate the job market in registered private companies with over ten workers. The survey is carried out in the country's largest urban areas.
- The *Labor Statistics Bulletin* compiles a wide range of indicators from different sources of the Ministry of Labor and the National Statistics and Census Bureau, including those pertinent to the job market, income and labor costs, employment and training programs, collective bargaining, follow up of the National Plan for Employment Regularization, social security, workplace risk, and child labor.
- The *Collective Bargaining Report* is a summary of the most important aspects of collective bargaining during a certain period that is then compared to earlier periods. The source of the information in this document is agreements and pacts certified by or registered with the Ministry of Labor. This report traces key aspects of collective bargaining and its development, specifically: pace of negotiation, realm in which it is applied, areas of economic activity covered by agreements and pacts, levels at which negotiations take place, clauses signed, salary structure, union representation in collective bargaining, and others.
- The quarterly series *Employment Dynamic and Business Turnover* measures job creation and loss due to demographic changes in the employing companies: new enterprises, company closures and expansions, and layoff in companies in operation. The analysis includes sectorial information and information about the size of employing enterprises.
- The *Social Security Statistics Bulletin* offers current and consolidated statistics that are dynamic enough to provide essential information on the most important variables about social security in Argentina. It contains a set of statistics on different areas of social security: retirements and pensions, family allowances, unemployment insurance, and workplace risk insurance.
- The *Child and Adolescent Labor Observatory* is one component of the Survey and Observatory on Child Labor, which started in 2003 pursuant to an agreement between the Ministry of Labor and ILO's International Program for the Elimination of

Child Labor. The main aim of the agreements realized since then is to strengthen the Ministry of Labor's ability to design, enact, and sustain a Child and Adolescent Labor Observatory that makes use of current and accurate quantitative and qualitative information.

- The *Nationwide Survey on Social Protection and Social Security* is a survey carried out by the Ministry of Labor in 2011 in order to show the state of employment and the coverage of the social security system throughout the country's population, as well as the social protection needs thereof. The survey covers the largest urban areas in the largest provinces in the country.