

# **Social Protection and Employment Generation: Analysis of Experiences from Co-responsibility Transfer Programs**

**Organization of American States, OAS**

**Economic Commission for Latin America and the Caribbean,  
ECLAC**

**International Labor Organization, ILO**

**Inter-Agency Document, November 2010**



**Organization of  
American States**



This document was coordinated by Francisco Pilotti, Director of the OAS Department of Social Development and Employment, Simone Cecchini, Social Affairs Officer of ECLAC's Division of Social Development, Rodrigo Martínez, Regional Adviser of ECLAC's Division of Social Development, and Sarah Gammage, Social Protection and Economic Development Specialist in ILO.

Andras Uthoff, Consultant, developed the first working draft based on the inputs provided by the three participating institutions.

Laura Pautassi, Francisca Rivero (OAS), María Claudia Camacho (OAS), Rosana Martinelli (OAS) and Alexandra Barrantes (OAS) contributed with comments on the draft, and we thank them for their valuable collaboration.

The document was drafted by Andras Uthoff, Sarah Gammage (ILO), Francisco Pilotti (OAS), Simone Cecchini, Aldo Madariaga, Rodrigo Martínez and Claudia Robles (ECLAC). Luis Hernán Vargas (ECLAC) assisted in the preparation of substantive inputs.

This document was made possible, in part, through the support provided by the United States Department of State to the OAS Department of Social Development and Employment, under the terms of Award No. S-LMAQM-09-GR-044. The opinions expressed herein are those of the author(s) and not necessarily reflect the views of the United States Department of State.

ECLAC's contribution to this document received financial support from the [German Federal Ministry for Economic Cooperation and Development](#) (BMZ) within the framework of the project for the "Sustainability of co-responsibility transfer programs" (GER/001/09) being implemented in collaboration with the German Technical Cooperation (GTZ).

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Organization of American States  
Executive Secretariat for Integral Development  
Department of Social Development and Employment  
1889 F Street, N.W.  
Washington DC, 20006.  
dsde@oas.org  
<http://www.sedi.oas.org/ddse/english/default.asp>

## Prologue

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Innovative social programs, including co-responsibility transfer programs (CTP), underline decent work as a fundamental pillar of social protection. Their main policy instruments include strengthening job training and education, remedial education, direct and indirect employment generation, support for microbusinesses and labor intermediation services. In this document, the OAS, ECLAC and ILO examine the regional experiences of intersectoral articulation in the design and execution of social protection and employment policies and programs.

The document is a preparatory input in support of the decision by the Inter-American Conference of Ministers of Labor (IACML) and the Meeting of Ministers and High Level Authorities of Social Development to conduct an interministerial seminar on this subject. The *Seminar on Inter-sectoral Public Policies: Social Protection and Employment* will take place on November 30 and December 1 in Rio de Janeiro, sponsored by the Ministry of Labor and Employment and the Ministry of Social Development and Fight against Hunger of Brazil. It has the purpose of: i) presenting the inter-sectoral approaches that are being applied to address social protection and employment generation through programs targeting the most vulnerable populations; ii) analyzing the policy and management challenges associated with inter-ministerial financing, articulation and implementation; and iii) systematizing the national experiences in order to include them in the horizontal cooperation activities conducted by the Inter-American Social Protection Network (IASPN) and the Inter-American Network for Labor Administration (RIAL).

## Executive Summary

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Latin America and the Caribbean is the most unequal region in the world. While progress in poverty reduction has been achieved in the last two decades, this inequality reflects a disparate access to permanent security mechanisms to address risks as well as access to asset-strengthening instruments, with employment being at the forefront. In consequence, the region faces an unfulfilled promise regarding full employment and universal access to social security.

This is the context of the focus in extending the coverage of social protection that is currently shared by Latin America and Caribbean countries. Promoting decent work appears at the center of the social protection concerns, since it is one of the major instruments to guarantee social protection inclusion and access to decent standards of living.

This concern is reflected in this document from the perspective of the existing links to articulate joint actions in the areas of employment and social protection. To that end, we focus on the case of the co-responsibility transfer programs (CTPs). These programs address the question of access by the most vulnerable to a unified, comprehensive and increasingly inclusive social protection system, providing transfers that are subject to co-responsibilities on the part of the beneficiaries. Although these have mostly focused on attending social services in the fields of education and health, in recent years, some experiences in the region have also included a labor component.

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## **A. Social Protection, Poverty and Employment within a Crisis Context**

With labor income as the main resource on which most individuals and households in Latin America and the Caribbean depend to guarantee their livelihood and overcome poverty, the repeated economic crises have had a great impact on the region's poorest and most vulnerable families that can be readily understood.

As from the 1990s, and in particular in the period 2002-2008, poverty reduction was gradually consolidated through an increased access of the working-age members of Latin American families to the labor market and income generation. However, with the recent crisis it is estimated that nine million people have fallen into poverty in 2009, in addition to the 180 million individuals who were poor in 2008 (71 million of which were in absolute poverty). Likewise, many other citizens will continue living in a situation of "vulnerability to impoverishment", with enormous difficulties to face economic or other types of shocks.

The Latin American social protection systems based on employment in formal jobs and their social security contributions are thus limited by "labor vulnerability", which affects women in particular. These have a greater probability of working in the informal sector, something that evidences that there is an important gender dimension in the structure of opportunities, as well as an age-related and ethnic one.

Thus, with its history of crises, the region shows pending challenges in terms of the financing of social protection systems--until now mainly covered through contributory mechanisms--as well as challenges in policy-making to address the dynamics of family behavior and its relation with labor markets, and in the implementation of coordinated actions between employment and social protection policies.

## **B. A Multi-Dimensional Approach in the Design and Implementation of Social Protection Policies and Programs**

To address the above challenges, it is necessary to design a set of policies that focus on the labor, production, economic and social fields. From a macroeconomic perspective, it is necessary to reconsider not only the role of fiscal and employment policies but also that of monetary policies, putting them at the service of full employment and linking them more explicitly to social protection approaches.

It is possible to posit that the best protection to address the risks that individuals and families face on a permanent basis is decent employment, in the sense that it would allow workers to gain access to permanent protection mechanisms when faced with specific events and at the time of retirement.

In turn, social protection is understood as a policy platform designed to mitigate the risks to which all the population is exposed, but which particularly affect the poorest households. Considering the multi-dimensional character of poverty and vulnerability, such policies require a multi-sectoral intervention, which should comprise the various areas involved—including that connected with employment.

In the area of social protection, both the Universal Declaration of Human Rights (United Nations, 1948) and the International Covenant on Economic, Social and Cultural Rights (United Nations, 1966), and the American Convention on Human Rights (OAS, 1969) and the San Salvador Protocol (OAS, 1988), provide the normative platform of security and assistance requirements to be met by the States. All these instruments recognize the right to social security, labor, protection of adequate standards of living for individuals and families, as well as to the highest level of physical and mental health and to education.

The multiple dimensions of the phenomenon of poverty and economic vulnerability, together with the above mentioned heterogeneity of the population, have led to an increasing development of integrated and/or systemic schemes that seek to provide integral social protection. Among the responses formulated for this social protection approach, the ILO, supported by various agencies in the United Nations System, suggests a social security platform to facilitate access to various non-contributory and contributory benefits for all citizens.

In the region there is a broad range of specialized policies and services to promote employment, which are positioned at key points of interrelation between employment promotion policies and social protection. Although social protection is not directly tied to promoting job generation, there are experiences in the region where both dimensions have been linked, as in the case of the CTPs.

It is possible to posit there is a positive synergy between CTPs and the principles of decent work. Such programs, by giving more liquidity to the families, allow them to make better labor decisions regarding their employability under decent and equitable conditions; avoid the disaccumulation of human capital produced by survival strategies that mortgage these assets (as in the case of child labor, associated to school drop-out); and, making productive investments. At the same time, by fostering the development of human capital, a decisive contribution is made to strengthening the employment assets of vulnerable groups. On the other hand, the disincentives that cash transfers could generate for the employability of the beneficiary families have been criticized, an issue that was discarded by the existing research. Likewise, emphasis has been placed on the need for these programs and the transfers not to operate as a subsidy for informality and to prevent reinforcing the traditional gender roles, deepening the gaps that are generated around the economy of caregiving.

### **C. The Institutional Framework of Inter-Ministerial Action in the Field of Social Protection and Employment**

A fundamental element for the success of schemes articulating social protection and employment is putting in place a logic of inter-sectoral coordination within states, which translates into a major challenge given the sectoral logics and the unequal outcomes that characterize them in connection with the decentralization process.

In terms of employment and social protection, the most relevant secretariats or ministries in the region are those responsible for Labor and Social Development, the latter more recently created. On the one hand, the growing importance attached to active employment policies, particularly under crises situations, have resulted in a

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significant expansion of the range of options offered by employment services. On the other, a process of recent creation of Social Development ministries has been identified, to address the fight against poverty and inequity with greater political direction and strategic coordination, with varied results.

To improve the core mission of the Social Development ministries in terms of poverty reduction by promoting inter-sectoral policies and programs, it is necessary to count with a higher-level mechanism responsible for setting the guidelines to enable the required inter-ministerial cooperation, generically denominated a social authority and which different countries in the region have called the Social Cabinet, Board or Council, bringing together the various ministries and institutions responsible for social matters such as health, education, social protection, housing, etc. At the same time, it is necessary to consider the relevance of working on the coordination at three integrated levels: political, technical and operational.

As for inter-sectoral articulation, the CTPs have a wide experience by operating as the entry door to integral systems and coordination entity at the technical and operational level, allowing the various social programs to work together at the local level and becoming a communication channel between supply and demand.

#### **D. Characteristics and Labor Outcomes of Co-responsibility Transfer Programs**

There is a great diversity of CTP experiences that incorporate mechanisms to facilitate access by the beneficiaries to the labor markets. These programs incorporate different instruments and strategies in labor matters, such as job training, remedial primary and secondary education, direct or indirect job generation, promotion of self-employment and microbusinesses, and employment and labor intermediation services.

The experiences reviewed suggest several points of alert and attention regarding the actual potential of these programs to successfully include the poor and vulnerable in the labor market, in accordance with the normative principles defined in the concept of decent work and a rights-based approach. The available evidence shows that, generally, CTP beneficiaries fail to gain stable employment in a sustainable manner. The difficulties are greater among women and youths. Likewise, the programs need to address a series of difficulties and hurdles that reduce their success in a region marked by informality and unequal access to opportunities. The deficits in terms of education, the weakness of the links with the job-generating private sector, the low existence of labor opportunities at the level of the territories, and the ethnic and gender barriers, all conspire against the feasibility of these programs succeeding in driving dynamic processes of incorporation of the most poor and vulnerable in the labor market.

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## **E. Final Thoughts**

To address the diversity of challenges that emerge from the reality of poverty and vulnerability simple answers by one or another sector of public policy are not sufficient; it is necessary to provide multi-sectoral approaches that include the economic, labor, productive and social dimensions, and their translation into concrete policies and measures, in which all the stakeholders and government levels have to be considered.

From the above reflection, four areas stand out as requiring greater attention and analysis in terms of the interconnections between social protection and employment:

- i. Inter-sectoral coordination to succeed in giving rise to joint work, as well as to share knowledge, good practice and experience, and to generate positive synergies with the economic and productive sectors;
- ii. Generating programs and measures that target the beneficiaries and their characteristics, considering the intrinsic heterogeneity of the vulnerable sectors themselves and placing special emphasis on the strategies of accompaniment, empowerment and labor intermediation under cost-effectiveness criteria;
- iii. The dimension of care-giving and the urgency of considering conciliatory policies which foster, in a special way, a greater labor inclusion of women and a culture of shared responsibility in care-giving; and,
- iv. The requirements that stem from the ongoing monitoring and evaluation of the experiences that link social protection and employment in the region.