

EMPLOYMENT POLICY IMPLEMENTATION MECHANISMS IN ARGENTINA¹

The ILO and its constituents have made significant progress in developing national employment policies (NEPs). However, unless appropriate institutional arrangements can be put in place to ensure their timely and effective implementation, even sound policies may not produce the desired results. To respond to the increasing requests from its constituents for assistance in NEP implementation, the ILO launched a research project on “a comparative analysis of employment policy implementation mechanisms in selected countries”. Case studies² and a synthesis report were published as working papers. Based on those studies, this research brief looks at the implementation framework, coordination structure, and accountability system for employment policy in Argentina.

1. Employment policy in Argentina

To understand employment policy in Argentina, it is important to bear in mind three features that differentiate Argentina from other Latin American countries: (i) labour relations developed quickly in the mid-20th century; (ii) high worker participation in trade unions, which makes them key social partners in employment policy formulation and implementation; and (iii) economic policies have focused on making employment policy a fundamental part of the development strategy since the economic crisis in 2001.

Employment policy in Argentina comprises employment, income, and economic policies that act directly on labour supply and demand. Employment policy in the last two decades was separated into two periods by the economic crisis in 2001 (see Table 1).

Table 1. The two periods of employment policy in Argentina

1991-2000	2002-
<ul style="list-style-type: none">• Overwhelmingly influenced by the “Washington Consensus”• Structural adjustment• Fixed exchange rate – pegged to US dollar – and growing debt• Privatization• Deregulation• Economic growth with low job creation• Increasingly flexible labour market• Passive labour market policies• Increasing informal employment and inequality	<ul style="list-style-type: none">• High real exchange rate• Improved economic competitiveness• Growth with high job creation• Reversal of privatization and deregulation – re-nationalization and regulation• Increasing formal employment• Growing role of labour market institutions• Development of public employment services• Drop in inequality• Substantial increase in the tax collection-to-GDP ratio

Source: Bertranou (2014)

In 1991-2000, Argentina's economy underwent structural adjustment, growing foreign debt, widespread economic deregulation, greater employment flexibility, and the privatization of public companies, which went along with a low average growth rate and low job generation, while increasing informal employment and inequality. In this period, labour market policies served to offset the impact of structural

adjustment. The National Government was responsible for employment policy, the provincial governments also developed their own employment programmes although with limited scope and coverage.

After 2001, employment policy became a priority, and the macroeconomic framework was – at least up to 2011 – the main “pillar” of employment generation. The Ministry of Labour, Employment and Social Security (MLESS) played a major role in designing and implementing policy. The public employment services (PESs) and vocational education and training (VET) networks were developed, while the Comprehensive Plan for More and Better Work, which includes a battery of employment policies, was enacted. Some employment protection legislation was restored and the mainstays of labour market institutions collective bargaining, minimum wages, and workplace inspection were strengthened (see Table 2). Decent work was included as one of the Millennium Development Goals by the Argentinian Government.

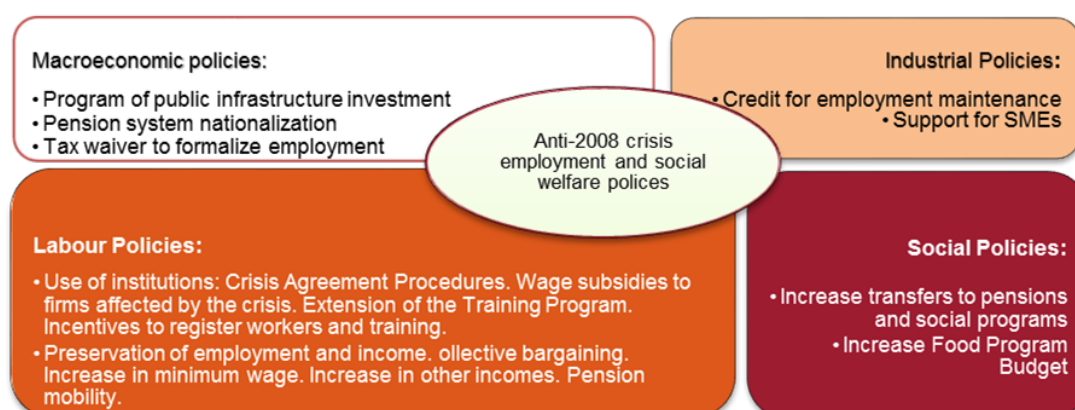
Table 2. Moving from social policy to active employment policy

Integral Employment Promotion Plan	<ul style="list-style-type: none"> • A set of tools to promote quality job: skills training, assisting wage employment and self-employment, and employment protection legislation. • More and Better Work for Young People Program (2008-present): provision of opportunities for social inclusion and employment through integrated activities, such as compulsory education, skills training and work experience, job seeking support, and business start-up. • Training and Employment Insurance Program: this provides a monthly allowance of social security benefits for up to two years, as well as social services, education and skills training to complete primary and secondary school, while supporting job orientation, job search, and business development
PESs Network	<ul style="list-style-type: none"> • 341 Municipal Employment Offices were created at the local level in the country. • Municipal Employment Offices are technical organization at the local level which provide labour market information, job orientation, employment, and connection services to skills training.
Continuous Training Systemt	<ul style="list-style-type: none"> • The Network of Continuous Training Establishments: 310 establishments in the country were strengthened. • Sectoral councils for job skills training and certification have been put into action in 41 sectors of productive activity

Source: Bertranou (2014)

In 2008, the global financial crisis and a drought impacted on Argentina's economy, curtailing the high growth rate that had characterized the previous years. In response, a range of employment and social welfare anti-crisis policies were implemented (see Figure1).

Figure 1. Employment policies against the 2008 global financial crisis



Source: Bettranou (2014)

2. The implementation framework

To implement employment policy, three key support mechanisms, or “pillars”, can be identified at the national level: (i) workplace inspection, (ii) the PESs network, and (iii) the VET network. Meanwhile, two institutions – the regional labour offices and the employment and training agencies, as well as an information system for decision-making and monitoring, were established to implement employment policy. Figure 2 provides the framework of employment policy implementation in Argentina including all the stakeholders, relevant ministries at the national level, social partners and local governments.

Figure 2. The framework of employment policy implementation



Source: the Author

2.1. Three pillars of employment policy implementation

- A.** *Workplace inspection.* After the 2001 crisis, workplace inspection became a policy priority to support the implementation of policies to tackle informal employment. In 2004, to combat non-registered labour, the MLESS implemented the National Plan for Employment Regularization through its 38 regional delegations jointly with the Federal Tax Administration Agency, the National Social Security Administration, the National Workplace Risks Office, the provincial governments and the City of Buenos Aires.
- B.** The Public employment services (PESs) network. The PESs implement employment programmes by providing support, assistance and vocational guidance to jobseekers, and addressing the needs of employers to fill vacancies and train potential employees. There are some 500 municipal employment offices in the country, estimated to reach about 70 per cent of the population.
- C.** *The Vocational education and training (VET) network.* The vocational training institutions in the country which meet the quality requirements of MLESS engage in three different kinds of actions in keeping with the national employment policies in effect: (i) certification of formal studies (elementary and/or secondary school), (ii) vocational training, and (iii) certification of job skills. The VET network works with the PESs to provide job-skills training and guidance to the beneficiaries of employment policy.

2.2. Two institutions of employment policy implementation at local level

- A.** *Regional labour offices and delegations.* These act as representatives of the Department of Labour of the MLESS. The regional offices coordinate the delegations' projects and activities, and provide an institutional liaison with local political and social partners. They support the MLESS in better reaching local actors and being more knowledgeable about local realities, which means greater and more effective decentralization of employment policy.
- B.** *Employment and training agencies.* These act as representatives of the Department of Employment of the MLESS operating in the provinces. They mainly implement employment and training programmes, and they also deliver technical assistance to other institutions

that provide employment and training projects, including project coordination, assessment and approval, and follow up services. The activities carried out by the agencies are coordinated with the municipal employment offices.

2.3. An information and monitoring system

In order to generate employment information to facilitate the monitoring of employment programmes, the MLESS has a number of labour market observatories and indicators.³ Provincial governments and the City of Buenos Aires also operate their own observatories.

- The most important sources of information are prepared by the MLESS on a regular basis:
 - The *Labour Statistics Bulletin* includes indicators about the labour market, income, labour costs, employment and training programmes, collective bargaining, and the impact of the National Plan for Employment Regularization;
 - The quarterly series Employment Dynamic and Business Turnover measures the creation and loss of jobs due to changes in the demographics of companies;
 - The *Bulletin of Gender and Job Market Statistics* analyses the behavior of employment indicators for women and men;
 - The Child and Adolescent Labour Observatory, operated under the MLESS, is responsible for collecting and analyzing quantitative and qualitative information on child and adolescent labour.
- The *National Survey on Social Protection and Social Security I* and *II* were carried out by the MLESS in 2011 and 2015 in order to get a sense of the overall employment situation in the country, the coverage of the social security system, as well as the population's social protection needs. In 2014, the *Survey on Employment, Social Protection and Labour Condition for Rural Workers* was conducted.
- The Employment Indicators Survey covers medium-sized and large businesses in the largest urban areas in all sectors except the primary sector; it is carried out on a monthly basis. The Survey makes it possible to study the evolution and structure of wage employment, and to assess the training needs arising from the job market in registered private companies.

3. Coordination structures

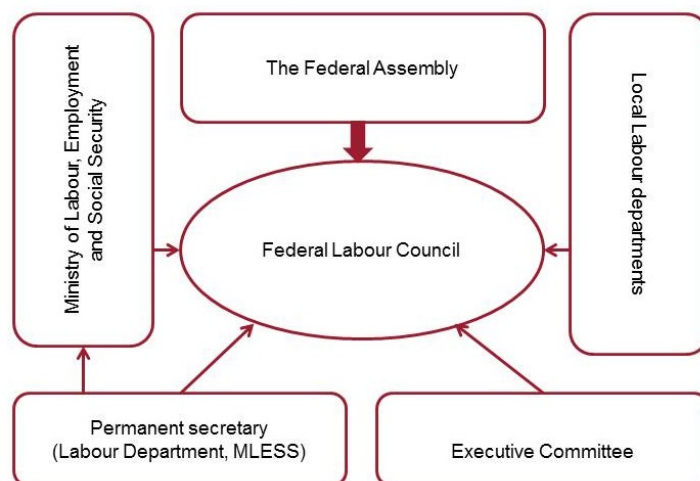
There is no single coordination structure for employment policy implementation in Argentina; instead, they take the forms of, amongst others, councils and commissions at three different levels – intra-governmental, tripartite and sector-specific. Some employment policies are coordinated only between ministries, but in many cases, social partners and local governments are involved. Different employment policies are coordinated in different structures, but the MLESS has the central role.

3.1. The Federal Labour Council

An inter-governmental coordination body between the National and provincial governments as well as the City of Buenos Aires established in 1998 by the Federal Labour Agreement (see Figure 3).

- *Objectives:* 1) strengthen the efficiency of the labour departments at all levels of governments; 2) bolster labour policies to enhance coordination and cooperation between labour departments.
- *Functions:* (1) design employment programmes and their financing arrangements, and meet regional needs while avoiding both gaps and overlaps; (2) facilitate cooperation with international organizations via the MLESS and act as the central authority in workplace inspection; and (3) perform or commission studies and research, and ensure the regular exchange of the latest official documents, reports, statistics and publications between its members.
- *Structure:* the Council is formed by the MLESS and the labour departments of each province and of the City of Buenos Aires. It has a permanent secretary from the Department of Labour of the MLESS, and an Executive Committee whose members serve one-year terms. The Federal Labour Council is overseen by the Federal Assembly, an oversight body that includes a delegate from each provincial department, and holds meetings at least once a quarter.

Figure 3. Federal Labour Council



Source: the Author

Box 1. The National Commission for the Elimination of Child Labor (CECL) and the Equal Opportunity Commission (IEOC) of the MLSS.

The CECL coordinates, assesses and performs ongoing evaluations of efforts to prevent and eradicate child labour. The members of the CECL are representatives of the relevant ministries, workers' and employers' organizations, and civil society. To implement its measures throughout the country, the CECL, in collaboration with the Federal Labour Council, organizes and coordinates provincial commissions.

The EOC has members of different ministries, employers' and workers' associations and social organizations. The EOC coordinates efforts to further consensus and social dialogue on the issue of equal opportunity across genders. The actions include coordinating activities throughout the country, publishing studies and reports on the issue, and developing awareness-raising and information materials.

Source: Bertranou (2014)

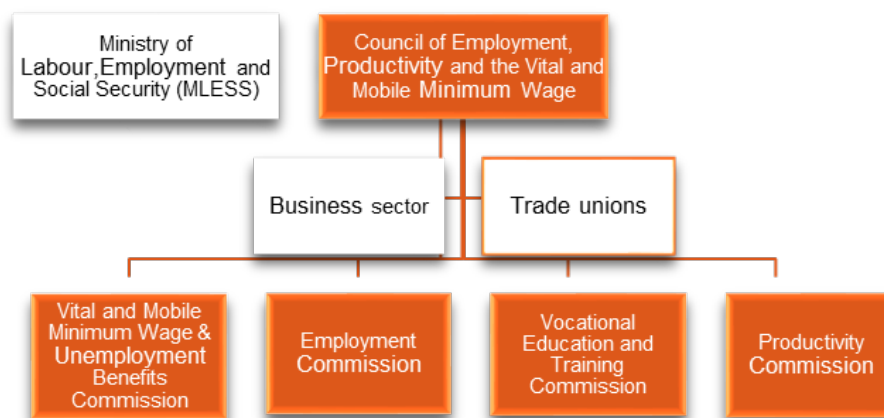
3.2. The Council on Employment, Productivity and the Vital and Mobile Minimum Wage

A national tripartite body established in 1991 by the National Labour Act (see Figure 4).

- *Functions:* (1) adjust the minimum wage, and the level of unemployment benefits; and (2) set standards for productivity and identify the training needs of different sectors.
- *Structure:* chaired by the MLESS, members include representatives from the business sector and trade unions (16 for each). Any member can call a meeting and place items on the agenda, provided the motion is supported by the majority. There are four commissions under the Council: (1) the Vital and Mobile Minimum Wage and Unemployment Benefits Commission; (2) the Employment Commission, which deals with non-registered employment; (3) the Vocational Education and Training Commission, which focuses on employment-oriented education and training; and (4) the Productivity Commission, which establishes the reference points for minimum wage modifications.

In addition to the Council, there are other forums for dialogue within sectors on labour issues, which are also tripartite in nature, such as the National Agricultural Labour Commission (NALC) in charge of regulating employment in the rural sector.

Figure 4. The Council on Employment, Productivity and the Vital and Mobile Minimum Wage



Source: the Author

3.3 Sectoral councils for job skills certification and training

These are coordination institutions at the sectoral level, which was created in the early 2000s.

- **Objectives:** strengthen social dialogue through sectoral round tables to deal with issues related to the sectoral skills programmes.
- **Functions:** (1) identify training needs and design strategies to meet them in each sector; (2) encourage workers to participate in specific training activities; (3) guide job-seekers; and (4) strengthen vocational training institutions throughout the country.
- **Structure:** the councils are organized by the MLESS, with members drawn from enterprises, workers, and the public sector in over 40 areas of economic activity. The sectoral councils have opened a forum for dialogue between representatives of enterprise, workers and government in different areas in order to identify progress and challenges in skills training.

4. Accountability system

The accountability process comprises two distinct phases: 1) formulation of goals and aims, strategic areas and budget planning for employment policy; and 2) assessment of the policy implementation, budget expenditure and the final outcomes (see Figure 5).

4.1 Strategic plan and results-based management

The MLESS developed Employment Strategic Plans in 2008 and 2012, which outlined both general and specific goals and expected outcomes of employment policy. It addressed the following issues: facilitating access to employment and improving employment quality, in particular to tackle precarious, informal and non-registered employment; extension of social security coverage; fine-tuning labour relations and the system in which they operate; and strengthening coordination and collaboration between the MLESS and relevant ministries, regions and international organizations. On the basis of the strategic plan, a budget is prepared for each policy area. Two strategic plans were implemented in 2008-2011 and 2012-2015 respectively.

In order to improve the efficiency of policy management, the MLESS has implemented results-based management methodologies as part of the strategic plans, by aligning strategic goals with operational and management indicators. A comprehensive ISO 9001/2008 certified quality management system has been applied to the most important programmes undertaken to date. On the other hand, a system for the monitoring and evaluation has been put in place to track the impact of measures implemented and the effective use of budgetary resources.

4.2 Employment budget

The primary source of funding for the MLESS is its allocation from the National Treasury. The Budget Bill is proposed every year by the Ministry of Economy and Finance (MEF) and approved by the National Congress of Argentina. The National Budget Office, in collaboration with the MEF and MLESS, prepares the budget for employment policy in the framework of the nation's overall budget and monitors the budget implementation. There are specific funds allocated to employment policy called the National Employment Fund, which was created in 1991 and currently represents less than two per cent of the MLESS's overall expenditure. As a result of government commitment to employment policy, the resources for the MLESS have been growing.

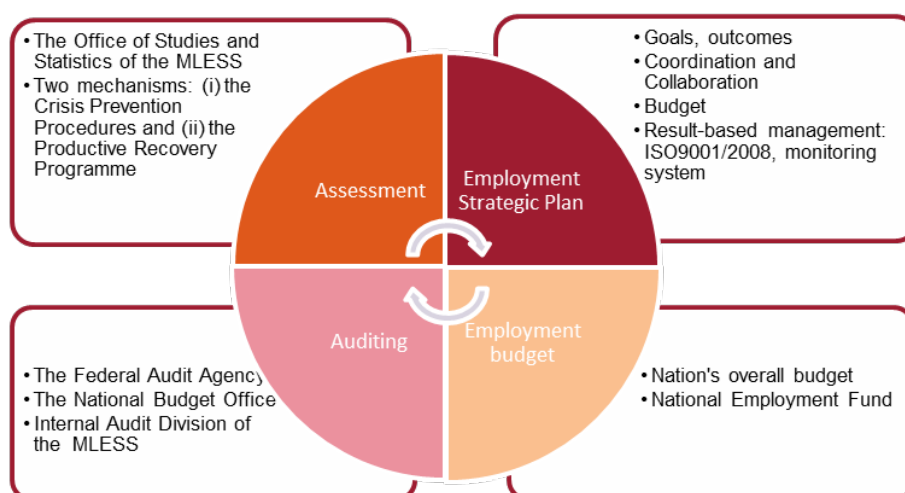
4.3 Auditing

The Federal Audit Agency (FAA) is the entity that provides the National Congress with technical assistance in the oversight of public sector accounts. The FAA has issued reports on different branches and programmes of employment policy such as the VET system, the Plan for Unemployed Heads of Households, and the Productive Recovery Programme. At the same time, the National Budget Office assesses the application of the budget within its area of operation. The MLESS 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 audits, and determining the trustworthiness of the data used in official information and producing reports. Provincial and municipal comptroller general 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 level.

4.4 Employment policy assessment instruments

While there is no independent unit within the MLESS responsible for assessing employment policies, a number of different measures have taken shape over time, particularly in the years during the recovery from the 2001 crisis. The Office of Studies and Statistics of the MLESS, which operates in its Division of Technical Planning and Labour Studies, has provided assessments of specific employment policies, including instruments used to address the consequences of the 2008 global financial crisis. Two mechanisms for the preservation of employment and creation of recruitment incentives were put into effect in 2009 and 2010 - the Crisis Prevention Procedures and the Productive Recovery Programme - both of which were assessed in order to evaluate their effectiveness and devise possible modifications to optimize their impact. After that, the same methodology was applied to evaluate the VET programmes.

Figure 5. Accountability system of employment policy implementation



Source: the Author

5. Summary

Over the last two decades, Argentina has gradually refined the institutions for the formulation and implementation of employment policy. Mechanisms for the coordination of and support to employment policy implementation have been intensified and expanded. It is evident in the commitment of the National Government and social partners that employment policy has found political space in a context of greater economic growth, job creation and fiscal resources.

One important lesson learnt is the need for ongoing engagement and long-term planning to optimize the development of the institutions of employment policy implementation. To that end, a certain degree of stability is necessary both in the representation of the relevant social partners and in the staff working in the areas of employment policy in the government departments. In Argentina during 2003-2012, there has been considerable continuity in the Government's administration, particularly in the MLESS and in its team of secretaries and departmental heads in the areas of employment. This is also true for the Division of Technical Planning and Labour Studies, which has developed and furthered the analysis, follow up and monitoring of employment policy implementation.

Argentina's experience shows that building information systems about programmes, beneficiaries, economic units and their connection with different policy instruments, requires great institutional efforts and support from the highest levels of the political structure. There are various instruments to monitor employment policy, although assessment is still in its early stages. Only in recent years, has the MLESS had all the information necessary to study individual employment histories on the basis of social security records and business trajectories.

Some suggestions to improve the effectiveness of the mechanisms for employment policy implementation include: (1) reviewing the structures of coordination across ministries, institutions and governments at all levels in order to improve their functioning; (2) improving coordination efforts with social partners in both the network of PESs and VET, while increasing their coverage to reduce gaps in capacity in certain locations; (3) improving the capacity and effectiveness of workplace inspection in the framework of the National Plan for Employment Regularization by expanding mechanisms for inter- and intra-institutional supervision; (4) broadening the information systems that support employment policy on the basis of administrative records and specific surveys, including improving the system for the registration of employment policy beneficiaries; and (5) developing an employment policy assessment system in which technical teams from different areas of the MLESS participate, as well as building a solid network of collaborators and external evaluators.

Notes

¹ This research brief is prepared by Yadong Wang, based on Fabio Bertranou's (2014) *Employment policy implementation mechanism in Argentina* (Employment Working Paper No.153 (Geneva: ILO)). Christoph Ernst (ILO) provided document support, while Soledad Villafañe (UNECLAC) and Juan Chacaltana (ILO) provided comments. Aurelio Parisotto (ILO) reviewed this policy brief.

² The following countries are covered: Argentina, Bosnia and Herzegovina, Burkina Faso, Brazil, China, Republic of Korea, South Africa, and the European Union (EU) including the United Kingdom and Germany. Apart from Argentina and South Africa, the other countries mentioned here have ratified ILO's Employment Policy Convention, 1964 (C122).

³ It is worth noting that the National Institute of Statistics and Censuses of Argentina (INDEC) disregarded the use of labour market indicators in the period of 2007-2015.

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