

PUBLIC EMPLOYMENT SERVICES IN LATIN AMERICA AND THE CARIBBEAN



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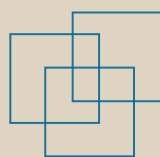
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Uruguay

Main features and challenges¹

- Labour market and employment situation

Uruguay is a high-income country in South America with a total population of 3.4 million. An average annual growth rate of 5.2 per cent over the period 2006–14 has created the fiscal space necessary for broadening access to education, social protection and health-care services (World Bank, 2015). These improving conditions are also reflected in the labour market: for instance, there has been a steady increase in employment and labour participation rates, among women as well as men. This positive

¹ This document is one of a collection of notes about public employment services in selected Latin American and Caribbean countries prepared by Zulum Avila, Employment Service Specialist of the ILO. The opinions expressed herein are those of the author and do not necessarily represent the views of the ILO. The author acknowledges the technical comments provided by staff from DINA-E-Uruguay and by Andrés Marinakis and Gonzalo Graña from ILO.

trend started in 2004, when the country came out of an economic downturn, and has continued up to the present despite the financial and economic crisis of 2008–09. Unemployment has remained at historically low levels between 2006 (11.4 per cent) and 2014 (6.5 per cent). Real average wages have risen, and the level of informal employment has fallen sharply, from 40.7 per cent in 2004 to 25.6 per cent in 2012 (ILO, 2014a, 2014b).²

- **Providing the skills needed in the labour market: A policy priority**

The recent overall positive labour market performance facilitates the implementation of policies focused on addressing specific challenges, including a demographic trend towards an ageing population; persistent skill mismatches between demand for and supply of labour; and strong segregation in employment, with young people (aged 15–25), especially young women, and groups of African descent at particular disadvantage. One of the priorities on the Government's agenda is to provide the skills needed in the labour market while maintaining the necessary economic dynamism to consolidate social and economic gains in the medium and long term (PROU, 2014a). In particular, the lack of workers with medium and high levels of skill is hindering both the expansion of local businesses and the establishment of new enterprises by foreign companies seeking to invest in sectors with high added value (OECD; ECLAC, 2014).

In this context, the Ministry of Labour and Social Security (*Ministerio del Trabajo y Previsión Social*, MTSS) has a role to play in promoting the integration of target groups into the labour force and addressing the difficulties facing enterprises struggling to find suitably skilled workers in certain regions. Within the Ministry's strategic plan for 2010–15, the national public employment service is placed at the forefront of efforts to develop more effective and integrated implementation of job-matching services, demand-driven training and employment support programmes to ease transitions into the labour market, in particular for poor and vulnerable groups in the population (MTSS, 2010).

- **Expanding access to employability services at the local level**

MTSS, through the National Directorate of Employment (Dirección Nacional de Empleo, DINA), is responsible for the overall strategic direction of policies and actions relating to employment, the labour market and job training. At the local level, the public employment centres (*Centros Públicos de Empleo*, CEPes) are the main operational channel for the implementation of measures to develop employability and increase responsiveness to employers' labour force needs. In April 2015, there were six CEPes in the capital city of Montevideo and 22 more distributed across the country's 19 provincial departments (MTSS, 2015a).

Responsibility for the employment centres is shared between DINA and the provincial governments: the former sets basic standards and technical guidelines, while day-to-day operations are run by the latter. Internally, CEPes are divided into three areas of service: (1) employment services; (2) demand-driven job and vocational training; and (3) support for micro and small enterprises, entrepreneurs and business start-ups. The first of these, the public employment service, is the main entry point for clients and is also responsible for ensuring that all three areas are interconnected. The intention is to achieve more durable positive outcomes for clients through a more integrated approach to service delivery and more locally focused interventions.

These institutional arrangements have not always operated smoothly, particularly with regard to operational budgets and support for the CEPes, which in some instances have been influenced by the interests and priorities of particular local administrations. As a result, the system has suffered from variable quality of services from one employment centre to

² The informal employment rate includes all employed workers not registered in the social security system.

another, institutional weakness and a high turnover of personnel. In response to these difficulties, since 2010 DINAE has been implementing a revitalization programme and has formulated annual action plans for the local employment centres, with the intention of better aligning the respective contributions of central and local government. Efforts have also been made to professionalize local staff, with the aim of improving service delivery and developing institutional capacity in a sustainable manner.

- **Enhancing cooperation for service delivery**

Within the framework of the MTSS strategic plan for 2010–15, DINAE is promoting consultations with local authorities and stakeholders as a permanent practice to ensure coordination and continuity of interventions. Local committees for employment and vocational training (*Comités Departamentales de Empleo y Formación Profesional*) have been established as the result of a partnership between DINAE and the National Institute of Employment and Vocational Training (*Instituto Nacional de Empleo y Formación Profesional*, INEFOP), which was created in 2008. These committees facilitate analysis of labour market skills needs and the supply of skills at sectoral level by bringing together various stakeholders, including employers, not-for-profit organizations and government agencies involved in promoting employment – for example, those specializing in helping young people or drawing people from informal into formal employment. Breaking down barriers to the sharing of information at local and sectoral levels is gradually improving the capacity to adapt provision of employment services and job

training to different phases of the economic cycle. INEFOP's internal reform, which began in 2014, has deepened this process by identifying counselling services and the learning of skills for life and work as essential elements in efforts to improve labour market inclusion (INEFOP, 2014).

Another important outcome of the partnership between DINAE and INEFOP is the new job portal (*Vía Trabajo*), which was launched jointly by the two bodies in 2012 and replaced the online job database first introduced in 2008. This revamped portal introduced interactive self-service and automated jobsearching; it also collates the respective administrative registries of DINAE and INEFOP and feeds data into the Labour Observatory. It has made a particularly critical contribution in improving the potential for accessing or exchanging data on clients, thereby better informing decision-making and planning at policy level. In 2011 DINAE established a capacity-building unit to enhance coordination and planning of service delivery within the CEPEs. This unit established indicators and monitoring systems linked to *Vía Trabajo*, which currently delivers real-time information on the characteristics of labour supply and demand. However, the employment centres continue to be the preferred entry point for access to services. In 2014, only 14 per cent of all jobseekers were using the job portal, while 62.4 per cent were registered as jobseekers by an employment counsellor at an employment centre. This preference for the traditional route may be attributed to the generally low qualification profile of the CEPEs' client base. Raising the penetration rates of the CEPEs in local labour markets, too, remains a challenge: in the same year of 2014, only 1 in 100 available vacancies were registered by the employment centres (MTSS, 2015a).

Active labour market programmes

Active labour market programmes (ALMPs) currently operating in Uruguay fall into three main categories: programmes to improve employability; counter-cyclical mechanisms to protect employment and speed up re-employment; and programmes aimed at revitalizing local labour markets, including support for micro and small enterprises and measures to help workers make the transition from the informal to the formal economy. A key dimension of the MTSS strategic plan for 2010–15 is a focus on building the capacity of MTSS and DINAE to play a leading role in formulating and implementing ALMPs. Bringing individuals into quality employment requires a new approach which connects employability programmes with social and economic strategies for poverty reduction.

- **Inter-institutional interventions to improve employability**

Within the framework of the Equity Plan (Plan de Equidad), an overarching national strategy introduced in 2008 to reduce poverty and promote employment, MTSS is becoming involved in a number of bodies responsible for social and economic policy formulation, such as the National Council for Social Policy (*Consejo Nacional de Políticas Sociales*) and the Social Cabinet (*Gabinete Social*). As a result, employment services

are being delivered more consistently in the context of both poverty reduction and social development programmes. One example is the “Together Plan” (*Plan Nacional de Integración Socio-Habitacional Juntos*), created in 2011, which finances slum upgrading and provides housing to the poorest segment of the population to mitigate the risk of social exclusion. The plan is implemented on an inter-institutional basis including government agencies responsible for housing and urban development, public works and social development. Since 2013, the plan has



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also promoted the labour market integration of the target population through the CEPes located in the Montevideo metropolitan area, where seven out of ten households served by the programme were located. In that year, 1,540 families participated in the programme and benefited from access to a range of social programmes such as preventive health care and educational campaigns, sport and recreational activities, and cultural events. Only 7 per cent of these

activities were carried out by the CEPes within the context of the programme; nevertheless, even if the number of interventions seems small, they represent a contribution to bringing this constituency back into the labour market (PROU, 2013).

Together with DINAe, the CEPes are involved in the implementation of some ALMPs, among them the subsidized employment programme (*Objetivo Empleo*;

see below), which targets long-term unemployed living in poverty and facing entry barriers to formal employment. At the strategic level, the main interest lies in developing the CEPES' capacity to deliver services within the framework of inter-institutional programmes targeting socially disadvantaged groups such as youth. The CEPES participate in the implementation of the Work–Study programme (*Yo Estudio y Trabajo*; see below), which helps students aged 16–20 to gain relevant work experience, and collaborate with the Ministry of Social Development (*Ministerio de Desarrollo Social*, MIDES) in maintaining a youth network known as Jóvenes en Red. The latter is aimed at young people aged 14–24 who have dropped out of education before completing primary school, are not working or in training, and live in households below the poverty line: the CEPES deliver specialized one-to-one counselling and career guidance services. While these efforts are generating positive results, overall ALMP coverage remains limited, and sustained investment in building operational capacity at the local level is required. One important lesson emerging from the operation of ALMPs to date is that labour market interventions are more effective when they have more flexibility in adapting to the different stages of the economic cycle.

- **Subsidized employment programme (Programa Objetivo Empleo)**

The subsidized employment programme (*Programa Objetivo Empleo*, POE) was introduced in 2008 as one of a number of social development initiatives promoted under the Equity Plan (see above). MTSS is the leading implementing agency; the CEPES undertake pre-screening and follow-up of candidates and participating enterprises. The programme provides incentives to private enterprises to register vacancies with POE, and targets people who have been unemployed for 12 months or more, or are recent entrants to the labour market who have worked for no more than 90 days prior to registration in the programme. Participants should be within the age range 18–65, have less than nine years of formal education and be living in socio-economically vulnerable households. The beneficiaries of the Uruguay Works programme (*Uruguay Trabaja*) run by the Ministry for Social Development (*Ministerio de Desarrollo Social*, MIDES) are also a target group.

The programme allows for a maximum intake of 3,000 participants a year, with candidates receiving counselling and advice from the moment of their inclusion on the programme. Enterprises wishing to take part in the programme should be registered with the Official Permanent Businesses Record (*Registro Permanente de Empresas*) and should not have recently laid off workers in the same job positions being offered through POE; the number of subsidized employees should not exceed 20 per cent of an enterprise's salaried workers. Subsidies to employers are issued by the Social Security Bank (*Banco de Previsión Social*, BPS) in the form of additional credits covering future social security contributions. As unemployment in Uruguay affects women more than men, higher subsidies are granted to employers for hiring women: 80 per cent of wage costs (60 per cent for men), at levels up to twice the minimum wage. A special fund is available to cover the cost of additional incentives for hiring women, especially those heading households. This fund also provides for additional incentives granted to employers offering job training to workers recruited through the programme. Each year an average of 1,000 workers participating in the programme are trained on courses of three different kinds: (1) completing primary education, (2) developing "soft" skills (e.g. communication and teamwork) and (3) technical training.

After the programme was reviewed in 2010, a number of improvements were made to introduce flexibility and increase effectiveness. For instance, the duration of the contractual relationship in the subsidized job was limited to 12 months, and may be reduced to six months when so determined by the employment counsellor. The execution of the contract can also be interrupted to enable workers to take advantage of supplementary supports, for example, by participating in job training courses. DINA and the CEPES have learned that subsidized employment alone does not build employability, and that the best results are achieved in combination with training and counselling services. For example, participants who take up training opportunities have a better chance of staying in formal employment after leaving the programme. Flexibility for the enterprise is also important. A probationary period of up to three months has been introduced; if this is not satisfactorily completed, the worker's contract will be terminated and he or she will re-enter the programme, unless serious misconduct or neglect

of duties is proven, which will automatically result in expulsion from the programme. The programme also puts limits on the use of subsidized hiring by employers: for example, private employment agencies whose services entail employing workers with a view to making them available to a third party are not eligible to participate. Also, the work contract established within the framework of the programme should comply with provisions in collective agreements where applicable (MTSS, 2012).

Instilling flexibility in ALMPs is dependent upon implementation being firmly grounded at the local level. To this end, the programme is gradually being decentralized and its implementation transferred to the CEPEs. Inter-institutional coordination and sharing of data improve targeting, monitoring and remedial action in the event of irregularities in the use of the programme.

• Promoting decent work for youth

Youth employment, particularly for individuals aged 15–25 who dropped out of school before completing secondary education, is an overriding concern in Uruguay. Employability problems linked to low educational attainment have long-lasting negative effects: for example, the unemployment rate for young people who have completed secondary education is 7 per cent, while for those who did not finish secondary education it is 65 per cent.³ Easing young people's transition into work, training or vocational education is therefore a policy priority. The current legal framework for labour market interventions promoting decent work for youth is provided by Law No. 19.133 of September 2013 and its implementing decree of April 2015. This decree establishes incentives to employers offering young people opportunities to work, study or follow training. It also provides the basis for the creation of an inter-institutional committee to be led by MTSS with the aim of improving the coordination and complementarity of efforts by government agencies responsible for developing youth employability – for example, those dealing with

education and vocational training, jobsearch support and career planning, and other dimensions of social inclusion such as health and social protection. Under the decree implementing the law on youth employment, CEPEs function as focal points for employers and young jobseekers alike, providing information, advice and guidance on how to use the four available assisted routes to employment:

- *First work experience* offers a six-month internship to young people aged 15–24 with no prior working experience; participating enterprises are reimbursed 25 per cent of interns' monthly wages.
- *Internships for recent graduates* offers a 15 per cent subsidy on monthly wages for between six and 12 months for people below age 29 with professional qualifications who are looking for a first job and are offered formal employment.
- *Non-paid work practice* consists in hands-on training at the workplace for a maximum of 60 hours for people below age 30 on educational programmes or job training courses.
- *Sheltered work targets* the unemployed below age 30 who are living in poverty, offering incentives to employment through the "Objetivo Empleo" programme (see above).

There are a few additional subsidies available for employers hiring women (up to 80 per cent of wage costs below twice the minimum wage) or reducing working time to facilitate school attendance or participation in training delivered by INEFOP (20–40 per cent of the cost of the time forfeited).

All employers are subject to the law on youth employment, which establishes minimum provisions regarding social protection, working time and wages. Given the diverse range of formulas for hiring young people outlined above, there is a need to align these initiatives with programmes and policies stimulating job creation locally. A sectoral approach can be an effective way of responding to the hiring needs of employers facing difficulties in finding qualified workers in particular occupations.

³ Instituto Nacional de Estadísticas, 2011. Available at: www.ine.gub.uy [13 Oct. 2015].



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- **Work–Study programme (Yo Estudio y Trabajo, YET)**

The Work–Study programme (*Yo Estudio y Trabajo*, YET) is an inter-institutional initiative launched in 2012 and coordinated by MTSS and DINA. This programme targets students aged 16–20 who are attending formal or non-formal education but lack work experience or have worked less than 90 hours. The programme helps students to gain hands-on work experience in public sector organizations or private firms registering vacancies with YET. Working time is limited to 20–30 hours a week to enable participating students to continue their education. The working contracts should be of a minimum duration of nine months and a maximum duration of 12 months. The remuneration provided to participants falls into the category of scholarships and internships, and is paid by INEFOP. A scholarship is set at the equivalent of

four benefits and contributions thresholds (*Base de Prestaciones y Contribuciones*, BPC)⁴ (6 BPC for women with children aged below 4 and pregnant women). This is equivalent to 11,276 and 16,914 Uruguayan pesos (UYU) respectively.⁵

Students can apply for the programme annually for as long as they are attending school or training and can demonstrate good performance. Application is made by filling in an online form, and candidates are selected by the drawing of lots to match the number of job vacancies registered by participating enterprises in each department or municipality. The CEPes process the documentation submitted by the successful applicants, all of whom are required to follow an introductory workshop of 20 hours delivered by INEFOP. This workshop is intended to familiarize students with the world of work, and was developed with the support of the CEPes and the Ministry of

4 In 2004 the BPC replaced the minimum wage.

5 Equivalent to US\$393.6 and US\$590.47 (according to the exchange rate published by Banco Central del Uruguay, 03 Sept. 2015: US\$1.00 = UYU 28.64)

Education and Culture (*Ministerio de Educación y Cultura*, MEC). In the case of participants aged 16–17, the Uruguayan Institute for Children and Adolescents (*Instituto del Niño y Adolescente del Uruguay*, INAU) will issue a special work permit. A dedicated toll-free number providing information on the programme is sponsored by the National Institute for Youth (*Instituto Nacional de la Juventud*, INJU).

On principle, participants cannot apply to work for a specific employer because the programme's overall objective is to develop the full range of transferable skills, including the ability to apply knowledge appropriately, critical thinking and problem solving, teamwork, cultural awareness and sense of initiative, to mention just a few. These types of skill are becoming increasingly important and highly valued by employers. As part of the programme, each student undergoes two evaluations of transferable skills by his or her direct supervisor to assess the individual's progress.

In 2014, 703 job vacancies were registered for YET in 67 localities and 21,884 students were admitted to the programme. Half of all participants were aged 16–17, and women represented 60 per cent of the total registered. The City of Montevideo registered 55 per cent of all the job vacancies and is currently the only locality with entry quotas for socially disadvantaged groups: transsexual youth (2 per cent), people with disabilities (4 per cent) and youth of African descent (8 per cent). An impact evaluation of the programme is under way; the preliminary results show that participating students felt encouraged to pursue tertiary education and were able to perform with more security and confidence in a professional environment. The same evaluation revealed a very low drop-out rate (8 per cent of participants) and a strong interest in participating in the programme for a second time: four out of ten students registered in 2012 re-entered the programme in 2013 (MTSS, 2014).

• Productive Investment Programme (Programa de Inversión Productiva, PIP)

The Productive Investment Programme (*Programa de Inversión Productiva*, PIP) is implemented by MTSS and DINAIE in collaboration with local governments. The programme was launched in 2005 to help micro and small enterprises whose activities are connected with local development strategies. PIP targets individual and group enterprises owned by low-income entrepreneurs who face difficulties in gaining access to loan funding from commercial financial institutions. Applications for the programme are made by filling in a form online; the CEPES process applications, organize interviews with the entrepreneurs and determine the feasibility of project proposals. Once the project is approved, a loan is granted; this must be used to purchase equipment and/or machinery.

MTSS provides funds for the operation of PIP, while local government is responsible for administering the loans and ensuring that participants make repayments, including accrued interest. The repaid monies are recycled into a revolving fund administered by each provincial government for use in supporting new projects. This mechanism enables CEPES to secure funds and ensure the sustainability of the programme.

Between 2005 and 2014, a total of 482 projects were supported and the allocation of funds amounted to UYU 10,272,762.⁶ PIP has national coverage and gives preferential treatment to rural areas, which absorbed 45 per cent of the total budget available for 2005–14. Projects were financed in areas including dressmaking, carpentry, blacksmithing, gastronomy, horticulture, cheese production, beekeeping, maintenance of green areas and automotive workshops. Men and women participate as entrepreneurs in equal numbers (MTSS, 2015b). To date, the programme has not been evaluated.

⁶ Equivalent to US\$ 358,685.82 (according to the exchange rate published by Banco Central del Uruguay, 3 Sep. 2015: US\$1.00 = UYU 28.64)..

Job-matching, placement and activation strategies

In Uruguay, the provision of publicly funded employment services is targeted at both employers and jobseekers, the latter including those receiving unemployment benefit, active workers in need of retraining or upskilling, and people of working age who are not economically active. Over the past seven years there has been increasing demand for employment services, with the number of registered jobseekers rising from 8,366 in 2008 to 22,246 in 2014. However, social and professional networks continue to be the preferred channels for jobseeking and recruitment. Younger and less educated workers in particular frequently lack these connections, and therefore find it difficult to improve their job prospects. In this respect, the CEPEs help to promote equal employment opportunities by offering universal access to free of cost support for jobsearching, recruitment and employability development.

The employment centres have a very specific clientele, which is predominantly young and low qualified. For example, in 2014, 51 per cent of all clients were below age 30, and a further 25 per cent were within the age range 30–39; 45.8 per cent of all clients that year had less than 13 years of formal education, and only 35 per cent had attained upper secondary or tertiary level. Women (51 per cent of clients) were using the CEPEs slightly more than men (49 per cent). The workload was also markedly uneven across the three areas of service: 83 per cent of clients requested jobsearching support, 14 per cent were interested in job training and less than 1 per cent were interested in the PIP programme (see above). The majority of clients were unemployed (48 per cent), but the CEPEs also served employed workers (17 per cent) and to a lesser extent those currently not economically active (6 per cent) (MTSS, 2015a).

• Services for jobseekers

The employment centres are the most common point of entry into the public employment service for jobseekers: in 2014, 62.4 per cent of clients registered directly at CEPEs, 14 per cent used the online job portal (*Via Trabajo*) and 23.6 per cent registered through INEFOP. At the employment centre, the protocol for registration starts at reception, where basic information is provided on available services and an appointment with an employment counsellor is scheduled for an initial needs assessment, which lasts on average for 40 minutes. Clients using the

online job portal also fill in a questionnaire which serves simultaneously as a profiling tool.

To improve the general understanding of the overall jobsearch process, the CEPEs organize group workshops to help clients assess the different potential pathways towards employment and training. A number of thematic areas are addressed, including how to prepare a CV and job applications, how to handle job interviews, and how to find adequate training or other complementary supports when needed. In 2014, 520 people had the opportunity to follow one or more of these workshops. The majority of attendees (77 per cent) were aged 14–24, and 44 per cent of these were from the programme Jóvenes en Red (see above). Adult jobseekers made more use of the option of receiving one-to-one support in preparing an individual job plan: 2,779 people were served this way in 2014. The CEPEs also distribute regularly reprinted technical guides and leaflets for self-guidance. The jobs most frequently sought by clients searching in *Via Trabajo* are very much in line with the profiles required by employers using the CEPEs: they include cleaners; labourers in mining, industry, transport and the construction sector; salespeople; and agricultural, forestry and fishery labourers (MTSS, 2015a).

MTSS is considering creating a special unit to serve people returning to Uruguay after having worked abroad, and is also exploring how to help promote a more open and dynamic regional integration across Mercosur,⁷ specifically in the field of labour mobility.

⁷ Mercosur is an economic and political agreement encompassing Argentina, Brazil, Paraguay, Uruguay and Venezuela, first established in 1991. Bolivia's protocol of accession to Mercosur was signed in December 2012 but ratification by all parliaments in Mercosur countries is pending.

At present, only 388 returning migrants are registered with CEPEs, of whom six out of ten are men (MTSS, 2015a). In 2013, MTSS, in collaboration with local governments and a number of national agencies dealing with training and education, migration issues, basic health services and social protection, together with their counterparts in the Brazilian Government, held six cross-border information fairs on labour issues. These fairs aimed to inform workers in both countries about their rights and obligations in respect of labour and social security. In the future, the involvement of CEPEs in such events may also be considered (INEFOP, 2014).

• Services for the unemployed receiving benefits

The CEPEs assist clients on unemployment benefits⁸ to re-enter the labour market by offering individualized counselling and supporting participation in job training organized and subsidized by INEFOP. The average duration in unemployment for people on unemployment benefits is ten to 12 months, so training courses are short in length and scheduled early in the morning or in the evening so as to allow participants sufficient time for jobsearching activities. Flexibility is a primary criterion, so as to allow workers to interrupt participation as soon as they find a job. The training grants awarded vary depending on factors such as the individual's needs, the availability of courses in the training entities accredited by INEFOP and the number of applications received. In 2014 the CEPEs helped 1,153 workers on unemployment benefits to find short-term training.

Three areas of training predominate for workers on unemployment benefits: construction, administration and computing skills (MTSS, 2015a).

• Services for employers

Core services for employers include the provision of labour market information, registration of job vacancies and pre-screening of job candidates. The CEPEs,

in coordination with INEFOP, also help employers to connect with short-term training and upskilling programmes in order to help their current employees to close skill gaps or recruit new workers among graduates of training programmes, and advise them on how to use the available hiring schemes, including the subsidized employment and internship programmes. For those employers awarded the execution of public works and community development projects through the programme *Uruguay Works (Uruguay Trabaja)*, implemented by MIDES (see above), the CEPEs register available workers who can be hired temporarily if permanent workers are insufficient to finish planned works.

In 2014, a total of 1,602 job vacancies were registered and about 8,600 job referrals were made. The CEPEs refer up to five candidates per job vacancy, and this approach has helped to improve placement rates, which have risen from 21 per cent in 2012 to 32 per cent in 2014. The majority of employers using CEPEs are looking for low-qualified workers: 59 per cent of all vacancies registered in 2014 required only primary education. Reflecting this demand, 60 per cent of jobseekers were placed in jobs as cleaners; labourers in mining, industry, transport and the construction sector; salespeople; or agricultural, forestry and fishery labourers. In Uruguay, three out of four jobs in the formal economy are generated in the service and trade sectors, comprising the food, wood and paper industries, hotels and restaurants, construction and domestic work. The CEPEs have adopted a strategic approach of responding to the specific needs of dynamic sectors in order to increase placement rates at the local level. For example, in the south-western part of the country, the CEPEs have established good collaboration with forestry companies providing raw materials to supply industrial plants producing cellulose pulp and paper from eucalyptus plantations. One of the most important such plants began operations in 2013.

At the local level, the involvement of employers plays a decisive role in increasing the number of vacancies registered with the employment centres and expanding access to training and work placement programmes.

⁸ In Uruguay, unemployed workers who worked for at least 180 days in the 12 last months prior to unemployment are entitled to receive unemployment benefits. The benefits are paid for a maximum of six months. During the first month, claimants receive 66 per cent of their average wage over six months; the amount paid is reduced in each subsequent month.

DINAE is actively carrying out awareness campaigns to foster good and continuous cooperation between the CEPEs and business associations, chambers of commerce and other key employers' organizations. Increasing responsiveness to micro, small and medium-sized enterprises is an important concern for the

CEPEs, as this sector is responsible for 56 per cent of all employment (PROU, 2014b). Employers from these types of enterprise have indicated a need for streamlining administrative processes and ensuring a more rapid response to their recruitment needs.



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Mainstreaming gender in the provision of employment services

Labour market participation of women in Uruguay increased by 5 percentage points between 2006 and 2014. However, in the latter year the proportion of women in the labour market was still lower (55.9 per cent) than that of men (74.1 per cent). Also, despite improvements in women's educational attainment, they are not entering the labour market on equal terms with men, including with regard to quality of employment and wages. Overall, the unemployment rate is higher for women (8.3 per cent) than for men (5.1 per cent); and the gap is four times as wide between women and men under 25, according to data for 2014 (ILO, 2014a).

DINAE has worked to mainstream gender at all levels from policy formulation down to the day-to-day operation of the CEPEs. This work has been guided by Law No. 16.045 of 1989, which sets out principles of non-discrimination and equality, including in occupation and employment. In 2009 MTSS implemented a series of training workshops for staff from the CEPEs on how to put into practice the principle of equal opportunity to access employment. For this purpose the MTSS prepared a training document entitled *The contribution of public employment centres in promoting equality of opportunity in employment*. DINAE oversees the implementation of these guidelines in the following ways: (1) gender-sensitive information is provided for employers and jobseekers; (2) indicators on the state of the labour market and administrative registries are disaggregated by sex and also by gender identity (e.g. to acknowledge transsexual individuals); (3) monitoring and evaluation systems measure the impacts of programmes and services targeted at women; (4) research is undertaken on recruiting practices, the stereotypes predominating in the selection of staff, occupational segregation by gender and unequal remuneration practices; and (5)

consultation and inter-agency work integrates gender and gender identity aspects to ensure equal opportunities in access to employment and job training.

A particular concern is ending occupational segregation and the concentration of women in typically “female” activities, including domestic work, health and education. DINAE is working on expanding the availability of dedicated counselling services and career advice for women in the CEPEs (MTSS, 2013). The partnership with INEFOP is also instrumental in lowering the barriers Uruguayan women still face in negotiating work and family responsibilities. In 2014, INEFOP implemented a pre-employment training course to help mothers under the age of 30 to get back into the labour market in a more sustainable manner. A combination of measures is sometimes needed, including specific job training, support to enable completion of interrupted education and access to child-care services administered by MEC (INEFOP, 2014). The availability of publicly funded child-care services is an issue that needs to be addressed more generally.

Regulation of private employment agencies

In Uruguay, Law No. 18.251 of January 2008 authorizes the operation of private employment agencies (1) providing services for matching people to jobs and (2) employing workers in order to make them available to a third party or user enterprise.⁹ Law No. 18.362 of October 2008 gave DINAE responsibility for setting regulatory policies with respect to the establishment and operation of private employment agencies through a licensing system.¹⁰ At present, all licensees must file a quarterly activity report with DINAE and should be registered in DINAE’s official records. The General Labour Inspection (*Inspección General del Trabajo*) is responsible for monitoring and enforcing section 412 of Law No. 16736 of January 1996, which stipulates that offences be sanctioned with warnings, fines or closure.

Although consultation with employers and workers has taken place, the decree implementing section 343 of Law No. 18.362 has not yet been approved by Congress. This draft decree provides DINAE with authority to ensure full implementation of the ILO Private Employment Agencies Convention, 1977 (No. 181), including effective supervision of the operation of private employment agencies and regulation of

services that are still provided by “former employment agencies”. This has created some operational problems, for example arising from the lack of capacity to promote cooperation between the CEPEs and private employment agencies and systematically process activity reports by private employment agencies. For instance, the last report by DINAE on private employment agencies dates from 2008; at

⁹ In Uruguay, private employment agencies in the latter category are known as *agencias suministradoras de mano de obra temporaria*.

¹⁰ These licences are free of charge and renewable on a yearly basis.



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that time, private employment agencies reported 8,547 job vacancies and 45,018 jobseekers, of whom only 2,888 were placed in jobs. Private employment agencies placed most jobseekers in domestic work (54.4 per cent), community, social and personal services (14.1 per cent), and sales, restaurants and hotels (13.4 per cent). The majority of jobseekers served were educated to lower secondary (50 per cent) or primary school (36 per cent) level; only 0.9 per cent had a tertiary education (MTSS, 2008). As for agency-recruited workers, 2,269 were supplied by 35 private employment agencies in the third quarter of 2013. The majority of workers in temporary agency work are young: 45 per cent were aged 18–25 and 50 per cent were aged 26–45. Half of them were educated to below secondary level. Most of these workers are employed in services and sales, industry, public administration, logistics and dispatch work, housework and personal care, and financial services (Goldflus, 2014).

The Uruguayan legislative framework on private employment agencies establishes comprehensive

protective measures for workers regarding working conditions and, in particular, equality of treatment for workers supplied by private employment agencies to user enterprises, including both private enterprises and the public administration. In general, every worker employed under any of the agency recruitment modalities must be officially notified in writing of the working conditions and wages that will apply, and the name of the enterprise or public administration entity in which he/she will carry out his/her duties. It is also stipulated that workers supplied by private employment agencies to user enterprises should not receive lower benefits than those established by the wage councils, collective agreements or decrees applicable to the main branch of the third party.

The legislation also encourages user enterprises to act in a co-responsible manner in their dealings with private employment agencies. The law grants user enterprises the right to request information and evidence from private employment agencies concerning their compliance with labour and social security obligations. Should the user enterprise find

that the agency has failed to fulfil its legal obligations towards the worker concerning social security contributions and protection against accidents at work and occupational diseases, it is entitled to withhold a sum equivalent to non-paid obligations and use that amount to pay recoveries due to BPS. The principle of “joint liability” applies in cases where the user enterprise has failed to regularly check on the private employment agency’s compliance. In that event, both parties become jointly liable for paying social security contributions, insurance premiums regarding accidents at work or occupational diseases, sanctions and recoveries due to BPS. The joint liability is limited to obligations accrued during the period in which the supply of labour took place.

A strong tradition of social dialogue in the country has resulted, for example, in the extension of coverage of collective agreements to workers recruited by agencies to perform activities for the conservation of green areas, and to work in call centres, shopping centres and IT services.¹¹ Moreover, some collective agreements, such as that applying to the chemical industry, succeeded in providing temporary agency workers with better working conditions. Private employment agencies are also committed to promoting gender equality and are opening negotiations with the social partners to fund training for workers in

the sectors concerned. By tripartite consensus, special licences granting permission for absence during working hours are provided for women victims of domestic violence to help them to file complaints with the appropriate authority. There is also a special provision granting women a day of leave to attend yearly medical examinations (e.g. mammography and cervical biopsy). All in all, social dialogue has been a key element in ensuring that workers served by private employment agencies are protected to international standards.

Uruguay ratified the Private Employment Agencies Convention, 1997 (No. 181), in June 2004 and has implemented a number of good practices, which are illustrated by existing laws and decisions of courts. Approving the draft decree giving effect to section 343 of Law 18.362 will help to close some of the gaps in implementation by: (1) defining the categories of workers and types of services for which private employment agencies may charge a fee under specific circumstances; (2) improving mechanisms concerning the application of sanctions to private employment agencies engaged in fraudulent practices and abuses, particularly with regard to migrant workers; and (3) promoting cooperation between public and private employment agencies, and compiling and disseminating data (ILO, 2015).

¹¹ Decree No. 707/008 of 2008.

ANNEX

MILESTONES IN THE INSTITUTIONAL EVOLUTION OF PUBLIC EMPLOYMENT SERVICES IN URUGUAY

1974	National Employment Service created ^{a/}
1981-1982	Unemployment insurance introduced ^{b/}
1992	National Employment Directorate (DINAE) created ^{c/}
2004	ILO Convention on Private Employment Agencies, 1997 (No. 181), ratified
2005-2006	National Strategy for Employment Promotion adopted ^{d/} Responsibility for active labour market programmes given to DINAE ^{e/} Public employment centres (CEPEs) created Labour Observatory established
2008	National Institute of Employment and Vocational Training (INEFOP) created ^{f/} Online job vacancy database implemented ^{g/} "Objetivo Empleo" programme created
2010-2011	Network of CEPEs revitalized Evaluation and monitoring system for CEPEs introduced "Objetivo Empleo" programme relaunched Youth Employment Law adopted ^{h/}
2012	Launch of revamped online job portal "Vía Trabajo"
2014	Internal reform of INEFOP begun

a/ Law No. 14312 of 10 Dec. 1974.

b/ Law No. 15.180 of 20 Aug. 1981 and Decree No. 14/82 of 1 Jan. 1982.

c/ Law No. 16.320 of Nov. 1992.

d/ This strategy considerably improved the alignment of employment policies and social protection schemes.

e/ Law No. 17.930 of Dec. 2005.

f/ Law No. 18.406 of 24 Oct. 2008.

g/ The online job vacancy database (Portal de Empleo) was neither linked to INEFOP nor able to perform automated job matching.

h/ Law No. 19.133 of Sep. 2013.

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