Employment policies to assist vulnerable groups and the recently unemployed

The Mexican Government reacted to the global economic crisis by adopting a series of employment and social policies designed to promote employment among the most vulnerable groups in society and the newly unemployed. These policies included extending the temporary employment programme to more beneficiaries, mainly to the most vulnerable groups of unemployed workers. As in other G20 countries, the staff levels of the public employment service were boosted to handle an increased number of registered jobseekers. Mexico has also strengthened its employment support programme for the unemployed and underemployed by offering them occupational orientation, technical assistance and information, training or economic support, depending on their specific needs and those of the labour market.

A temporary employment programme to assist vulnerable individuals

The Programa de Empleo Temporal (PET) was set up as a response to the so-called Tequila Crisis of 1994. It is a temporary employment programme that creates jobs in disadvantaged areas and in areas where natural disasters or other types of emergencies result in significant job losses. PET covers the salaries for a maximum period of six months of workers who participate in projects that benefit the community.1 The programme has been implemented through a range of projects administered by three government agencies:

- The Ministry of Social Development has used PET resources for projects to renovate public spaces, build sidewalks and pave streets, improve sanitation in schools, as well as for projects related to dengue and malaria prevention, among others.
- The Secretary of Communications and Transport has worked with PET beneficiaries in the reconstruction of rural and feeder roads.
- The Ministry of Environment and Natural Resources has used the programme to build fire breaks, clean up beaches, rivers and other bodies of water, remove trash and implement environmental awareness campaigns, among other activities.

In response to the recent economic crisis, PET’s operating rules were amended in 2009 to enable it to serve urban populations, and the period of support was extended to a maximum of 176 days (although the actual days worked are in general substantially lower). In addition, to better focus resources to support the unemployed, the Ministry of Labour and Social Welfare, which is responsible for labour policy, was given responsibility for the institutional coordination of PET through the National Employment Service (Servicio Nacional de Empleo, SNE).

PET’s budget rose from 1.5 billion pesos (MXN) in 2008 to MXN 2.2 billion (US$ 163 million) in 2009. By the end of 2009 it had increased again to MXN 2.46 billion. This allowed 729,616 people to participate in the programme, surpassing the original beneficiary target by 182 per cent (figure 1). In 2010 the budget rose by an additional 26 per cent to MXN 3.1 billion, which supported 985,123 unemployed people through the implementation of 22,692 community projects. The 35 per cent increase in beneficiaries resulted in an overshooting of the beneficiary target by 113 per cent. This was facilitated by the extension of the SNE to rural areas where PET had a presence.

In view of the recovery in economic activity and employment, a lower budget of MXN 2.69 billion was approved for 2011.

Although comprehensive evaluations of the PET are still limited, the programme is considered successful in terms of coverage and effectiveness. Many of its beneficiaries believe it has helped them improve their living conditions. This positive perception is a reflection of the considerable increase both in expenditure and in the number of beneficiaries.

A dynamic public employment service

Over the past few years, the SNE has expanded its portfolio of services to support people rendered un-
employed as a result of unforeseen events as diverse as the economic crisis, the drop in tourism due to the H1N1 virus and the damage caused by natural disasters.

In 2009 the Mexican Government made an effort to maintain the SNE’s budget at the same level as the previous year, which was already a historic high. By the end of the year, MXN 1.87 billion had been invested to help 896,000 people find jobs, preserve their current one or receive temporary placement in a project under PET. For 2010, the SNE budget was roughly unchanged at MXN 1.85 billion, which supported 988,000 people, the highest number of beneficiaries since the start of the SNE.

The number of jobseekers registered with the public employment services in Mexico increased by 80 per cent between 2007 and 2010 (figure 2). To respond to this rising demand, SNE staff levels were increased
by 22 per cent over those four years. Even though increased staffing mitigated the rise in individual caseloads compared with past crises, it did not prevent it altogether. The caseload rose by 47 per cent between 2007 and 2010. A major concern of the Mexican Government was to respond to the needs of the population in Ciudad Juárez to combat high levels of violence and crime. In 2010, SNE activities were diversified to give the population a key role in the “We are all Ciudad Juárez – Let’s rebuild the city” strategy, which was implemented in coordination between the local, regional and federal governments and the civil society.

With an investment of MXN 85 million, over 26,000 people benefited from the “Citizen Intervention Model”, which included various activities in the area of vocational and life-skills training for youth. It also generated job-creating community projects, provided training courses and strengthened links of the unemployed to the labour market.

It should also be added that the SNE played an important role following the closing of Luz y Fuerza del Centro, a company that employed more than 40,000 workers in the electrical industry. Thanks to the SNE, over 4,000 people found new jobs, another 8,000 received skills training to help them migrate to other employment areas and more than 7,400 had their skills reviewed and evaluated, of whom almost 3,000 were hired by the Federal Electricity Commission (Comisión Federal de Electricidad).

In 2009, the National Employment Service Evaluation System (Sistema de Evaluación del Servicio Nacional de Empleo) was created to provide extensive evaluations both on the quality and the impact of the SNE’s activities. Overall, the services offered have been positively rated. Best practices at the federal and state levels include quality management systems, client service through a one-stop shop, links with the private sector and the labour observatory. The labour observatory merits special attention because of its client orientation and because it offers detailed, updated and timely information, especially with respect to salaries, occupations and careers. However, a need for further improvements in the skills of SNE staff has been identified in order to strengthen private sector linkages, enhance the quality of labour market analysis and attention to companies and applicants, and to improve information systems, monitoring and evaluation of services.

Overall, the SNE has proved to be a very dynamic employment policy instrument able to adapt and to respond effectively to the increasing needs of the labour market, thus mitigating the impact of the global crisis on people and their livelihoods.

Matching employers with jobseekers

The Employment Support Programme (Programa de Apoyo al Empleo, PAE), introduced in 2002, aims to help address some of the difficulties faced in matching employers with jobseekers resulting from a lack of available candidates and job vacancies, insufficient resources to find or keep a job, start or strengthen a productive activity, and advertise job openings, and a lack of workers with appropriate skills.

In 2010, this programme was made up of five sub-programmes:

- **Grants for vocational training (Bécate):** A total of 228,373 people participated in this component in 2010, which consisted of 700 training courses. Out of that total number, 71.3 per cent were able to find and keep a job.
- **Self-employment:** This sub-programme provides equipment and tools to promote productive self-employment initiatives. In 2009, out of a total of 10,826 beneficiaries, 55 per cent were women and 45 per cent men. In 2010, 10,310 people found employment through this sub-programme.
- **Compensation for temporary employment:** It provides financial support to jobseekers while they are temporarily employed in social or community activities. From September to December 2009, while operating as a pilot programme, it provided temporary employment to 1,181 people. In 2010 it became a sub-programme of PAE and reached 9,981 beneficiaries – a placement rate of 100 per cent.
- **Internal labour mobility:** Financial support for the transfer of workers within the country to temporarily occupy positions in areas of high labour demand or in need of specialized profiles. In 2010 it treated 163,557 cases, placing 47.2 per cent in employment.
- **Repatriation of workers:** Financial support for jobseekers to return to their place of origin and look for employment. In 2010, there were 27,621 beneficiaries.

In sum, PAE treated nearly 440,000 cases in 2010, resulting in temporary employment, job placement or preservation of employment for over 261,000 people, or 59.4 per cent.

According to official evaluations, PAE has proved to be effective in reducing imbalances of the labour market, mitigating the negative impact of the economic fluctuations on individuals and households and generating conditions that promote employment creation and economic and social development.

**Challenges ahead – reforms for better and more productive jobs**

These initiatives have proved to be fairly successful in addressing the needs of the increasing numbers of unemployed workers and vulnerable households in Mexico. However, in order to ensure that employment opportunities go beyond the temporary jobs being offered under the PET, more general policies are needed to increase employment and productive opportunities. In addition, individuals and households with weak links with the labour market should be as-
sisted through cash transfer programmes, especially in times of crisis. In this context, the Government has put forward a proposal for a comprehensive labour reform. The reform is aimed at strengthening the role of public employment services and other active employment policies; promoting better work relationships, more favourable conditions and legal certainty to investors so as to boost the creation of better and more productive jobs; facilitating training; promoting gender equality; and protecting vulnerable groups.

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