

K1.2 Temporary public works programmes in Argentina: Lessons learned

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Argentina underwent a very serious economic crisis in the 1990s. In 1996 the Argentinian government launched short-term public employment programmes (*Trabajar*) that provided temporary income transfers mostly to the poor, who did not receive other social assistance. By 2002, the deepening of the financial crisis further exacerbated unemployment, increased poverty and generated social tensions. Thus a newer, larger-scale programme (*Jefes de Hogar*) was initiated.

Trabajar programme, 1996–2001

The *Trabajar* programme was born as part of a series of labour market reforms planned for the longer-term, but mainly as a reaction to the problem of rising poverty related to the increase in unemployment caused by the effects of the 1995–1996 recession. The unemployment rate was 17 per cent on average but 40 per cent among the poorest in the lowest income-decile. The *Trabajar* programme replaced an earlier programme, called *PIT*, which had been proclaimed unsuccessful. *Trabajar* provided six hours per day public works temporary employment to the members of poorer households not receiving unemployment benefit, training or other assistance, primarily in small-scale local development projects, which were also to the benefit of the poor.

Since the primary goal was poverty reduction, the main filter mechanism was low wage level. Evidence has shown that the choice of an appropriate wage level is a critical element of the design and targeting of public works programmes so that they actually reach the poorest. The wages in the *Trabajar* programme were later decreased, roughly to two thirds of the average wage earned by the poorest 10 per cent in the country, so that the programme was attractive to only those with low income per capita and not very good employment prospectives. Besides this self-selection mechanism, the programme applied regional development perspectives as well:

only municipalities of the poorest settlements and districts could apply to the project in order to ensure that the poor in these localities were provided with work opportunities.

Financed by the Argentinian government and supported later by the World Bank (financing approximately 15 per cent of the costs), the programme was implemented by the local and regional offices of the Employment and Social Affairs Ministry. The ministry compiled a “menu” from eligible projects, and provided a number of conditions, criteria and other instructions to the design, evaluation, selection and monitoring of projects. Eligible applicants were municipalities (66 per cent of total projects were run by them), civil organisations (15 per cent) and central agencies as well as private firms. The most important selection criterion was the disadvantaged situation of the region, but other factors, such as cost-effectiveness, social criteria as well as the administrative capacity of the implementer were also taken into account.

In the framework of the *Trabajar* programme typically smaller-scale (below 100 thousand dollars) construction and renovation projects were accomplished: renovation of smaller roads, bridges, dams, schools, health institutions, community centres and construction of social housing. These lasted 4–6 months on average and employed 20 to a maximum of 100 persons. There was great emphasis put on the involvement of implementers in decisions concerning the program, usage of well-defined selection criteria and continuously performed detailed monitoring. Part of the non-wage related project costs were financed by the participating municipalities themselves – but municipalities in disadvantaged regions received higher grants. Individual participants in *Trabajar* received health insurance and coverage for accidents while being in the programme.

The selection mechanism worked well, according to many international studies and credible impact

evaluations (*Jalan–Ravallion, 1999, Ravallion et al, 2001, Ronconi et al, 2006*) Trabajar has been one of the best targeted programmes¹ leading to considerable net income transfers: on average by 26 per cent, but in the case of the poor, it increased net income by 75 per cent. Due to the construction-type work far more males (cc. 80 per cent) than females worked in the programme, which created approximately 700 thousand jobs in 85 per cent of the country's settlements. Another frequently mentioned positive feature of Trabajar was its harmonisation with other programmes and systematic monitoring. At the same time, it must be noted that Trabajar offered only temporary employment that could mitigate but not solve the problem of rising unemployment. Later on, participating municipalities ran out of resources devoted to the measures, and especially after 1999, when the crisis intensified again, the program began shrinking for budgetary reasons and subsequently reached fewer participants.

Jefes de Hogar programme, 2002–2009

This programme was initiated as a quick response to evolving social problems in the name of “inclusive society”. It focused on unemployed heads of poor households by providing them with below minimum wage cash benefits for usually 4–6 months. One condition of entry was that participants enrol their children in schools and take them for certain medical checks. In addition, participants had to perform community work and/or participate in training for 4–6 hours per day. The main goal of this programme was not infrastructural development but the provision of community

services (community kitchen, handicrafts and other activities). Thus, the participation rate of women was above 70 per cent – much higher than in the *Trabajar* programme, and the local municipalities also assumed more important roles. In a short period of time, *Jefes* became a much larger programme than *Trabajar*. 15 per cent of the active labour force, i.e. two million people participated in it, which represented serious challenges in terms of expenditure, administration, fraud prevention and so on.

The *Jefes* programme was less progressive than *Trabajar*, yet it covered a large element of those in need and distributed the supports effectively. This although, is difficult to evaluate, since beside the 50 per cent unregistered employment, the government did not possess accurate income statistics of the poor (*Ronconi et al, 2006*). Extended with new elements, the programme provided useful community services and social infrastructure. Participants were categorised based on their chances of re-employment and long term needs for social support. Different programme modules (training, completion of education, local job placement, public works positions in services) were combined for these different groups. In each case, the programme prescribed that participants' children should also be beneficiaries of health and education services.

One of the main flaws of the programme was that it tried to find solutions for two problems – poverty and unemployment – at the same time. Furthermore, the very diverse local capacities also impeded programme implementation (inaccurate registers, ill-coordinated work conditions, difficulties of personal counselling, etc.). There are several methodologically adequate evaluations concerning the programme. According to the analysis of *Galasso–Ravallion (2004)*, many people entered the programme who did not fulfil eligibility conditions, while some of the really poor were excluded. Nevertheless, the programme decreased aggregate unemployment, and in its first years, the existence of the programme saved about 10 per cent of the participants from sliding into extreme poverty. *Ronconi et al (2006)* followed participants of the *Jefes* pro-

¹ Among others, *Ravallion et al (2001)* analysed the impact of Trabajar in a way that compared the subsequent income of those who exited the programme (involuntarily) with those who stayed in, as well as with a control group of non-participants. According to the study, those who exited suffered from high initial income loss in comparison to those who stayed in, as well as in comparison to the control group. The study though does not address the subsequent employment episodes of those who exited.

gramme for two years in a rolling panel evaluation. Relying on the difference in difference method, the authors found short-term positive effects on the rise of income and therefore, on the decrease of poverty, but in the long-term they also observed some negative effects. Most of the participants were identified with very low productivity rates, and the selection mechanism was inefficient (many non-eligible individuals became beneficiaries, and many could stay in repeatedly for long periods), which raised

issues about undue political influence. The evaluation also questioned the programme's effects on growth, as household consumption did not increase in the long-term. Moreover, a certain programme dependency had also developed. In relation to this, the authors raise some political economy considerations, according to which the votes of the 2 million participants dependent to such an extent on the programme naturally mattered for those politicians running it.