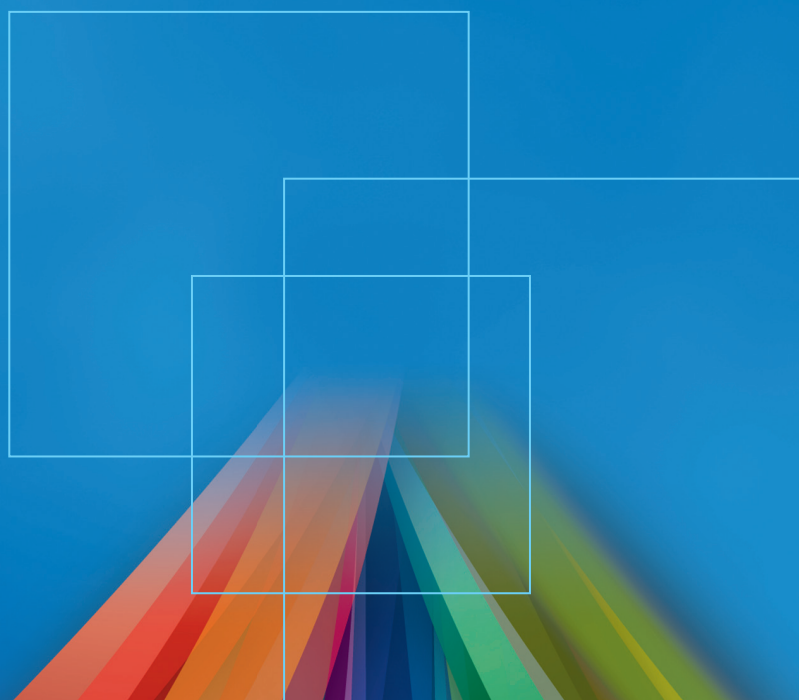




International
Labour
Organization

Global Jobs Pact Country Scan

Argentina



International Labour Organization

**Global Jobs Pact Country Scan,
Argentina**

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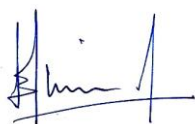
Foreword

Leaders of governments, workers and employers adopted the Global Jobs Pact at the International Labour Conference in June 2009 as a portfolio of tried and tested policies that put employment and social protection at the centre of crisis response. It is based on the International Labour Office (ILO) Decent Work Agenda and commitments made by the ILO constituents in the 2008 Declaration on Social Justice for a Fair Globalization. The Global Jobs Pact addresses the social impact of the global crisis on employment, and proposes policies aimed at job creation, extending social protection, respecting labour standards and promoting social dialogue, for countries to adapt according to their national needs. Support for the Pact continues to grow with endorsement from, among others, the United Nations General Assembly and the Group of Twenty (G-20) States. The International Labour Office is providing technical support to its constituents who decided to apply policies included in the Pact to national contexts. Following a request from the Government of Argentina, the ILO has been working with local constituents to support their application of the Global Jobs Pact.

The Global Jobs Pact Country Scan for Argentina was prepared by the ILO and made available to Argentine constituents as an input into their national policy dialogue. The work was undertaken as part of the Director General's Special Office Arrangements to support constituents to give effect to the Global Jobs Pact. Specifically, this work relates to special assignment concerned with "Ensuring sound and integrated technical support to the operational response to constituents in countries wanting to apply Global Jobs Pact's policies" coordinated by José Manuel Salazar-Xirinachs, Executive Director of the Employment Sector. It examines the country situation and policy responses, using the Pact as an integrated framework of analysis. The structure of the Scan is based on the Global Jobs Pact. Thus, it truly reflects the information that policy-makers from the Government, as well as the employers' and workers' organizations, need in order to respond effectively to the crisis and prepare policies that accelerate a job rich recovery. The draft Scan was presented to constituents for comments and feedback at various occasions. The constituents provided invaluable information, which was not available elsewhere. We thank them for their enriching contributions that were used for finalizing the Scan.

This document was prepared by the ILO Country Office for Argentina and led by its Director, Marcelo Castro Fox, with the coordination of Fabio Bertranou, Senior Labour Market and Social Security Specialist, and the collaboration of Luis Casanova, Global Jobs Pact Coordinator in Argentina. Inputs were provided by colleagues at headquarters, coordinated by Mito Tsukamoto, Senior Specialist of the Employment Intensive Investment Programme, as well as the Decent Work Team at the Country Office for the South Cone of Latin America with headquarters in Santiago, Chile. Valuable inputs were also provided by members of the Tripartite Decent Work Agenda Monitoring Group of Argentina.

We hope this document will be a useful contribution to policy dialogue in Argentina.



Elizabeth TINOCO ACEVEDO
Regional Director



Executive Director,
Standards and Fundamental Principles
and Rights at Work

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List of abbreviations

ADC	Andean Development Corporation
ADEBA	Asociación de Bancos de la Argentina [Association of Argentine Private Banks]
AFIP	Administración Federal de Ingresos Públicos [Federal Administration of Public Revenues]
ANSES	Administración Nacional de la Seguridad Social [National Social Security Administration]
ARS\$	Argentine pesos
AUH	Asignación Universal por Hijo [Universal Child Allowance]
BCRA	Banco Central de la República Argentina [Central Bank of the Argentine Republic]
BNA	Banco de la Nación Argentina [Bank of the Argentine Nation]
CAC	Cámara Argentina de la Construcción [Argentine Chamber of Construction]
CAT	Clave de Alta Temprana [initial recruitment code]
CEA	Proyecto Apoyo a la Consolidación y Mejora de la Calidad del Empleo en la Argentina [Support Project for the Consolidation and Improvement of Employment Quality in Argentina]
CENDA	Centro de Estudios para el Desarrollo Argentino [Study Centre for Argentine Development]
CONAETI	Comisión Nacional para la Prevención y Erradicación del Trabajo Infantil [National Commission for the Prevention and Eradication of Child Labour]
COPRETI	Comisión Provincial para la Prevención y Erradicación del Trabajo Infantil [Provincial Commission for the Prevention and Eradication of Child Labour]
CPI	Consumer price index
CTIO	Comisión tripartita de igualdad de trato y oportunidades entre varones y mujeres en el mundo laboral [Tripartite Commission on Equality of Opportunities between Men and Women in the World of Work]
DWCP	Decent Work Country Programme
EANNA	Encuesta de actividades de niños, niñas y adolescentes [Children's and Adolescents' Activity Survey]
EMI	Estimador mensual industrial [monthly industrial activity estimator]
EPH	Encuesta permanente de hogares [Permanent Household Survey]

FGS	Fondo de Garantía de Sustentabilidad [Sustainability Guarantee Fund]
FOGAPyME	Fondo de Garantía para las PyME [Guarantee Fund for Small and Medium-sized Enterprises]
FONARSEC	Fondo argentino sectorial [Sectoral Argentine Fund]
FONINVEMEN	Fondo para inversiones necesarias que permitan incrementar la oferta eléctrica en el mercado eléctrico mayorista [Fund for necessary investments to increase the electricity supply in the wholesale electricity market]
FONSOFT	Fondo fiduciario de promoción de la industria del <i>software</i> [Trust Fund for the Promotion of the Software Industry]
FONTAR	Fondo tecnológico argentino [Argentine Technology Fund]
GBA	Greater Buenos Aires
GDFI	Gross Domestic Fixed Investment
GDP	Gross domestic product
IBRD	International Bank for Reconstruction and Development
IDB	Inter-American Development Bank
ILO	International Labour Office
INAES	Instituto Nacional de Asociativismo y Economía Social [National Institute of Partnerships and Social Economy]
INDEC	Instituto Nacional de Estadística y Censos [National Institute of Statistics and Censuses]
INTA	Instituto Nacional de Tecnología Agropecuaria [National Institute of Agricultural Technology]
INTI	Instituto Nacional de Tecnología Industrial [National Institute of Industrial Technology]
JMyMT	Jóvenes con Más y Mejor Trabajo [More and Better Jobs for Youth]
LEBACs	Letras del Banco Central [short-term papers issued by the Central Bank]
MED	Mercados eléctricos dispersos [dispersed electricity markets]
MGS	Mutual guarantee scheme
MTEySS	Ministerio de Trabajo, Empleo y Seguridad Social [Ministry of Labour, Employment and Social Security]
NOBACs	Notas del Banco Central [medium-term papers issued by the Central Bank]
NWA	Northwest Argentina

OTIA	Observatorio de Trabajo Infantil y Adolescente [Child and Adolescent Labour Observatory]
PACC	Programa de acceso al crédito y la competitividad [Credit and Competitiveness Access Programme]
PEA	Pequeñas Empresas Autogestionadas por los trabajadores [Worker-managed Small Enterprises]
PERMER	Proyecto de energías renovables en mercados rurales [Renewable Energy Project in Rural Markets]
PFIS	Plan Familias por la Inclusión Social [Families for Social Inclusion Plan]
PIL	Programa de inserción laboral [Employment Participation Programme]
PJyJHD	Plan Jefas y Jefes de Hogar Desocupados [Unemployed Heads of Household Programme]
PNRT	Plan Nacional de Regularización del Trabajo [National Work Regularization Plan]
pp	Percentage point
PPC	Procedimiento Preventivo de Crisis [Crisis Prevention Procedure]
PRODEAR	Programa de Desarrollo de Áreas Rurales [Rural Areas Development Programme]
PRODER	Programa para el desarrollo regional y sectorial [Programme for Regional and Sectoral Development]
PRODERNOA	Proyecto de Desarrollo Rural de las Provincias del Noroeste Argentino [North Western Rural Development Project]
PRODERPA	Proyecto de Desarrollo Rural Patagonia [Patagonia Rural Development Project]
PROFEDER	Programa federal de apoyo al desarrollo rural sustentable [Federal Programme for Sustainable Rural Development]
PROINDER	Proyecto de desarrollo de pequeños productores agropecuarios [Small Farmer Development Project]
REPRO	Programa de Recuperación Productiva [Productive Recovery Programme]
SCyE	Seguro de Capacitación y Empleo [Training and Employment Insurance]
SIPA	Sistema Integrado Previsional Argentino [Argentine Integrated Pension System]
SME	Small and medium-sized enterprise
SMVM	Salario Mínimo Vital y Móvil [Adjustable Minimum Living Wage]

UIA	Unión Industrial Argentina [Argentine Industrial Union]
UOCRA	Unión Obrera de la Construcción de la República Argentina [Argentinean Building Workers Union]
US\$	United States dollar
VAT	Value added tax

Introduction

The impact of the international financial and economic crisis placed countries in a situation of growing unemployment and deterioration of most social indicators. As a response, the 98th Session of the International Labour Conference in June 2009 unanimously adopted the Global Jobs Pact, which addresses the social and employment impacts of the crisis. The aim of the Global Jobs Pact is to provide an internationally agreed basis for policy-making designed to shorten the time lag between an economic recovery and a recovery with decent work opportunities. Countries may adopt this balanced and realistic set of policy measures, according to their circumstances and priorities, in order to strengthen their ongoing efforts to address the crisis while pursuing economic, social and environmental sustainability.

The Global Jobs Pact includes a set of actions based on decent work, which contains policy options aiming at: accelerating employment creation, jobs recovery and sustaining enterprises; building social protection systems and protecting people; strengthening respect for international labour standards; promoting environmentally sustainable development including green jobs creation; and enhancing social dialogue (bargaining collectively, identifying priorities and stimulating action). Additionally, these four strategic objectives of the Pact are not only regarded as an effective crisis response and recovery strategy, but also as a new framework for economic and social development characterized by employment-based and income-driven equitable growth. For the above reasons, the Global Jobs Pact acknowledges the need to pave “The Way Forward: Shaping a Fair and Sustainable Globalization”.

In 2010, steps were agreed for the implementation of the Global Jobs Pact in Argentina. The first phase requires the preparation of a Global Jobs Pact Country Scan document by the International Labour Organization (ILO) Country Office for Argentina, describing the country’s situation and the policy responses to be provided based on the Pact. The final document will then be used as input to the subsequent implementation phases (ILO, 2010a). It should be noted that, from the beginning, there was a tripartite agreement among members of the Decent Work Agenda Monitoring Group of Argentina (2008–2011) on the inclusion of the Global Jobs Pact as a key component of the Decent Work Agenda. Thus, both management instruments were strengthened in the agenda.

The Global Jobs Pact Country Scan document has two objectives: first, to describe the impact of the global financial crisis on Argentina from the second half of 2008 onwards by analysing its impact on relevant macroeconomic variables, on employment and on social protection; and second, to review public policy responses adopted in all areas covered by the Pact.

Foreign trade in Argentina was mainly hit by the international crisis comprising both a slowdown in foreign demand and a temporary drop in commodity prices. The decline of exports and investments caused a sharp decline in economic growth in 2009. However,

based on macroeconomic indicators, it could be said that the recession experienced during the second and third quarters of 2009 came to an end in 2010, as the economy re-entered a phase of high economic growth.

The economic downturn seems to have had only mild effects on the labour market, compared to the situation during previous crises. The employment rate suffered a contraction during the first two quarters of 2009, reaching a balance during the third quarter and progressive growth from the last quarter of that year onwards. However, a slowdown in the pace of employment creation could already be observed in the economy, even before the effects of the international crisis could be felt. The new economic growth context since 2010 raises the question as to whether average employment-product elasticity will be similar to or below that experienced before the crisis.

An encouraging fact during the crisis was that labour institutions continued to work in Argentina, promoting active policy measures to recover minimum and average wages, within the context of collective bargaining. In addition, policies and programmes aimed at sustaining employment and protecting the income of families in vulnerable sectors were strengthened. This helped to minimize the impact of the economic crisis on formal employment loss, while setting priorities on resource allocation to families with children or with little social protection. Accordingly, a massive social security extension policy – the Universal Child Allowance (AUH) – was developed as a response to the global crisis and the structural deficits suffered by families with children in the informal economy. This policy largely contributes to shortening the gaps in coverage in households with children and adolescents, and is also expected to produce major positive effects on the levels of extreme poverty of these households.

It should be highlighted that a review of the policies and programmes implemented or extended during the 2008–2009 crisis must take into account the actions developed during the deep crisis that hit Argentina in 2001–2002. Ignoring the reasons leading to the national crisis suffered at the beginning of the millennium, the changes in public policies, and the growth strategy of the last decade, would limit the understanding of the actions taken in 2008–2009, as it should be recognized that there was some considerable accumulated experience on how to deal with the adverse consequences of an economic crisis.

This report is organized in three parts, according to the guidelines set by the ILO (2010a). The first part, “Overview of the crisis impact on decent work in Argentina”, provides an evidence-based overview of the impact of the crisis on the economy, on employment and on the labour market. The second part, entitled “Crisis response and recovery policies”, provides detailed and systematic information on crisis response and recovery policies. Finally, the third part provides general guidelines on how the policies adopted may contribute to “Shaping a fair and sustainable globalization”.

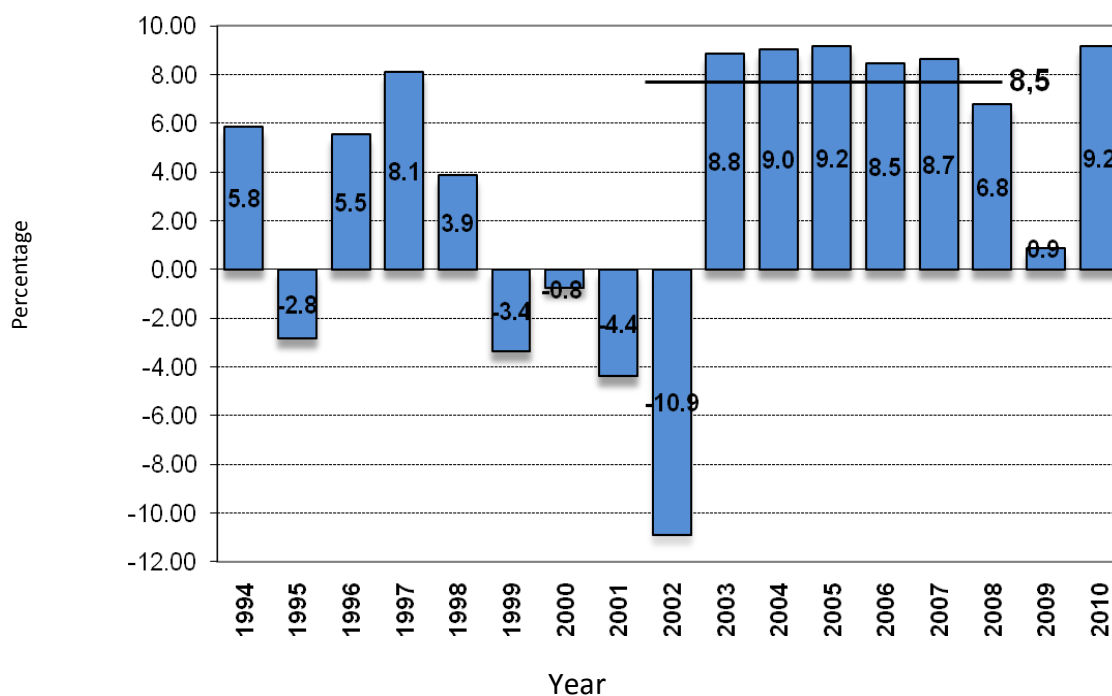
PART A. Overview of the impact of the crisis on decent work in Argentina

1. Impact on major macroeconomic variables

1.1 Growth

Activity levels experienced a sharp slowdown as a result of the international crisis between 2008 and 2009, as opposed to the sustained growth path observed between 2003 and 2008. Indeed, after the collapse of the currency board arrangement with the US dollar in 2002, the country began to grow at an average rate of 8.5 per cent (see Figure 1.1), while in 2009 the gross domestic product (GDP) only increased by 0.9 per cent. Subsequently, the recovery observed towards the end of 2009 finally consolidated in 2010, when the growth rate reached 9.2 per cent.

**Figure 1.1 Annual GDP growth rate, 1994–2010
(in 1993 constant prices)**



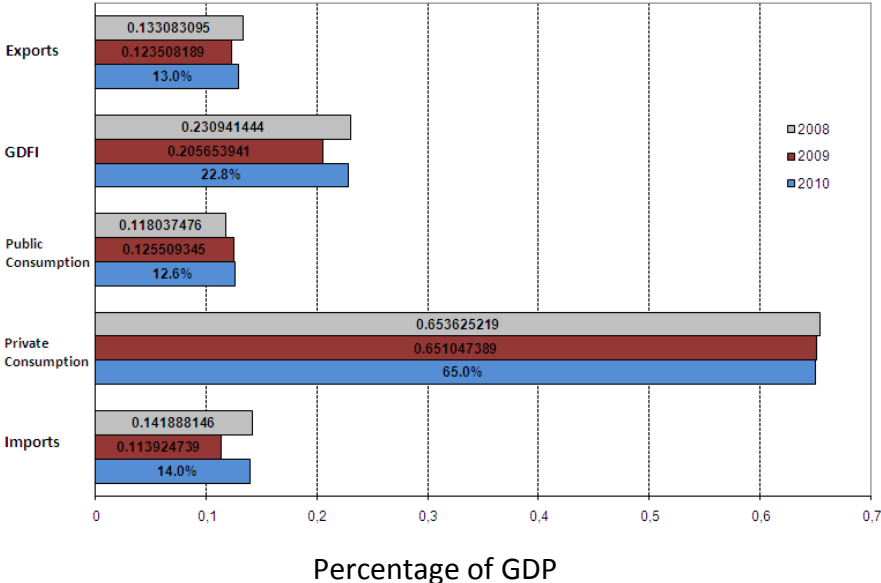
Source: Prepared by the author based on data provided by the National Institute of Statistics and Censuses (INDEC).

The most affected components of global demand were gross domestic fixed investment (GDFI) and exports. At around 21 per cent of GDP, GDFI was showing a 10 per cent drop compared to 2008 (see Figure 1.2). Of the GDFI components, investment in durable production equipment decreased even more – by around 20 per cent – while investment in construction dropped almost 4 per cent. Furthermore, the decline in exports was due both to a slowdown in foreign demand and a downward effect on commodity prices. Similarly, the slowdown in growth appears to have had a strong impact on imports, as they decreased by 19 per cent compared to 2008. While exports experienced a milder

negative evolution, trade surplus increased. As for private consumption, it remained relatively stable while public consumption showed greater dynamism (with an increase of 7 per cent).

In 2010, recovery was mostly felt in GDFI and exports (21.1 per cent and 14.6 per cent year-on-year, respectively). At the same time, public and private consumption growth rates were less than 10 per cent.

**Figure 1.2 Aggregate demand components, 2008–2010
(% of GDP)**



Source: Prepared by the author based on data provided by INDEC.

1.2 Public finance

As for public sector financing, the decline in foreign trade and the weakening of domestic demand had a negative impact on tax collection. As a result, some positive increases in taxes slowed down, and even produced a drop in absolute values, e.g. taxation on international transactions (see Figure 1.3).

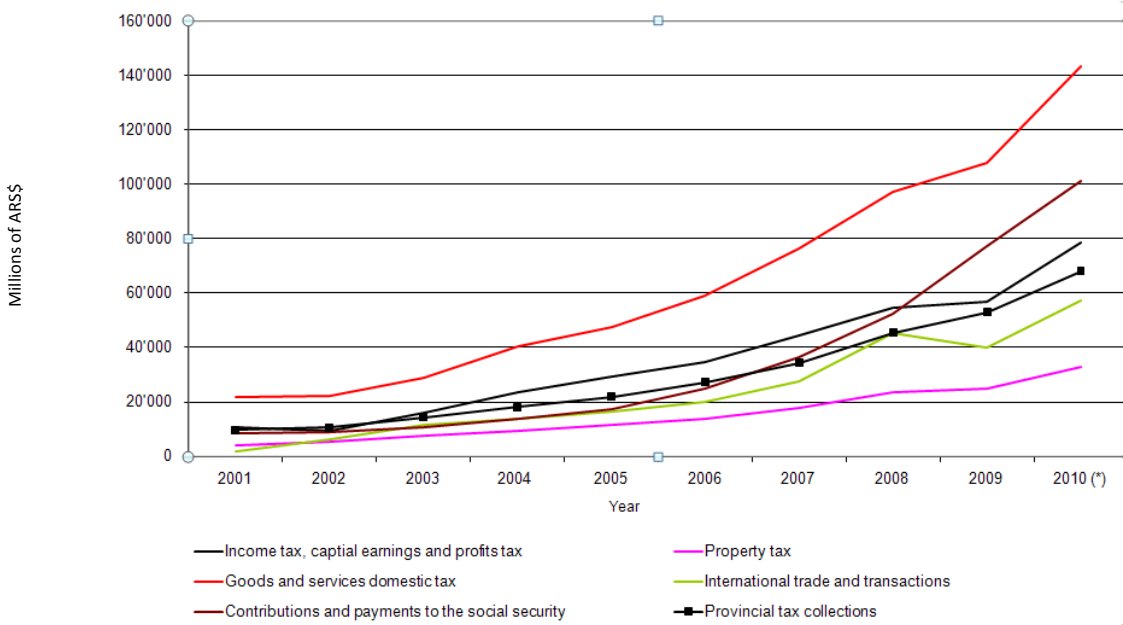
However, this decrease in the amount of resources was offset by new resources available to the Government, which derived from the unification of the pension system through the pay-as-you-go public scheme, which was put in place in 2008. This led to an expansion of the fiscal space, which, together with other policy measures, facilitated the granting of credits to the productive sectors most hit by the crisis, and contributed to the National Treasury by placing short-term public debt instruments.

Despite this, there has been an increasing trend in tax collection in relation to GDP, with an increase from 20 per cent in 2002 to 34 per cent in 2010 (see Figure 1.4). This is mainly explained by increases in taxes for foreign trade (associated with export restrictions), and

the collection of social security contributions and payments, as a result of rising levels of employment with social security coverage. Moreover, there has been a considerable increase in domestic tax collection on goods and services, capital income, earnings and profits, and property. Regarding the second and third concepts, the increase in tax burden can be explained, to a large extent, by an income increase deriving from corporate tax collection and taxes applied to current account credits and debits, respectively.

Greater tax burden has contributed to the expansion of fiscal space, thus promoting a more expansive fiscal policy capable of dealing with the impact of the world crisis.

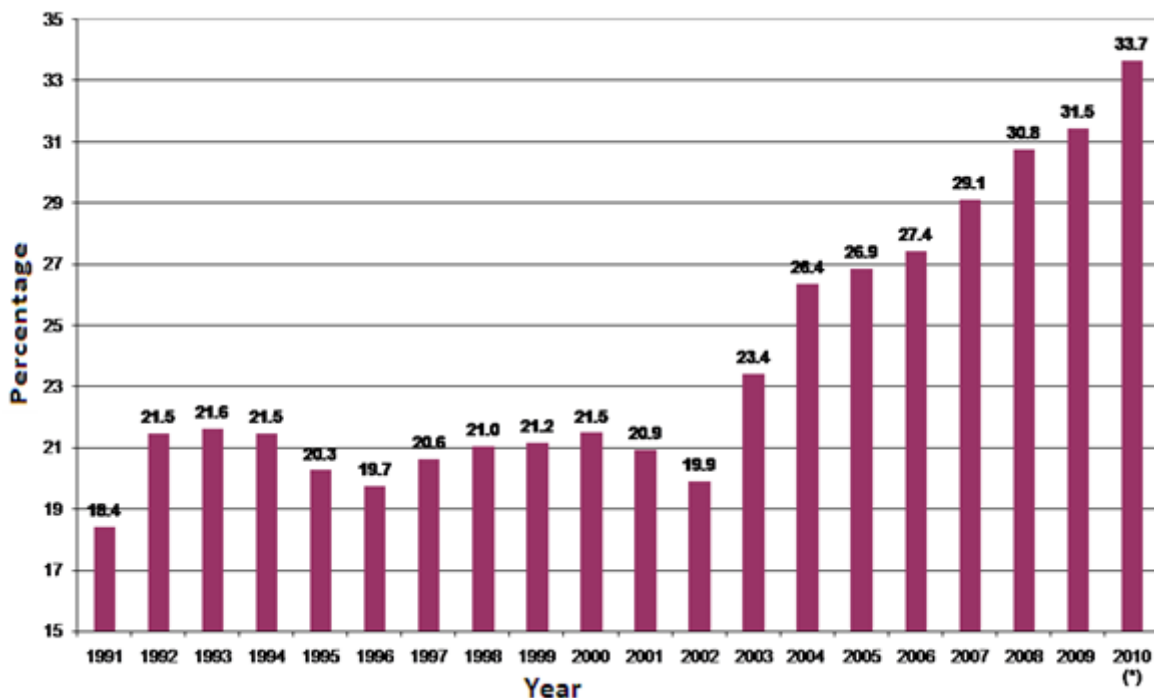
Figure 1.3 Nominal tax collection, national and provincial taxes, 2001–2010 (millions of ARS\$)



* Provisional figure.

Source: Prepared by the author based on data provided by the National Office of Tax Research and Analysis, Secretariat of Finance, Ministry of Economy.

Figure 1.4 Tax burden: annual tax collection percentage of national and provincial governments in relation to GDP, 1991–2010



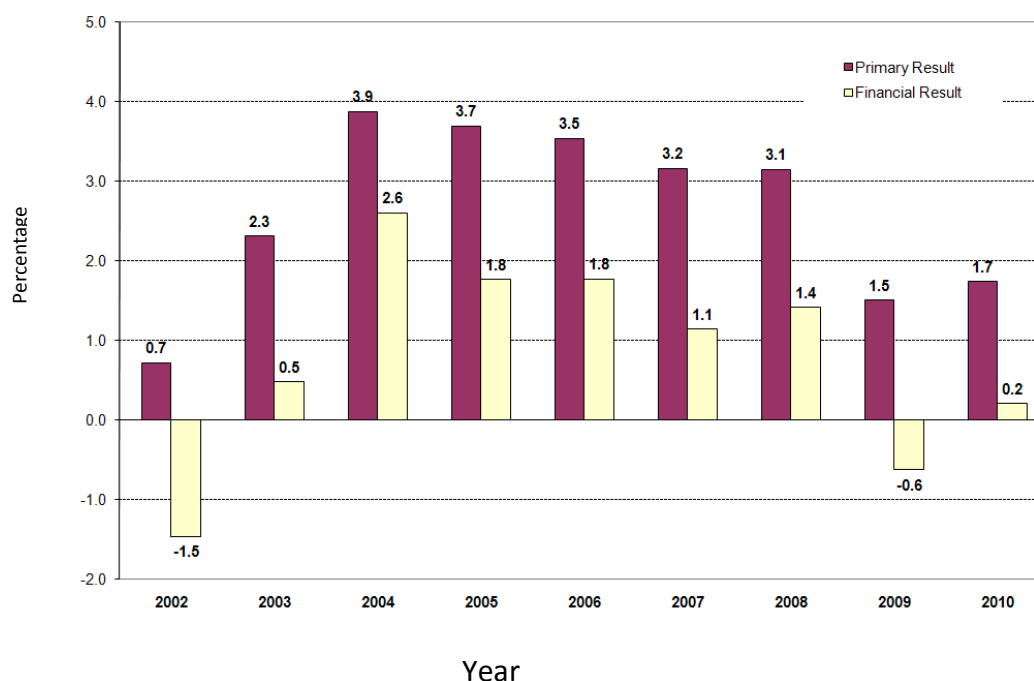
* Provisional figure.

Source: Prepared by the author based on data provided by the National Office of Tax Research and Analysis, Secretariat of Finance, Ministry of Economy.

However, despite the new state funding source and the increase in tax burden, public accounts deteriorated as a result of substantial growth in spending. Indeed, between 2008 and 2009, primary spending rose from 18.1 per cent to 21.2 per cent of GDP, while national public sector primary surplus fell from 3.1 per cent of GDP in 2008, to 1.5 per cent of GDP in 2009, thus causing – for the first time since 2002 – a financial deficit of 0.6 per cent of GDP (see Figure 1.5).

In 2010, the non-financial national public sector achieved a financial surplus of 0.2 per cent of GDP, while primary surplus reached 1.7 per cent of GDP.

**Figure 1.5 Primary and financial results of the non-financial national public sector, 2002–2010
(% of GDP)**



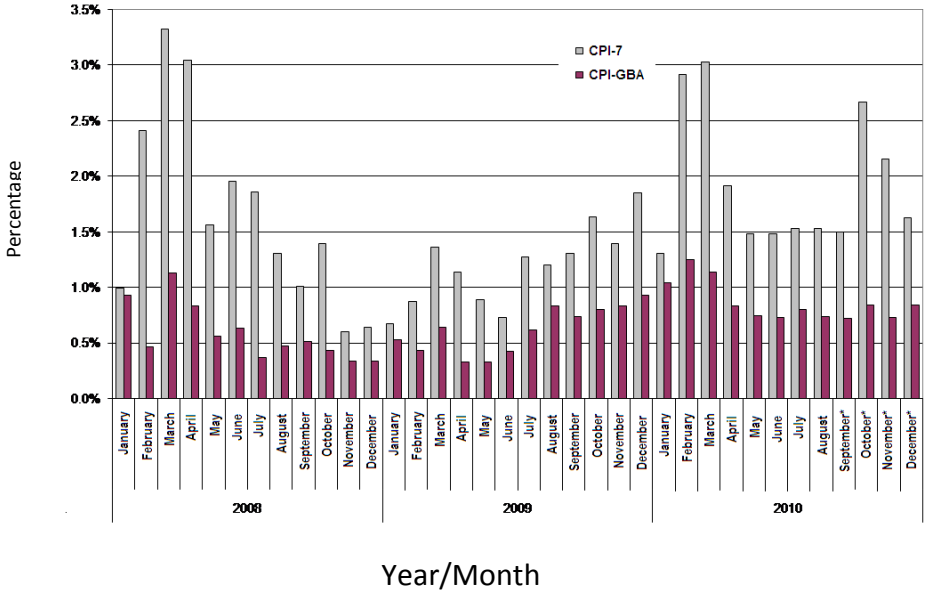
Source: Prepared by the author based on data provided by the Ministry of Economy and INDEC.

1.3 Inflation

With less dynamism in the economy, average inflation rates in 2009 were lower than those in 2008. According to the Consumer Price Index for Greater Buenos Aires (CPI-GBA), prices showed a positive variation of 6.3 per cent in 2009, while the National Institute of Statistics and Censuses (INDEC) reported an inflation rate of 8.6 per cent during the previous year. A Consumer price index (CPI) report based on data from seven provinces (CPI-7) showed higher figures (15 per cent in 2009 and 26.4 per cent in 2008), and although there was a deceleration in the growth of prices during 2009 compared to the previous year (see Figure 1.6), it accelerated in 2010.

The ongoing increase in price levels since late 2006 is due to a combination of rising international prices in main agriculture and energy commodities; increases in public service fees – after several years of frozen fees; and pressure on supply caused by the sustained rise in aggregate demand.

Figure 1.6 Variation in monthly rates of CPI-GBA¹ and CPI-7^{2,3}, 2008–2010



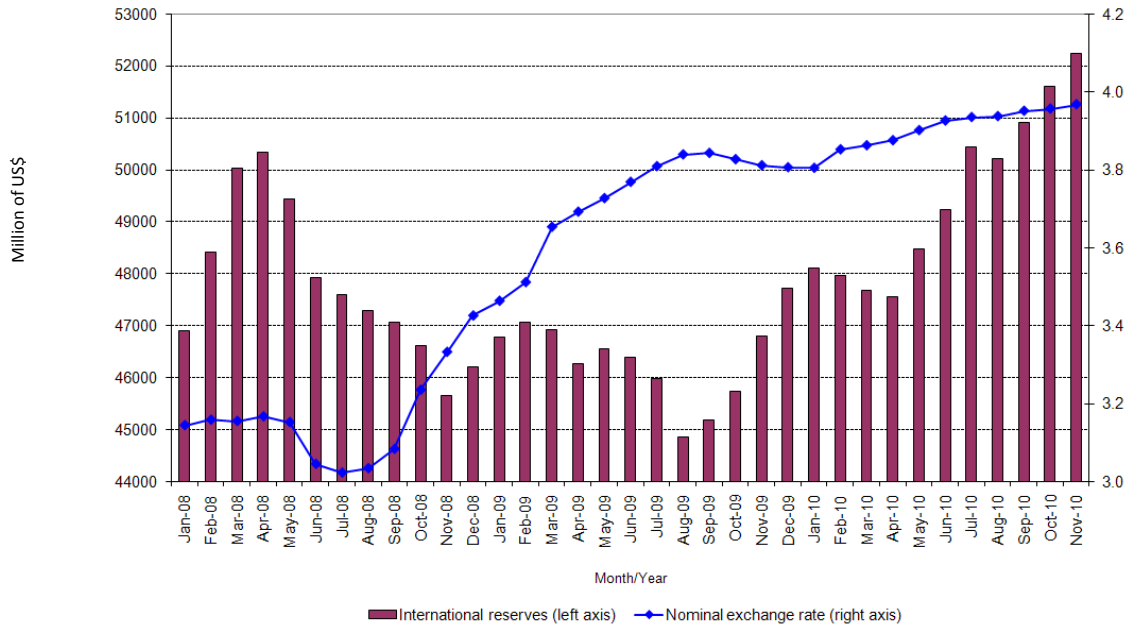
¹ Consumer Price Index for Greater Buenos Aires; ² Consumer price index for seven provinces; ³ CPI-7 data is provisional.

Source: Prepared by the author based on data provided by INDEC and the Study Centre for Argentine Development (CENDA).

1.4 Financial sector and monetary policy

Between mid-2007 and 2008, there was considerable growth in external assets of the non-financial private sector. The reduction observed particularly during the second half of 2009 seems to have been linked both to the international recovery and improved domestic financial solvency. Indeed, towards the end of that year, external asset formation showed negative values.

Figure 1.7 Central Bank international reserves (millions of US dollars) and nominal exchange rate (ARS\$/US\$), January 2008–November 2010

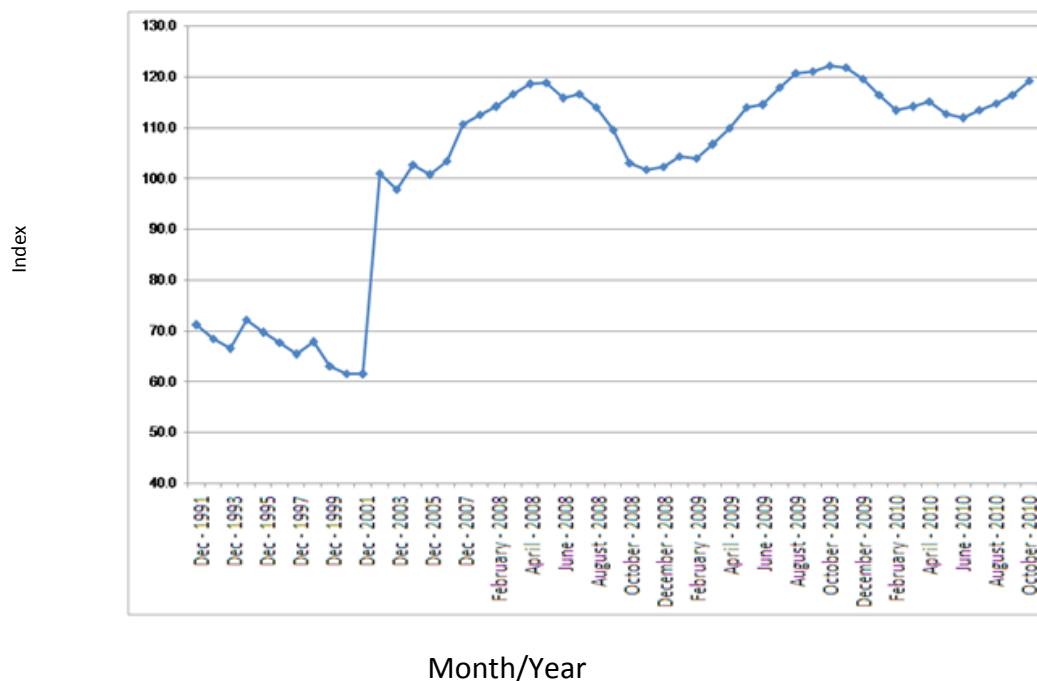


Source: Prepared by the author based on data provided by the Central Bank of the Argentine Republic (BCRA).

Despite considerable private capital outflows, the impact on the banking and exchange systems was not major. In fact, the Central Bank of the Argentine Republic (BCRA) was able to accumulate reserves during 2009 and 2010 while the exchange rate did not show sharp variations (see Figure 1.7).

Shifts in the nominal exchange rate during the period when the effects of the crisis were more strongly felt in the country (the last quarter of 2008 and in late 2009), together with a relative currency appreciation of Argentina’s main trading partners, contributed to the avoidance of real exchange rate appreciation.

**Figure 1.8 Multilateral real exchange rate, December 1991–October 2010
(index base 2005 = 100)**



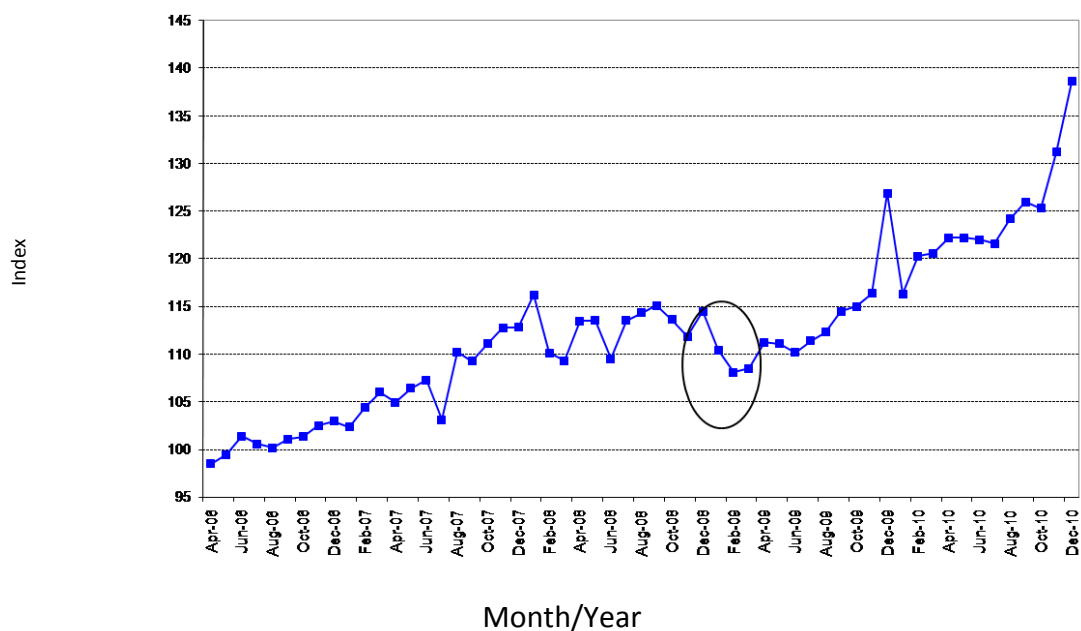
Source: Prepared by the author based on data provided by the International Economy Centre, Ministry of Foreign Affairs, International Trade and Worship.

2. Impact on the real economy

During 2009, goods-producing sectors suffered a strong contraction, with a downturn of 3.5 per cent. This was mainly due to a decline both in the agricultural sector (-15.8 per cent) – as a result not only of the international context but also of unfavourable climate conditions leading to a severe drought – and in the construction sector (-3.8 per cent). Manufacturing activities were also hit by the crisis, showing a negative variation of 0.5 per cent. Although the services sector underwent a slowdown in its growth pace, it also increased by 3.2 per cent.

According to the monthly industrial activity estimator (EMI), the impact of the crisis on the manufacturing industry appears to have taken place towards the end of 2008 and the beginning of 2009 (see Figure 2.1). This was mostly reflected in the metal and mechanical industries, while the chemical, food and paper sectors managed to grow despite the unfavourable context.

Figure 2.1 Seasonally adjusted monthly industrial activity estimator, April 2008–December 2010 (index base 2006 = 100)



Source: Prepared by the author based on data provided by INDEC.

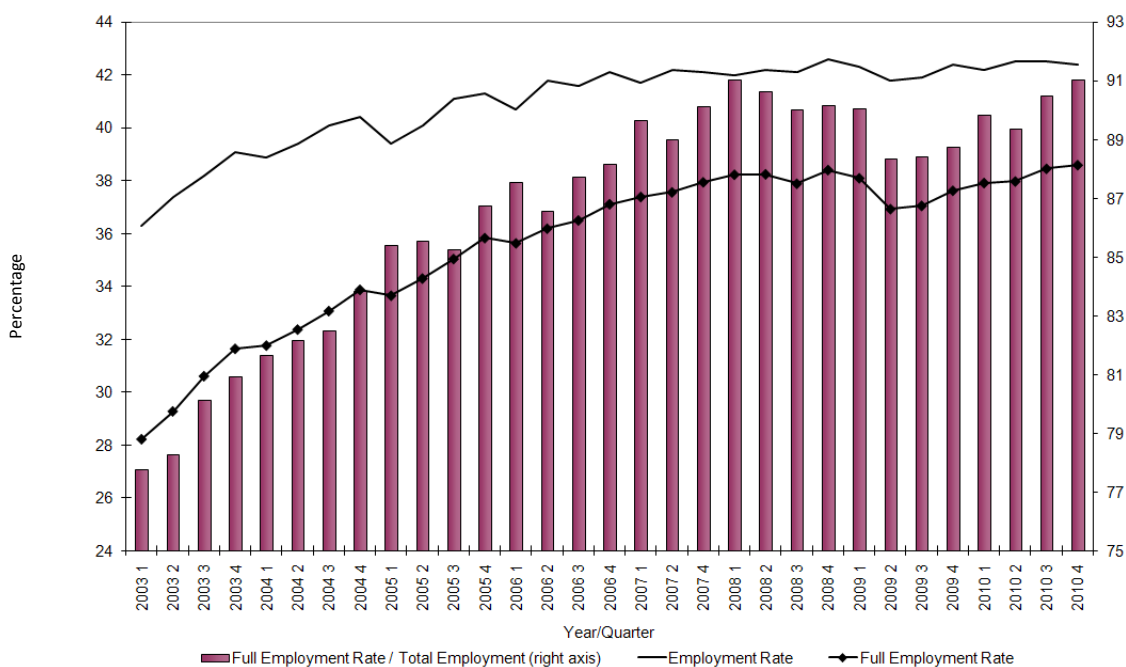
3. Impact on the labour market and employment

The crisis seems to have only produced mild effects on the labour market, compared to the situation suffered by the country during previous crises.

There was a contraction in the employment rate during the first two quarters of 2009, followed by a balance during the third quarter and a progressive growth from the last quarter of that year onwards. Adjustments due to the fall in aggregate demand during the crisis seem to have also influenced the number of hours worked, as full employment showed a more significant decrease than total employment (see Figure 3.1). In fact, while total employment decreased by 0.7 percentage points (pp) between the fourth quarter of 2008 and the third quarter of 2009, full employment decreased by 1.4 pp, which explains why recovery in total employment seems to have been greater than in full employment.

Employment reduction in 2009 also showed some gender disparity. Male full employment rate fell by 2.3 pp between the first and third quarter of 2009, recovering 1.6 pp between the fourth quarter of 2009 and the second quarter of 2010, while female full employment rate fell by 1.0 pp and only recovered 0.3 pp during the same periods.

Figure 3.1 Quarterly urban employment and full employment rate, 2003–2010



Source: Prepared by the author based on data provided by INDEC.

The economy’s ability to create employment began to slow down even before the effects of the international crisis became evident. In effect, as from the second half of 2007, there was a relative standstill in the employment rate, which continued until the end of the following year, when the impact of the crisis caused a direct decline in the rate. In fact, during the second quarter of 2007 the employment rate (42.4 per cent) was very similar to that registered during the same period three years later (42.5 per cent).

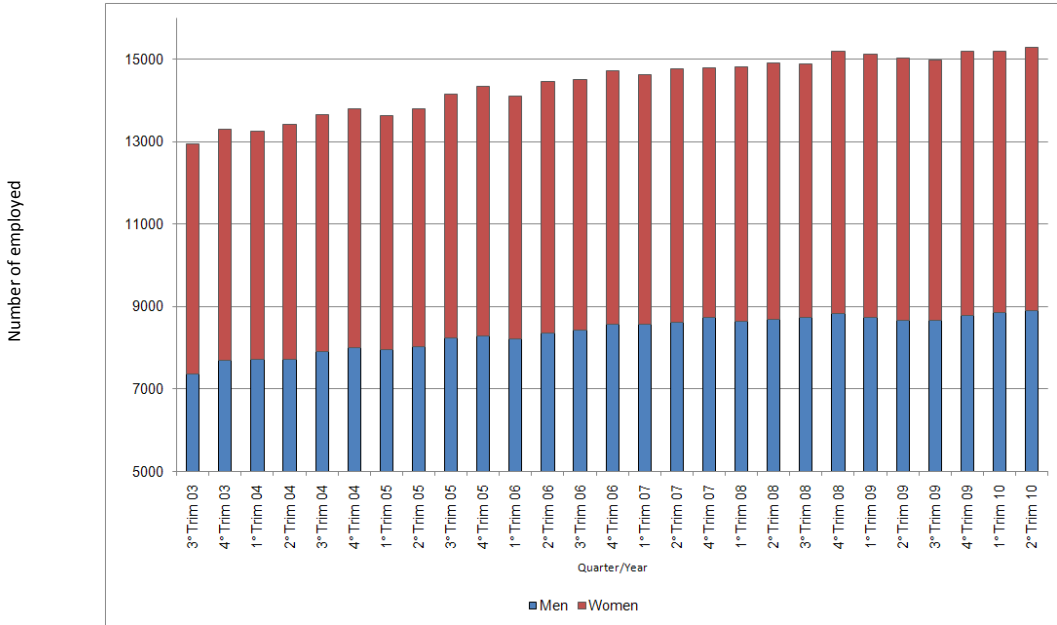
The number of employed people in urban areas rose by 18.2 per cent between the third quarter of 2003 and the second quarter of 2010, with a higher rate for the adult population and men. Between the fourth quarter of 2008 and the third quarter of 2009, the number of employed people decreased by 198,000, with a distribution of 74 per cent for men and 26 per cent for women. This gender distribution is different from the distribution of positions occupied, which suggests that men represented, on average, around 60 per cent of total employed people in the last few years.

Additionally, the decline in total urban employment shows a marked heterogeneity among age groups. Between the fourth quarter of 2008 and the third quarter of 2009, the number of employed people aged 25–34 increased by 98,000; however, the number of employed people aged 24 or under and people aged 50–59 decreased by 218,000.

An analysis of the evolution of jobs with social security coverage (see Figure 3.2) shows that after a continued period of growth between the fourth quarter of 2002 and 2008,

when approximately three million new formal jobs were created, around 180,000 formal jobs were lost overall during the first two quarters of 2009 (that is, 2.5 per cent of the initial 'stock'). The impact on the private sector seems to have been slightly stronger, as contraction continued for another quarter, producing a total net loss of 200,000 jobs.

Figure 3.2 Number of employed in the urban population¹, by quarter, 2003–2010 (in thousands)



¹ Data expanded to the total urban population of the country.

Source: Prepared by the author based on data provided by the Ministry of Labour, Employment and Social Security (MTEySS).

The different behaviour of both sectors may be explained by the evolution of public employment, which was more dynamic than employment in the private sector during the period of contraction (see Figure 3.3).

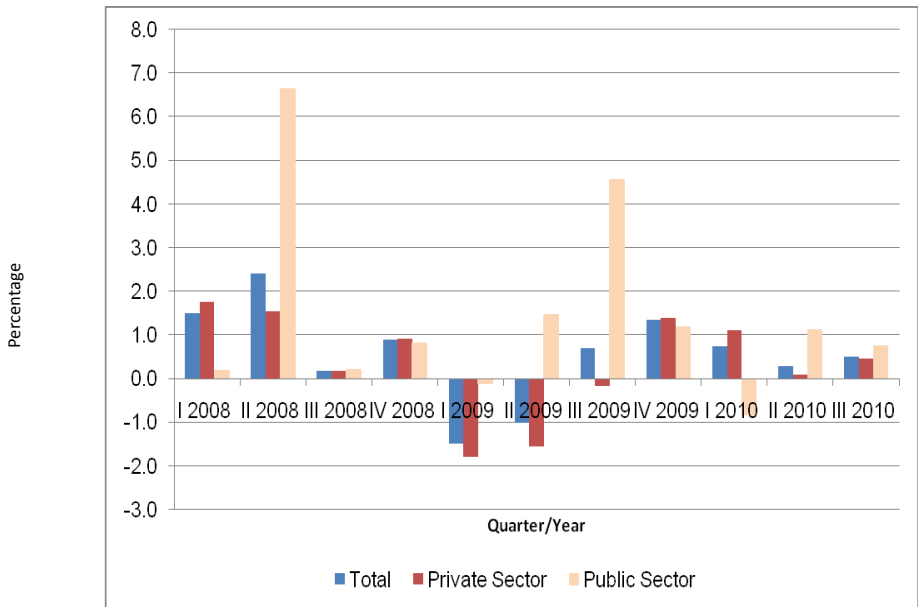
Figure 3.3 Number of jobs with social security coverage, by quarter, 1994–2010 (in millions)



Source: Prepared by the author based on data provided by the Ministry of Economy.

As a consequence of these behaviours, the unemployment rate also reflected the effects of the crisis, showing an increase during the first three quarters of 2009 (see Figure 3.4). The underemployment dynamics have been closely related to those of open unemployment, with both variables exhibiting a clearly counter-cyclical behaviour.

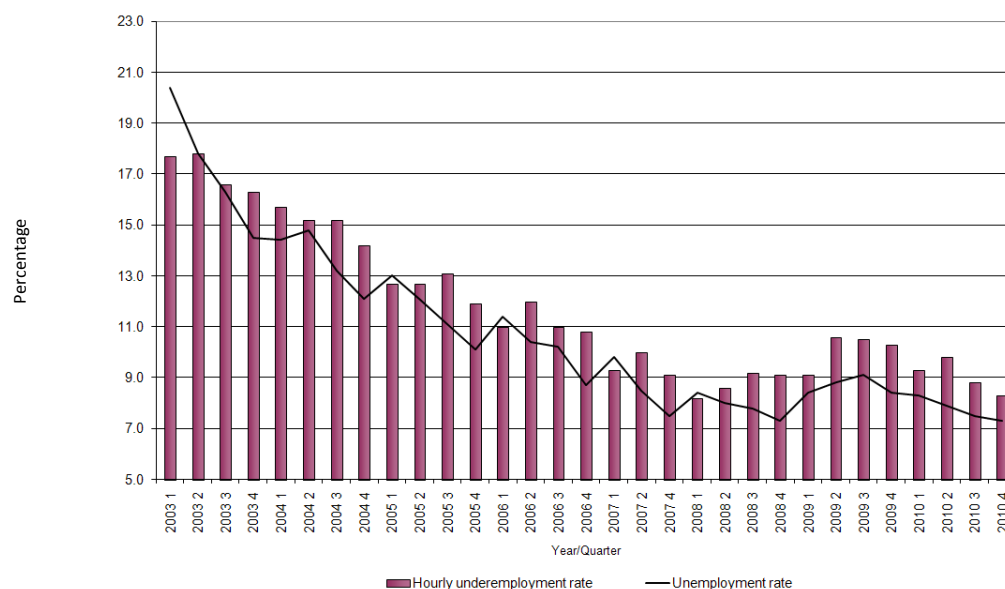
Figure 3.4 Quarterly variation in jobs with social security coverage, by sector, 2008–2010



Source: Prepared by the author based on data provided by the Ministry of Economy.

Throughout 2009, when unemployment and underemployment rates were most hit by the crisis, the gap between rates for men and women narrowed, reaching 1.8 per cent for the unemployment rate and 4.1 per cent for the underemployment rate. However, when these indicators began to improve, the gender disparity in rates widened.

Figure 3.5 Quarterly unemployment and hourly underemployment rate, 2003–2010



Source: Prepared by the author based on data provided by INDEC.

In 2009, the youth unemployment rate (under 24 years of age) remained above 20 per cent, reaching 22.3 per cent during the third quarter of 2009, and cutting the decreasing trend since 2003. It should be highlighted that the increase in the unemployment rate took place in the context of a reduction in the labour force participation rate for this age group.

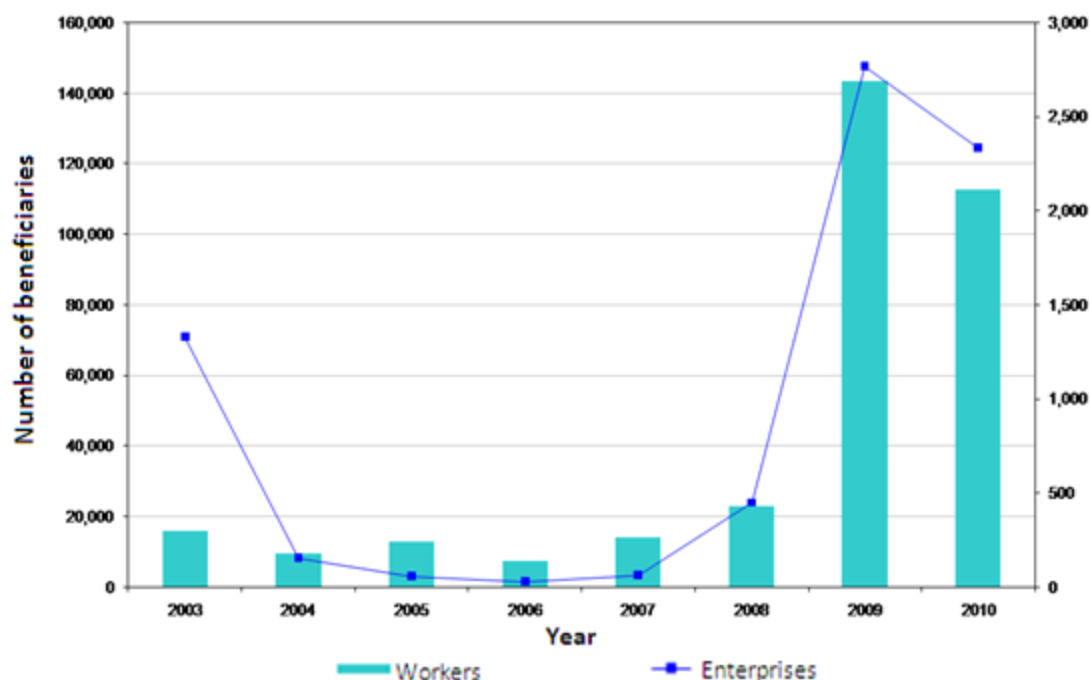
4. Impact on systems for social protection

During the international crisis, the social protection system experienced both the launching of new programmes and the re-launching of some existing programmes. During the last decade, social protection in Argentina, which is composed of a considerable amount of policies and programmes, underwent major changes, in both the scope and nature of its services. Main changes began to take place after the 2002 economic crisis, and they continued during the economic and employment recovery beginning in 2003, followed by a new extension in coverage in 2008–2009, when the global crisis hit the country.

Among the existing programmes re-launched during the period analysed was the Productive Recovery Programme (REPRO), created in 2002, and the Crisis Prevention Procedure (PPC), created in 1991, both of which aimed at sustaining employment in the formal sector. Faced with the prospect of reducing working hours, or instituting work suspensions and layoffs, and within the dialogue framework established by the PPC, enterprises asked if they could be incorporated to the REPRO programme, though this was subject to an analysis of the situation (Bertranou and Mazorra, 2009). The Productive Recovery Programme extended its scope during the 2008–2009 crisis when compared to the 2002 crisis. In fact, contrary to the initially more restrictive application, in 2009, the

programme was considerably expanded, to benefit 143,653 workers and 2,769 enterprises (see Figure 4.1).

Figure 4.1 Evolution of Productive Recovery Programme beneficiaries, 2003–2010¹



¹ Data for 2010 until July.

Source: Prepared by the author based on data provided by the Ministry of Labour, Employment and Social Security.

With regards to income transfer programmes for the unemployed, the contributory unemployment insurance registered an increase in the number of beneficiaries, without reaching its 2002 maximum. During the first quarter of 2009, the number of beneficiaries insured grew by 40,000, compared to the first half of 2008, totalling 146,562 beneficiaries in June. It should be emphasized that the maximum stay within the programme (12 months) was extended during the last half of 2009, for those who had not managed to enter the workforce. Around 22,696 unemployed beneficiaries were then transferred to a non-contributory insurance scheme: the Training and Employment Insurance (SCyE), for a period of not more than six months. The scheme was launched in 2006 as an alternative to the Unemployed Heads of Household Programme (PjyJHD), which was implemented as a response to the 2002 crisis. Towards the end of 2008, more than 100,000 beneficiaries had transferred from the PjyJHD programme to SCyE. However, in 2009, the number of PjyJHD beneficiaries who entered the labour market dropped, which cannot only be attributed to labour market conditions, given the profile of the beneficiaries who still remained in the programme. The Training and Employment Insurance scheme also allowed for an extension of the maximum stay period in the programme of up to 12

months for workers who had not managed to get a job and had been in the programme for 24 months before December 2009.

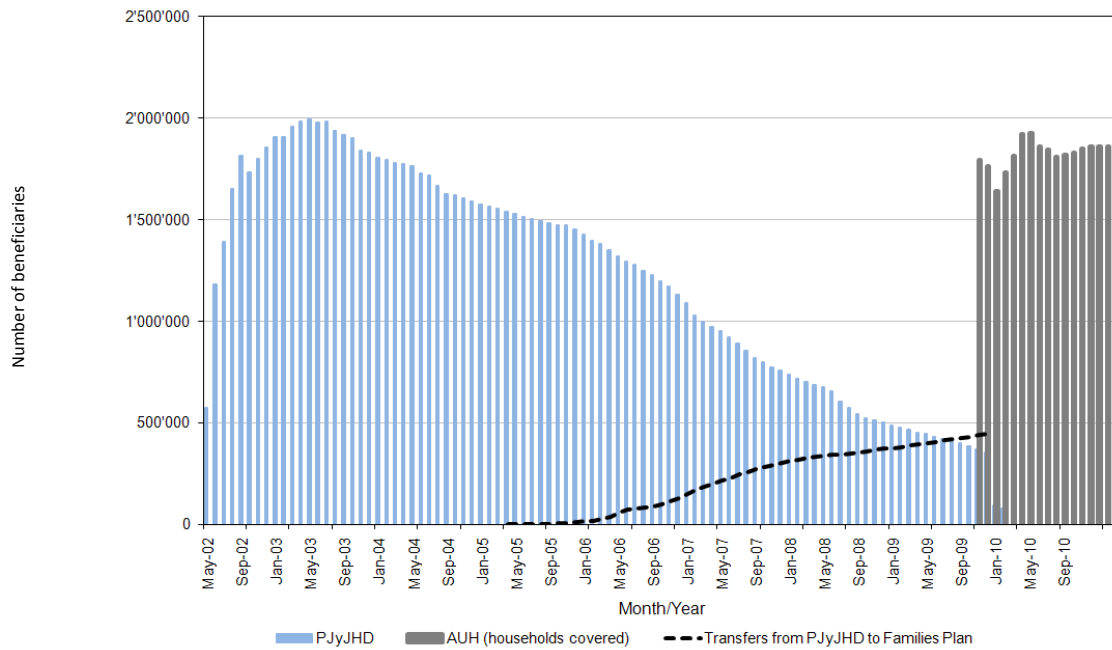
The employment programme Argentina Works was developed during the global crisis. Launched by the Ministry of Social Development in 2008, it aimed at forming cooperatives to and promoting participation in community projects. By mid-2009, the programme had 84,000 beneficiaries. Additionally, as from 2008, a specific employment programme entitled More and Better Jobs for Youth (JMyMT), targeting unemployed youth, was developed by the Ministry of Labour, Employment and Social Security (MTEySS). This programme had over 10,000 beneficiaries at the beginning of 2009 and, by December, this number had risen to 50,517 beneficiaries.

However, the most important benefits extension policy during this period was the implementation, in November 2009, of a massive family allowance programme called the Universal Child Allowance. With this programme, workers outside the formal economy, whether active or not, received an allowance for each child under 18, provided that their income was below the adjustable living minimum wage (SMVM) and that they were not beneficiaries of other social transfer programmes. According to estimates, this family allowance policy could have a great redistributive impact by substantially reducing the extreme poverty rate, the poverty rate and the Gini coefficient (Bertranou and Vezza, 2010).

Figure 4.2 illustrates the evolution of beneficiaries of the main income transfer programmes, which include the working age population, from the 2002 crisis to December 2010. It can be observed that the Unemployed Heads of Household programme reached around two million beneficiaries in May 2003, who were then transferred (towards 2008) to other programmes as it was phased out.

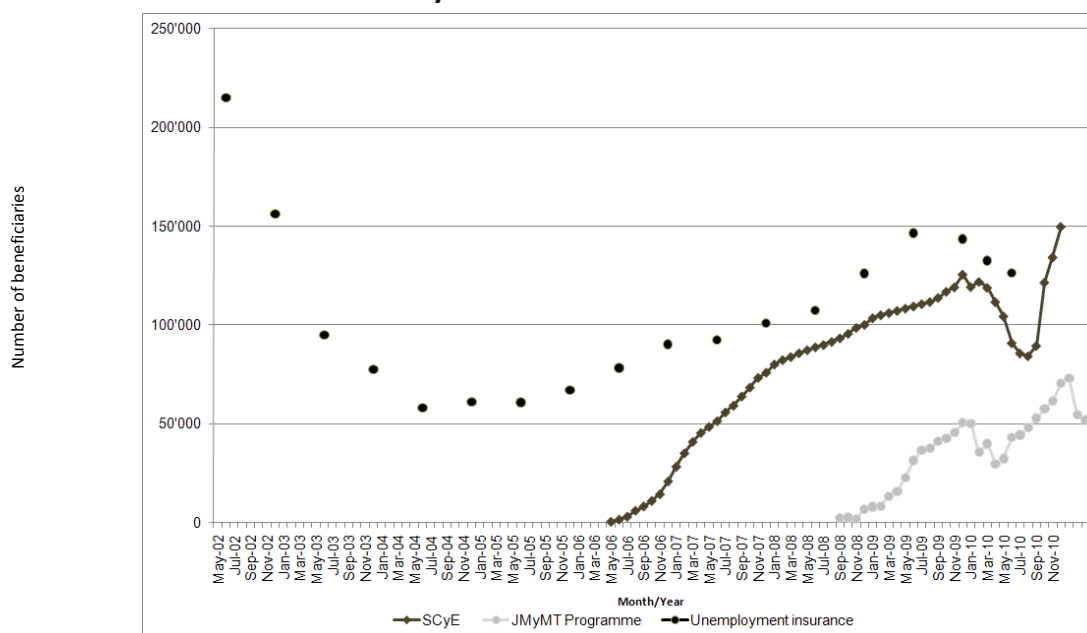
Transfers to the “Families” programme (another phasing out measure for PJyJHD) began in April 2005, reaching 446,000 beneficiaries at the time when the previous programme ended. Another crucial aspect is the scope of the AUH programme, which has become similar to that of PJyJHD (developed during the 2002 crisis). Therefore, it is noteworthy that during its first two months of implementation, the AUH covered nearly 1.8 million households, actually benefitting 3.5 million boys and girls. An analysis of the contributory unemployment insurance coverage reveals an increase in beneficiaries during crisis periods, even though data for 2008–2009 is lower than the coverage registered during the severe 2002 crisis.

Figure 4.2 Beneficiary households of the Unemployed Heads of Household Programme, and their transfer to the Families Plan programme and Universal Child Allowance benefits, May 2002–December 2010



Source: Prepared by the author with data provided by the Monitoring Area, Employment Secretariat, Ministry of Labour, Employment and Social Security.

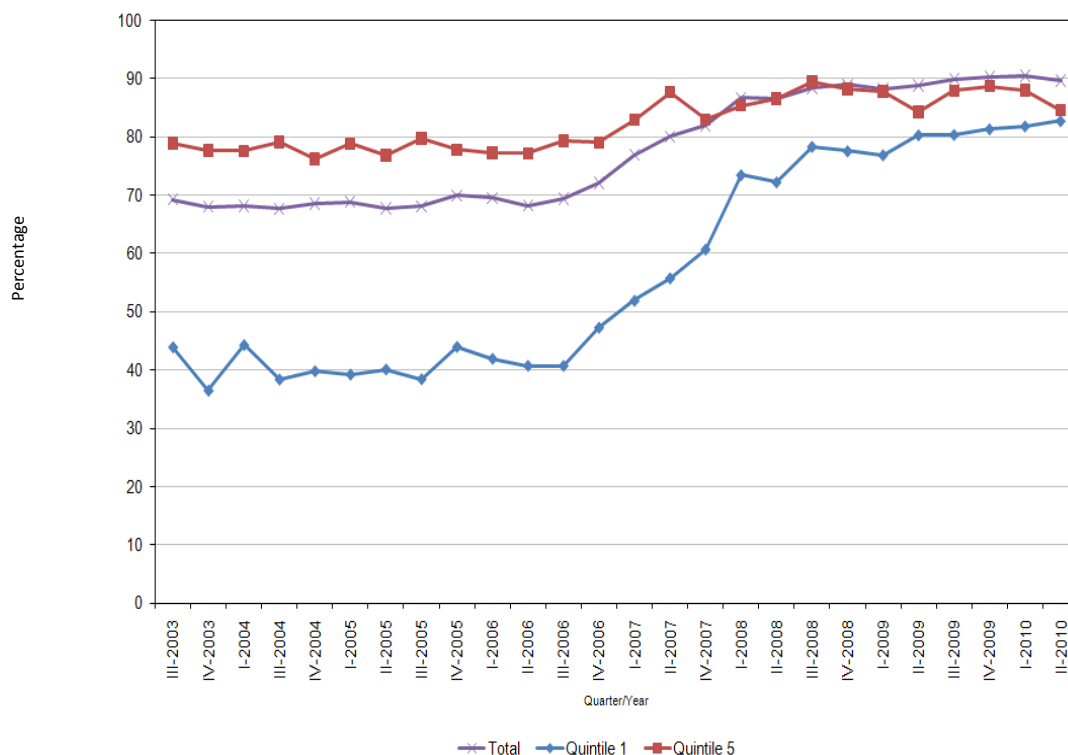
Figure 4.3 Beneficiaries of the More and Better Jobs for Youth programme, Training and Employment Insurance and the contributory Unemployment Insurance, May 2002–December 2010



Source: Prepared by the author based on data provided by the Monitoring Area, Secretariat of Employment; the Social Security Bulletin, Ministry of Labour, Employment and Social Security; and the National Administration of Social Security.

It should be emphasized that the extension of social protection also included contribution-based old-age benefits for people of retirement age or with insufficient employment history records in the social security system. Thus, gaps in old-age pension coverage were considerably reduced. Coverage reached 90 per cent with the implementation, in 2005, of a semi-contributory scheme, known as *Moratoria previsional* (provision of flexible conditions for the retroactive payment of pension contributions). This scheme used the legal model of the contributory scheme to grant retirement benefits with a temporary discount on the total sum, thus compensating for contributions due or not registered in beneficiaries' work history. Figure 4.4 displays the evolution of coverage by household income quintile per capita, for people aged 65 and over. There is a significant increase in coverage for the population in the first quintile, with the gap practically disappearing due to the coverage of the population with the highest incomes. During the second quarter of 2010, this gap decreased to 2 per cent, with most new beneficiaries being women over 65.

Figure 4.4 Retirement pension coverage for people over 65 (%), per income quintile¹, 2003–2010



¹ Household income quintile per capita for the subgroup of adult population over 65 years of age.

Source: Prepared by the author based on data from the Permanent Household Survey (EPH).

Finally, as discussed above, a major reform of the pension system took place in 2008 with the elimination of the individual capitalization system. As a result, pension funds increased and began to be used to fund several policies developed during the crisis, such as incentives to increase consumption and the AUH plan.

5. Impact on wages and working conditions

With inflation on the rise since early 2007, there has been some slowing down in the recovery of labour income, which had begun in 2003, following the sharp contraction produced by rising prices after the devaluation of the national currency in 2002.

A separate analysis of the evolution of wages for workers with and without social security coverage reveals greater recovery in the first group compared to the second, particularly from mid-2005 to mid-2007 (see Figure 5.1). Similarly, the decrease in purchasing power during that year seems to have most affected workers with no social security coverage who also experienced a weaker recovery compared to workers with social security coverage or those in the formal economy.

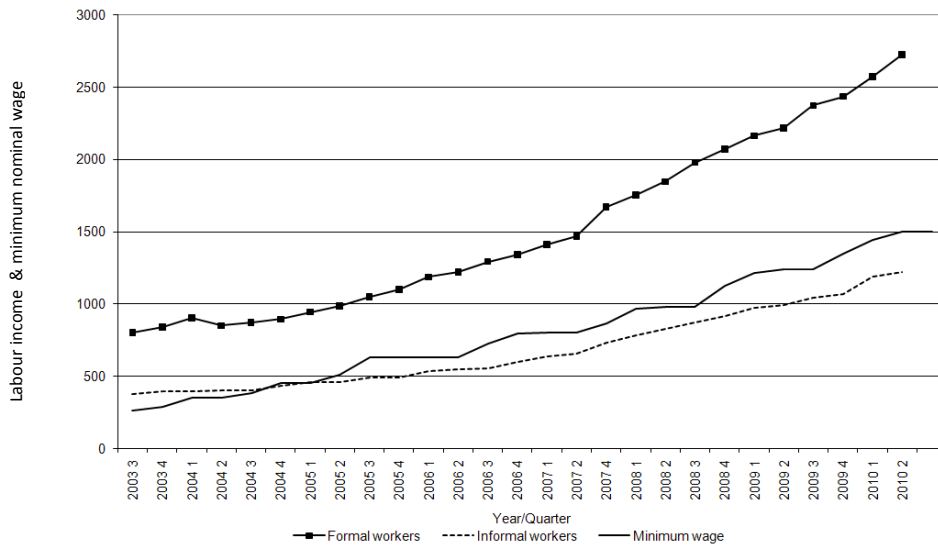
**Figure 5.1 Real labour income of formal and informal workers, 2003–2010
(3rd quarter index of 2003 = 100)**



Source: Prepared by the author based on data from the EPH.

These differing evolutions reflect differences in nominal remuneration growth for both groups of dependent workers. As a reference to evaluate these trends, Figure 5.2 also includes the nominal evolution of the minimum wage. Throughout the period, the minimum wage mostly exceeded the average income of workers with no social security coverage, a gap that has widened over time. Additionally, the better salary levels of workers with social security coverage compared with workers with no coverage is linked, at least to a certain extent, to the active policies aimed at recovering the minimum wage and promoting collective bargaining.

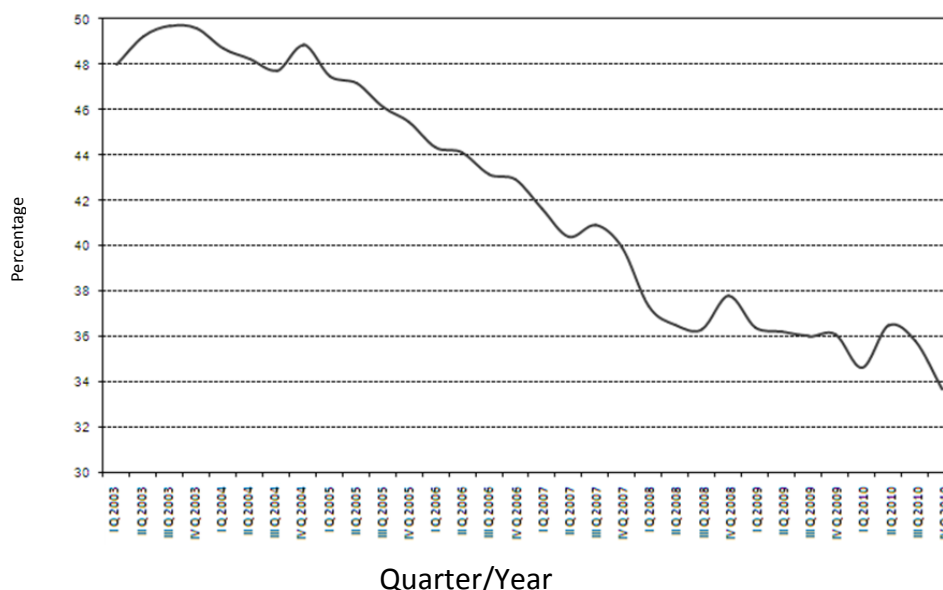
Figure 5.2 Labour income of formal and informal workers and minimum nominal wage, by quarter, 2003–2010



Source: Prepared by the author based on data from the EPH.

One effect of the crisis was that the share of workers without social security coverage out of the total number of workers in employment showed a slight increase during the third quarter of 2009 (see Figure 5.3). It is worth noting that the phenomenon of labour informality has different characteristics and dimensions according to the different groups of workers. In particular, workers with no social security coverage are mainly young people (56.5 per cent), women (40.6 per cent) and non-qualified individuals (over 50.0 per cent, according to their educational background).

Figure 5.3 Percentage of workers without social security coverage in total urban dependent employment, by quarter, 2003–2010



Source: Prepared by the author based on data provided by INDEC.

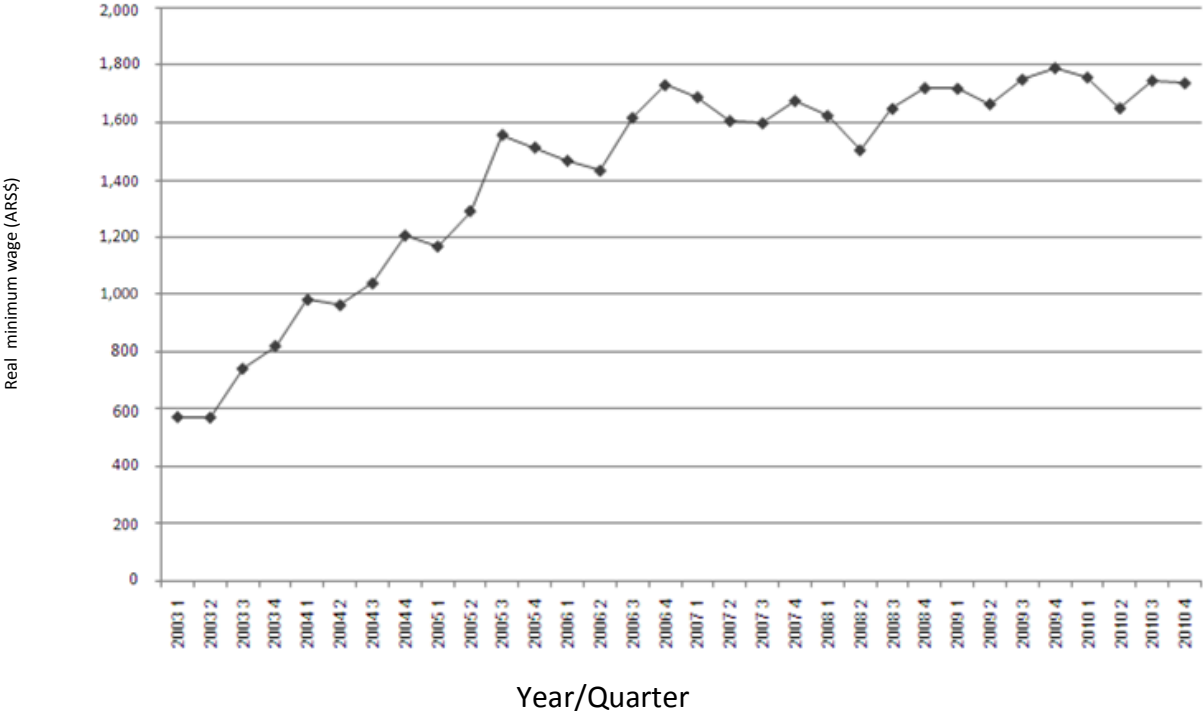
Finally, it is worth noting that there was some gender bias regarding the impact of the crisis on dependent workers' income. Although there is usually a remuneration gap between men and women (which favours men), both in formal and informal employment, in 2009, there were similar variations for informal workers. In the case of formal workers, the variation in the rate for female nominal salaries was 7.1 per cent higher than that for men.

6. Impact on labour standards, including freedom of association and the right to collective bargaining

In contrast to the weakening of the minimum wage during the 1990s (when it was not used as a reference to determine salary scales), in 2003, a process of recovery began with the introduction of a real value, which has since tripled. This achievement was mainly due to the re-instatement – after 11 years of inactivity – of the National Council for Employment, Productivity and the Adjustable Living Minimum Wage in 2004. The Council played a key role during the crisis in facilitating the updating of the nominal minimum wage, so as to avoid the erosion of its purchasing power (see Figure 6.1).

During 2009, the minimum wage rate – initially at Argentine pesos (ARS\$) 1,240 – was subject to a two-step increase: ARS\$1,400 in August and ARS\$1,440 in October. In January 2010, it increased to ARS\$1,500. During the Wages Council of that year, a new rate was established of ARS\$1,740, which came into effect in September. This was increased to ARS\$1,840 as from January 2011.

Figure 6.1 Real minimum wage evolution, January 2003–April 2010¹



¹ Price index, base 4th quarter 2010

Source: Prepared by the author.

Meanwhile, tripartite dialogue was further strengthened through collective bargaining. Agreements, either by enterprise or sector, have largely increased. In contrast with the average of 190 annual negotiations during the 1990s, 1,231 agreements were reached in 2008; 1,331 in 2009; and 1,527 from January to September 2010.

Finally, it should be highlighted that, in 2009, besides wage negotiations, other clauses were agreed among unions and enterprises to alleviate the impact of the crisis on the most affected sectors and enterprises. Some of these agreements resulted in the development of crisis prevention procedures. Out of the 1,331 collective bargaining agreements concluded in 2009, 110 incorporated 206 crisis clauses. These clauses were designed to initiate employment retention measures, such as holiday anticipation or decreases in overtime, as well as compensation mechanisms, such as combining reduced working hours with a system of “hour credits” whereby payment for a minimum number of hours is assured as established in the agreements.

PART B. Crisis response and recovery policies

1. Accelerating employment creation, jobs recovery and sustaining enterprises

1.1 *Measures to boost effective demand and help maintain wage levels by including macroeconomic policies*

Monetary policies. During the first part of 2009, monetary and exchange rate policies were aimed at reducing the negative impact of the international crisis on the monetary and real variables of the Argentine economy. To this end, the Central Bank adopted three main lines of action to gradually stabilize these variables: market intervention to reduce interest rates; the implementation of strategies to strengthen bank liquidity; and intervention in the foreign exchange market to avoid high exchange rate volatility. These measures enabled recovery of domestic credit and other monetary aggregates such as bank deposits and government securities by the end of 2009 and early 2010.

Concomitantly, as it has been pointed out, despite the considerable outflow of private capital, this had no major impact on the bank and exchange system. In fact, the Central Bank was able to accumulate reserves during 2009 and 2010, while the exchange rate recorded no sudden changes. This was accompanied by a downward trend in interest rates for both deposits and loans.

In this context, the country's risk premium has also shown a downward trend since the beginning of 2009, after recording growth in the previous phase. However, the spread widened during the second quarter of the year, as was the case in all of the emerging economies, mainly due to the growing uncertainty about the development of the global economy. At any rate, the spread differential was 800 basis points by mid-2010, against the 3,000 basis points recorded at the end of 2008.

Two measures implemented by the Government should be mentioned. On the one hand, at the beginning of 2010, bondholders who had not been included in the previous 2005 restructuring process were offered a debt swap. The strategy was aimed at restoring access to foreign credit. Acceptance accounted for approximately 67 per cent of the eligible bonds, which enabled regularization of 92 per cent of the total primary eligible debt that had gone into default in December 2001.

On the other hand, towards the end of 2009, a fund was created to guarantee compliance with obligations, which were shortly to become due, and so the Central Bank had to pledge part of the accumulated international reserves to guarantee the Government's debt. The measure sparked off fierce controversy based on both economic and legal issues. In any case, this fund enabled the Government to meet debt obligations with international agencies and private holders at maturity. This policy is continuing during the fiscal year 2011, to ensure proper payment of the Government's obligations, even in the case of persisting volatility in the global financial markets.

Fiscal policies: economic stimulus packages. As mentioned in Part A of this document, while the Government adjusted monetary variables and exchange rates to reduce

volatility and macroeconomic uncertainty (and to shore up domestic demand), it also carried out an expansive fiscal policy by increasing current expenditure and public investment. In fact, between 2008 and 2009, primary expenditure in the non-financial public sector increased from 18.1 per cent to 21.2 per cent of GDP, and positive variations were observed in all items, albeit to differing degrees.

An important factor behind the rise in tax revenues was the unification of the pension system under the pay-as-you-go public scheme, which made it possible for the Government to provide financial support to crisis-stricken productive sectors, among other interventions. However, in spite of the Government tapping into a new source of funding, as mentioned above, and as a consequence of a substantial increase in expenditure, public accounts slimmed down until they reached an operational deficit of 0.6 per cent of GDP in 2009.

Having said this, economic recovery came hand in hand with an increase in nominal revenue in 2010 compared to the previous year. This improvement, in the order of 34 per cent, spread throughout the different taxes, which make up total tax revenue. Taking non-tax resources into account, the total income of the non-financial public sector increased by 34.7 per cent in 2010. Primary expenditure, however, also grew rapidly, at 33.9 per cent year-on-year for most items. Despite this, the non-financial public sector's primary result still recorded a surplus.

It should be pointed out that current transfers to the private sector increased following implementation of the Universal Child Allowance for Social Protection policy at the end of 2009 (which accounts for approximately 0.7 per cent of GDP). There were also increases in pension payments and civil servant wages, while capital expenditure recorded a slight slowdown.

Social stabilizers. During the financial crisis, the Government expanded coverage of programmes supporting employment and a number of social protection schemes, to prevent the crisis from impacting negatively on labour market indicators and the most vulnerable sectors of society.

Policies addressing job losses due to the economic recession included programmes with and without formal employment relationships. During the global financial crisis, the most significant programme to formally target employed workers was the Employment Retention Plan (REPRO), while the contributory Unemployment Insurance scheme targeted workers who had been made redundant. Both plans pre-date the 2008–2009 economic crisis, and both covered a similar number of beneficiaries during this period.

In parallel with these measures for the formally employed population, other measures addressed unemployed workers not covered by the social security scheme. One such scheme is the SCyE, which is intended or at least designed for unemployed people, who receive a fixed monthly amount equivalent to approximately 15 per cent of the minimum wage and 62 per cent of the maximum of unemployment insurance. Furthermore, the More and Better Jobs for Youth programme, launched in May 2008 and designed for young people entering the labour market, was expanded during the crisis period. Another

initiative, the Argentina Works employment plan, was launched in mid-2008 in the context of the global financial crisis, and targets people not receiving social protection benefits and in situations of high social vulnerability.

In addition to these measures, a policy of mass social benefits was carried out to tackle the global crisis and the lack of coverage faced by families with children in the informal economy. In October 2009, a large-scale family allowance programme was announced, the Universal Child Allowance, which was implemented the following month. Historically, family allowances were benefits paid exclusively to children of workers on the payroll who met the income ceilings required. However, the AUH, in its first semester of implementation, benefited 3.5 million children and adolescents from homes of workers in the informal economy who were not receiving any other social security benefits. The existing Unemployed Heads of Household programme and the Families for Social Inclusion Plan (PFIS) ceased formally in December 2009, when the AUH came into effect. The beneficiaries of the PFIS programme, in particular, met the AUH requirements from the outset, so they were transferred directly to the new programme.

The benefit extension also reached the elderly through the *Moratoria previsional* begun in 2005, which made the contributory retirement scheme available to women and men who, meeting the retirement age criteria (65 and 60 years of age, respectively), had failed to pay the contributions required. It did so by implementing a programme of instalment payments and debt reduction *cuotas y quitas* (payment of contributions through deductions from the monthly benefits). As a result of the *Moratoria previsional*, nearly 90 per cent of the population who were 65 or over were able to enjoy retirement benefits during the financial crisis.

Finally, the 2008 pension reform eliminated the individual capitalization system, and pension payment was assumed by the pay-as-you-go public scheme. This boosted the pension resources available, which became part of the funding sources for various policies implemented during the financial crisis, such as consumption incentives and the AUH. Indeed, given that the National Social Security Administration (ANSES) started to record a surplus, in July 2007, the Sustainability Guarantee Fund (FGS) was created with the aim of protecting the purchasing power of public pensions from the negative impacts of the macroeconomic circumstances. In line with this, the FGS is invested mainly in government securities and, to a lesser extent, in productive projects, time deposits and private sector bonds.

1.2 Investment in infrastructure, public services, green production, and research and development

During the period under review, public investment policies already underway in the sector continued, and new programmes were launched. The new initiatives involve energy supply and infrastructure development to promote productive activities.

In December 2008, the Works for all Argentines plan was launched with the purpose of building infrastructure assets for production-based economic development, upholding ongoing public investment programmes, and creating employment in the construction

sector and related areas. As a result, in 2009, public investment grew by 71 per cent as compared to 2008. Plans include the maintenance of the national paved-road network and paving of 1,400 kilometres of roads; the expansion of gas transport lines, electricity power generation facilities and transportation; the construction of rural roads and repair of access roads to a number of villages as well as road works to improve traffic safety; and the expansion of city sewage systems.

In 2008 and 2009, implementation continued of the programmes More Schools, Better Education and Support for University Infrastructure Development. As a result, 258 schools were built and 50 construction projects were carried out in national universities. The Inter-American Development Bank (IDB) funded the former programme.

In 2009, the Productive Road Infrastructure Development programme was launched with the aim of contributing to the economic and social recovery of the provinces. This programme obtained funding from the IDB and the Andean Development Corporation (ADC). Works to improve the infrastructure of national parks were carried out as well, through the Programme for the Improvement of Tourism Competitiveness, an IDB-funded programme begun in 2005.

In the energy field, since 2004 but especially and most heavily in the 2008–2010 period, the Government was actively involved in energy planning, and imposed regulations on and participated directly in the sector. State intervention was mainly triggered by an energy shortage due to the national grid becoming unable to fulfil the increasing demand for power brought about by economic growth.

With the aim of boosting gas, oil and fuel supplies, and to reverse depletion of the nation's gas and oil reserves, the programmes Gas Plus, Oil Plus and Refining Plus were launched in 2008. Gas Plus, first implemented in March 2008, established that any gas that developers managed to extract from new fields could be sold at market value and would not be subject to regulated rates. In response to these Government initiatives, 26 projects were submitted to the Gas Plus programme in 2008. In 2009, incentives were granted to crude oil producers to encourage development of new exploratory and investment projects; ultimately, to boost the country's hydrocarbon reserves. The Refining Plus programme had 13 ongoing projects in 2010, which accounted for an annual increase in diesel oil supply of 900 km³. In addition, in early 2008 the Regulatory and Promotional Scheme for Sustainable Production and Use of Biofuels and the Bioethanol Production Promotion Scheme were enacted with the aim of promoting investment in biofuel plants to increase fuel offer in the country.

As regards electrical power, a number of projects were undertaken to enhance power generating capabilities and to ensure transmission capability of the energy produced. In 2004, a Fund for the investments necessary to increase the electricity supply in the wholesale electricity market (MEM) was established. It stemmed from the need to augment the power generating capability of the wholesale electricity market and is made up of power producers' claims against the MEM and revenues collected from non-residential clients' electricity bills containing the *FONINVEMEN* (funds for investments)

tax. The *FONINVEMEN* funded construction of two combined cycle power plants, in Rosario and Campana, which supply 1,600 megawatts of power and began operating in 2009 and 2010, respectively. In addition, investments in electricity transmission were made to advance the country's electrical integration and ensure transport of the newly generated power. Loans were also granted to public service cooperatives in Buenos Aires, Córdoba and Santa Fe provinces to finance power generation and distribution projects. Energy infrastructure was built – through various funding mechanisms – in order to diversify the energy mix and ensure supply to all users.

In addition, the execution of the Renewable Energy Project in Rural Markets (PERMER), launched in 1999, continued through 2008 and 2009. The project aims to provide sustainable power to scattered rural areas through renewable energy sources. Therefore, the programme sought to make energy available to users of the Dispersed Electricity Markets (MED) in the form of photovoltaic and wind systems, hydraulic microturbines and, occasionally, diesel generators. This project was financed by a loan from the World Bank, a donation from the Global Environment Facility, electricity funds and other provincial funds, and also by contributions from provincial concessionaires and beneficiaries.

1.3 Protection of employed workers through employment retention measures, and through well-designed schemes backed by social dialogue and collective bargaining

The two mechanisms for employment retention implemented through social dialogue and collective bargaining in enterprises during the global crisis were the Crisis Prevention Procedure (PPC) and REPRO programmes, which date back to 1991 and 2002, respectively.

A dialogue and bargaining mechanism with State participation, the PPC is designed for enterprises that risk having to make employees redundant or to lay off of a significant number of them. The rule applies to enterprises showing the following ratios between enterprise size and percentage of affected workers: a) in enterprises with less than 400 workers, more than 15 per cent of the workforce; b) in enterprises with 400–1,000 workers, more than 10 per cent; and c) in enterprises with over 1,000 workers, more than 5 per cent (Bertranou and Mazzora, 2009).

In 2009, 72 enterprises submitted Crisis Prevention Procedures to the MTEySS. While most were filed during the first few months of 2009, the rate subsequently decreased. A similar number of PPCs had been recorded in the course of 2008, although the type of measures requested by the business sector were different. In 2009, enterprises mainly requested staff suspensions and dismissals. Of the PPC procedures adopted, 71 per cent addressed one of such requests, while the remaining percentage requested the reduction of salaries and working hours. The Crisis Prevention Procedures dealt with almost 5,400 workers, the most affected being wage earners represented by the construction, automotive and metallurgical unions. In 2008, 71 PPCs had been concluded; a similar number of cases to those recorded in 2009, although more than 60 per cent were concentrated in the last quarter of the year. As regards workers, 6,900 people had been affected in 2008, i.e. 28

per cent more than in 2009. More than 80 per cent of PPC participants in 2008 retained their posts due to bargaining ending in agreements that entailed suspensions, or the reduction of working hours or salaries, but avoided dismissal.

Enterprises within the framework of the PPC can benefit from the employment retention programme REPRO, which provides for a State-funded wage subsidy of ARS\$600 for 12 months. In the face of the crisis, the programme was extended, first to span the year 2008 and later until 31 December 2010. As a result, the programme gained momentum, recording an increase in the subsidies granted during 2009. As evidenced by its outcomes, this State programme has clearly enhanced the PPCs' effectiveness in avoiding workers' dismissals.

Given the alternatives of reduced hours, suspensions and dismissals requested by the enterprises, whenever the analysis of circumstances allowed for it, incorporation into the REPRO was encouraged. In contrast to the low implementation at the beginning of the programme in 2003, when it covered 15,959 workers and 1,328 businesses, the REPRO grew markedly in 2009, rising to 143,653 workers and 2,769 enterprises. By 2009, 66 per cent of the beneficiary workers were employed in enterprises with over 100 employees (36 per cent being employed in enterprises with 300 employees or more). From the gender perspective, in 2009, only 10 per cent of the programme's beneficiaries were women (Rodríguez, 2009).

As to the main sectors in which enterprises in a critical situation made use of this resource during 2009, the beneficiaries appeared to be concentrated as follows: 10.3 per cent in the textile industry, 7.6 per cent in the metallurgical industry and 7.3 per cent in the automobile parts sector; followed by the fishing, health care, food and beverage, and fruit and vegetable growing industries, each accounting for 5 per cent of participation.

1.4 Help workers find employment by implementing active labour market measures

Public employment services. The territorial expansion that started in 2005 formed a national network of employment offices, which comprised 285 offices by June 2009 (Abad and Arroyo, 2009). Managed by the municipalities, these offices undertook the implementation of various active employment policies, mediating between employment supply and demand. Some policies specifically targeted the beneficiaries of employment plans; others were intended for the unemployed in general.

Job orientation. One of the tasks of the municipal employment offices is to assist applicants in developing a job placement strategy that takes into account their abilities, prospects and social circumstances. Assistance is provided to candidates who are seeking their first job and also to those in need of a career change. The Training and Employment Insurance scheme beneficiaries actively participate in the programme's job-orientation activities. The More and Better Jobs for Youth programme, in turn, includes a strategy specific to job orientation – outlining a formative and occupational project for people going into the labour market for the first time. In fact, 98 per cent of the youth covered by the JMyMT in 2008, and 83 per cent in 2009, participated in the workshops on orientation and induction into the world of work. Funds for these projects came from a loan from the

International Bank for Reconstruction and Development (IBRD). It should also be highlighted that throughout execution, the PJMyMT enjoyed technical support from the ILO through the Support Project for the Consolidation and Improvement of Employment Quality in Argentina (CEA).

Youth employment measures. Launched in June 2008, the JMyMT programme focused on unemployed people aged between 18 and 24. Young participants' profiles show a slightly higher female presence (58 per cent), mostly between the ages of 18 and 21 (75 per cent) and with low educational level (49 per cent failed to complete secondary education). The programme grants a monthly subvention of ARS\$150–550 for a period of 2–18 months, depending on the type of benefit. Most noteworthy among the broad range of activities offered are job orientation, education training and completion, and internships in public or private workplaces. External funding for this programme came from a loan from the IBRD.

Recruitment incentives and subsidies. The More and Better Jobs for Youth programme promotes recruitment of young people into micro-, small- and medium-sized enterprises (SMEs) through a fixed wage subsidy of ARS\$400 for six months, which is supplemented by the employer to reach the full wage for the activity as specified in the corresponding collective bargaining agreement (Bertranou and Mazzora, 2009). Time spent in the programme accrues to the future pension of the young participant. Also a recruitment subsidy is provided in the REPRO programme, which grants a fixed salary of ARS\$600 over a 12-month period. This programme, unlike the JMyMT subsidy, aims to maintain work posts rather than to create them. In addition, Law 26476 – to be mentioned later – provides for the payment of outstanding contributions.

Skills development, and skills upgrading and retraining to improve employability. From the first assessment of applicants, employment offices promote employability development. Strategies range from supporting the development of freelance initiatives to advising applicants on their micro-enterprises, or on enrolment issues (education completion, skills certification), and even referring them to other programmes and social services whose requirements they meet. It should be emphasized that the beneficiaries of both the JMyMT and the SCyE participate actively in the activities suggested. In 2009, for example, 65 per cent of the young people covered by the JMyMT programme participated in education completion activities and 13 per cent in vocational training activities. No significant gender differences were noticed among the beneficiaries of this programme, specifically regarding subsidies for education completion. In fact, quite the opposite was found. In relative terms, women are most prominent in the training and self-employment activities (69 per cent and 60 per cent, respectively). From the start of SCyE's until April 2010, 26 per cent of its beneficiaries took part in education completion activities, 28 per cent in vocational training courses and 25 per cent in individual enterprises or associations. Financial support to develop these programmes came from an IBRD loan.

Another programme in force during the period of global crisis incorporating specific strategies to improve employability was the Ministry of Social Development's plan called *Ahí, en el lugar* (There, spot-on) targeting the hard core of poverty. The plan advanced a

comprehensive set of measures, including employability strategies that promote cooperation with educational institutions to encourage students to finish school, and develop actions towards school completion and training programmes to complement formal education.

Entrepreneurial skills development programmes. The most prominent programme is the National Programme to Support Young Entrepreneurs created in 2004 to enhance the development of productive enterprises by fostering youth entrepreneurship, strengthening projects developed by young entrepreneurs and promoting technological innovation. The programme is aimed at young entrepreneurs aged 18 to 35 willing to set up or strengthen a business, and who perform productive, industrial, scientific or research-related activities, or provide industrial services. Entrepreneurs must hold control of over at least 51 per cent of their enterprises, and projects must be realized in the form of small- or medium-sized enterprises. The programme's stimulus includes financial support to young entrepreneurs (through Sponsor Enterprises) and training for young entrepreneurs who have a business idea or plan. As part of the programme, a Record of Potential Beneficiaries was created in 2009 for applicants of financial aid. The Sponsor Enterprises programme supports entrepreneurs by forging alliances between young entrepreneurs and established enterprises. The sponsoring enterprise finances 100 per cent of the entrepreneur's project. The Small and Medium Enterprise Secretariat reimburses sponsors with a tax-credit bond worth 50 per cent of this sum; the remaining 50 per cent can be redeemed by assigning the funds to the entrepreneur, holding interests of up to 49 per cent of the new enterprise, or granting a soft loan to the entrepreneur.

1.5 Address youth unemployment through the provision of vocational and technical training, and entrepreneurial skills development

Benefits available to JMyMT beneficiaries include support to develop independent ventures. Applicants are offered business management courses as well as technical assistance, rendered by consultant experts, to develop a business plan. Up to ARS\$4,000 are granted to each young person participating in an independent venture to support their capital investment costs, with a ARS 20,000 limit for each project. However, beneficiary involvement in this programme has been low. From its inception until May 2010, only 1.2 per cent of JMyMT beneficiaries have participated in the productive entrepreneurship programme.

Furthermore, as mentioned above, the SME Secretariat is also responsible for the National Programme to Support Young Entrepreneurs (under Law No. 25872), which seeks to foster entrepreneurship among youth by offering them fiscal and financial incentives to develop and strengthen young entrepreneurs' projects.

1.6 Other targeted programmes such as public employment guarantee schemes, emergency public works, and other direct job creation schemes

As mentioned earlier, three support actions remained in force throughout the crisis: unemployment insurance for formal workers (called Contributory Unemployment

Insurance), which was created in 1993; the Training and Employment Insurance scheme for informal workers created in 2006; and finally, in mid-2009, a new employment programme in support of cooperative formation called Argentina Works.

While the number of Contributory Unemployment Insurance beneficiaries grew during the crisis period, it did not reach the top levels recorded in 2002. Approximately 40,000 beneficiaries participated in the first semester of 2009, making up a total of 146,562 beneficiaries in June. Female presence in this programme is substantially weaker than the female presence recorded in the whole of the workforce, which might point to a gender bias in this programme, mainly due to the type of industries that make greater use of the insurance (Rodríguez, 2009).

The Training and Employment Insurance programme was created to support the transition of beneficiaries out of the PJyJHD, as well as their job search. Initially, 5 per cent of PJyJHD beneficiaries enrolled in the SCyE and, by the end of 2008, more than 100,000 had gone through the programme. As regards gender composition, 70 per cent of beneficiaries were women. While in the SCyE programme, beneficiaries must join the training activities offered. The programme also provides a number of services for active job searching through the country's employment offices and agencies. Two aspects of the SCyE are worth underscoring: on the one hand, any time that the participants spend in the programme accrues to their future pension; and, on the other hand, beneficiaries might still be entitled to the benefit even once they are employed, for a period of up to six months into employment if in the private sector and up to a year if in the public sector. The strategy aims to reduce the potential reluctance of candidates to accept jobs of uncertain duration.

The emerging employment plan called Argentina Works, which targets people with high social vulnerability and no access to social protection benefits, differed from most employment programmes in that it was conceived as a cooperative tool for communities to undertake works of medium and low complexity. Although set to be implemented gradually, towards March 2010 it already had 84,000 participants organized in cooperatives of around 60 people. The composition of the beneficiaries shows similar participation rates for men and women. They are mainly under 40 years of age (72 per cent) and most of them have not completed secondary education (78 per cent).

1.7 Support to public and private enterprises (including cooperatives) and micro-entrepreneurs

Credit facilities, access to credit, guarantees. Actions to help enterprises obtain credits and guarantees are mainly carried out through the SME Secretariat and the Regional Development Office, under the Ministry of Industry.

The Guarantee Fund for Small and Medium Enterprises (FONAPyME) calls on interested enterprises to submit new investment projects requesting funds for the purchase of new capital goods, construction and facilities. In 2008, 136 enterprises were assisted; the number dropped to 109 in 2009.

Under the Rate Rebate Scheme, financial institutions can grant loans to micro-, small- and medium-sized enterprises at reduced rates. There are different means in force, the most noteworthy being the agreement signed with the Bank of the Argentine Nation (BNA) to finance productive investments, and the Programme for Regional and Sectoral Development (PRODER), implemented jointly by the BNA and SME Secretariat. The programme currently supports three funding sources: Sectoral Development Promotion, Enterprise Association Promotion, and Micro-Enterprise Development Promotion.

Mutual Guarantee Societies (SGRs) facilitate small and medium enterprises' access to credit through guarantees to fulfil their obligations. In 2008, there were 24 SGRs with an integrated venture fund of ARS\$707,582,000. In 2009, the operation was authorized of one more SGR, thus raising their number to 25 and the integrated venture fund to ARS\$756,026,000. In 2008, 28,112 guarantees were awarded, worth ARS\$1,401,055,000. In 2009, 37,790 guarantees were granted for a total of ARS 1,790,857. In addition, the SME Secretariat implements the FOGAPyME to provide direct guarantees as well as securities to endorse guarantees issued by SGRs or by funds from the provinces, regions or the Autonomous City of Buenos Aires. The fund is undergoing recasting and was inactive in 2008 and 2009.

The National Programme to Support Young Entrepreneurs, described above, promotes the creation of national enterprises directed by youth.

The Freight Fleet Renewal Plan consists of credits granted by the BNA to purchase new cargo transport units. The SME Secretariat subsidizes 2 pp of the loan rate. In compliance with the aforementioned regulations, the maximum benefit limit was set at 2,100 units.

In turn, the Ministry of Science and Technology, through the National Agency for the Promotion of Science and Technology, administers three funds for the improvement of the private sector's competitiveness through technological innovation: the Argentine Technology Fund, the Trust Fund for the Promotion of the Software Industry, and the Sectoral Argentine Fund. Among other enterprise-support mechanisms, the fund grants loans for implementing technological innovation projects. In 2009, 650 loans were granted under the three programmes.

Finally, it should be noted that following the nationalization of the pension system's individual capitalization feature, funds from individual accounts went on to swell the pension system's Sustainability Guarantee Fund (FGS). Part of FGS's resources, as stated in its goals, was earmarked to mitigate against the impact of the crisis and promote economic development. Within its investment portfolio, the Productive Projects item recorded a remarkable increase, rising by 5 pp compared with the portfolio from the previous year. This item went from ARS\$2,180 million in December 2008 to ARS\$8,399 million in December 2009, as part of a strategy to increase long-term funding to investments that showed high potential for spurring the economy in terms of activity boosting and job creation. Incentives to the automotive industry were added as from February, which in December accounted for 5 per cent of total grants. By the end of 2009, the most prominent projects were concerned with energy and infrastructure.

Payment facilities. In December 2008, Law No. 26476 was passed, which contained the regime for tax regularization, promotion and protection of formal employment, capital externalization and repatriation. It set forth a payment facility scheme to: i) settle debts overdue or tax payment infringements and social security contributions; and ii) regularize the situation of workers without social security coverage (which included cancellation of debts for unpaid contributions of up to 10 workers per employer).

Subsidies of various sorts: non-wage labour costs, export credit facilities. The above-mentioned Law No. 26476 establishes a reduction on social security contributions for the first 24 months of a new labour relationship. The reduction amounts to 50 per cent of contributions during the first 12 months and 25 per cent during the subsequent year. Furthermore, several of the MTEySS programmes allow for partial subsidies on wages. For example, in addition to the REPRO, the Employment Participation Programme (PIL) allows employers to deduct the economic incentive provided by the State from a worker's wage and pay the corresponding difference as provided by the applicable regulations.

Further subvention policies for enterprises are implemented mainly through the granting of non-reimbursable subsidies, some of which are funded by the IDB. Programmes which support enterprises through non-reimbursable grants include: the National Institute of Partnerships and Social Economy (INAES) financial aid programme, the assistance programme for bee-keepers Small Farmer Development Project (PROINDER), the Scheme for the Recovery, Promotion and Development of Caprine Activities, and the Integration Project for Small Producers of the Wine Chain. Furthermore, some of the funds described below also include non-refundable contributions to support the private sector.

The Credit and Competitiveness Access Programme (PACC) aims to improve the competitiveness of small- and medium-sized enterprises. The programme offers non-refundable endowments for project development, payment of professional fees related to project development, equipment acquisition, hardware and software acquisition for IT-related projects, and for building matrixes, moulds, prototypes and stands. The design of the PACC's new operating regulations was carried out during 2008, which is why the programme recorded little activity throughout the year, with 136 subsidized enterprises, all in the third quarter. In 2009, 110 enterprises received assistance.

Other measures providing grants to enterprises are implemented by the Ministry of Science and Technology, through the National Agency for the Promotion of Science and Technology. The Argentine Technology Fund (FONTAR) gives funds to private enterprises for technological innovation projects, patent expenses, technological modernization, technical assistance, training, technology services, and project development for business incubators and technology parks. Its funding instruments consist of annual calls to apply for non-refundable contributions (ARN, tax credits and credits), and a permanent desk to apply for non-refundable patent contributions, credits to enterprises and integrated projects of productive clusters. In 2008, the FONTAR made three calls for expressions of interest: 773 enterprises submitted 835 projects, 80.47 per cent of which were approved. These 672 projects represent a 51 per cent increase over initiatives in 2007. A call was made in 2009, which is still in the process of proposal evaluation.

The Trust Fund for the Promotion of the Software Industry (FONSOFT) was created in 2004, under the Software Industry Promotion Act, with the aim of funding research and development projects for the creation, design, development, production, implementation and fine-tuning of software systems. It also funds training activities and assistance programmes for the development of new ventures. In 2009, 184 projects were approved, while in 2008 two calls for the submission of projects were made by: FONSOFT Entrepreneurs and FONSOFT Non-refundable Contribution (ANR). At that time, 217 projects were approved – a 117 per cent rise in terms of project numbers and a 137 per cent rise in terms of approved budgets in 2007. In 2009, FONSOFT ANR called for submissions, the proposals of which are still in the process of evaluation.

The National Agency of Scientific and Technological Promotion (FONARSEC) was created in 2009 with a loan from the IBRD. It aims to increase the competitiveness of enterprises in sectors identified as priorities (health, energy, agribusiness, social development, information and communication technologies, nanotechnology and biotechnology). In 2010, two calls were made for submission of projects: the FS Agribusiness – Functional Foods and the FS Agribusiness – Whey.

The Export Refund scheme aims to reduce exporters' costs by returning cumulative indirect taxes. This strategy is used globally and is designed to help exporters compete on an equal footing with their peers in other countries.

The Temporary Admission Scheme boosts exports by eliminating tariffs and other taxes levied on imports for consumption from goods or materials in products that are to be exported. The beneficiaries of this scheme are registered importers and exporters, who must also be direct users of the merchandise, which is subject to the Temporary Admission Scheme. Under this scheme, 3,347 certificates were issued in 2008 and 2,877 in 2009.

The Drawback System seeks to promote exports through reimbursement of or rebate on import duties, statistical tax and value-added tax paid for imported goods, which were subsequently used in the manufacturing of an exportable product. Free trade zones aim to boost trade and export processing. This in turn maximizes efficiency while lowering the costs of the activities carried out in them. Hence, increased efficiency and lower costs can have a positive impact on investment and employment. According to the provisions in force, any goods that enter into a free trade zone are exempt from taxes levied on imports for consumption, either existing or to be created, with the exception of fees for services actually rendered. In 2010, there were 10 free trade zones in operation.

The Property Import Regime for large investment projects aims to encourage investments to improve the competitiveness of manufactured products through new state-of-the-art technology, quality certification, increased training of human resources in the industry, and investment in research and development. The beneficiaries of this scheme are national or foreign enterprises established in the country, which produce material goods. Financing consists of the exemption from import duty of goods that make up a complete and autonomous line, provided they comply with certain requirements.

The Export Regime for Turnkey Plants seeks to benefit exports of national goods and services. Funding is carried out through specific refunds on sales of complete industrial plants or engineering works overseas, the benefit covering not only goods but also services rendered. In 2008, 12 enterprises were audited, while in 2009 funding went to 47. It is worth noting that no changes were made to this export promotion programme during 2008 and 2009.

Facilities for training programmes, skills development, upgrading and retraining. The Small- and Medium Enterprise Secretariat also generates actions to strengthen micro-, small- and medium-sized enterprises, through Secretariat-funded training programmes.

The National Training Programme was created in 1995 and provides free training to owners, staff or managers, and middle managers of small- and medium-sized enterprises, through non-profit organizations, which work as trainers. The Secretariat finances 100 per cent of lecturers' fees for training courses that focus on managerial issues as well as on more specific needs, with ceilings for cost redemption. In 2010, the programme's operating regulations were redefined and an ARS\$1 million funding budget was set for 2011.

The National Programme to Support Young Entrepreneurs offers, among other support strategies, training to assist young entrepreneurs to turn an idea into a business plan that proves sustainable and attractive to prospective investors, and to strengthen the entrepreneurial capacity and skills of young people willing to start a business. To this end, the SME Secretariat works jointly with universities, foundations and other relevant institutions to provide training courses.

The Federal Programme for Sustainable Rural Development (PROFEDER) offers training to rural producers. Experts from the National Institute of Agricultural Technology (INTA) provide training through a range of modalities, which include courses, lectures, conferences, educational workshops and tours, and which target producers, professionals and young people working in small- and medium-sized rural businesses. Training covers mainly areas such as product technology, processes, organizational issues (conflict resolution, associativism) and marketing.

The Ministry of Labour, Employment and Social Security also has a Tax Credit Scheme for Small- and Medium-sized Enterprises and Large Enterprises which supports training projects for employed and unemployed workers, and involves vocational training in basic computer skills, skills certification, certification of formal education levels, and on-the-job training. In addition, the programme allows fund allocation for equipment acquisition; and trainers enterprises are given tax credits certificates to fulfil their tax obligations.

Special measures for SMEs, micro-enterprises and cooperatives. The Development and Industrial Competitiveness programme was set up by the National Institute of Industrial Technology (INTI) and focuses mainly on increasing detection, adaptation, dissemination and transfer of best available technologies. The main services rendered through the programme are testing and analysis, as well as technical assistance given to industrial

enterprises and cooperatives (including assistance on credit management and energy saving).

As regards agricultural and stockbreeding enterprises, INTA's support is mainly channelled through PROFEDER. The latter's overall objective is to promote technological and organizational innovation and capacity building for small- and medium-sized producers, and to strengthen their regional and national competitiveness. The goal is mainly achieved through direct technical assistance provided by PROFEDER's experts to small- and medium-sized producers.

The Competitiveness Programme for Self-managed Enterprises was launched in 2006 to help improve competitiveness and sustainability in Worker-managed Small Enterprises (PEA), and to support implementation of sustainable business management models. This IDB-funded programme pursues two goals: a) to improve managerial capacity in worker-managed small enterprises; and b) to examine the scope and potential applicability of self-management models, and to disseminate the results. It is open to self-managed enterprises of between six and 100 workers, with annual sales of up to 5 million US dollars (US\$) and legally organized as cooperatives. In 2008, 297 people were assisted through this programme, while in 2009 the number rose to 1,889.

The Federal Programme for the Productive Restructuring of Small- and Medium-sized Agricultural Enterprises – Rural Change was developed in 1993, and the INTA is in charge of coordinating operations and distributing its budget. This programme's aim is to support small- and medium-sized agricultural business people in seeking alternatives to boost their income, improve their living standards, create new jobs, restart investment activities and strengthen their position in the markets. The National Institute of Agricultural Technology's essential instrument for achieving the programme's goal is direct technical assistance, mainly given to small- and medium-sized producers. The programme underwent significant expansion in 2008 and 2009, both in terms of assisted producers and allocated budget.

Tax reductions. Law No. 26360 for the Promotion of Investment in Capital Goods and Infrastructure Works was enacted in March 2008. It set up transitional arrangements for the taxation of investments in new capital goods, with the sole exception of cars, falling into the category of movables redeemable under income tax, if they are intended for industrial activities or infrastructure works (with the exception of civil works). The Law provides for tax benefits (the early return of value added tax (VAT) paid on new capital goods to be used in the investment project submitted, or accelerated depreciation of income tax) to enterprises investing in new capital goods. Projects are to meet certain criteria: that they create genuine job posts; and have outlaid funds associated with the investment project between 1 October 2007 and 30 September 2010, for amounts equal to or higher than 15 per cent of the total projected investment. The first call for expressions of interest was issued in October 2009 and 94 projects were submitted as a result; in 2010 there was a second call, this time exclusively to SMEs.

Law No. 26476 provides for an amnesty to encourage the return of flight capital not declared as of 31 December 2007. Any holdings of foreign currency and other property abroad to be declared are allocated a special 8 per cent rate, while holdings of local currency and property in the country, not held on deposit or on affidavit, are allocated a 6 per cent rate.

Through the National Programme to Support Young Entrepreneurs, young business people and entrepreneurs are granted tax benefits in the form of exemptions from paying national taxes. The Programme for the Promotion of Small- and Medium-sized Enterprises also provides for tax benefits to enterprises, which consist of exemptions from payment of profit tax and VAT.

The Software Industry Promotion Scheme provides for several tax benefits. Enterprises under this regime enjoy fiscal stability for 10 years, as from the date the law entered into force. Fiscal stability extends to all national taxes, understood as all direct taxes, fees and tax contributions that registered beneficiaries pay. In addition, under this regime enterprises enjoy a 60 per cent relief on total income tax payable in each fiscal year. Applicants must submit proof of outlays made on research and development, and/or quality certification processes and/or software exports, in order to be eligible for the benefit.

1.8 Support job creation across sectors of the economy, recognizing the value of the agricultural sector and the need for rural infrastructure, industry and employment

As mentioned in Part A of this document, the international crisis impacted most strongly on the goods producing sectors, which registered a fall of 3.5 per cent in 2009. Within these, the decline of the agricultural sector (-15.8 per cent) and the manufacturing industry (-0.5 per cent) are most noteworthy. While the slowdown in the manufacturing sector was considerably less marked than it was in the agricultural sector, its weight within the goods manufacturing sector (53.3 per cent) might explain a significant proportion of the fall in activity.

In order to offset the decline in activity in the agricultural sector, agricultural producers continued benefiting from a set of compensatory measures, which had first been implemented in 2007 to mitigate the impact of a rise in world commodity prices on the domestic market; while a second set of actions was implemented to overcome some structural issues.

To this end, the Ministry of Agriculture, Livestock and Fisheries continued implementing the Rural Areas Development Programme (PRODEAR), whose objective is to stimulate production and employment in the rural sector. Two projects were implemented during this period within the framework of this programme: the North Western Rural Development Project (PRODERNOA) and the Patagonia Rural Development Project (PRODERPA). These programmes receive funding from the International Fund for Agricultural Development (IFAD).

The North Western Rural Development Project provides support in the form of: training to residents of rural areas, focusing on broadening their work knowledge and efficiency; financial assistance to forestry industry producers; technical assistance on the use of new technologies and integrated production systems; and financial aid to rural residents. Additionally, and in order to address the need for improvements in rural infrastructure, PRODERNOA also undertakes the construction of drains, canals and roads. In 2008, 237 kilometres of roads, canals and drains were built, and 192 kilometres were built in 2009. It should also be noted that the Works for all Argentines plan, developed in 2008, includes an ARS\$1 million investment for improving rural roads.

2. Building social protection systems and protecting people

2.1 Cash transfer schemes

The transfers implemented during the global crisis can be classified into three groups. The first one comprises all transfers which existed prior to the crisis, and did not suffer significant alterations in terms of their relationship with beneficiaries and participation requirements, such as state non-contributory and old-age pensions, *Moratoria previsional*, family allowances and JMyMT employment schemes, the Community Employment Programme and Interzafra. The second group comprises existing programmes, which saw either their participation requirements or their number of beneficiaries modified during the crisis, as was the case for the Unemployment Insurance, the SCyE and REPRO. Finally, new transfers that have a significant number of beneficiaries, such as the AUH, have been set up. Table 1 below summarizes the main characteristics and the scope of these schemes (Bertranou and Veza, 2010).

Table 1. Cash transfer schemes in force during the 2008–2009 crisis

Population	Schemes	Benefit	Scheme	No. of beneficiaries (approx.)
Children and adolescents	Universal Child Allowance	ARS\$180 (US\$46.2) per month per school-age child, 80% unconditional and 20% conditional on school attendance certificates, and health and vaccination controls.	Non-contributory	3,400,000
	Family allowances	An average of ARS\$178 (US\$45.6) per month per child, and an average annual education allowance of ARS\$206 (US\$52.9) per school-age child for formal workers and beneficiaries of social security benefits. Additional transfers for birth and adoption.	Contributory	4,800,000
Central or working ages	Training and Employment Insurance	ARS\$225 (US\$57.7) per month plus intermediation and job training (school completion, training) services.	Non-contributory	120,000
	More and Better Jobs for Youth Programme	ARS\$150–550 (US\$38.5–141.0) per month, plus intermediation, and job training services (school completion, occupational guidance, vocational training).	Non-contributory	40,000
	Community Employment Programme	ARS\$150 (US\$38.5) per month for unemployed workers.	Non-contributory	300,000
	Interzafra	ARS\$225 (US\$57.7) per month for unemployed temporary workers.	Non-contributory	9,000

	Unemployment Insurance	ARS\$355 (US\$91) per month on average for unemployed formal workers.	Contributory	143,500
	REPRO Programme	ARS\$600 (US\$153) per month to subsidize the payroll of workers from companies in critical situations.	Contributory	143,600
	Non-contributory state pensions	ARS\$587 (US\$150.5) per month for incapacity; ARS\$835 (US\$214.1) per month for mothers of seven children or more.	Non-contributory	452,600; 266,000
Old age	Retirement pension programme (<i>moratoria previsional</i>)	ARS\$700 (US\$179.5) per month on average for retirees who do not meet the contribution requirement.	Semi-contributory	2,400,000
	Retirement and pensions	ARS\$980 (US\$251.3) per month as a minimum benefit, for retirees who have met the requirement of 30 years of contributions.	Contributory	3,000,000
	Non-contributory old-age state pensions	ARS\$591 (US\$151.5) per month for people who have reached retirement age but have made no contributions and live in poverty.	Non-contributory	65,900

Exchange rate: US\$1 = ARS\$3.9.

Source: Elaborated by the author based on figures provided by the Ministry of Labour, Employment and Social Security, the National Social Security Administration, and the Directorate of Analysis of Public Expenditure and Social Programmes, to 2009.

2.2 Building adequate social protection for all, drawing on a basic social protection floor

From the cash transfers shown in the table above, it can be gleaned that a significant number of interventions co-existed during the crisis, aimed at providing the different sectors of the affected population with financial support. The universalization of benefits policies was implemented prior to the global financial crisis, together with the extension of the transfers to senior citizens (through retirement pensions), and the extension of unemployment insurance to informal workers (the SCyE described above). The last stage of the near universalization of benefits aimed at children in informal and vulnerable households was the launching of the AUH in October 2009, which was implemented in November of the same year.

The retirement pension scheme launched in 2005 gave men and women of retirement age (65 and 60 years old, respectively) who did not meet the contribution requirements access to a contributory pension scheme, through a system of instalment payments and debt reduction. The retirement pension scheme meant adding more than two million beneficiaries, which translated into nearly 90 per cent coverage for the population aged

65 and above, at the time of the crisis. Women turned out to be the main beneficiaries of this scheme, amounting to 81 per cent of the new beneficiaries and, in their case, the coverage rate exceeded the average, reaching 91.6 per cent of women and 88.3 per cent of men over 65, by the end of 2009.

The extension of unemployment benefits to informal workers through the SCyE meant providing coverage to nearly 120,000 workers in 2009. Considering all unemployment benefits in the contributory system, more than 250,000 workers received transfers for unemployment.

Finally, AUH extended the benefits of family allowances to families in the informal sector. During the first six months of implementation, benefits reached 3.5 million children and adolescents from informal workers' households who did not receive any other social security benefits. According to estimates, the family allowance policy (both in its contributory and AUH aspects) has had a large redistribution impact, reducing the extreme poverty rate, the poverty rate, and the Gini co-efficient (Bertranou and Veza, 2010). Disaggregation of the impacts by contributory family allowances and the AUH, the latter has shown a bigger redistribution power (nearly twice as large) due to its focus on lower income homes.

2.3 *Extending the duration and coverage of unemployment benefits*

The duration of unemployment benefits was extended for the two modalities in force, the contributory system (contributory unemployment insurance), and the non-contributory system (SCyE).

In the case of the contributory Unemployment Insurance, participants are expected to benefit from it for a period of no longer than 12 months, with the possibility of a six-month extension in the case of beneficiaries over 45 years of age. In mid-2009, an amendment was introduced for beneficiaries who reached the maximum allowed term in the last half of 2009, and who had not been successful in finding employment. The 22,696 beneficiaries in this situation were transferred to the non-contributory insurance system (SCyE) for a maximum of six months.

In the context of the global financial crisis, the possibility of remaining in the SCyE was further extended in mid-2009; the initial maximum 24-month term could be extended by 12 months for beneficiaries who requested it, and whose permanence in the programme had expired prior to 31 December 2009.

2.4 *Ensuring that the long-term unemployed stay connected to the labour market*

Both, SCyE and JMyMT have been designed to ensure that their beneficiaries are in contact with the labour market through the National Network of Employment Offices. Beneficiaries of the contributory Unemployment Insurance must also register their work history, as well as their applications with the Municipal Employment Offices.

2.5 Measures to improve pension fund design to protect workers' savings

The Argentine Integrated Pension System (SIPA) was implemented in November 2008 to unify the retirement and pension systems in a single public pension system, thus eliminating the privately managed individual capitalization system. This system is funded by means of a pay-as-you-go scheme, and it guarantees the members and beneficiaries of the capitalization regime in force until that date the same coverage and treatment as that provided by the public pension system, in compliance with constitutional mandates.

This measure resulted in an increase in pension resources, which became, in turn, some of the sources of funding for several policies during the crisis, such as consumption incentives and the AUH. The FGS was created in July 2007, with the aim of preserving the purchasing value of public retirement benefits, in view of the potential negative impact of the macroeconomic context. Upon the unification of the pension system in 2008, the net worth of these reserves grew by 53 per cent. In 2009, the Sustainability Guarantee Fund portfolio grew by 39 per cent, amounting to ARS\$140,852 million.

2.6 Providing adequate coverage for temporary and casual workers

The programme currently in force is called Interzafra, and it is aimed at seasonal workers of the primary production industry and the lemon and sugar cane agro-industries, working between seasons and receiving social security coverage. It provides workers with a direct monthly transfer of ARS\$225 for one year, so as to maintain the labour supply during the harvest and manufacturing periods. At provincial level, the *Segunda Oportunidad* (Second Chance) programme, targeted at seasonal migrant workers in the province of Buenos Aires (DAGPyPS, 2009), ensures them an ARS\$200 monthly cash transfer.

Family allowance benefits were made available to temporary workers in late 2010. Under this system, and while they are active and collecting a salary from their employer, they are entitled to contributory family allowance benefits through the Single Family Allowance System (SUAF); and when they are no longer remunerated by their employer, they automatically start to receive AUH coverage.

2.7 Helping the most affected vulnerable groups by means of a combination of income support measures, skills development, and respect of the right to equality and non-discrimination

The transfer programmes described above (JMyMT, SCyE, *Ahí, en el lugar* and Argentina Works) combine cash transfers and occupational skills development, by means of education and training services. They also encourage the involvement of beneficiaries in community and production projects. Specifically, the *Ahí, en el lugar* programme is aimed at the hard core of poverty, while Argentina Works focuses on less developed geographical areas.

The programme for the Promotion of Equal Employment Opportunities was implemented in early 2011, with the aim of facilitating job placement of unemployed workers with disabilities, through vocational training activities, education certification, assistance in the

development of independent projects, and participation in community-oriented projects created and implemented by public bodies or non-profit private institutions.

2.8 Measures to prevent deflationary wage spirals through social dialogue, collective bargaining, statutory or negotiated minimum wages, and measures to regularly review and update minimum wages

In contrast to the weakening of the minimum wage during the 1990s, when it ceased to be operational in terms of wage determination, 2003 marked the start of a process of recovery of the indicator, the real value of which has since increased threefold. This was mainly achieved thanks to the re-establishment, in 2004, and after 11 years of inactivity, of the National Council for Employment, Productivity and the Adjustable Living Minimum Wage, which also contributed to promoting tripartite dialogue. Thus, the Ministry of Labour regained its wage bargaining coordinating role.

It is interesting to note that this dynamic did not slow down during the crisis. On the contrary, the updating process of the minimum wage face value continued so as to prevent a decline in the purchasing power of wages. In 2009, the minimum wage amounted to ARS\$1,240, followed by two subsequent rises, reaching ARS\$1,400 in August and ARS\$1,440 in October. In January 2010, the minimum wage amounted to ARS\$1,500. The new value set that year by the Wages Council, which entered into force in September, amounted to ARS\$1,740 and reached ARS\$1,840 by January 2011.

At the same time, the number of agreements approved by enterprise or by sector had increased dramatically since 2003, when compared to the 1990s. For instance, 930 agreements and arrangements were registered in 2006; 1,027 in 2007; 1,231 in 2008; 1,331 in 2009; and 1,527 between January and September 2010. These figures stand out when compared to the average of barely 190 negotiations per year registered in the 1990s.

2.9 Measures to ensure that negotiated wage rates in procurement contracts are respected

Collective bargaining was maintained in the public sector.

2.10 Measures to narrow gender pay gaps

Argentina has ratified ILO Convention No. 100, which lays down the guiding principle of “equal remuneration for men and women workers for work of equal value”.

The Tripartite Commission on Equality of Opportunities between Men and Women in the World of Work (CTIO), established in 1998, is a permanent consultative body that goes beyond the scope of the Ministry of Labour, as it coordinates actions in other Government areas. In line with the aim of institutionalizing the gender perspective, the Coordination Unit for Gender Equality and Equality of Opportunity at Work (CEGIOT) was created in the Ministry of Labour in 2007, with a view to strengthening the will to implement State policies, which ensure gender mainstreaming in all labour-related programmes and actions, thus enhancing and consolidating the actions developed by CTIO in connection

with the Ministry of Labour's internal and external partners, i.e. unions and private employers.

In 2009, a pilot programme focused on building skills among unemployed women workers was implemented in the province of El Chaco, the results of which CEGIOT presented at the national meeting of the Provincial Tripartite Commission on Equality of Opportunities between Men and Women in the World of Work.

New Jobs for Women, a programme for equal opportunities in vocational training launched in late 2010, provides training in non-traditional trades for women – particularly those participating in the SCyE or JMyMT – in order to help improve their employability and to promote their insertion into the labour market. The programme is based on the development of new skills and internships in companies. Responsibility for assisting in the design, implementation and assessment of the programme has been given to CEGIOT.

Finally, the National Congress is working on a bill to guarantee equal rights for domestic workers – 95 per cent of whom are women. This law will regulate aspects such as working hours, weekly rest and holidays, among others. As far as wages are concerned, the bill establishes that the minimum wage rate, overtime and the supplementary annual salary will be set by the Ministry of Labour and Social Security. It also sets forth that domestic service workers are entitled to 90 days' maternity leave, during which their position must be maintained, as well as the corresponding social security benefits, equivalent to the worker's salary during the period of leave established by the law. The Chamber of Deputies has already passed the bill.

2.11 Measures for local and international migrant workers, protection and support to host countries, or measures to guarantee the protection of migrant workers, in case they return

Under the *Patria Grande* (Grand Nation) programme, temporary residence certificates were extended for six months in May 2009, thus simplifying the migrant registration process. This nationwide programme seeks to regularize the status of migrant workers, so as to facilitate the assimilation and integration of foreigners coming from other Mercosur and Associated States who are currently residing illegally in Argentina.

Since migrants are required to regularize their status in order to have access to programmes like AUH, it follows that the aim of this extension is to facilitate their access to this programme as well as other social protection plans.

One of the key areas identified in the application framework of the Decent Work Agenda was the protection of migrant workers. A hindrance to this was the lack of awareness regarding migratory issues in Argentina, which presented a challenge in devising an adequate response to this major concern. Based on an assessment of the situation, measures were taken to remedy this by raising awareness on this issue through the dissemination of studies carried out by the ILO and the development of new research.

3. Strengthening respect for international labour standards

3.1 Increase vigilance to achieve the elimination and prevention of an increase in forms of forced labour, child labour, trafficking and discrimination at work

In the area of prevention and elimination of forced labour, a series of inspections and searches of premises were carried out in the agricultural sector in late 2010, which confirmed the existence of slave labour. This involves workers who travel from one place to another with their families and who survive in overcrowded camps, working extremely long hours without being guaranteed the most basic health and safety conditions.

In response to this situation, the Ministry of Labour, Employment and Social Security and the Ministry of Justice and Human Rights, entered into a framework agreement to prevent and eradicate human trafficking on 15 February 2011. So far, over 1,600 people – 270 of whom are children – have been rescued through inspection operations. Also, the province of Santa Fe passed legislation to prevent and punish those using this kind of labour in rural areas. This initiative will support the Government in its actions against companies that do not comply with decent work conditions.

Regarding child labour, the national plan to eradicate child labour of the National Commission for the Prevention and Eradication of Child Labour (CONAETI, 2007–2010) has 10 goals, including strengthening information systems on child labour in Argentina. Also, in line with the implementation of the Survey and Child Labour Observatory Programme initially developed in 2003, the MTEySS established an agreement with ILO's International Programme on the Elimination of Child Labour (ILO/IPEC) to implement a Child and Adolescent Labour Observatory (OTIA), whose web site was launched in 2008.

In order to back up this MTEySS initiative, the United Nations (UN) system, through its joint programme to support the National Plan to Prevent and Eradicate Child Labour (ILO-UNDP-UNICEF), has contributed to OTIA's capacity building by creating regional child and adolescent labour observatories. Their main purpose is to strengthen the MTEySS's capacity to design, implement, and maintain a Child and Adolescent Labour Observatory capable of collecting updated qualitative and quantitative data. This was coordinated by the Sub-secretariat of Technical Programming and Labour Studies of the MTEySS.

The Child and Adolescent Labour Observatory has helped to disseminate and analyse the first survey on child labour in Argentina: EANNA (2004–2006), by carrying out qualitative studies complementary to EANNA's (for 2005, 2006 and 2007); creating local child and adolescent labour observatories (such as the one in Salta in 2008); carrying out short studies on specific forms of child labour (in the provinces of Salta and Jujuy); and coordinating actions with CONAETI, the Provincial Commission for the Eradication of Child Labour (COPRETI), INDEC, the Ministry of Education, the Joint UNICEF-ILO-UNDP Programme, and other organizations. It has also participated in the preparation, analysis and dissemination of several studies, documents, laws and activities, all of them related to the prevention and eradication of child labour.

A Child and Adolescent Labour Observatory work group was established in the Argentine northwest (OPTIA NOA) in 2009. Composed of various provincial bodies and academic departments of the University of Salta, the group holds regular meetings, carries out surveys, and designs implementation measures for rapid surveys. Apart from a web site, the group has developed handbooks and provided users with an application and a system for uploading information online, as well as other materials to facilitate the setting up of OPTIA groups in other parts of the country.

In order to strengthen the capacity to measure child labour at a local level, the ILO implemented a training programme for the ILO's Statistical Information and Monitoring Programme on Child Labour (SIMPOC) experts in Buenos Aires and Salta on research methodologies for child labour, more specifically, on rapid surveys (a research tool combining qualitative and quantitative techniques) in 2009.

3.2 *Measures that recognize the relevance of international labour conventions and recommendations*

Argentina currently has 65 International Labour Conventions in force, many of which are relevant to the Global Jobs Pact. Some of the most significant actions taken to mitigate the crisis in Argentina, such as PPCs and the REPRO programme, are fully in line with international labour standards on employment policies and mass dismissals.

In this respect, the Committee of Experts on the Application of Conventions and Recommendations stated in its 2010 ILO General Survey on employment instruments that Argentina, as well as other Latin American countries, had taken measures to mitigate the negative impacts of the crisis. According to the Employment Policy Convention, 1964 (No. 122), active labour market measures include public works programmes aimed at building social infrastructures, community development programmes, and employment and training development plans, targeted at the most vulnerable groups affected by the crisis. The Committee of Experts also pointed out that Argentina's commitment towards achieving the employment goals set forth in national policies and programmes had been translated into the Comprehensive Employment Promotion Plan 2008–2011, and into the decent work programmes.

With regards to the Employment Service Convention, 1948 (No. 88) concerning the organization of the employment service, ratified by Argentina, the Committee of Experts highlighted the establishment in 2005 of an employment service division, as well as the capacity building process developed at provincial and municipal levels. Along the same lines, and with the support of the ILO-CEA Project (see Box 1), the Federal Employment Service Network was established, and an Employment Promotion Plan was put in place with the participation of social partners who managed to reach sector agreements. Other activities developed were: a selective job-placement programme; a regional training and labour intermediation programme for blind citizens; a community employment programme; and a labour insertion programme for people with disabilities. All of them were carried out under the umbrella of the Unit for Persons with Disabilities and Vulnerable Groups, and involved the participation of employers' organizations, such as the

Club de Empresas Comprometidas (Committed Companies Club) and workers' organizations (The International Federation of Trade Unions of the Republic of Argentina – CGT). Initiatives directed at the formalization of domestic workers were also developed.

Although the Committee of Experts praised a well articulated government policy targeted at employment in the informal economy, which is considered to be one of the most serious labour market issues, the Confederation of Argentine Workers (CTA) was concerned that small- and medium-sized enterprises were excessively engaged in outsourcing services, thus reducing working conditions levels and increasing precarious employment.

Other measures acknowledging the relevance of international labour standards in crisis contexts are those related to child labour, wages and labour inspection issues.

The National Plan for the Prevention and Eradication of Child Labour 2007–2010 was implemented to address the problem of child labour. Accordingly, the Ministry of Labour and the Ministry of Education entered into an agreement aimed at reinstating children into the education system. Additionally, a network of companies against child labour was created (through a public-private partnership of over 70 companies); a protocol was signed between the Government and unions with the aim of combating child labour; workshops were held with labour inspectors and tobacco producers to provide training on child labour eradication; campaigns were launched to raise awareness on the issue of child labour among teachers and health-care workers, including the preparation of a handbook with the support of the ILO; a Child and Adolescent Labour Observatory was established; child labour surveys were carried out in the provinces; Law No. 26390: Prohibition of Child Labour and Protection of Teenage Labour was passed raising the minimum working age to 16; and the Government participated in regional initiatives, such as Mercosur, for labour inspection aimed at the eradication of child labour.

In terms of salaries, an increase in purchasing power was registered in the last few years, mainly due to collective bargaining and other consultative mechanisms, such as the National Council for Employment, Productivity and the Adjustable Living Minimum Wage.

Labour inspection-related joint activities were carried out in the Mercosur context, where the Ministry of Labour played an active role in an International Labour Inspection Network developed to exchange information and promote joint capacity building. Cooperation agreements have also been reached between the Ministry of Labour and judges, in order to collect data and streamline procedures.

On the one hand, in the 2011 General Survey concerning social security and the rule of law, the Committee of Experts welcomed Argentina's measures to nationalize the privately-managed component of its pension system in 2009. This was because this strengthened the role of the State in the reconstruction of the solidarity mechanisms based on the principle of collective financing, as the main components of the national social security system. In this context, the General Confederation of Labour, among other unions, highlighted the crucial importance of the stabilizing and anti-cyclical function of social security. On the other hand, the reform was severely criticized by employers, who

prefer a private fund management system organized in individual pension savings accounts.

Box 1

**ILO's monitoring of the Government's response to the crisis:
enhancing employment policies**

Within the framework of the Decent Work Agenda, and in view of the effects of the global crisis, the ILO Country Office in Argentina has taken several actions to support both national and local governments. Thus, the activities of the Decent Work Agenda have been reformulated in order to provide a more effective response to the demands of the current situation.

Among the actions promoted, the CEA should be highlighted. This project seeks to enhance the work of the Secretariat of Employment, particularly the development of employment policies and their dissemination and implementation in the country. Launched in 2009, CEA's actions were outlined according to the effects of the global financial crisis in the country. This meant providing support to various stakeholders in the Secretariat of Employment and their counterparts, as well as to provincial and local governments. These actions have contributed to building new contacts and networks among stakeholders at the three levels.

Notably, CEA has contributed in a number of ways to the work of the Secretariat of Employment of the Ministry of Labour and Social Security by:

- Streamlining the transition from passive policies – typical of a financial crisis and high unemployment scenario – towards active policies, capable of addressing the challenge of generating more and better employment, particularly for excluded groups, in the new economic growth and lower unemployment scenario of Argentina.
- Strengthening the process of employment policy decentralization in Argentina in a three-tier structure: i) the Ministry of Labour and Social Security, with its policies and programmes; ii) the Employment and Vocational Training Bureaux (GECAL), in the provinces and in the provincial governments; and iii) local stakeholders, such as Municipal Employment Offices, which cover most of the national territory. The decentralization process – which stands out among the country's public policies – was supported by stakeholder capacity building at all levels, as well as by the development of certain central tools, such as an IT platform.
- Enhancing the activities of the Secretariat by training 700 employees of the MTEySS.
- Fostering efficient exchange among relevant stakeholders, especially in areas related to active employment policies and the global crisis, through national and regional seminars. More than 1,200 employees of the MTEySS, the provincial governments and municipal governments took part in the seminars.
- Matching employment services to needs in different contexts, based on the results of a study of Municipal Employment Offices, which yielded a deeper and broader

understanding of their functions and scope. The Ministry of Labour, Employment and Social Security currently works with 340 such offices, to which it contributed to establishing.

- Incorporating a new feature into the JMyMT programme, particularly designed for the target population, namely the youth employment clubs held at Employment Offices, which initially comprised a workshop to support young jobseekers.
- Training the technical staff at the Secretariat of Employment and the youth employment areas of the Employment Offices in areas related to youth, education and employment.
- Gathering relevant information for the youth programme based on the assessment of the results of the implementation of benefits offered to young people during the summer (and carried out by the CEA), which in turn is used to select service providers for each area.
- Building GECAL's capacity by means of ongoing advice and technical support activities.
- Improving the implementation procedures of the JMyMT, the Territorial Management Directorate and the Employment Services Directorate, in order to optimize the levels of exchange with other areas of the Secretariat, as well as with civil society organizations, with the aim of introducing improvements to the implementation of employment policies.
- Substantially advancing the streamlining of strategies and actions carried out between the MTEySS, GECAL, and governments of the provinces and municipalities, which has become one of the main strategies of the Project. This has also facilitated a dialogue process between national policies and local implementation strategies.

3.3 Measures to increase the respect for freedom of association, the right to organize, and the effective recognition of the right to collective bargaining

One interesting aspect of the events of this crisis is that, unlike previous crises, Argentina did not seek to reform the labour market in order to make it more flexible as a response to soaring unemployment. The lesson learned from the flexibility process implemented during the 1990s, both in Argentina and other Latin American countries, is that when these measures operate in contexts lacking protection systems with broad coverage and opportunities for tripartite dialogue, the level of vulnerability of the workers increases, while social gaps widen. It can also be said that these processes turned out to be unmet promises, mainly regarding employment-product elasticity increases, employment formalization and efficiency improvements.

Conversely, the revitalization of certain labour institutions, such as those related to minimum wages and collective bargaining, were maintained throughout the crisis period. This contributed to preventing the deterioration of formal workers' real wages, which was a significant difference compared to previous slowdowns.

It is also worth noting that the Committee of Experts on the Application of Conventions and Recommendations made comments on the Trade Union Law, so that enterprise, sector and category unions could also achieve union status. These comments were

registered by the Supreme Court of Justice of the Nation, which, in turn, declared all provisions contrary to this Trade Union Law unconstitutional, even though no amendments have so far been made in the legislation.

3.4 Measures to promote the application of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, including enterprises in the supply chain

On the basis of the pilot study carried out in 2008 as a follow-up to the ILO Declaration on multinational companies, an action-oriented survey of these companies will be carried out, in order to improve competitiveness in the Argentine supply chain through fostering socially responsible practices. This is a key and fundamental chapter of Argentina's Decent Work Agenda. More specifically, the process will begin with a focus group, where stakeholders of multinational companies and representatives from the ILO and the ministries will identify the challenges faced by supply chains. The focus group will also identify key questions (on topics and sectors) for the action-oriented survey on multinational companies.

Various activities will be carried out during the implementation of the survey, with the aim of strengthening institutions and promoting cooperation among key stakeholders. Through awareness-raising activities, ILO instruments and tools will be promoted. Training activities could also be part of the programme once the needs have been assessed. Towards the end of the survey, high-level policy dialogue will take place in order to present and validate the results and recommendations of the survey, some of which could be implemented through the Decent Work Agenda, while others could become an integral part of the agendas of other institutions and organizations.

4. Social dialogue: bargaining collectively, identifying priorities, stimulating action

In the last few years, social dialogue has been fostered at the institutional level through the recovery of the negotiating power of the Ministry of Labour and Social Security in labour conflicts. For instance, the implementation of the National Council for Employment, Productivity and the Adjustable Living Minimum Wage in 2004 – after 11 years of inactivity – provided ideal room for tripartite dialogue. In fact, the coordination role played by the MTEySS in annual collective bargaining has reinforced its role as a key stakeholder in wage determination.

4.1 National agreement through tripartite social dialogue

As a result of the 2008–2009 global crisis, which only had limited effects in Argentina, a national tripartite agreement could not be reached. However, different tripartite dialogue opportunities continued to operate, such as the National Council for Employment, Productivity and the Adjustable Living Minimum Wage.

On the other hand, a sectoral national tripartite agreement was reached in the construction sector. In December 2010, and before the President of the Nation, the Argentinean Building Workers' Union (UOCRA), the Argentine Chamber of Construction

(CAC), and the Ministry of Federal Planning of the National Government concluded a national agreement to promote social dialogue in the construction industry. This document was also endorsed by all chambers of industry, which integrate the chain of value of the construction industry, as well as the Argentine Industrial Union (UIA), the Chamber of Commerce, the Association of Argentine Private Banks (ADEBA) and the Stock Exchange. The agreement includes, among other clauses, the promotion of economic growth, a fee and wage consensus scheme, the mass construction of social housing for the medium tranche of the population, the promotion of formal and decent employment for construction workers, and a commitment to social peace among industry stakeholders, so as to ensure clear rules and sector predictability in terms of employment, respect of labour regulations, and investment.

In keeping with this, the National Agreement to Foster Social Dialogue in the Hydrocarbon Industry was entered into in November 2010 to establish the need for national and provincial authorities to maintain dialogue with different sectors in the hydrocarbon industry. This is to ensure that labour relations are developed within the law and in an environment conducive to dialogue and understanding. To this end, the possibility of integrating a “national dialogue table” is being studied. This will contribute to settling any dispute arising among the parties to the agreement (national and provincial governments, chambers of industry and unions) in a amicable manner. The agreement further confirms the common interest in keeping adequate levels of production of hydrocarbon and its by-products, as well as establishing maintenance and recovery of reserves standards.

4.2 *Collective bargaining agreements at all levels*

In 2009, collective bargaining was geared towards preserving employment sources and salaries, and fostering salary rises despite the economic slowdown. The 2009 negotiations also reveal the factors triggering the multiplication of agreements during this period. Besides wages, which continued to prevail in negotiations, agreements also included clauses to enable adaptation to the specific situation of certain activities and companies affected by the crisis.

Table 2 shows the evolution in the number of agreements registered, as well as their disaggregation by fields of applicability and by branch of economic activity, between 2004 and the third quarter of 2010.

Table 2. Collective bargaining in Argentina, 2004–2010

	2004	2005	2006	2007	2008	2009	1 st quarter 2010 ¹	2 nd quarter 2010	3 rd quarter 2010
Number of negotiations	348	568	930	1 027	1 231	1 331	466	438	623
Staff involved in collective bargaining	1 222 000	2 117 000	3 500 000	3 938 000	3 992 000	3 887 000	2 056 000	2 846 000	1 892 512
Collective bargaining (CB) agreements									
Number									
By enterprise	236	365	605	691	795	935	378	170	441
By activity	112	203	325	336	436	396	88	268	182
Percentage distribution									
By enterprise	67.8%	64.3%	65.1%	67.3%	64.6%	70.2%	81.0%	39.0%	70.8%
By activity	32.2%	35.7%	34.9%	32.7%	35.4%	29.8%	19.0%	61.0%	29.2%
CB by branch of activity									
Number									
Agriculture	21	12	31	22	26	23	1	9	4
Mining	13	15	24	36	50	48	9	11	41
Industry	134	210	313	289	389	469	142	142	179
Electricity, gas and water	37	37	112	145	127	152	59	34	43
Construction	2	4	15	16	22	17	4	5	8
Trade	15	24	40	85	91	100	21	35	36
Transport	67	146	198	245	298	286	135	92	159
Finance	23	32	60	55	77	52	21	30	33
Services	36	88	137	134	151	184	74	81	120
Percentage distribution									
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Agriculture	6.0%	2.1%	3.3%	2.1%	2.1%	1.7%	0.0%	2.0%	0.6%
Mining	3.7%	2.6%	2.6%	3.5%	4.1%	3.6%	2.0%	3.0%	6.6%
Industry	38.5%	37.0%	33.7%	28.1%	31.6%	35.2%	30.0%	32.0%	28.7%
Electricity, gas and water	10.6%	6.5%	12.0%	14.1%	10.3%	11.4%	13.0%	8.0%	6.9%
Construction	0.6%	0.7%	1.6%	1.6%	1.8%	1.3%	1.0%	1.0%	1.3%
Trade	4.3%	4.2%	4.3%	8.3%	7.4%	7.5%	4.0%	8.0%	5.8%
Transport	19.3%	25.7%	21.3%	23.9%	24.2%	21.5%	29.0%	21.0%	25.5%
Finance	6.6%	5.6%	6.5%	5.4%	6.3%	3.9%	5.0%	7.0%	5.3%
Services	10.3%	15.5%	14.7%	13.0%	12.3%	13.8%	16.0%	18.0%	19.3%

¹From the first quarter of 2010 the criterion of “registration of agreements with the National Directorate of Labour Relations (DNRT)” is used as the working definition.

Source: Ministry of Labour and Social Security, Sub-secretariat of Technical Programming and Labour Studies, Directorate of Labour Relations Studies.

Collective bargaining in 2009 included more than four million workers, a significant figure considering that it represents nearly 80 per cent of the workers engaged in collective bargaining. There were 396 negotiations by branch of activity (30 per cent of the total) and 935 by enterprise (70 per cent), which means that, compared to 2008, agreements by enterprise increased by 140, while those by branch of activity decreased by 40. These differences show how the crisis impacted differently according to sectors, and within each sector, thus favouring individual agreements among stakeholders in the productive sectors and in the workplace, which translates into an increase in the number of collective agreements by enterprise.

4.3 *Strengthen capacities for labour administration and labour inspection*

Given the growing and persistent levels of informality, and within the framework of the strategy to promote decent work, controls in the employer sector began to be implemented from 2003, with the aim of identifying breaches in employers' statements as well as non-compliances with social security obligations.

The Ministry of Labour and Social Security has enforced these controls through federal inspections and the National Work Regularization Plan (PNRT). In the first case, inspectors check the working conditions of employees working in areas of exclusive federal jurisdiction, or employees working between jurisdictions, due to the kind of activity in which they engage, e.g. cargo, passenger, maritime and river transport., In turn, the PNRT is a joint initiative developed by the MTEySS, the Federal Administration of Public Revenues (AFIP), and the labour authorities of provincial governments, with the participation of the Federal Labour Council, which seeks to achieve higher efficiency in identifying and mitigating breaches of labour and social security regulations. This joint action is aimed at detecting unregistered labour by means of different kinds of verification methods: the initial recruitment code statement; the registration of workers; and the inexistence of regular statements of contributions. Another goal is to incorporate excluded workers into the social security system, promoting voluntary regularization by employers, and raising awareness on the problems arising from unregistered labour, and the benefits of regularizing the situation. Within the framework of this plan, a nationwide system to monitor the performance of inspectors was established in order to analyse the quality of their work and to provide guidelines on the plan, while helping to spot potential inconsistencies or problems and propose amendments.

With the National Work Regularization Plan, the Secretariat of Employment reassumed its labour inspection role, which resulted in more thorough and more extended planning; better positioning of its regional managers and representatives; further awareness-raising among agents; the acquisition of vehicles; improvements in the offices of regional delegations and directorates; the development of an IT application; and an increase in the number of staff members (from 40 to 400 inspectors), among other measures. Until 2006, actions had been driven by the need to strengthen the presence of the MTEySS in the areas where workers are employed, thus increasing the number of inspections. Subsequently, special attention was given to the quality of inspections, with the aim of

inspecting facilities and activities with a high degree of informality. This resulted in a lower number of inspections with better results regarding the detection of unregistered workers in 2007 and 2008. While the rate of detection of unregistered workers reached 22 per cent of the workers surveyed in 2004, the rate amounted to 30 per cent of workers during the inspections carried out in 2008, followed by a rate of 28 per cent in 2009, and of 33 per cent in October 2010.

There have also been improvements in the regularization rates, such as the proportion of workers who have obtained their initial recruitment code (CAT) as a result of the PNRT, in contrast with the total number of workers with irregular CATs at the time of inspection. In 2008 and 2009, this rate was 36 per cent, while in 2005 it had reached 31 per cent.

The National Work Regularization Plan also includes a number of actions aimed at reducing informality, but it also facilitates control procedures, among which the Registry Streamlining Programme sets forth a new registration scheme by proposing a single procedure simplifying the registration of workers, the identification of employers and the enforcement of current regulations. The Digital Labour Registration System, created in January 2011, establishes a connection to the Social Security Administration databases, which allows inspectors to check the registration status of the company's workers at the time of the inspection. This has meant a quantum leap in improving the efficiency of the inspection system, while optimizing the use of resources.

Other joint inspection activities worth highlighting are those developed on the Argentine, Brazilian and Paraguayan borders under Mercosur Decision No. 32/06 on minimum conditions of work inspection procedures. In 2010, these actions were extended to road transport, and became a significant labour control measure within the framework of the free circulation of workers.

Finally, there have been significant advances in the areas of occupational safety and health. In 2010, for instance, the Ibero-American Strategy for Occupational Safety and Health was incorporated into the State's policy on the subject. The Strategy is a basic instrument to set an agreed general framework for the region's safety and health policies, both in the medium and long term. Progress has also been made in the areas of occupational safety and health at both national and provincial levels (with the establishment of government agencies and municipalities with appropriate enforcement powers). In line with this measure, the Programme for the Regularization of Occupational Safety and Health in Public Bodies was created in 2010 with the objective of enhancing the occupational risks system; reducing occupational accidents, and adapting working conditions and environment; promoting training in the areas of safety, health, and the environment; obtaining maximum coverage for occupational risks; and providing cooperation and technical assistance at national, provincial and municipality levels, in order to build public bodies' capacity to manage occupational risk prevention, and safety and health preservation. Provincial governments have increased the number of inspections; improved inspector training; created occupational safety and health committees, both in the private and public sectors; and launched awareness-raising campaigns (Superintendence of Occupational Risks, 2010).

PART C. Shaping fair and sustainable globalization

1. Policy coordination, coherence and cooperation between government ministries

The 2008–2009 financial and economic crisis confirmed the need to advance towards a greater coordination of public policies, both at a national level (by articulating macroeconomic policies with trade, industrial, labour and income policies), and between the national and international spheres. In this respect, advancing towards a fairer international trade system, which considers national specificities and different development levels, has not only helped mitigate the local impacts of the crisis, but it has also favoured a better international integration for Argentina.

In this context, the MTEySS, with the ILO's assistance, presented in August 2009 the "National Report on the Social Impact of Globalization in Argentina". This report addressed a multi-dimensional set of factors, which make up the complex system of globalization. This work was developed based on the considerations included in the Recommendations of the World Commission on the Social Dimensions of Globalization, the ILO Declaration on Social Justice for a Fair Globalization and the objectives of the "Decent Work Agenda in the Americas: An agenda for the Hemisphere". Additionally, this report, prepared by the Argentine authorities, is in compliance with the 2008–2011 Decent Work Agenda, which identifies as the main priority area the need to articulate the labour policy with policies that have an impact on the quantity and quality of employment. From this development, the Argentine Government has promoted the central role and quality of employment in public policies, encouraging the inclusion of this topic and ILO's participation in the G-20.

The national report (ILO, 2009b) suggests the need to review the objectives, tools and actions of multilateral institutions. It also reaffirms the need for public interventions to be coordinated and articulated in concert with each other. In this regard, several actions have enabled the MTEySS to regain its power of mediation in labour disputes. Among other actions already mentioned, the National Council for Employment, Productivity and Minimum Adjustable Living Wage, which had remained inactive for 11 years, was re-launched in 2004 and became an important forum for tripartite dialogue. In fact, the coordination role of the MTEySS in annual collective wage bargaining has enabled it to become a main player in the determination of salaries in Argentina.

In other areas, such as in the productive sector, several initiatives aimed at achieving greater inter-agency coordination can be singled out. One of them is the programme "National Forum on Industrial Competitiveness of the Production Chains", implemented in 2003 with the objective of coordinating different government areas – Secretariat of Employment, Secretariat of Industry, Secretariat of Commerce, SME Secretariat – as well as promoting and supporting plans for strengthening and improving the competitiveness of strategic sectors for the development of the country.

The creation of the National Council for the Coordination of Social Policies in 2005, reporting to the President's Office, is another step in this direction. At present, the heads of the following ministries are members of the Council: Ministry of Social Development (Chairman); Ministry of Labour, Employment and Social Security; Ministry of Education; Ministry of Science and Technology; Ministry of Health and Environment; Ministry of Economy and Production; Ministry of Federal Planning, Public Investments and Services; together with the National Secretariat for Children, Adolescents and the Family under the Ministry of Social Development. Non-governmental sectors are also included. The Council has become a platform for the exchange of information supporting the joint promotion of specific issues such as gender equality, disability, child development and the follow-up of the Millennium Development Goals (MDGs), among others, through a number of specialized agencies under its umbrella. It should be noted that Argentina is the only country that has included "Promote Decent Work" as an objective in the national adaptation of the MDGs, setting specific goals regarding unemployment, the extension of social protection coverage and the eradication of child labour.

However, platforms for coordination with regard to the creation of new programmes, such as the AUH, have been developed outside this institutional structure, through *ad hoc* groups including members from the involved ministries (in this case, the ministries of health and environment, education and work, through the ANSES).

Box 2

Need to strengthen the platform for coordination of public policies regarding the issue of youth

As a consequence of the specific problems young people face during transition between training and working life, where different factors define a number of risks affecting their paths to decent work (ILO, 2010c), the platform for the coordination of policies aimed at young people becomes relevant, since it is necessary to develop a multidisciplinary set of interventions to be carried out by a large number of institutions targeting youth. Hence, improvements in the coordination, coherence and cooperation between youth policies and the institutions involved would help to generate more effective platforms to implement measures for the inclusion of youth and, particularly, for youth employment. ILO constituents acted accordingly, and they included the issue of youth employment as a priority area in the "Decent Work Country Programme – Argentina 2008–2011".

In the context of the international crisis, the coordination between the national and international spheres has become particularly significant. Therefore, certain synergies, such as the relationship between the Ministry of Foreign Affairs and the MTEySS when evaluating the country's trade policies, are worth highlighting, since both ministries have worked together to identify the effects of these policies on employment. The exchange between both institutions led the Argentine Government to focus the discussions of the Fourth Summit of the Americas, held in Argentina, on the interplay between employment, poverty and governance. The participation of the MTEySS in the Government's report on the review of the World Trade Organization's trade policies was also important.

2. Policies that promote efficient and well-regulated trade, and markets that benefit all and avoid protectionism

International experience suggests that the impact of globalization on countries is widely mediated by national public policies, and by their degree of coordination and adaptation to the international context. This assumption leads to the need to rethink the relationship between trade and financial policy, macroeconomic policy, and employment and income redistribution policies, from the perspective of a more equitable distribution. These policies should not only emphasize making the most of opportunities that may arise from integration, but they should also define mechanisms enabling the mitigation of negative effects, as well as the equitable distribution of possible costs.

The need to achieve greater coherence among economic, social and environmental objectives also makes it necessary to coordinate the different economic policy instruments (trade, financial, monetary and fiscal policies, among others). In agreement with the above, the ILO, with support from France's Agency for Technical Cooperation and Development, has supported the project to strengthen the MTEySS' capacities to formulate, implement and disseminate policies aimed at improving income distribution, as well as to get involved in the coordination of such policies. Thus, the study "*Reflexiones y propuestas para mejorar la distribución del ingreso en Argentina*" (Reflections and proposals to improve income distribution in Argentina, published in 2008, analyses the coordination of policies to improve income distribution, while presenting an assessment of the distributive impact of the Argentine tax system, together with reform proposals, and an evaluation of cash transfer schemes aimed at reducing poverty and inequality (ILO, 2009b).

Moreover, throughout the period following the 2002 crisis, Argentina has given renewed prominence to the use of different policy instruments (macroeconomic, sectoral, labour and technological instruments, among others). In this context, the country has achieved a greater degree of freedom to implement various public policies, by using different instruments, several of which had been deactivated during the 1990s. The "National Report on the Social Impact of Globalization in Argentina" (ILO, 2009a) compares the degrees of freedom of public policies in the country under the two different macroeconomic regimes. The first one is the currency board arrangement, which was in force for a decade, since early 1991, and the other one is the new regime established following the collapse of convertibility, which took place in early 2002. The comparison between these two macroeconomic schemes makes it possible to analyse the effects of the abrupt and in-depth process of financial and commercial openness, together with the labour market deregulation, which took place over the past decade, as opposed to the effects of the present socioeconomic situation, where greatest international integration is achieved within a sounder macroeconomic and labour institutions context.

Box 3

Argentina's international agenda during the crisis

Participation in the G-20. With the global financial crisis, the role played by the G-20, which includes Argentina, gained momentum. In this platform, Argentina supported the use of stimulus packages, as well as the adoption of measures against tax havens, the improvement of control mechanisms for credit rating agencies, the need for greater flexibility to provide liquidity for the emerging world, and the reform of the International Monetary Fund (IMF) quotas, among other issues. Additionally, Argentina first proposed the inclusion of the ILO in the G-20 working group and it also recommended the organization of meetings of labour ministers, a measure that was subsequently taken up by Brazil. As a result, by including an interest on labour issues, it was possible to set limits to the labour flexibility policies adopted as an anti-crisis measure within the G-20.

Within this framework of increased concern regarding labour issues, Argentina, together with France, is planning to develop an International Meeting on Employment, Work and Macroeconomic Policies in July 2011, in order to discuss the coherence between macroeconomic policy and employment, the role of labour market institutions, and fundamental rights, in times of recovery. Officials from the Labour Ministries of Mercosur and associated countries, as well as officials from France, Italy and Mexico, will attend this meeting, which will be held as a workshop. Specialists from the ILO and the Economic Commission for Latin American and the Caribbean (ECLAC) will also participate in the workshop.

Progress within Mercosur. Due to the development of the crisis, the regional agenda was modified to focus on the bloc itself and, in October 2008, an extraordinary meeting of the Common Market Council was called in order to discuss the impact of the crisis on the region as well as possible policy responses. Subsequently, the strengthening of monitoring mechanisms, the follow-up of intra-zone trade flows and the integration of financial services were considered as instruments to respond to the crisis.

In this context, Argentina and Brazil agreed on a new payment system in local currencies to support reciprocal trade. The Local Currency Payment System facilitated the settlement of foreign trade operations for up to 360 days, allowing importers and exporters to settle in their own currency with a daily exchange rate provided by central banks. With this securities transfer and clearing system, the financial costs of buying and selling US dollars were reduced for the transactions between both countries.

Once the effects of the crisis have been overcome, the regional bloc should advance towards its consolidation in the definition of a true Customs Union, providing a fruitful platform to implement a strategy for accelerating productive development, diversifying exports and exporters, for technological development and for the development of human resources. These challenges include advancing the structure of the common external

tariff, the consolidation of an expanded market and the creation of fair access conditions for partners (ECLAC-UNDP, 2009).

3. Policies that enhance economic diversification by building capacity for value added production and services to stimulate both domestic and external demand

One of the main challenges the country faces towards achieving a diversified productive structure capable of producing value added products and services is promoting investment and productivity, and seeking successful entry into the foreign goods market.

Regarding international trade, exports have shown a significant increase since the end of the currency board arrangement, which was in force until 2001, boosted by the new exchange-rate regime and the rise in the international prices of commodities. With regard to the performance of exports vis-à-vis their past, it is important to emphasize that not only the exports of primary commodities have increased, but also those of manufactured products.

As a result of various changes in the exchange rate, in the differential dynamics of the productive structure and the industrial and technological policies prevailing in each country, Argentina's trade structure has undergone certain changes in the last two decades. In this new context, even though Brazil continues to be the main destination for exports, its weight has decreased, while the People's Republic of China's weight has significantly increased. Furthermore, there have also been changes in the composition of imports, since China replaced North American Free Trade Agreement (NAFTA) countries in the importation of certain manufactured goods (ILO, 2009a).

In Argentina, the challenge lies – in terms of productive diversification and despite changes in the productive structure due to the macroeconomic model change – in achieving a foreign trade specialization structure for industry that is not as biased towards low labour intensive sectors, in order to increase direct employment through international trade. Additionally, entering the international markets of China and India creates both opportunities and challenges for Argentina. Regarding the opportunities, there is the possibility of expanding links in economies with extremely large markets; while, as to the challenges, there is the potential impact of greater trade integration with these countries, particularly China, on the productive structure. In this regard, it has been observed that exports to China have returned to primary goods over the last decade, while imports from China are now including goods with a higher technological and capital content. In addition to the above, the balance of trade is in deficit.

Regarding the domestic market, changes in the macroeconomic approach promoted the development of local production and the country's reindustrialization. The competitive exchange rate policy encouraged productive diversification as well as the reconstruction of the productive apparatus (Mira and Serino, 2009), while the pillar of competitive real

exchange rate of the growth and development model was combined with a strategy for creating a strong domestic demand, which was possible due to the growth of employment and the development of policies favouring wage increases (Panigo and Neffa, 2009). Being a country with abundant natural resources, Argentina faces challenges regarding diversification, in a context of high commodity prices. This does not create incentives for diversification and may generate problems like the “Dutch disease” in the industrial sector. Therefore, it is necessary to combine policies that encourage productivity in the industrial sector, while protecting it against foreign competition (such as investing in infrastructure and maintaining a competitive exchange rate), with other policies that help promote aggregate demand, and improve real wages and distribution (Mira and Serino, 2009).

4. National supervisory and regulatory framework for the financial sector, so that it serves the real economy, promotes sustainable enterprises and decent work, and better protects people’s savings and pensions

The global financial crisis did not lead to a financial crisis at the local level, due to the solid Argentine banking system. The system’s balances showed good indicators, as a result of increased deposits (and their composition), despite the context of international volatility. Additionally, while banks showed – and are still showing – high liquidity indicators, there are Central Bank instruments, such as the short-term and medium-term papers issued by the Central Bank (LEBACs and NOBACs), which also provide liquidity to the reserves of financial institutions.

Moreover, the accumulation of international reserves in the run-up to the crisis, through a prudential macroeconomic policy for the creation of a liquidity network, allowed for better control of the nominal exchange rate fluctuations, thus avoiding abrupt changes which may have jeopardized the banking system and people’s savings.

Furthermore, the regulatory framework promoted by the Central Bank enabled the removal of a vulnerable component of the banking system in the past – currency mismatches in bank balances, enterprises and families were eliminated. This has facilitated the gradual increase of financial intermediation.

Additionally, in the context of the crisis, two measures – which have already been discussed in Part B – should be noted: the 2008 social security reform, which implied the complete transfer of old-age protection to a pay-as-you-go public scheme, as well as the transfer of funds accumulated in the individual capitalization accounts to the FGS; and the amnesty to encourage the return of flight capital. The first measure facilitated the funding of a production stimulus through FGS resources, while the second one provided tax incentives for investments.

Finally, some measures were also taken to favour the population’s access to banking services and increase the use of the banking system. By the end of 2010, people who did not have access to banking services in the informal economy were given the opportunity

to have a free account. This account, which does not have any issuance or maintenance costs, is intended for those who do not have a bank account and enables beneficiaries to hold a card to operate free of charge through the ATMs of the bank authorizing the account, to purchase through direct debit in shops and to benefit from a 5 per cent VAT refund. Secondly, to discourage the use of cash, the BCRA stipulated the reduction of bank transfer commissions. Additionally, the BCRA issued statements promoting the establishment of financial institutions in areas with low penetration of the financial system (BCRA, 2010).

Even though it was possible to overcome the potential effects of the financial crisis in the local banking sector, the challenge of increasing the level of financial intermediation and population access to banking services still persists, particularly in regions with limited or insufficient provision of services.

5. Policies that contribute to building adequate social protection for all, drawing on a basic social protection floor including access to health care, income security for the elderly and persons with disabilities, child benefits and income security combined with public employment guarantee schemes for the unemployed and working poor

In line with what was agreed on by ILO constituents in the Decent Work Country Programme 2008–2011 and, particularly, regarding the priority area for the extension of social protection coverage, it may be concluded that over the past few years there has been a significant extension of the horizontal coverage of social protection for the vulnerable population. More specifically, the social security inclusion scheme and the AUH have supported the entry of the elderly who did not meet the requirements to access a pension due to the lack of a formal work history, and of children from homes suffering the consequences of unemployment and informal labour. Both measures have allowed for the improvement of the beneficiary population's living conditions (ANSES, 2007; Bertranou and Veza, 2010) and, in particular, the AUH has generated a deterrent effect on child labour.

Additionally, as already been mentioned in Part B, a significant number of initiatives related to employment have focused on covering the specific needs of the working poor population, through employment programmes.

The major challenges ahead for the range of programmes on basic social protection mainly arise from the way institutions are organized and the federal nature of the Government. These challenges include: the coexistence of benefits of different nature (universal, in health and education, or fragmented, according to formal or informal employment participation); the existence of guaranteed transfers without adequate connection to essential services; the ineffective monitoring and follow-up of compliance with conditions; discrepancies in benefits levels even when applied to populations with similar profiles; regional disparities regarding access to essential services; gaps in the provision of and access to essential services; and, finally, limitations in the coordination

and integration of contributory and non-contributory components in programmes from different government levels (national, provincial, municipal).

In this regard, it is worth noting that, in April 2011, the National Congress passed a law for Argentina's adoption of ILO Convention No. 102 on minimum standards of social security (Law No. 26678). This is a major step forward in the legislative field for the development of a social protection system, which combines social insurance with a social protection floor, since the adopted regulation establishes lower levels for social security benefits as well as access conditions.

6. Policies that ensure that both young women and men have the appropriate education, skills and opportunities to participate in the economy

Young people comprise a group of high vulnerability in the labour market and show higher unemployment rates and labour precariousness than the rest of the age groups. According to information on the second quarter of 2010, the unemployment rate for young people aged 15–24 was more than double the general unemployment rate, reaching 18.9 per cent, and exceeding by more than 20 pp the informality rate, amounting to 56.5 per cent. High labour turnover and frequent periods of inactivity also characterize this group, which is always more at risk from the ups and downs of the economic cycle. In addition to the above, approximately 20 per cent of middle school-age adolescents are outside the education system and about 20 per cent are neither studying nor working (ILO, 2010c).

This has led to a wide range of interventions that emphasize educational aspects, integration into the labour market, social inclusion and poverty alleviation. Some of them are: school retention scholarships; the Comprehensive Programme for Educational Equality (PIIE); the Programme of Inclusive Schools; the Plan for Primary and Secondary School Completion (FinEs), specifically intended for youth over the age of 19 who have left school; the implementation of specific actions for youth in policies promoting employment participation (JMyMT and public-private initiatives such as the promotion of telework); the encouragement of entrepreneurial skills (National Programme to Support Young Entrepreneurs); training, education completion and social participation actions promoted by the Ministry of Social Development within the territory; and the extension of family allowances for youth under 18, the children of informal heads of households, or young people with dependent children without formal employment.

Additionally, as has been noted by the ILO (2010c), a factor contributing to the successful participation of youth in the labour market includes adequate basic training, while some of the risk factors are school dropout and child labour. Regarding the first item, it is worth mentioning that the implementation of the AUH is expected to produce a positive effect on school retention, particularly with regards to secondary school. As to actions carried out in order to eradicate child labour, the new Law No. 26390, in compliance with what was stated under ILO Convention No. 138, raised the minimum age for employment in Argentina to 16 years of age, from 2010 onwards, and explicitly states the conditions under which a young person may work at that age. According to this regulation, youth

aged 16–18 cannot work more than 36 hours per week or be involved in hazardous or night work, or work that competes with their continued education. In addition, as has already been described in Part B, information systems on child labour have been strengthened in the last few years due to the efforts of different institutions working on this issue (CONAETI, COPRETI, the Ministry of Education, ILO, UNDP and UNICEF).

The persistence of unfavourable youth social indicators suggests the need to advance the thorough implementation and integration of the above-mentioned actions. The strengthening of active policies for youth employment has been one of the key aspects in the labour area and the next challenge lies in the coordination of the corresponding actions, particularly in the transition from school to the labour market. Accordingly, the ILO has made several contributions to address this problem within the MTEySS, as agreed in the Decent Work Country Programme 2008–2011, such as the technical advice provided by the CEA project to the JMyMT Programme and by the ECLAC/ILO/UNDP inter-agency programme to the Corporate Social Responsibility and Decent Work Programme.

7. Policies that address informal employment, in urban and rural areas, and promote the transition to formal employment in order to reduce inequalities and promote more inclusive economies

The primary importance placed on decent work in Argentina became evident when in 2003 the Government, in accordance with the Millennium Development Goal for Argentina Objective 3: “Promote Decent Work”. Argentina has also incorporated decent work as a national objective through Law No. 25877 of 2004. Article No. 4 of the law states that the Ministry of Labour, Employment and Social Security shall promote the inclusion of the decent work concept in national, provincial and municipal public policies.

Additionally, the rest of the social actors have shown their commitment to the objective of generating decent work by participating in Argentina’s Decent Work Country Programme (DWCP). In particular, from the workers’ sector, the Decent Work Multidisciplinary Team, which was created in 2006, participated in the preparation of the DWCP 2008–2011 and is currently a part of the DWCP Monitoring Group.

The implementation of the set of active policies regarding the labour market and the labour inspection programmes (both discussed in Part B) has promoted the formalization of workers. However, the current persistence of high levels of informality requires additional efforts in the regularization of the work policy.

As already mentioned in Part A, the extension of the labour informality phenomenon has a wider scope particularly among young people and lower skilled groups. This said, there are also other groups where informality is widely developed, such as rural and migrant workers. Regarding the actions taken to guarantee working conditions in rural areas, as mentioned in Part B, controls have been intensified to detect, in particular, different types of forced labour. Additionally, as regards migrant workers, and as already stated in Part B, specific studies are being developed regarding the participation of this group of workers in

employment, with the purpose of identifying policy options which promote fairer conditions for all workers.

Box 4

The challenge of formalizing workers

Since labour informality is a complex phenomenon, there are certain discrepancies in its conceptualization, which have been changing over time. Initially, an informal sector was merely the one associated with livelihood activities, in marginal segments of the economy (ILO, 1972). But due to the changes that took place in the labour market over the last few decades, this definition ceased to be the most appropriate one and, instead of considering only certain sectors as informal, the concept was widened and renamed “informal economy”. According to this latest definition, informality is a phenomenon observed when workers are neither recognized nor protected under legal and regulatory frameworks, whether in the informal sector or in formal economic units.

The problem of unregistered wage employment is not a recent phenomenon in Argentina. This issue, however, reached its peak at the beginning of this century, when the country experienced a serious economic and social crisis. By 2003, the unregistered wage employment rate amounted to 49.1 per cent, but since then, the rate has began to decrease, showing figures of around 36 per cent since mid-2008 to mid-2010, and reaching 33.7 per cent towards the end of 2010.

Additionally, Argentina also shows a high level of informality in self-employment. Independent workers (either employers or self-employed workers) represent approximately 25 per cent of employed people and, according to the latest information available, labour informality levels, calculated on the basis of compliance with social security regulations, exceed 60 per cent. Moreover, according to employment characteristics (assignment description and level of income), data on the evolution of informality is not encouraging in this segment, since it has been observed that more than 50 per cent of independent workers are working in precarious conditions (ILO, 2011).

From the above information it follows that, despite showing a favourable evolution, informal employment is still showing high levels, which leads to low coverage of social insurance and a high economic and social vulnerability for workers and their families. This issue has been considered by the Government, employers and workers, who have included as a priority within the Decent Work Country Programme 2008–2011, the implementation of mechanisms and tools to contribute to the reduction of the informal economy and unregistered employment. This concern reaffirms the commitment made by the Argentine Government, within the framework of the Millennium Development Goals, to “Promote Decent Work”. Since informality is the result of various factors (economic, social, cultural and labour), public policies, both those aimed at formalizing workers and those designed to widen the scope of social protection, require the recognition of the

phenomenon's complexity and the heterogeneity of the people involved. Consequently, the ILO has supported activities which enable the development of an accurate diagnosis of informal employment in Argentina, and which facilitate discussion and reflection on the coordination of inclusion strategies. In this framework, the seminar "Economy in Argentina: The Challenges of Inclusion" was held in 2009, with the purpose of examining, sharing and disseminating information on policies, programmes and practices aimed at improving the conditions of the informal economy, without ignoring the role and challenges that public policies are facing in the context of the global crisis.

One of the outcomes of this seminar was the proposal to conduct an in-depth study on independent workers, in order to examine the evolution and characteristics of this type of employment participation, together with workers' motivations to enter this occupational category, and the scope and characteristics that labour informality has in this subgroup of workers. This study was completed by the end of 2010 and published in 2011 (ILO, 2011).

Finally, within the activities stated in the DWCP 2008–2011 regarding the priority to "Extend the coverage of social protection", contributions have been made including disseminating studies already conducted by the ILO in Argentina and undertaking new research in order to share knowledge about the employment participation of migrant workers in the country, and to strengthen the technical capacity of the MTEySS and social actors, so as to develop policies and programmes focused on the social protection of migrants.

8. Policies that facilitate shifting to a low-carbon, environmentally friendly economy that helps accelerate jobs recovery, reduce social gaps and support development goals, and realize decent work in the process

Law No. 26093, establishing the "Promotional Scheme for Sustainable Production and Use of Biofuels", was passed in 2006. The goal of this law was to increase the offer of biofuels to 5 per cent of the domestic market in the following three years. For this purpose, the law established tax incentives (VAT refund), the possibility of recouping investments and the exemption of the tax on liquid and gaseous fuels. This regulation was followed by several resolutions in subsequent years that defined quality standards, bioethanol volumes and specific supply guidelines, among others. As a major soy producer, Argentina has the possibility of widely replacing diesel oil with biofuel, a reason why during 2010 the goal was updated and raised to 7 per cent.

Argentina's productive scenario presents additional opportunities for expanding sustainable production in the medium and long term. Due to its abundance of natural resources and the relative development of its infrastructure, Argentina has a tremendous potential for creating green jobs. Sectors with the highest profile to achieve a massive reduction of energy consumption and carbon emissions are associated with: construction; waste management and recycling; transport; tourism; certain activities related to forestry;

sustainable agriculture; some branches of manufacturing; and sectors involved in the development of renewable sources of energy.

The above-mentioned agreements reached within the construction industry allow for the anticipation of investments and the creation of employment in the sector. New housing construction and the remodelling of existing buildings are good channels for disseminating measures for energy efficiency, energy saving, the rational consumption of water and the use of environmentally friendly materials. Additionally, since construction employs workers with different skills and, particularly, has the capacity to assimilate the excluded, employment creation in the sector may have a bearing on the reduction of poverty while contributing to fulfilling the objective set by Argentina to modify income distribution in favour of greater equality.

Regarding the recycling of materials, in several urban areas of Argentina, workers have been organized for the collection, classification and subsequent recycling of waste. Given that this is a highly sensitive activity, especially as regards working conditions, supporting these initiatives and enforcing compliance with decent work standards are major steps towards the consolidation of the green jobs created. This case also involves social considerations. Those involved in the recycling value chain are generally low-skilled workers with limited opportunities in other sectors of the economy. The appreciation of activities related to waste management and the enhancement of the dignity of workers should have a positive impact on poverty and inequality indicators.

As to the transport sector, the improvement of road infrastructure not only creates employment, but it is also expected to result in the provision of better public transport services and the introduction of an effective and more environmentally sustainable transport alternative for users.

The responses based on decent work that were stated in the Global Jobs Pact include increasing investment in infrastructure, research and development, public services, and green production and services. They are important tools for creating jobs and stimulating sustained economic activity, and such a recommendation serves the purpose of accelerating employment creation and jobs recovery, while supporting enterprises.

It is advisable, then, to consider the need to examine the possibilities of promoting green employment creation in sectors which already have a significant degree of development and which directly affect the entry of workers with lower skills into the labour market.

9. Policy measures, such as minimum wages, that can reduce poverty and inequality, increase demand and contribute to economic stability

Collective bargaining and the setting of minimum wages have had a prominent role in the period under review in the context of the enactment of the Labour Reorganization Act and Argentina's support to the promotion of Decent Work. At the same time, efforts have been made for labour institutions to work in coordination with other institutions in the

country that influence both the supply and demand for labour. Therefore, most labour market indicators have improved, both in terms of the level and quality of employment, and the level of income and its distribution.

10. Strategies to create fiscal space to put in place systematic, well-resourced, multi-dimensional programmes to create decent work opportunities and sustainable enterprises

The creation of fiscal space that enabled the promotion of policies and programmes in response to the crisis, even in the context of economic activity deceleration, was possible owing to different initiatives, as previously stated in Part A. The fiscal burden was increased, mainly due to taxes on foreign trade and the collection of contributions resulting from the increase in registered employment. Additionally, the nationalization of the pension system provided new resources for the Government, which were directed at programmes such as the AUH, at increasing social security coverage and at actions to stimulate the productive sector.

However, there are certain potential areas for the reform of the tax system that may still have a greater impact on income distribution. Potential changes to be considered should not only take the equality aspect into account, but they should also promote economic efficiency, facilitate tax administration, increase the system's transparency, and allow for the sustainable funding of State policies. Basically, reforms should constitute a system where each tax has broad taxable bases without any preferential treatment, with reasonable rate levels according to international parameters, and a high level of compliance (ILO, 2009b).

Among potential areas of reform there is the modification of the Personal Income Tax. Even though this tax is one of the most progressive elements in the system (the wealthiest quintile supports 97.5 per cent of the burden), the tax burden mainly falls on the productive units instead of affecting those receiving income (ILO, 2009b). This affects workers, since the nominal wage increases they receive, partly to compensate for the deterioration of real wages due to inflation, extends the scope of this tax, which incorporates sectors of the population not reached before and absorbs a significant part of the wage increases. Accordingly, over the past few years, and in order to avoid the negative effects of this tax on the net wages of workers, several changes have been made to the non-taxable minimum of the income tax.

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