

# CHILE\*

## Policies in Place

### *Employment of Workers*

#### **Labour Market Guidance Services**

The National Training Employment Service (SENCE) seeks to develop and promote programmes, projects and mechanisms aimed at labour market guidance and counseling services to contribute to an adequate employment level and mobility of workers.

In more specific terms, this is reflected in the following general objectives:

- promote a more smoothly operating labour market through informational, guidance, training and occupational placement activities;
- articulate and administer an array of guidance services that encourage the best possible match between the competencies of the workers and the type of human resources required by employers; and
- meet the demands for reemployment in economic sectors that are experiencing a crisis.

Specific objectives include:

- design, implement and monitor actions aimed at strengthening the operation and coverage given by Municipal Offices of Occupational Information (OMIL), so as to consolidate efficient placement and labour market guidance services;
- manage a Programme of Labour Market Relocation, aimed at supporting the relocation of displaced workers or workers who are exposed to an effective risk of being displaced and belonging to sectors or activities in a situation of crisis as identified by the Decree on Retraining and Labour Market Relocation for a specific economic sector or activity;
- design and manage the Retraining Programme for Workers on Wages Close to the Minimum Wage in order to give them effective labour mobility, by placing them in a new job or by improving the wage conditions of the current job; and
- design occupational instructional and training programmes aimed at improving work competencies and the possibilities for the placing and relocating of workers, whether employed or unemployed.

#### **Retraining Programme for Workers on Wages Close to the Minimum Wage**

##### Objective

The objective of the Programme is to attain effective labour mobility, of a stable nature, in a new job, or to improve the wage conditions of the recipients in the current job. Beneficiaries participate in a personalised programme, designed to match their abilities, skills and competencies in order to secure an effective increase in productivity and a significant increase in the level of earnings.

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### Target population

Men and women, dependent workers receiving a base monthly wage close to the minimum wage and a total monthly take-home pay under 120,000 Chilean pesos, and who have been in that situation for at least six months, and preferably in the age group 25 to 45.

### Expected results

It is expected that through the programme, the beneficiaries will obtain a better wage at their current job or at a different job. It is also expected that the set of services planned for each beneficiary will enable him/her to effectively and permanently improve his/her ability to move within the labour market, through the acquisition of suitable competencies.

## **Labour Market Relocation Programme**

### Objectives

The general objective of the programme is to relocate displaced or at-risk workers, by obtaining a new job, either under a labour contract or as a self-employed worker, leading to a steady and permanent income.

The labour market relocation programme includes a coherent set of services that are made available to beneficiaries and are aimed at:

- improving workers' abilities to move autonomously in the labour market;
- generating earnings, through placement under a labour contract or as a self-employed worker.

The beneficiaries are to receive basic, complementary and support services:

*Basic services:* to include at least: design of individual plans, construction of labour profiles, training to develop general competencies at work, labour guidance, and counseling.

*Complementary services:* defined in keeping with the characteristics of each beneficiary (to fit their individual plans) and which are deemed necessary to obtain the expected results.

*Support services:* monetary resources provided as support mechanisms oriented to avoid drop-outs. These services may include: transport and food allowances, child care, relocation, tools, equipment and insurance.

### Target Population

Men and women who have developed special skills associated with an occupation or geographic area that have become or will become economically obsolete are considered beneficiaries pursuant to the Decree on Retraining and Labour Market Relocation.

Eligibility for this programme is as follows:

- belong to a sector in crisis considered within the frame of the Relocation Plans;
- aged between 25 and 50;
- net take-home pay the last month under 250,000 Chilean pesos; and
- no post-secondary schooling, except for training courses.

It is expected that the set of services planned for each beneficiary will simultaneously enable them to effectively and permanently improve their ability to move in the labour market through the acquisition of skills needed in the labour market.

It is expected that during the implementation of the programme, beneficiaries will be relocated in new jobs, either under a labour contract or as a self-employed worker.

### **SENCE-OMIL Guidance and Counseling Programme**

This is a permanent line of work aimed at operating and coordinating a public employment system which, by providing guidance and counseling mechanisms and instruments, will contribute to mobility in the labour market of active and/or unemployed workers and support their placement or relocation in productive jobs, particularly those groups featuring lower employment rates.

#### Objectives

Improve placement and relocation prospects for all people needing it, by integrating a set of labour informational, guidance services and placement activities and services that consider both the potentials and expectations on the supply side, as well as the competencies and skills required on the demand side, and their availability in the labour market.

The National Training and Employment Service (SENCE) designs and conducts activities aimed at strengthening the concerted action of the Municipal Offices of Occupational Information (OMIL), through technical support to improve their operation, train their staff and expand their coverage.

#### Target population of the Municipal Placement Offices

- Active workers who want to change their job or occupational sector.
- Unemployed workers.
- People looking for work for the first time.
- Inactive workers that need to participate in the labour market.
- People who apply for training courses.
- Groups who are difficult to relocate in the labour market (workers covered by a labour market relocation programme, workers unemployed for a long period; female workers who are the heads of low income households; unqualified youths; disabled people).

#### Expected results

- Facilitate the processes of guidance and counseling by improving the mechanisms for the operation of the placement services.
- Shorten the time required for a job search through the support of an interconnected municipal network that links the supply and demand for labour.
- Greater opportunities and access of people to training and guidance programmes geared to the labour market.
- Occupational information and guidance programmes to allow adjustment between workers' skills and the needs of the productive sectors.
- Sustain an active employment policy within a frame of economic growth with equal opportunities for all.

- Encourage higher labour force employability levels, allowing for a more dynamic labour market and reducing unemployment problems.

## **INFOLJOVEN Project**

### General objective

Develop a system of information on the labour market such that it will bridge the gap between the supply and demand for jobs. This electronic placement clearing house operates on a Web site available to workers and businessmen at the address [www.sence.cl](http://www.sence.cl). Unemployed workers or workers who are looking for a job for the first time and who do not have access to the Internet may file an application with the Municipal Offices of Occupational Information in the municipal district where they live.

Infoljoven is an innovative labour information tool that is useful in looking for a job and offering a job in an expedient and efficient manner. It is a placement clearing house which, operating on Internet, becomes a permanent channel of information on aspects related to job searches, labour market information and opportunities for training.

### Target population

Infoljoven, though designed to cover a wide sector of workers, places a special emphasis on the unemployed population and young people looking for a job. Beneficiaries are all those who—with the ability and determination to obtain a job—contact the Municipal Office of Labour Market Information or resort to any computer connected to the Internet, and enter their curriculum vitae. Furthermore, firms may directly input their job openings through the Internet.

## **Chile Joven Programme**

The Chile Joven Programme is aimed at increasing the possibilities for labour market participation of young people from low income families, who face problems of economic and social integration, by providing them with the training they need in order to work, that is, training in trades and work experience.

### Target population

- Male and female youths, from low income families, preferably in the age group between 15 and 24.
- Youths not enrolled in the formal educational system, with the exception of evening and night schools.
- Youths graduated from secondary education or drop-outs.
- Youths currently unemployed, under-employed or inactive and who are willing to work.

### Courses taught

Courses aimed at providing training in trades, for those activities in which firms have a demand for semi-skilled workers.

Courses are taught within the frame of three Training Modes or Lines:

- Training and Experience in Firms.

- Qualifying them to set up small businesses in the agriculture, livestock and forestry sectors.
- Dual Learning.

#### Benefits

- Courses are free of cost.
- A daily allowance for food and travel.
- Insurance against personal accidents.
- Set of tools and/or materials.
- Effective experience at work.
- Opportunity to obtain a labour contract.
- Final certification by SENCE and the Training Institution.

#### Application to the programme

Those who wish to participate in the programme must enrol at the Municipal Placement Offices (OMC) in the municipal districts of their residence. The respective Municipal Placement Offices counsel youths on possible fields of specialisation, refer them to the training institution offering the course, where the applicant will be accepted on an interim basis and submitted to a screening process for final enrolment in the course as an official student.

#### *Training and Experience at Work in Firms*

This course combines training at a basic or semi-skilled level lasting 250 chronological hours on average, with a maximum enrolment of 25 students, followed by experience at work for a period of three months.

The classroom instruction stage (includes two components):

1. Training for work: the objective is to help young people to develop basic competencies for work. Attitudinal aspects are emphasised with a view to make placement and the continuity of young people in the firms easier.
2. Training in a trade: the process in which the youth acquires the everyday competencies for a trade at a semi-skilled level.

Experience at work stage

Youths participate in the firms through an internship or an individual labour contract, for a fixed period of time, lasting three months at a minimum on a full-time basis.

#### Benefits

- Courses are free of cost.
- Travel and food allowance is provided by the firm during the training programme and the internship at the firm.
- Insurance against personal accidents.

#### *Training to set up small business firms in the agriculture, livestock and forestry sectors*

An instructional programme for youths who expect to be self-employed or form a small firm. The instructional stage, involving training in trades, lasts a minimum of

80 chronological hours, and the training in the operation of a small business firm lasts 100 hours at a minimum. After each participant or group of participants has developed a “concept for a productive project”, the Training Institution will establish contact with a credit support network to obtain the financing required by the project. The project is to be developed within a term of three to four months and will have technical assistance provided by the Training Institution until such time as the first products or services are marketed.

Courses have a maximum enrolment of 20 students and are open to young adults up to 30 years of age.

#### Benefits

- Courses are free of cost.
- Travel and food allowance during the instructional programme and while implementing the project.
- Insurance against personal accidents.

#### *Dual Instructional Programmes*

In this mode, formal class-room instruction at a Training Institution is combined with practical training at a firm. Youths join the firm under an apprenticeship contract or under a fixed-term labour contract.

The course includes a related instructional plan, conducted by the Training Institution and lasting between 240 and 420 chronological hours, and a training programme at the firm, lasting between 6 and 12 months.

#### Benefits

- Courses are free of cost.
- Travel and food allowance during the instructional programme and while implementing the project.

#### **Training Programme for Female Heads of Households**

The Training Programme for Female Households Heads is carried out by SENCE under an agreement with the Woman’s National Agency (SERNAM) and the Municipalities.

Its objective is to develop abilities, skills, and the knowledge needed to enable women who are heads of households to have greater possibilities of labour market participation in a more stable manner.

#### Target population

Any needy woman who has filed a registration statement with the Woman’s Municipal Office, in the Municipal district of her residence, and who qualifies as follows:

- Preferably in the age group between 17 and 50.
- Heads of households.
- Know how to read and write.
- Health compatible with the trade.
- Unemployed, under-employed or looking for a job for the first time.

- Resident in the municipal district, location or sector where the Programme is conducted.
- CAS II status.
- Participant in the programme “Female Heads of Households” implemented by the Municipalities under an agreement with the Woman’s National Agency.

#### Structure of the programme

The Training Programme for Female Household Heads has two stages:

##### *Instructional Stage*

- Training in the trade: consisting of courses offered by training institutions, which may not last more than 300 chronological hours.
- Training module: aimed at developing the skills needed by the recipients in order to perform in the labour market.

##### *Experience at Work Stage*

- conducted on completion of the above stage, at a firm or at a mock work-shop, lasting one month.

##### *Courses taught*

- workshops: to reinforce self-esteem and the sense of identity, to enable them to more assertively cope with the world of work.
- training courses: in traditional and non traditional trades.

#### Benefits

- Courses are free of cost.
- Travel and food allowance.
- Insurance against personal accidents financed by SENCE, in effect as long as the course lasts.
- During the instructional stage, the training institution includes child care for dependent children up to ten years old.

### ***Social Safety Nets to Alleviate Poverty***

#### **Social Insurance for Unemployed Workers**

The Chilean Government has designed a new social insurance system for unemployed workers, as a part of an active market policy labour seeking to contribute to the mobility of the unemployed by supporting their job-search efforts and their reinsertion into productive activities.

This system is based on creating Personal Unemployment Accounts which are owned by each worker. Monthly contributions to these accounts are to be made both by the employer, equivalent to 3.6 per cent of the wage, and the worker, 0.8 per cent of the wage.

As soon as workers become unemployed, regardless of the cause originating the event, they will be able to draw monthly from the funds accumulated in such accounts. If the worker obtains a job before depleting the funds available, they may withdraw at their discretion.

For lower-income workers, the new system provides for a subsidy to be paid by the State, to ensure that every laid-off worker receives benefits for a period of four months.

The system shall be managed by *sociedades anónimas* (listed joint stock companies), governed by a regulatory framework similar to that in force for the pension funds system and to be overseen by the Superintendency of Pension Funds Management Companies.

The implementation of this system will cover all wage-earners in the private sector, who will further benefit from the services of the informational and labour guidance systems and have preferential access to on-going training programmes.

### **Unemployment Subsidy**

This system establishes that workers dismissed for reasons that are beyond their control shall be eligible to receive a monetary benefit paid by the State, over a maximum 12-month period.

The maximum period during which a worker may receive the subsidy is 360 days, involving decreasing amounts in time: approximately US\$43.30 for the first 90 days, US\$28.90 for the following 90 days and US\$21.70 for the remaining 180 days. Simultaneously with the subsidy, the worker is still entitled to receive family allowances, maternal allowances and medical care.

### ***Workplace Practices that Contribute to Enhanced Productivity and Greater Stability***

#### **Forum for Productive Development**

This is a relatively new institution in Chile, set up in 1994 with the participation of workers, employers (represented by their most important organisations) and Government representatives and is intended to foster discussion and the exchange of ideas between all parties involved, in relation to the priority issues for the economy's productive development.

It operates in each one of the 13 regions in the economy and has been an important meeting place to make headway in arriving at a basic consensus on economic, labour and social matters.

#### **National Productivity and Quality Centre**

Immediately after the Forum for Productive Development was set up, the National Productivity and Quality Center was created in 1995. It is also a three-fold organisation in nature, involving workers, employers, and government, oriented to supporting all efforts aimed at increasing the economy's productivity.

This institution is concerned primarily with the diffusion of experiences, information and methodologies that will enable companies to increase productivity standards and the quality of products and services. Its activities are supported by research programmes and it has instituted a National Award for Quality to further stimulate companies.

It also conducts training programmes for workers and businessmen in matters that are specific to productive development, so as to create autonomous abilities that will allow firms throughout the economy to make the best of successful experiences.



## **Bipartite Training Committees**

Bipartite Training Committees were set up within firms to meet the increasing need for cooperative efforts between workers and management, with a view to increasing their productivity and competitiveness, in an economy which is increasingly more dynamic and global.

The law establishes functions for the Bipartite Training Committee, as follows:

- define the training programme or programmes in the company;
- evaluate such programmes; and
- assist upper management in training-specific matters.

The legal framework distinguishes between companies that are bound by law to set up Bipartite Training Committees and companies for which it is optional. The Law mandates that all companies with equal to or over 15 workers, regardless of whether they are permanent or temporary workers, are to have Bipartite Training Committees, whereas companies with fewer workers may choose whether or not to set up a Bipartite Training Committee.

The Committee is made up of three company representatives and three representatives on behalf of the workers.

The decisions of the Bipartite Training Committee are adopted by majority vote of the representatives, and they are executed through a training programme that entitles the company to an additional 20 per cent discount on taxes for the amount of the expenditure imputable to training by the companies.