

PUBLIC EMPLOYMENT SERVICES IN LATIN AMERICA AND THE CARIBBEAN



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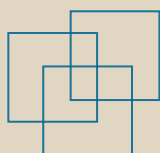
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Mexico

Main features and challenges¹

• Labour market and employment situation

With a strategic geographical location in North America, Mexico is the second largest economy in Latin America, boosted by high value added sectors such as tourism, manufacturing and oil, which together accounted for 29 per cent of gross domestic product (GDP) in 2015–16 (INEGI, 2016, 2017a). This advanced segment of the economy coexists with a large number of low-productivity, small-scale enterprises struggling to remain competitive and adapt

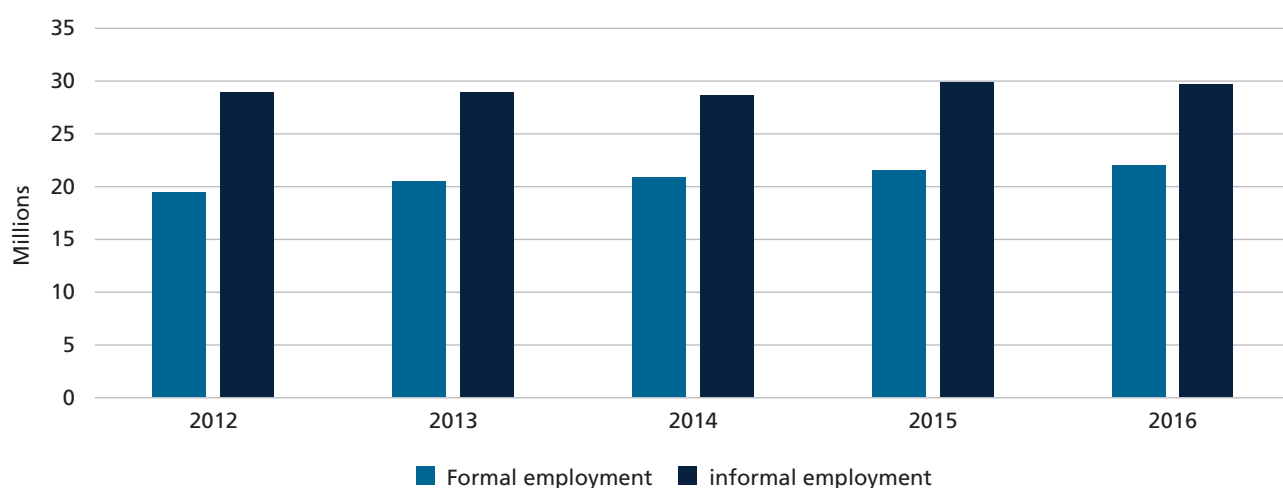
¹ This document is one of a collection of notes about public employment services in selected Latin American and Caribbean countries jointly launched by the Employment and Labour Market Policies Branch, Employment Policy Department, and the Decent Work Team for the South Cone of Latin America. This note was prepared by Zulum Avila, Employment Service Specialist (ILO), with inputs from Liliam Flores who prepared an initial draft and carried out consultations with staff from SNE-Mexico. A special thanks goes to the staff of the SNE-Mexico, in particular, Donaciano Dominguez and Gerardo de la Torre, and Noemie Feix from ILO for valuable comments. The opinions expressed herein are those of the author and do not necessarily represent the views of ILO.

to changing labour market conditions. This disparity is reflected in the quality of the employment opportunities available to the labour force,² which in the fourth quarter of 2016 represented 59.7 per cent of the 90.5 million people of working age (15 and over) (INEGI, 2017b).

The increase in employment of 3.3 million jobs since the fourth quarter of 2012 has resulted from steady economic growth of around 2 per cent. In the fourth quarter of 2016, 78 per cent of men (aged 15+) were economically active, but only 43 out of 100 women. Unemployment overall stood at

just over 3.5 per cent (1.9 million people), with a slightly higher level for women (3.6 per cent) than for men (3.5 per cent). However, while the unemployment rate is low, there is wide variation in the quality of labour market transitions for Mexican workers: 57.2 per cent of the working population were in informal employment and 7.1 per cent were underemployed (INEGI, 2017b). The persistence of informality signals deficits in terms of job stability, pay, social protection, rights and representation. High levels of informality also reflect skill gaps and job mismatches, affecting productivity and employability (figure 1).

FIGURE 1. FORMAL AND INFORMAL EMPLOYMENT IN MEXICO, 2005–16



Notes: Reported informal employment includes the informal and formal sectors. Data for fourth quarter in each year.

Source: Key indicators on informality, INEGI, 2017b.

• A package of structural reforms for inclusive growth

The present path of modest recovery in employment has generated an increase in average wages; however, in the fourth quarter of 2016 68.5 per cent of the economically active population still earned less than three times the national minimum wage³ – a level of earnings insufficient to provide even a basic level of prosperity for workers (INEGI, 2017b). In Mexico, there is a high correlation between persistent poverty and income inequality, which is also associated with the quality and type of work a person can get and retain. One in four

workers – many of whom are low-skilled – remain in the informal sector with limited access to decent work, training and welfare provision. Informality and precarious working conditions are more prevalent in the secondary and tertiary sectors and affect disproportionately those workers living in small urban areas and rural communities (INEGI, 2017b).

Since 2012, the Mexican Government has been rolling out an ambitious structural reform agenda aimed at reducing inequality, promoting inclusive growth and boosting productivity. In addition to major reforms in education, economic competitiveness, finance and telecommunications, among

² This includes people actively looking for and available to take work.

³ Approximately US\$380, according to the exchange rate published by the central bank, Banco de Mexico, in the fourth quarter of 2016.

other areas, the labour reform was designed to reduce informality by introducing flexibility into hiring practices and smoothing labour market entry, measures that are expected to have a positive effect for nearly 1 million new workers joining the labour force every year (INEGI, 2017b). The labour reform also provided for the creation of a universal pension system and unemployment insurance; however, approval of the former by the legislature is still pending.⁴

One of the Government's flagship initiatives within the structural reform agenda was launched in June 2016 with the enactment of a federal law to create special economic zones (SEZs) for development. This represents a deliberate effort to reduce disparities in economic development and job opportunities across the different regions of the country, with particular attention to the poorest regions located in the south, where the four SEZs are located: the Pacific port of Lázaro Cárdenas, Puerto Chiapas on the border with Guatemala, the Gulf port of Coatzacoalcas and the Pacific refinery town of Salina Cruz. It is expected that domestic and foreign investors will be attracted to the new zones by facilities such as special trade and customs regimes, tax incentives, prioritized infrastructure development, discounts on social security contributions and workforce training. It is projected that over the first two to three years of operation 12,000 new jobs will be created, provided that investors in the SEZs establish good links with local industries and engage in supplier development (Government of Mexico, 2017).

- **Fostering productivity, employability and inclusive labour markets**

Given the current growth rate and wide disparities in economic indicators across the country, the National Development Plan 2013–18 has identified improving productivity as a cross-cutting strategy. This strategy, which is to be delivered through the Special Programme to Democratize Productivity

(Presidencia de la República, 2013), has the twin purposes of promoting an enabling environment for enterprises and employment creation, and at the same time broadening labour market participation in formal jobs. Inclusive labour markets are considered particularly important for improving the quality of job prospects for disadvantaged target groups such as women, young jobseekers, older workers, indigenous people and disabled people.

A skilled workforce and effective recruitment are of critical importance to raising productivity. In this context, the public employment service (PES) is taking an increasingly prominent role in order to reduce information asymmetries in the labour market, improve employability and enhance workforce adaptability. Evidence shows that in Mexico the likelihood of finding formal work increases with access to job-search support and participation in active labour market programmes such as on-the-job training (CONEVAL, 2015).

- **PES internal governance and development strategy**

The Mexican PES has evolved substantially throughout its 37 years of operation, making significant advances in coverage, quality and adequacy of services delivered.⁵ At present, its services are available nationwide and range from job-matching, counselling and placement to active labour market programmes for training, self-employment, labour mobility and the prevention of job losses. The National Employment Service (Servicio Nacional de Empleo, SNE) operates in a decentralized fashion through a network of 167 employment offices and 36 service modules distributed across the country. This network is jointly run by the federal Secretary of Labour and Social Welfare (Secretaría del Trabajo y Protección Social, STPS) and the 32 state governments (including Mexico City). At the beginning of 2017, the network had a staff of 3,273, of whom 90 per cent were directly involved in service delivery and the administration of active labour market programmes.

⁴ No unemployment insurance system is yet available in Mexico. However, workers in formal employment registered with the Social Security Institute (Instituto Mexicano del Seguro Social, IMSS) can withdraw a percentage of their pension fund to make up for loss of income during spells of unemployment.

⁵ For a full picture of the institutional evolution of the Mexican PES, see the annex to this note.

The internal governance of the SNE combines assurance of local service delivery competencies with central steering and an innovative financing mechanism which combines funds from local and central governments. The overall coordination, planning and control of the SNE are in the hands of a central coordination unit (*Coordinación General del SNE, CGSNE*) attached to the STPS. The retention of this central coordinating role was particularly important in the late 2000s, when a rapid expansion of the local offices and the introduction of online job-searching tools took place. During this process it helped to ensure standardized protocols for service provision, establish benchmarks for employment offices serving similar areas, and introduce incentives rewarding good performance and the achievement of common goals. Currently, that same central coordination is enabling the SNE to play a role in multi-agency government interventions to improve workforce productivity and widen access to formal jobs, in particular for disadvantaged segments of the population (IDB, 2012). In this way, it is possible to forge more effective links between the various mechanisms to improve employability, such as training, and poverty reduction measures to extend these services to more Mexicans.

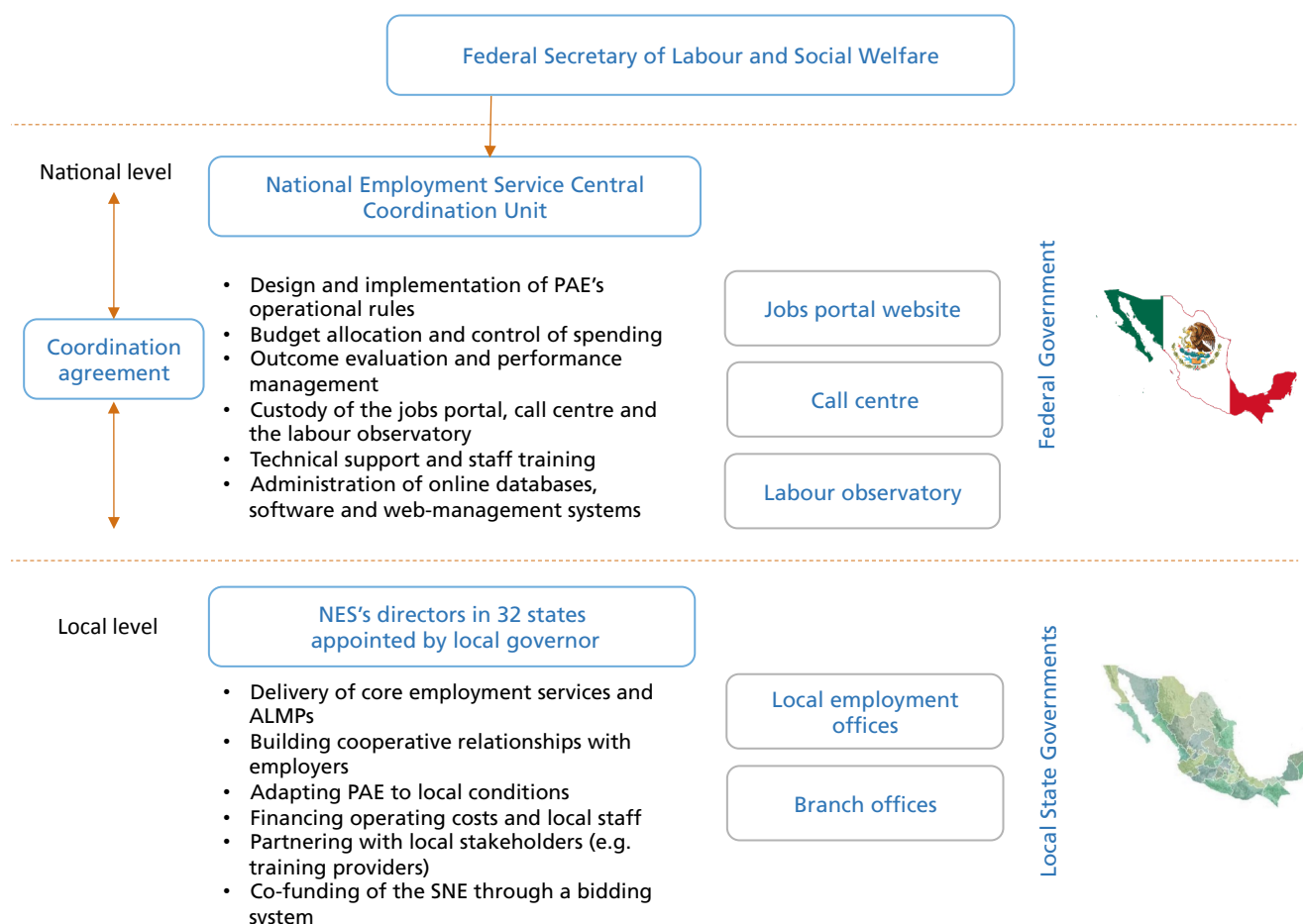
The Employment Support Programme (*Programa de Apoyo al Empleo, PAE*) is a central element of the SNE's governance system, setting out the strategic priorities of the PES and making connections with cross-cutting policy interventions for employment promotion and social development. The main target outcomes and budget allocations are established under the PAE's operational rules, which are reviewed by the CGSNE for each fiscal year. These rules provide a flexible framework within which provision of active labour market programmes and employment services can be adapted to changing conditions influencing local labour markets. Within this framework, the state governments are responsible for partnership arrangements with local stakeholders, including public and private training providers, and for funding the operating costs of an employment office and local staff. The financial contribution of the state governments goes hand in hand with the increased capacities they gradually achieve to expand service delivery locally; their share is collected through an innovative bidding system (box 1).

BOX 1. FUNDING OF THE SNE

In addition to the funds allocated by the federal Government, the states make a significant financial contribution which is collected through a bidding system known as the “2 × 1 scheme”. The formula is straightforward: the sum contributed by each state government is doubled by the federal Government up to a maximum amount per state, and thereafter any remaining central Government funds are redistributed. Administration and monitoring of expenditure are conducted using an online system known as SISPAWE, whose 41 indicators measure various aspects of performance at local level, ranging from achievement of placement goals to the quality of vacancies collected. Performance against this set of indicators guides central decision-making on the allocation and redistribution of funds. While SISPAWE has introduced transparency and a higher level of accountability to the allocation of funds, the 2 × 1 funding scheme has provided a certain level of continuity in funding over a number of years. However, the external shocks currently affecting the Mexican economy are expected to have future repercussions: the fiscal year 2016/17 has already seen substantial cuts to the overall budget of the federal and state governments, thus reducing their scope for maintaining the level of funding for the SNE. The 2016/17 budget saw a reduction of nearly 50 per cent in the approved allocation for the SNE. Cuts of this magnitude pose a great challenge for the continuity of the wide range of services and active labour market programmes offered.

Source: Author, based on consultations with CGSNE.

FIGURE 2. THE GOVERNANCE SYSTEM OF THE SNE



Source: Author

An overview of the SNE's governance system, designed to ensure service delivery nationwide, is shown in figure 2. It is worth highlighting that the system is based on the sharing of responsibilities between federal and state governments with regard to the funding, training and staffing of the SNE. Significant efforts have also been made to unify the different databases used to administer individual active labour market programmes and the different modalities for delivering employment services; these efforts have been reflected both in the reporting of outcomes and in enhanced transparency and accountability.

One key mechanism for improving the SNE's capacity to break down information silos and tap potential synergies and resources at local level is the Council for Dialogue between Productive Sectors in each state. The SNE holds a seat in this high-level advisory body of experts with tripartite representation. The councils are actively involved in the for-

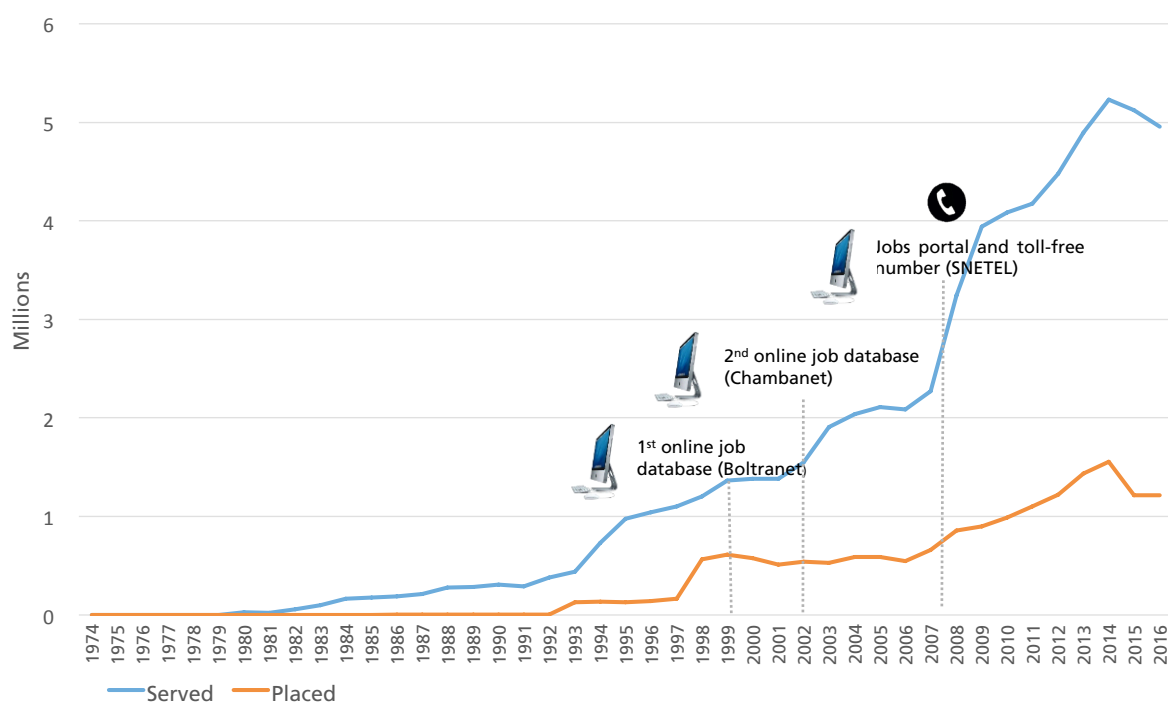
mulation of employment strategies to respond to specific bottlenecks, challenges or requirements of the local labour market. This includes anticipating the skills needed in specific industries and making investment plans that will create new jobs. Even through activity of the State Councils varies across the country, for some of the state employment offices over 40 per cent of all the placements are arranged through the projects managed by these councils. Another useful mechanism for expanding the accessibility of job vacancies at the local level is the state employment network (*sistema estatal de empleo*). These networks involve monthly working meetings organized between the state employment offices and public and private organizations that administer job banks, such as local firms, private employment agencies, educational institutions and non-governmental organizations (NGOs), with the objective of sharing information about vacancies and coordinating it on the SNE jobs portal (*portal del empleo*).

- **Improving accessibility by diversifying delivery channels**

The introduction of digital channels for service delivery has helped the SNE to reach more clients through a mix of in-person services, online provision and self-service tools for job searching, including a toll-free telephone number, job kiosks and mobile units (figure 3). One of the most important entry

points for clients is the jobs portal, which grants free access to a nationwide pool of vacancies and jobseekers' profiles as well as many other resources such as tutorials for job searching, virtual job fairs and a live chat application enabling the user to contact a job counsellor directly. The jobs portal alone has registered 7.8 million clients and 17.7 million job vacancies since its introduction in 2008.

FIGURE 3.
JOBSEEKERS SERVED AND PLACED IN FORMAL EMPLOYMENT BY THE SNE, (1974–2016)



Source: Author, based on information provided by CGSNE.

However, notwithstanding the diversification of access channels, back-office services are not fully interconnected with active labour market programmes. Before the global fall in oil prices in 2014, which had a strong negative impact on government revenue, there were plans for integrating all existing services and programmes and developing a one-stop shop system (IDB, 2012). This new approach is intended to link up job-search support and counselling services with active labour market programmes to ensure that clients receive continuous support and targeted services according to their needs over time, regardless of the channel(s) they use to com-

municate with the SNE. Developing more integrated and demand-led provision is particularly important to improve job placement for target groups facing multiple barriers in attempting to access the formal labour market, such as young jobseekers, people with disabilities, older workers and socially disadvantaged groups. Currently, half of all clients are young people (aged 16–30) without prior work experience; however, this group makes up only 37 per cent of all jobseekers placed in jobs. Within this category of clients, those most frequently served by the SNE are jobseekers aged 18–25 making the transition from school to work. This group repre-

sents 37 per cent of all clients served and 26 per cent of all job placements.⁶

Recent budgetary cuts and staff reductions have slowed down the implementation of such an integrated approach to service delivery. Nonetheless, the SNE is making a concerted effort to maintain the current level of service provision while increasing operational capacity by investing in the following core areas:

(1) Improving the quality and availability of job-search support, counselling and referral services, including through automation. The move towards a more integrated model of service delivery (one-stop shops) in the years ahead with fewer resources is pushing the SNE towards increasing automation of core employment services. In parallel, the SNE is gradually improving the skills of employment counsellors in assessing clients' needs and providing the level of support that facilitates more rapid (re-)employment. Training is also built around services to employers, for example, pre-screening and recruiting services. Some training courses for SNE counsellors have been delivered in cooperation with private employment agencies such as Manpower. Between 2014 and 2016, 1,366 counsellors attended such courses for training in recruiting methods, personnel selection and teamwork. The National Council of Standards and Certification of Labour Competencies (*Consejo Nacional de Normalización y Certificación de Competencias Laborales, CONOCER*) issued training certificates to the 89 per cent of the counsellors who successfully completed the training.

(2) Building the evidence base to measure the impact of interventions. The SNE is working on establishing a baseline sample of jobseekers for longitudinal follow-up to observe the effects of services on clients over time. A cross-check protocol, to serve as a proxy to measure placement in and retention of employment in the formal sector, is being developed with the IMSS, the government agency responsible for registering or deregistering an employee in the social security system.

(3) Establishing referral services with partner government agencies working with populations not yet using the SNE on a regular basis.

Referrals essentially entail informing people about the services provided by the SNE and encouraging them to use those services. At present, referral of clients from one service to another is not supported by shared protocols and follow-up of clients remains ad hoc. Women jobseekers with young children are referred to day-care centres when looking and applying for jobs. The National Youth Institute (*Instituto Nacional de la Juventud, IMJUVE*) helps young people to become acquainted with the SNE and to learn how to get in contact with the service. One promising initiative by the PROSPERA programme, which offers cash transfers conditional on attendance at school and health services, is putting its own beneficiaries in touch with the SNE to facilitate their access to training and job placement.

Active labour market programmes

Mexico was one of the first countries in Latin America to introduce active labour market measures, such as the training of displaced workers, prompted by the industrial restructuring of the early 1980s.⁷ Since then, these measures have become increasingly significant in improving jobseekers' chances of finding formal work in an economy where informal employment is still highly prevalent (as noted above). The implementation of active labour market programmes serves the policy objectives of easing labour market transitions for the unemployed into formal work and shortening the time it takes for employers to recruit the staff with the skills they need. In this context, the SNE plays a key role in three areas: (1) upgrading the skills of jobseekers through various types of job training and entrepreneurship support; (2) promoting geographical mobility of workers, in the domestic and international labour market, through the bilateral worker mobility programme with Canada and, more recently, through a pilot agreement for the recruitment of Mexican workers in some local markets of the United States;

⁶ Data for the period between Dec. 2012 and Dec. 2016.

⁷ Mexican practice in respect of active labour market programmes has become a point of reference for other Latin American countries and has inspired and informed similar efforts throughout the region.

and (3) gaining experience with the implementation of contingency measures for employment preservation during economic shocks and other episodes.

An outstanding feature of active labour market programmes design in Mexico is the demand-led approach, which draws on private-sector co-financing and close involvement with private enterprises during implementation, in particular at the local level. Linkages are also established with local employment initiatives supporting productive sectors which generate formal jobs and sustain economic growth, including the aerospace, electronics, automotive and agri-food industries. This demand-led approach has resulted in high placement rates of around 75 per cent of all those who participate in active labour market programmes, particularly through upskilling interventions. Currently, active labour market programmes account for 90 per cent of the public funds that the federal Government allocates to the SNE. Nonetheless, expenditure on these measures as a proportion of GDP remains low (0.01 per cent) compared with the OECD average (0.6 per cent).

When the National Council for the Evaluation of Social Policy (Consejo Nacional de Evaluación de la Política de Desarrollo Social, CONEVAL) was established in 2015, a framework for the systematic evaluation of active labour market programmes was developed in cooperation with the SNE with a view to improving the design and targeting of these programmes. A matter of particular concern to the SNE relates to measuring the short-term employment effects of active labour market programmes, that is, their impact on the ability of jobseekers to gain and retain formal employment. The SNE is also developing capacity in connecting active labour market programmes with policies for poverty reduction. In this area, CONEVAL has helped to establish a methodology for cross-sectoral analysis to identify complementarities and overlap between employment and social development programmes. This has resulted in more cross-cutting interventions for poverty reduction and social development, such as the flagship programme National Crusade against Hunger (*Cruzada Nacional contra el Hambre*), which reaches 7.01 million people living in extreme poverty; the SNE offers access to job training and self-employment opportunities to members of the target population when they are ready to leave the

programme. Access to formal employment is seen as the key to breaking the poverty trap associated with low incomes and job insecurity (Government of Mexico, 2016a).

• The BÉCATE job training programme

The BÉCATE job training programme targets unemployed, underemployed and displaced workers, and new entrants to the labour market without prior work experience, who are in need of rapid upskilling to improve their job prospects in the formal market. BÉCATE is Mexico's most important publicly funded retraining programme in terms of both size and budget. It was launched in the 1980s, since when it has been adapted, expanded and used to serve clients with a range of different needs. In essence, the programme offers a training subsidy to eligible workers ranging from one to three times the minimum wage for a maximum of three months, in addition to a small grant to fund transport costs and an individual accident insurance policy covering participants in transit between home and the training location, and while in training.

BÉCATE has achieved high placement rates (79.7 per cent in 2013–15, according to the most recent impact evaluation), owing largely to its demand-driven approach and strong cooperation with employers. The programme seeks to influence both labour demand in local labour markets and the supply side. The latest impact evaluation of the programme found that jobseekers served through BÉCATE remained in employment for longer after placement, and earned higher wages, than the comparison group (Sánchez, 2015). This is particularly true for first-time young jobseekers (aged 18–25): this group represents 37.4 per cent of clients placed, of whom the majority are served through practical workplace training and self-employment. From January to September 2016, a total of 11,258 people benefited from training delivered through BÉCATE (OECD, 2017).

The SNE's training courses, delivered through private and public contractors for the BÉCATE programme, fall into four basic categories, as shown in [table 1](#).

TABLE 1.
THE FOUR TYPES OF SNE TRAINING COURSES

Mixed training	<p>This type of training is used to develop skills that are particularly important for specific job vacancies. The counsellor registers the job offer and organizes tailored courses in partnership with the employer. One of the factors in the success of this type of course is the sharing of the associated costs, whereby the SNE covers the cost of training through BÉCATE and the employer defrays the costs of hiring the instructor(s) and providing training materials (e.g. machinery, tools, manuals, guides), the training site for classroom teaching and a safe workplace for in-work training. In addition, the employer engages to hire at least 80 per cent of the participants who successfully complete training. Training can be organized for groups ranging from one to 30 people, and courses run from one to three months depending on the complexity of the skills profile addressed. The majority of employers using this type of training are large enterprises, for example in high-growth sectors such as the export-oriented automotive industry, tourism services, passenger transport, call centres and aerospace (box 2). Mixed training has proved very successful: the most recent impact evaluation confirms that a combination of short-term training in the classroom and at the workplace increases the probability of jobseekers gaining formal employment within three months of completion (Sánchez, 2015). Jobseekers placed through this type of training are also more likely to see their wages increase during an 18-month period starting six months after completing training.</p>
On-the-job training at the workplace	<p>This type of training supports both micro-, small and medium-sized enterprises^a (MSMEs) with insufficient capacity to deliver training to new employees, and graduates from technical and vocational education (aged 16–29) without work experience who are seeking work for the first time. It is intended to create a positive, although indirect, effect on the skill level and productivity of MSMEs, as well as to encourage the formalization of jobs in this sector, which makes up 90 per cent of registered businesses in Mexico. Participating employers should have at least five job vacancies registered with the SNE and must cover the cost of training materials. Young jobseekers undertake training at the workplace for a two-month period. Typical occupations involved include baking, administration (clerks and secretaries), farriery and welding, and kitchen assistance. The employer has the option to hire participants who complete the training successfully. Those candidates who are not selected are supported by SNE in job searching.</p>

Self-employment promotion

The main objective of this type of training is to offer an opportunity to earn an income to jobseekers in semi-urban areas where labour demand is weak and economic chains are not adequately integrated, so that job opportunities are scarce. This kind of training is offered following referral by municipalities supporting income-generating activities in arts and crafts and basic trades. The training provided through BÉCATE lasts one month and focuses on the development of complementary skills such as accounting, administration and computer skills.

Training for technicians and professionals

The target population for this type of training consists of young professionals or technicians (aged 16–29) in any discipline who need to gain meaningful work experience, including transferable skills. The training is aimed at responding to the specific needs of public and private institutions in need of skilled staff. Delivery channels include classroom training in educational institutions or with licensed training providers, at the workplace or online, for a period of one to three months, according to trainees' and employers' needs. Participating employers engage to employ all trainees who successfully complete the programme. Up to 2016, SNE used training vouchers as a means of access to this type of training; however, following the impact evaluation of BÉCATE in 2015, it was recommended that targeting be improved, with particular attention to young jobseekers, and vouchers were superseded by the current programme.

a/ At least 50 per cent of the workforce in small enterprises, and 65 per cent in medium-sized enterprises, should be salaried employees.
Source: Author, based on Government of Mexico, 2016b; STPS, 2015; OECD, 2017.

BOX 2. DEVELOPING IN-SERVICE TRAINING AND JOB PLACEMENT FOR THE EMERGING AEROSPACE INDUSTRY

BECATE's demand-driven approach is based on partnerships with local enterprises and sectoral initiatives coordinated by the state Councils for Dialogue between Productive Sectors. In 2006, the SNE contributed to establishing an aerospace park in Queretaro by providing targeted job-matching services and in-service training courses to align job candidates' skills with "lean manufacturing systems" used by the aerospace industry. Working with one of the main employers in the aerospace park, the SNE covered part of the cost of training, and the employer engaged to hire at least 70 per cent of the participants on successful completion of training. The employer also brought in workers from other facilities to deliver training at the workplace. A total of 110 technicians were trained over a period of four months, starting work in the plant in May 2006. At the same time, another group of screened candidates started pre-service training delivered by public and private training providers to improve skills and gain accreditation. By the end of 2006, a total of 296 technicians were working to the employer's standards. Through these training courses the SNE enhanced the employability of job candidates and helped them to gain qualified jobs with good future prospects in response to the immediate needs of a major employer. The partnership between the SNE and the training and vocational institutions also helped in adapting the training programme curricula to medium- and long-term skill needs in the sector.

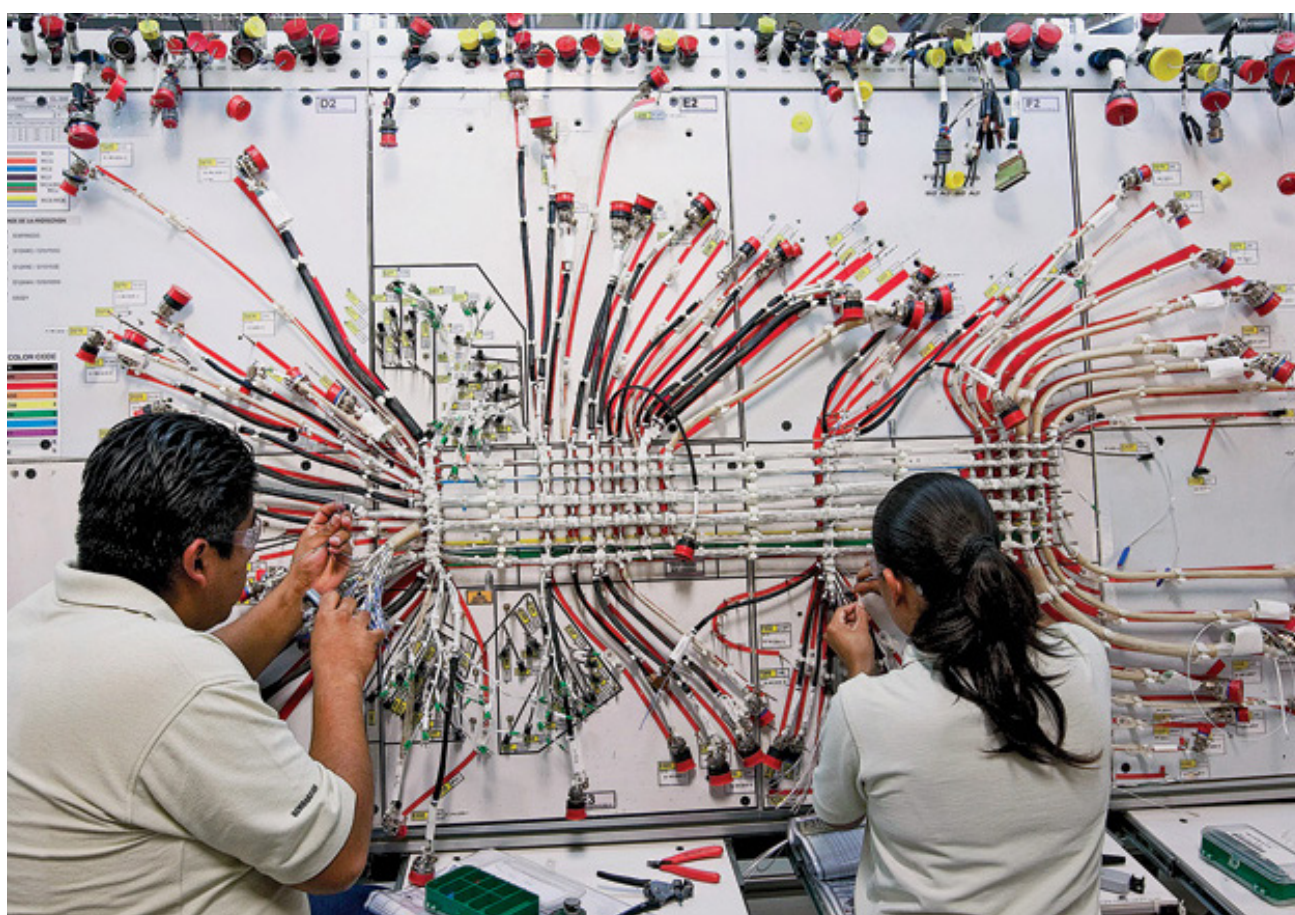
Source: Avila (2015).

In spite of the success of BÉCATE and increasing demand from clients, both jobseekers and employers, the programme has been affected by a continued reduction in funding, and pressure to go on delivering the same levels of outcomes might lead to some diminution in the quality of job-matching through short-term training. The most recent evaluation recommended: (1) enhancing the quality of vacancies offered through the programme; (2) pre-screening of candidates to place them in the type of training most appropriate to both individual needs and the characteristics of the local job market; and (3) selecting enterprises on the basis of criteria linked to the quality of vacancies offered (Sánchez, 2015). As part of the efforts to further develop online services to compensate for the budget reduction affecting the SNE, the beneficiaries of BÉCATE were granted access to an online repository of training courses administrated by the SPTS, known as PROCADIS (Programa de Capacitación a

Distancia: Programme for Distance Training). This distance-learning tool has the double purpose of facilitating the compliance of formal enterprises with the obligation to provide regular training to their workers and at the same time offering workers the opportunity to upgrade their technical and core work skills in a flexible format and self-teaching environment (STPS, 2017).

- **Self-employment promotion programme**

The self-employment promotion programme (*Programa de Fomento al Autoempleo*) provides support in the form of advice and loans of the equipment, machinery or materials required to develop entrepreneurship projects and launch them on the market.⁸ The basic aims of the intervention are



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⁸ The value of these materials ranges between 25,000 pesos (MXN) for start-ups providing an income for one person and MXN125,000 for a group of five or more entrepreneurs.

to support livelihoods and at the same time stimulate economic activity in local labour markets. An employment counsellor follows participants at quarterly intervals over 12 months to ensure the projects continue running, and additional support can be provided, if needed, through referrals to other local institutions working with entrepreneurs. The self-employment promotion programme is intended to reach low-income workers in communities affected by poverty and lack of opportunities to sustain a stable livelihood. In southern Oaxaca, for example, a group of women from an indigenous community with a long tradition in producing textiles of good quality were supported in starting a sewing workshop. Between September 2012 and December 2016, 55,040 entrepreneurs were served through this programme.

Independent evaluations have questioned the permanence of this programme in the SNE's portfolio, given that similar programmes are offered by other government agencies (e.g. the Federal Secretariat of the Economy); however, those other interventions are focused on urban areas and therefore reach a different clientele. Furthermore, the funds allocated to the SNE's self-employment promotion programme remain modest compared with the size of interventions by other agencies (CONEVAL, 2015). This programme is currently under review with the aim of improving targeting and cooperation with other agencies and providers of similar services, and establishing more strategic connections to create local production chains.

- **Seasonal agricultural worker programme for the domestic labour market**

The seasonal agricultural worker (SAW) programme for the domestic labour market helps to address imbalances in labour supply and demand in the agricultural sector across the country. Mexico has areas of high population density concentrated in a few cities and large rural areas where populations are widely dispersed, a situation that exacerbates inequality. This disparity is also reflected in the regional variations in rates of economic growth and employment generation. In the past two decades internal labour migration has intensified in Mexico,

driven mainly by a quest for better income-earning opportunities. These conditions have encouraged the common practice among some employers of sending informal labour recruiters to communities of origin to hire workers. This process of informal recruitment undermines the whole employment relationship, creating a grey area around the employer's responsibilities and leading to a disregard for labour legislation. Conditions of employment gained in this way are generally insecure, and informal labour recruiters frequently abuse their authority over the workers by asking for commissions, overcharging for transport, holding back wages and imposing debt.

To address this problem, the SAW programme targets unemployed and underemployed farm labourers aged 18–69 who have either no formal education or none beyond secondary school level. To participate, workers should be available to move temporarily from their homes to other municipalities located in the state of residence or other states with active vacancies. The SNE provides a package of services comprising information on available job vacancies; economic support for moving away from home to work; and, when required, access to on-the-job training and retraining to facilitate adaptation to new agricultural practices and technology.

The programme operates in 90 per cent of the country on an annual cycle corresponding to the fiscal year, using mobile units to reach remote rural areas. Priority is given to populations in areas with the lowest ratings on the United Nations Development Programme's Human Development Index (HDI), which are located in the south and have the largest indigenous populations. Recruitment through the SAW programme essentially moves workers from states in this southern part of the country (Guerrero, Oaxaca, Veracruz, Puebla and Hidalgo) to northern states (Sonora, Sinaloa, Baja California Sur and Baja California) where demand for labour is high owing to extensive agricultural production for the domestic and international markets. The HDI ratings of some municipalities in the south resemble those of Nicaragua and Senegal, while the recipient states in the north enjoy ratings similar to those of European countries such as the Czech Republic. An overview of the recruitment process under the SAW programme is given in [box 3](#).

BOX 3. THE SEASONAL AGRICULTURAL WORKER PROGRAMME FOR THE DOMESTIC LABOUR MARKET: HOW DOES IT WORK?

At the beginning of each fiscal year (1 January) the SNE opens a call for entry into the programme and hires liaison officers and supervisors to facilitate the registration of jobseekers and vacancies. These are usually individuals who are well known in the rural communities targeted by the programme, and are selected, trained and paid by the SNE. Supervisors visit the employers, who need to be able to rely upon a supply of labour in periods of peak demand; the employers are responsible for ensuring that facilities and working conditions offered are in compliance with the law, including the minimum wage. In turn, the liaison officers advertise the job vacancies in the rural communities, contact potential workers and assist with the prescreening of candidates (most of whom participate in the programme one season after another). Eligible workers are registered in an electronic management system that controls their progress through the different stages of the programme and the payment of monetary support. The subsidy for interregional mobility amounts to US\$150.00 per worker and for intraregional mobility (within the same state or a neighbouring state) US\$80.00 per worker. The SNE coordinates these efforts with those of the Secretariat of Social Development (Secretaría de Desarrollo Social, SEDESOL), which operates a farm workers' assistance programme in cooperation with the 16 other government agencies working to improve the living and working conditions of seasonal farm workers and their families.

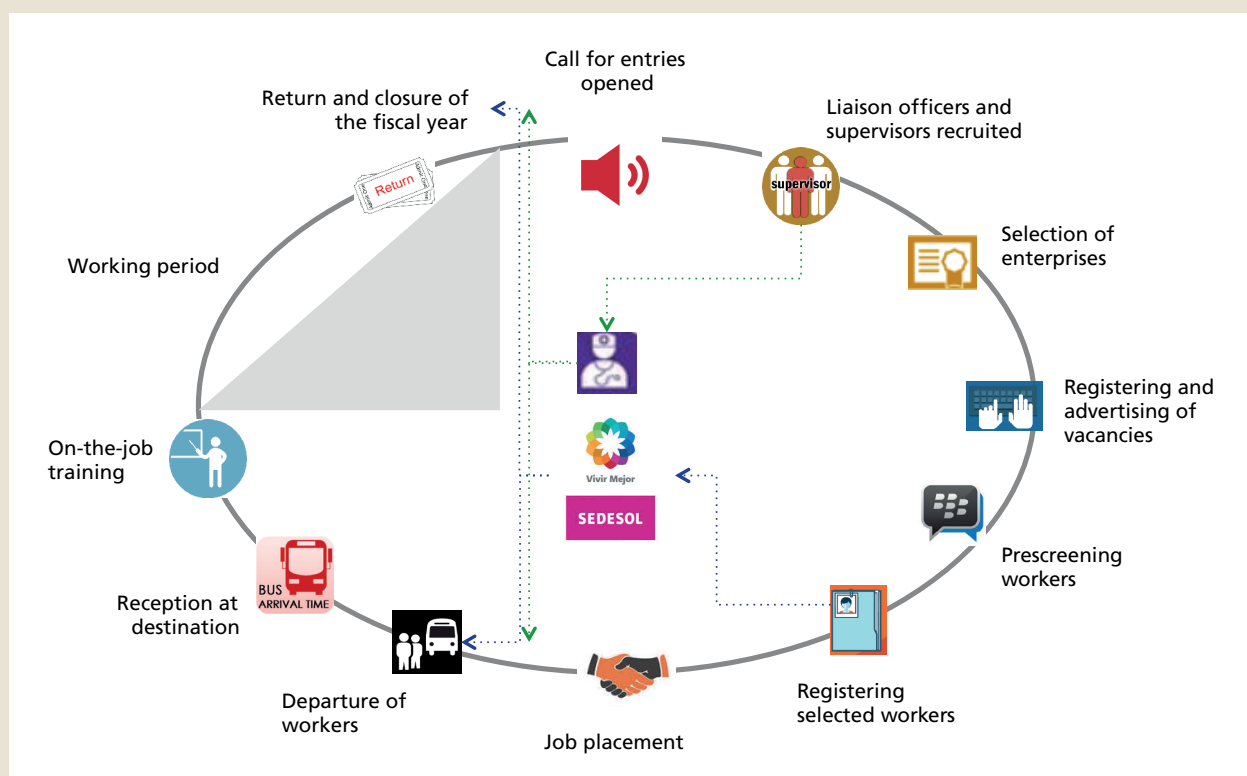
The liaison officers hired by the SNE arrange the workers' departure, the employer covers transportation costs, and the programme provides insurance. Many workers travel with their families; their travelling costs are paid by SEDESOL. The supervisors ensure that workers arrive at their workplaces. They also coordinate with the SNE to make the necessary arrangements for workers participating in job training, for which the employer provides the instructor and material and the SNE pays the daily minimum wage for every three hours of training.

During a single annual cycle, a participant in the SAW programme can be placed up to three times with different employers, provided that their contract expires at the initially agreed time. This gives the opportunity for workers to be in employment for three to eight months.

The SEDESOL farm workers' assistance programme runs during the planting and harvesting seasons in areas that attract migrant workers and in the places where they live, such as hostels, nurseries and camps. The programme provides grants for food and subsidies for school uniforms, supports health care and monitoring for families (including the care of pregnant women and measures against domestic violence), and offers a food bank and food supplements. A gender-sensitive approach ensures that female children stay at school as long as their male counterparts, improving their opportunities to access training, further education and employment later in life.

The Mexican Government has implemented an interinstitutional working group (comprising representatives of government agencies, trade unions, chambers of commerce and civil society) to address the problem of child labour. SEDESOL has also encouraged dialogue with state agricultural producers with the aim of reaching out to families through existing social development programmes to limit child labour. The labour inspection authority is another key actor in the programme. Participating farms are subject to unannounced visits. Both the SAW programme and the SEDESOL assistance programme have helplines for receiving anonymous complaints; the supervisors and liaison officers are also a point of access for workers who have suffered abuses.

The final task of the SNE personnel, at the end of each annual cycle, is to arrange for workers to return to their places of origin (see the diagram below).



This coordinated action by the Mexican Government has helped to improve the recruitment of seasonal agricultural workers, providing a reliable mechanism by which workers and their families can gain access to basic services while working in rural areas distant from their homes.

Source: Author, based on Government of Mexico, 2015, 2016b.

The estimated eligible population for 2016 was 6.5 million people, of which 25 per cent were farm workers and 75 per cent were members of their families. In 2014, the SNE placed 110,180 farm workers through the SAW programme, while the SEDESOL farm workers' assistance programme served 200,728 farm workers and their families. For the period 2014–16, the SNE reported a placement rate of 69.2 per cent, equating to 467,733 farm workers placed in jobs.

The challenges facing the SAW programme include continuing budgetary cuts since 2015 alongside increasing demand from both employers and job-seekers: the targets set for 2017 are 32,736 beneficiaries, of whom 73 per cent are men and 27 per cent women.



- **Seasonal agricultural worker programme for Mexico and Canada**

The seasonal agricultural worker programme (SAWP) for Mexico and Canada came into operation with the conclusion of a memorandum of understanding between the two countries in 1974 with the objective of implementing a temporary migration programme regulated by both governments to fill low-skilled jobs in the agriculture sector in most of the Canadian provinces.⁹ The SAWP is viewed as an instrument that can simultaneously address excess labour supply in the agricultural sector in Mexico and offer employers in Canada access to a foreign labour market to meet seasonal labour demand. All job offers in Canada and profiles of workers from Mexico are verified by both governments to ensure good job-matching and respect for basic working rights and conditions, including social security through the workers' contributions to the Canadian welfare and pension system, and the same rates of pay for Mexican workers as for Canadian citizens in similar jobs.

The SAWP operates on the basis of shared commitment by the two governments. The Mexican Government undertakes to register job vacancies from Canadian employers, recruit and select workers matching the job profiles required, arrange medical examinations for the workers, facilitate the issuance of the necessary travel documentation (passports and visas) and organize the departure of workers to Canada. In turn, the Canadian Government organizes the process by which employers request workers, issues temporary work permits (for a maximum of eight months), checks that workers are granted fair payment and regular working conditions, and ensures that workers receive adequate accommodation at the workplace. In Mexico, the SAWP is run by the SNE; an overview of the programme's protocols is provided in [box 4](#).

BOX 4. THE SEASONAL AGRICULTURAL WORKER PROGRAMME FOR MEXICO AND CANADA: HOW DOES IT WORK?

The SNE has decentralized most of the operation of the SAWP to the local level, including providing information to interested candidates, delivering counselling, and prescreening workers through interviews and sometimes practical examinations. Local employment offices also refer workers to the health centres run by the Ministry of Health for medical examinations, this being one of the requirements stipulated by the Canadian authorities. The CGSNE is responsible for liaising with the Canadian authorities over visa applications and for organizing the departure of workers with a view to reducing processing time and avoiding unnecessary expenses for workers.

The SAWP responds to quality criteria in matching applicants to jobs. Eight out of ten participating workers are requested year after year by the same employer, while the other two are part of the denominated "reserve" without a fixed employer. For many Mexican workers participating in the SAWP job stability is high: most have worked for five to ten years with the same employer, and on average 75 per cent have participated in the programme for over six years, the remainder having done so for three years or less. About one-third of the participants are aged 26–45, 20 per cent are aged 46–60 and only 4 per cent are young people aged 18–25. Between 2012 and 2016, the SNE placed 83,000 workers in jobs in Canadian farms. The target set for 2017 is 24,500 people working temporarily in Canada.^a

A cost–benefit study conducted in 2009 by the Inter-American Development Bank (IDB) (IDB, 2011) provided confirmation of the value added through the SAWP. For every US\$1 invested in the programme, the country receives about US\$10; and, with the introduction of efficiency indicators in 2010, the cost of keeping the programme running is falling.

^a Information provided by SNE.
Source: Author, based on Muñoz, 2010.

⁹ The Northwest Territories and the province of Newfoundland and Labrador are not covered by the programme.

One factor in the successful continuation of the programme is the direct involvement of both governments, which has ensured legal, orderly and safe labour mobility for 43 years. However, international trends are now changing, with such arrangements being replaced by more flexible schemes involving a greater number of countries, thus increasing competition for job vacancies and incurring lower costs than those involved in the administration of programmes such as the SAWP.

- **First steps towards a labour mobility scheme with the United States**

Estimates based on a survey of migration across the northern border of Mexico in 2015 indicate that an average of 233,581 people trying to cross the border without the requisite documentation were sent back by the US authorities in each of the previous three years (Government of Mexico, 2016b). The reintegration into the national labour market of undocumented workers deported by the US Government is a priority for the Mexican Government, and the SNE contributes to this objective by providing support for target populations in finding jobs in Mexico. In coordination with NGOs providing accommodation and medical aid for returning Mexicans in distress at the border, the SNE invites those interested in returning to their home localities to register as jobseekers, and organizes return transport, job-search support and referral to training or other interventions to facilitate placement. Reflecting the precarious economic situation of some regions of Mexico, and the limited job opportunities available in these areas, the placement rate achieved by this specific mechanism remains low (21.5 per cent) compared with other active labour market programmes operated by the SNE. Between 2012 and 2016, 33,629 people were served by the programme.

The positive experience accumulated by the Mexican Government through the operation of the SAWP with Canada has served as a precedent demonstrating that regular and safe labour mobility across borders is possible. In 2016, a window of opportunity was opened to create a safe and fair mechanism for Mexican workers interested in working in the

United States on a temporary basis by using H2 visas. The H2 visa allows employers in the United States to hire migrant workers to fill temporary job vacancies in low-skilled positions. In 2016, for the first time, employers in the United States asked for the SNE's support to recruit 1,029 Mexican workers through this channel.

With the 2012 labour reform in Mexico, the SNE became the government agency responsible for overseeing compliance with standards for the recruitment and selection of workers in Mexico, including those interested in working abroad. Mexican labour law stipulates that general labour conditions for temporary workers abroad should be the same as for local workers in the destination countries; it also includes provisions related to workers' rights in respect of repatriation, housing, social security and other benefits.

- **Contingency programmes to prevent job losses and reactivate employment**

In an increasingly interconnected and interdependent world, just as epidemic diseases spread rapidly, so countries are also more exposed to economic crisis and conflict resulting in the loss of jobs and incomes for families and the displacement of communities. In addition, Mexico's geographical location makes it vulnerable to a range of natural hazards (e.g. earthquakes, floods and hurricanes) which may cause the temporary closure of businesses with especially severe effects for MSMEs and the self-employed. The suite of active labour market programmes operated by the SNE includes a number of contingency measures for use when the labour market deteriorates and unemployment increases as a result of unexpected events such as natural hazards, health emergencies or severe economic slowdowns affecting core sectors or the industrial fabric of particular localities. These mechanisms are intended to ensure readiness and capacity to channel resources and provide assistance to communities and businesses in distress. The Committee for Evaluation and Support for the Reactivation of Employment, which is presided over by the STPS and put into action by the SNE, is responsible for declaring a state of contingency and deciding on

its temporal and geographical scope in consultation with the local authorities.

Once the Contingency Programme against Unemployment (Contingencias Laborales) is activated, affected populations receive support for retraining, reskilling and requalification, placement in temporary jobs, or temporary relocation to a different part of the country where there is a higher demand for

labour. Although the operational rules provide for an allocation of just 2 per cent of the PAE's funds for this purpose, the federal Treasury will allocate supplementary funding if this is deemed necessary. An external evaluation confirmed the programme's responsiveness to emergency situations (Velázquez, 2016). Some examples of how contingency interventions have worked in the past are provided in [box 5](#).

BOX 5. CONTINGENCY INTERVENTIONS

- The contingency programme was activated in 2009 when the country was severely affected simultaneously by the negative effects of the global economic crisis and by an outbreak of the H1N1 influenza virus. During the pilot phase about 30,000 people were served and about 20,000 placed in jobs. Once the economic situation started to stabilize, the total number of participants dropped to nearly 15,000.
- Through a combination of counter-cyclical measures and employment services, the SNE provided counselling and retraining assistance to nearly 40,000 workers when Luz y Fuerza del Centro, a state-operated electricity company, closed in 2011. Job-search support services were provided to help 10 per cent of the affected workers to find new jobs, another 20 per cent were offered access to internal mobility programmes, nearly 19 per cent were retrained and about half were rehired by the largest electricity supplier in the country, the Federal Electricity Commission (Comisión Federal de Electricidad).
- Similar combined interventions have also been used to assist communities affected by increasing violence that are trying to boost employment and improve living conditions for inhabitants. In Ciudad Juárez, the federal and state governments jointly implemented such an intervention under the banner "We are all Juárez: Let's rebuild the city". The SNE's intervention consisted in developing skills and competencies of targeted groups through the various strands of its training programme, including on-the-job training, support for business start-ups and placement in temporary community works, in combination with job workshops and counselling. The STPS contributed nearly MXN85 million and a total of 26,129 people participated in this initiative.

Source: Author, based on STPS labour reports, various years.

Job-matching, placement and activation strategies

Between December 2012 and December 2016, the SNE served 20.4 million clients and placed 5.5 million of them in formal employment, achieving an average placement rate of 26.8 per cent. More than 1.7 million clients placed were supported by one or more of the active labour market programmes strategies available through the PAE in combination with job-search support. Active labour market

programmes registered a higher performance placement rate of 76 per cent over the same period, showing the importance of involving employers and other key labour market stakeholders in tackling barriers to employment. Such an approach produces long-lasting outcomes if responses are tailored to market needs ([table 2](#)).

TABLE 2. PLACEMENT RATE BY TYPE OF SERVICE
AND ACTIVE LABOUR MARKET PROGRAMMES, 2006–16

Core employment services and active labour market programmes	Placement rate (%)	
	Dec. 2006 to Aug. 2010	Dec. 2012 to Aug. 2016
Job-matching services		
Job bank	30.6	36.1
Job fairs	25.7	36.3
Jobs portal (online)	16.1	19.0
Active labour market programmes		
BÉCATE	64.4	79.7
Self-employment promotion programme	100.0	100.0
Seasonal agricultural worker programme for the domestic labour market	43.9	69.2
Seasonal agricultural worker programme for Mexico and Canada	91.1	97.2
Reintegration of undocumented workers deported by US Government	21.5	n.a.

n.a.: Not available.

Source: Information provided by SNE.

Active labour market programmes require a higher investment of resources than job-matching services, and scaling up is limited to some extent by the annual budgetary allocation through the PAE. According to an internal SNE estimate, funding for job search, counselling and placement amounts to nearly 10 per cent of non-earmarked PAE funds.¹⁰ Between December 2012 and December 2016, 18.6 million people were provided with job-search related services only (without referral to active labour market programmes) and 4.1 million of these jobseekers were placed in jobs, representing a placement rate of 22.1 per cent over the whole period.¹¹ There is a considerable difference between the volumes of clients SNE can reach and serve through job-search related services only and those benefiting from active labour market programmes; one of the primary reasons for this is the greater availability of the former via online and self-service channels. Nevertheless, according to the National Institute of Statistics (Instituto Nacional de Estadística y Geografía, INEGI), the most popular method for finding information on job vacancies in Mexico is still through personal contacts. INEGI reported that 56 per cent of people who were hired in 2015 and were still working in January 2016 found their jobs

through a personal referral, while 31 per cent contacted the employer directly and the other 13 per cent used other search methods (INEGI, 2017a).

• Services for jobseekers

The SNE has developed the capability to offer multichannel provision via the jobs portal, a toll-free phone number, the labour observatory, job fairs (traditional and virtual: see box 6), radio, job-search kiosks, mobile units, job newsletters, television, radio and social media. Services to facilitate job placement are organized and delivered on three levels: individual in-person services; group activities; and self-service access. Services for jobseekers are targeted at individuals who are unemployed, underemployed, or at risk of losing their jobs owing to structural changes in the economy or insufficient qualifications.

In-person services are delivered by an employment counsellor at the local employment office. Counselling interviews are undertaken to determine the profile and specific needs of the jobseeker. An employment counsellor serves an average of 15–22

¹⁰ Information provided by SNE.

¹¹ For internal administrative and budgetary reasons, the SNE includes workers placed through the seasonal agricultural worker programme for Mexico and Canada within job-matching services rather than active labour market programmes.

clients per day and the length of the interview is about 20 minutes. Individual counselling and the provision of relevant information are complemented with referral to short-term training or (for vulnerable groups) specialized services to link suitable candidates with job opportunities.

Group activities are mainly delivered through job support workshops to help participants get and maintain jobs. These are tailor-made to match the characteristics of participants. Between December 2012 and December 2016, 760,000 jobseekers participated in job-search workshops.

Self-service access In addition to the employment offices at the state level, the SNE has 55 job kiosks (or PC terminals), all located in public places easily accessible to large numbers of people, where jobseekers can receive job information and work at computer stations. Mobile units are used to extend the provision of job information, counselling and placement services to jobseekers living in the areas around main cities, small municipalities and rural communities.

The **jobs portal** was introduced in 2008 as an overarching website that facilitates links between labour supply and demand. It pulls together job vacancies from a large number of private employment agencies and not-for-profit organizations across the country. It is also supported by a wide range of online services, including access to information about the labour market, training opportunities, e-learning resources and virtual job fairs to facilitate online recruitment. In 2016, 5.3 million people used the job bank and the average placement rate registered was 36.1 per cent.

The **labour observatory** works interactively with the jobs portal; its main objective is to assist people, in particular young people, to make informed decisions about their future career choices and job opportunities. The observatory was launched in 2015 and provides information about occupational trends, job prospects, wages and the qualifications required to perform particular jobs. Several partner educational and training institutions both use and provide the information that feeds its database. The observatory has become a key reference for career

guidance to support youth in the transition from school to work. The introduction of self-assessment tools for career planning and job-search aims to establish a connection between the observatory and employment services delivered online.

A **toll-free phone number** is available for the provision of job information services, and a job newsletter is issued fortnightly and distributed nationwide. Between December 2012 and December 2016, 1.6 million people used the toll-free number, including workers interested in participating in the SNE's labour mobility programmes for both the domestic and the international labour markets.

The profile of a typical jobseeker using the SNE is that of a low-skilled person with no higher than secondary education, looking for a job in the services sector. Young jobseekers (under 29 years old) make up almost half of the SNE's clients: the main characteristics of this group are a lack of previous labour experience, low skills, and poor connections with the labour market. Jobseekers in the transition from school to work (aged 18–25) use the SNE's job-matching services particularly frequently, and represented 37 per cent of all clients served and 23 per cent of job placements between December 2012 and October 2016. More flexible and demand-led provision is particularly important for jobseekers facing multiple barriers to formal employment, including people with disabilities (accounting for 1.4 per cent of total placements) and older workers (3.9 per cent of total placements).¹²

One mechanism used to deliver labour market information, advice and job-matching services to employers and jobseekers simultaneously is the job fair: these may be organized either on the traditional model or online as virtual events (box 6).

¹² Data corresponding to December 2012 to December 2016.

BOX 6. TRADITIONAL AND VIRTUAL JOB FAIRS

Traditionally, job fairs bring together employers and prospective jobseekers in a convenient location in order to reduce the time and costs associated with job search and recruitment. Job fairs provide competitive advantages for employers and jobseekers because they are organized to function in a similar way to a one-stop shop. Participants are able to access multiple services through a single point, including networking programmes, curriculum vitae reviews, kiosks with internet connection and printing facilities, job-search support workshops and vocational counselling.

Job fairs fall into two main types: (1) physical multi-employer events; and (2) virtual events. In both cases the event can be organized around specific themes, target groups or economic sectors. Traditional job fairs have been organized in Mexico since 1993. The introduction and spread of information and communications technologies have facilitated the creation of virtual job fairs that can be accessed online through the jobs portal. The virtual modality offers jobseekers and employers every advantage of a traditional job fair and also enables the SNE to expand coverage and ensure accessibility 24 hours a day, eliminating queuing and paperwork. Jobseekers and employers can communicate directly through a “chat room” and receive support from a help desk.

Job fairs have proved to be cost-effective. Between December 2012 and December 2016, 1.7 million jobseekers were served through this mechanism, achieving a placement rate of 36.3 per cent. The SNE organizes at least one multi-employer job fair in each of the 32 states every year, working in close collaboration with well-established companies in a variety of business sectors, private employment agencies, NGOs, universities and education centres.

Source: Author.

TABLE 3. JOBSEEKERS SERVED AND PLACED BY AGE GROUP AND SERVICE TYPE, DECEMBER 2012 TO OCTOBER 2016

Age group	Jobseekers		Job fairs (served)		Jobs portal		Jobseeking workshops (participants)	Toll-free number (served)	Job Counselling kiosks (served)	Counselling services (served)
	Served	Placed	Served	Placed	Served	Placed				
16–17	52 012	19 283	12 897	4 737	62 214	n.a.	29 098	1 643	3 668	3 610
18–25	1 845 687	695 706	639 790	213 986	3 459 443	n.a.	310 865	72 283	273 635	117 868
26–30	922 072	332 252	336 461	118 708	1 747 752	n.a.	122 490	53 067	214 173	82 860
31–35	759 509	269 809	222 627	84 826	1 021 912	n.a.	91 540	46 964	120 635	61 597
36–40	548 912	195 145	144 987	58 138	615 636	n.a.	64 320	36 074	87 964	45 052
41–45	452 522	165 013	107 164	43 266	392 352	n.a.	47 601	28 478	62 599	32 078
46–50	271 505	92 861	69 946	27 315	214 380	n.a.	29 764	17 352	39 754	21 318
51–55	172 196	56 796	44 781	16 860	110 342	n.a.	18 220	9 351	23 071	11 771
56–60	94 684	29 976	24 196	7 946	38 732	n.a.	10 293	4 228	13 076	4 224
61+	96 455	32 548	30 534	9 364	14 526	n.a.	12 049	1 825	11 423	2 152
Not known	0	0	0	0	0	0	0	1 304 394	0	0
Total	5 215 554	1 889 389	1 633 383	585 146	7 677 289	1 461 100	736 240	1 575 659	849 998	382 530

Source: Author (data provided by SNE).

• Services for employers

Services delivered to employers include labour market information, specialized counselling, registration of job vacancies, filling vacancies (referrals and placements), and active labour market programmes concerning job preservation and short-term training. The SNE maintains connections with employers through multiple channels. At the national level, regular meetings with chambers of commerce, educational centres and private placement agencies (e.g. OCC, ADECCO, Boomerang, Manpower and AMEDIRH) facilitate the collection of large numbers of vacancies which are then registered with the jobs portal. These are complemented by the state training and employment committees, through which the SNE works in partnership with employers. As a member of these committees, the SNE has access

to first-hand information about employers' needs. Through these mechanisms, the SNE has been able to increase significantly the numbers of job vacancies registered by local employment counsellors. The SNE is usually represented on these committees by the director of the state office, who is thereby able to gain a better understanding of local labour market trends and the occupational profiles that are or will be in demand. Educational and training institutes are among the multiple users of the information generated through these committees. By such means the SNE is increasingly developing services to address shortages of skilled labour in partnerships with employers in sectors and local labour markets with great potential for job creation (for an example, see [box 7](#)).

BOX 7.

THE SNE AND EMPLOYERS WORKING IN PARTNERSHIP TO ENHANCE EMPLOYMENT SERVICES TO MEET INDUSTRY'S WORK- FORCE NEEDS IN THE RIVIERA MAYA TOURISM SECTOR

The Riviera Maya region in Mexico is a growing luxury tourism destination that has experienced rapid growth over the last 20 years. Building on the work of the Association of Hotels of the Riviera Maya (AHRM) and key regional leaders, the area has been highly successful in attracting foreign and domestic investment to capitalize on the area's natural assets, cultural history and archaeological sites. As employment grew and the industry evolved towards a position in the higher-quality tourism market, it became clear that a huge investment in the skills of the workforce was required to maintain the region's competitiveness and continuing growth.

Since 2009 the SNE has worked in partnership with the AHRM to progressively establish and drive a more modern and diverse system of public and private intermediation, supported by new processes and relationships, to better connect labour supply and demand. The STPS invested in improving SNE services in the region, opening a new centrally located employment office with local employment counselling services and access to computers to help clients search for jobs. The AHRM's redeveloped jobs portal was connected to the national jobs portal, facilitating distribution of its job vacancies throughout Mexico.

The SNE has overcome its former reluctance to collaborate with private services and now engages in many joint activities with the AHRM, including regional job fairs which encompass onsite job placement and skills development. Public services complement private services – for example, through the national BÉCATE programme, traineeships with local hotels are offered that provide a pathway to sustainable work for less experienced job applicants.

Author: Based on Mazza and Kappaz, 2016.

Also, the use of placement officers helps in tailoring support to employers of different sizes. MSMEs more frequently use SNE job-matching services, while larger enterprises tend to prefer using active labour market programmes in combination with job placement. Employers are also supported at local offices with an online appointment system. Over the period December 2012 to December 2016, the placement rate through this channel stood at 36.2 per cent, an increase of 8 percentage points over the preceding five years.

Employment services for social inclusion

Some groups of jobseekers face particular challenges in finding work. The SNE uses a combination of mainstream services and targeted interventions to help people with disabilities and older workers to find employment. The SNE has in place specialized services for these groups in 29 of the state employment offices, implemented under a protocol known as “Abriendo Espacios” (opening job opportunities) with 32 dedicated full-time employment counselors. The protocol is linked to mainstream services to promote inclusion in the labour market (e.g. job-search support, thematic job fairs, counselling and active labour market programmes including the promotion of self-employment), so that overall about 60 per cent of SNE staff participate in the delivery of services to people with disabilities and older workers.

Specialized services consist of assessment at a dedicated centre where individual needs and competencies can be identified, followed by specialized counselling and one-to-one job-search support. The assessment centre, however, does not evaluate the economic and social context of individuals, and post-placement support is not available. There is also a dedicated job portal with adaptations specifically geared to use by the target populations.¹³ This specialized service provision is available only in urban centres, where it is offered in partnerships

with not-for-profit organizations, private employment agencies with dedicated services, and local enterprises with inclusive employment practices employing older workers and people with disabilities. Most of the employers partnering with the SNE in this area are small and medium-sized private enterprises in manufacturing industry, commerce and services. The SNE provides advice on how to adapt the workplace to facilitate the integration of people with disabilities and information on the advantages enterprises hiring target populations might enjoy in public procurement procedures. An award in recognition of socially responsible enterprises (the Gilberto Rincón Gallardo award) in the category of inclusiveness in the labour market is made every year by the National Council for the Prevention of Discrimination (Consejo Nacional para Prevenir la Discriminación, CONAPRED).

About 6 per cent of the total PAE budget was allocated to the “Abriendo Espacios” protocol in 2015. Between December 2012 and December 2016, 219,825 people with disabilities and older workers were placed in jobs through a combination of specialized services and mainstream provision, representing an average placement rate of 44.5 per cent. Of all the people with disabilities using the SNE’s services, 50 per cent had a motor disability, 19 per cent had hearing impairment, 19 per cent were visually impaired and 12 per cent had a mental disability.¹⁴

Regulation of private employment agencies

In Mexico, private employment agencies must be accredited in order to operate legally. The STPS is responsible for authorizing the operation of such agencies and issuing the corresponding licences. The existing legal framework distinguishes between fee-charging agencies and non-fee-charging agencies, and is based on the principles defined by the ILO’s Fee-Charging Employment Agencies Convention (Revised), 1949 (No. 96). Mexico ratified this

¹³ www.abriendoespacios.gob.mx.

¹⁴ Information provided by the SNE in 2016.

Convention in 1991 and has accepted the provisions of Part III concerning the regulation of private placement and recruitment agencies. By means of a decree dated 21 May 2014, various provisions of the Employment Agency Regulations (*Reglamento de Agencias de Colocación de Trabajadores, RACT*) were amended, added and repealed to bring them into line with the 2012 reform to section 123-A XXV of the Mexican Constitution and the Federal Labour Act (FLA).

The decree of 21 May 2014 amended the wording of section 12 of the RACT, which currently provides that the STPS shall inform the Ministry of the Interior of the authorizations and registrations issued for private employment agencies that place Mexican workers abroad. As at December 2016, the STPS through the SNE had registered 298 fee-charging agencies and 73 non-fee-charging agencies with 289 branch offices. The figures included six agencies that specialized in placement of workers abroad.

The STPS is also responsible for approving the fees and administrative charges which the agencies are entitled to levy. However, with the recent changes to the RACT, it was established that provision of services should be free of charge to jobseekers and based on the principle of non-discrimination. Any violation of these stipulations is subject to legal sanctions. The labour inspection authority is in charge of monitoring the operations of private employment agencies. It should be particularly noted that the amendment made to section 27(2) of the RACT requires fee-charging employment agencies conducted on a profit-making basis to submit a request to renew the validity of their authorization and registration.

The reform to the FLA also introduced important provisions on subcontracted work, and measures to protect Mexican migrant workers placed abroad by private employment agencies were incorporated into section 9bis of the RACT. For example, private employment agencies are responsible for ensuring that working conditions offered by foreign employers are equal to, or better than, those established by Mexican law.

Private employment agencies are also required to deposit a bond with the STPS as a guarantee to cover the repatriation expenses of Mexican workers should working conditions offered abroad not be respected. Other core provisions prevent discrimination by private providers of employment services on the basis of criteria other than qualifications and skills, and require such providers to submit reports on their activities to SPTS for statistical purposes. All these provisions are consistent with the ILO's Private Employment Agencies Convention, 1997 (No. 181), not yet ratified by Mexico.

Collaboration between the SNE and private employment agencies is conducted through mutually agreed joint coordination and cooperation mechanisms. These include the requirement for these agencies to submit a biennial report and statistical information about their activities to the SNE. Partnerships between private employment agencies and the SNE have been established for the purposes of exchanging job vacancies, improving the implementation of active labour market programmes and providing specialist services to vulnerable groups (e.g. people with disabilities). In practice, the majority of partnerships for the delivery of specialized services are established with non-fee-charging agencies.

Given recent amendments to Mexican law and regulations, and the efforts of the country to bring the RACT into line with up-to-date international practice, the ILO Governing Body has invited the Government of Mexico to examine, with the social partners, the possibility of ratifying Convention No. 181, which would immediately supersede Convention No. 96.¹⁵

¹⁵ GB.273/LILS/4(Rev.1), Nov. 1998.



ANNEX
MILESTONES IN THE INSTITUTIONAL EVOLUTION
OF PUBLIC EMPLOYMENT SERVICES IN MEXICO

1931	Labour law enacted and legal basis for provision of placement services established
1940	Secretary of Labour and Social Welfare (STPS) established
1942	Office to oversee job vacancy database created
1957	Provisions adopted to expand federal job vacancy database to all states through coordinated action between public and private organizations
1971	Directorate-general for the public employment service created
1978	Labour law reformed. Directorate-general for the PES designated as responsible unit for establishing National Employment Service
1979	Collaboration agreement concluded for establishing employment service at state level
1981	Common development agreement for the transference of funding adopted by the STPS and the states
1982	Debt crisis Regulation of private recruitment agencies issued
1983	Directorate-general for employment created and designated as responsible unit for administering National Employment Service and employment service at state level National coverage ensured: employment service offices established in each of the 32 states
1984	Training programme for unemployed and displaced workers (PROBECAT ^a) established
1987	Manpower training project for expansion of PROBECAT launched ^b
1993–97	First set of active labour market programmes implemented under the framework of the labour market modernization programme ^c Additional services introduced (1993): job fairs, job-search workshops, information system to control the allocation of funds to the states
1994–95	North American Free Trade Agreement (NAFTA) established Economic crisis Total number of local offices increased to 99 Temporary employment programme in rural areas implemented (1995) ^d
1996	Second labour market modernization programme implemented ^e
2000	Annual evaluations required by law of all publicly funded programmes in Mexico, including those operated by the SNE Internal reorganization of STPS ^f
2001–02	First element of multiphase Training and Employment Support Programme (PACE), Employment Support Programme (PAE), put in place New services introduced: - 2001: toll-free phone number for job information services, “Chambatel” - 2002: online job vacancy database, “Chambanet” - 2002: centres for labour intermediation established
2003	- rules of operation for the implementation of PAE issued - manual for the SNE issued to standardize basic institutional arrangements nationwide - online employment support programme information system (SISPAEW) online introduced ^g - provisions adopted for promoting the participation of women - 2 x1 funding scheme for SNE introduced - mobile units introduced - total number of local offices increased to 139

2004	<ul style="list-style-type: none"> - job vacancies newsletter, <i>Mi Chamba</i>, launched - SNE programmes introduced targeting vulnerable groups: women, older workers, illiterate and indigenous people, youth at risk and rural craftspeople in poor areas); programme for the inclusion of people with disabilities in the labour market ("Abriendo Espacios") including people with disabilities ("Chamba Par") - line budget for the implementation of the local development programme (<i>micro regiones</i>) introduced
2005	Labour observatory established
2006	Regulation of private recruitment agencies amended
2007	PAE programmes expanded
2008	Total number of local offices increased to 160 Placement officers appointed as new staff of the state employment offices
2009	Supplementary resources allocated for the implementation of measures to protect employment against negative effects of the global economic crisis and the outbreak of the H1N1 influenza virus
2011	PAE results to be evaluated and reported
2012	Gradual implementation of "one-stop shop" model begun
2014	Private employment agency regulations amended
2015/16	BÉCATE impact and processes evaluation
2016	PAE design impact evaluation

- a/ The programme operated under the name of PROBECAT from 1984 to 2000. Between 2001 and 2005 it evolved into the Labour Training System (SICAT). From 2006 onwards it has been known as BÉCATE.
- b/ Project financed by an external loan from the World Bank.
- c/ Programme financed by a second external loan from the World Bank.
- d/ Programme co-financed by an external loan from the World Bank and the IDB.
- e/ Project financed by an external loan from the IDB (loan 983/OC-ME): phase I, fiscal years 1997–99; phase II, fiscal years 2000–01.
- f/ This reorganization was triggered by the change in the federal Government. The names of certain SNE programmes were changed and new components were created. However, the overall objectives of the modernization programme remained in place.
- g/ The objectives of the system were to improve accounting and transference of funding from the central office to the states, and to synchronize this database with statistics held by PAE's beneficiaries.

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