



ECONOMIC
DEMOCRACY
INITIATIVE

Programa de Bonificación a la Contratación de la Mano de Obra Chile

A government-funded program that subsidized private firms to train and hire unemployed workers

Summary

This program promoted the reintegration of the unemployed in the labor force through productive projects in collaboration with the private sector. The government adopted active labor market policies to intervene in response to protracted, elevated unemployment.

Rationale

The program was created to combat high unemployment rates in the late 1990s and early 2000s through the promotion of job reinsertion of unemployed workers, training, and direct employment in productive projects. Seasonal unemployment was high, especially for youth.

Defining Principles

Address poverty by providing on demand employment, improve the employment prospects of the unemployed, provide skills and professional development for career development.

Dates of Operation

2001 - 2010. The regular program began in 2001, the Chile Solidario component began in 2004, and the Jóvenes Chile Solidario began in 2006 (1).

Number of Program Participants

44,234 employed in 2010 (2).

Criteria for Participation

Citizens who were unemployed for at least 30 days. Only families enrolled in the Chile Solidario System were eligible for a family member to work in the Chile Solidario and Jóvenes Chile Solidario programs. Unemployed young people 18 to 24 years old were eligible to work in the Jóvenes Chile Program (3).



ECONOMIC
DEMOCRACY
INITIATIVE

Programa de Bonificación a la Contratación de la Mano de Obra Chile

A government-funded program that subsidized private firms to train and hire unemployed workers

Pay and Benefits

The Regular program paid 40% of the minimum wage for four months in subsidies to new private sector employment and included a CLP 50,000 training bonus. In the Chile Solidario program, the 40% subsidy lasted for one to four months and included a CLP 50,000 training bonus. The Jovenes Chile Solidario program subsidized 50% percent of the minimum wage for five to twelve months with paid training bonuses of CLP 60,000 (4).

Financing

Program Budget of CLP 10.47 million in 2009 (5). Financed by the federal legislature and funds were distributed by the Undersecretary of Labor.

Implementation

Program was overseen by the Ministerio del Trabajo y Prevision Social. Three programs fell under the umbrella of Programa de Bonificación a la Contratación de la Mano de Obra; Regular, Chile Solidario, and Jovenes Chile Solidario (6).

Types of Work

Agriculture, construction, and commerce (7).

Notable Features

93% of Regular workers and 75% of Chile Solidario and Jovenes Chile Solidario workers were from urban areas (8).

Challenges

Contracts that go beyond the minimum duration requirement should be incentivized. Greater on-site inspection was required to assure that hiring firms followed unemployment requirements. Training course quality had a major impact on employment outcomes (9).



E C O N O M I C
D E M O C R A C Y
I N I T I A T I V E

Programa de Bonificación a la Contratación de la Mano de Obra Chile

A government-funded program that subsidized private firms to
train and hire unemployed workers

Citations

- (1) AGROUC Foundation. (2009). Evaluación de impacto: Programa de bonificación a la contratación de mano de obra. <http://ciparchile.cl/wp-content/uploads/evaluacionprogramabonificacion.pdf>
- (2) CEPAL Database of non-contributory social protection programs. Labor Recruitment bonus program (2001-2010). <https://dds.cepal.org/bpsnc/programa?id=142>
- (3) AGROUC Foundation. (2009). Evaluación de impacto: Programa de bonificación a la contratación de mano de obra.
- (4) AGROUC Foundation. (2009). Evaluación de impacto: Programa de bonificación a la contratación de mano de obra.
- (5) Ministry of Labor and Social Welfare. (2009). Minuta Ejecutiva: Evaluacion de Impacto. https://www.dipres.gob.cl/597/articles-141112_r_ejecutivo_institucional.pdf
- (6) AGROUC Foundation. (2009). Evaluación de impacto: Programa de bonificación a la contratación de mano de obra.
- (7) AGROUC Foundation. (2009). Evaluación de impacto: Programa de bonificación a la contratación de mano de obra.
- (8) AGROUC Foundation. (2009). Evaluación de impacto: Programa de bonificación a la contratación de mano de obra.
- (9) AGROUC Foundation. (2009). Evaluación de impacto: Programa de bonificación a la contratación de mano de obra. pg. 15.



For more information visit www.jobguarantee.org