



WORLD BANK GROUP
Social Protection & Jobs

PES REVIEW

Chile

Country case studies



Chile

Municipal Employment Offices and the National Employment and Training Service OMILs with the support of SENCE



The main channels for employment services delivery are the municipal employment offices (OMILs) and the online national jobs portal (BNE). PES provision is a shared responsibility between the central and municipal governments.



The municipal authorities run the OMILs, but the central government technically and financially supports most of them through the National Employment and Training Service (SENCE). SENCE is a decentralized agency under the Ministry of Labor.



The OMILs offer a range of employment services for both jobseekers and employers. They are the main actor at the local level linked to active and passive employment policies.



Fully funded by the state



329 OMIL offices across the country



601 - 1000
Unemployed per PES staff



OMILs and SENCE



Governance

- ▶ The PES provision in Chile is a shared responsibility between central and municipal governments. There seems to be no single national entity or overarching employment policy to provide the framework for a unified implementation of employment services. The OMILs are part of a fully decentralized structure.
- ▶ However, the labor intermediation program is in place across the country to increase access to intermediation services for people looking for work. This program is offered through the participation and coordination of SENCE's regional directorates, the BNE job platform, and the OMILs.
- ▶ The specifics of each OMIL vary and are subject to the resources and management conditions that each municipality provides. The SENCE Regional Directorates are responsible for proposing technical standards and coordinating initiatives for all OMILs' duties.
- ▶ A Manual of Inclusive Labor Intermediation Processes is in place intending to standardize processes across OMILs. This standardization effort has been made together with SENCE.
- ▶ A private agency (AFC) manages the unemployment insurance scheme. The AFC is responsible for collecting UI contributions, paying benefits and investing funds, and all related functions (not involved in supporting jobseekers find jobs). This agency is monitored by the SAFP (supervisor of pension funds).



OMILs and SENCE



Management

- ▶ Since it is a fully decentralized structure, each OMIL has the flexibility to set its strategic planning. This implies that each unit sets specific targets and defines how to monitor their achievement.
- ▶ The head of each OMIL is in charge of the strategic planning to define the general orientation of the OMIL's work. For this, the OMIL's team meets to determine a vision, mission, and institutional strategies.
- ▶ Once a strategy is in place, the office defines an action plan, sets targets and time frames, and defines a monitoring strategy. This includes defining the relevant indicators and conducting reports compiling these indicators.
- ▶ The standard services offered across OMILs are defined in four stages: i) registration and diagnosis of jobseekers' needs; ii) development of skills and competencies; iii) job matching services; iv) and follow-up. Nonetheless, in reality, how each OMIL works depends on the resources and management of the municipality.
- ▶ The Manual of Inclusive Labor Intermediation Processes was created to standardize the services offered by all OMILs; however, a report in 2017 shows that there is still large diversity across the OMILs. As a response, SENCE and the OMILs are developing an integrated information and management system to improve the links between job training, job placement, and labor market information.



OMILs and SENCE



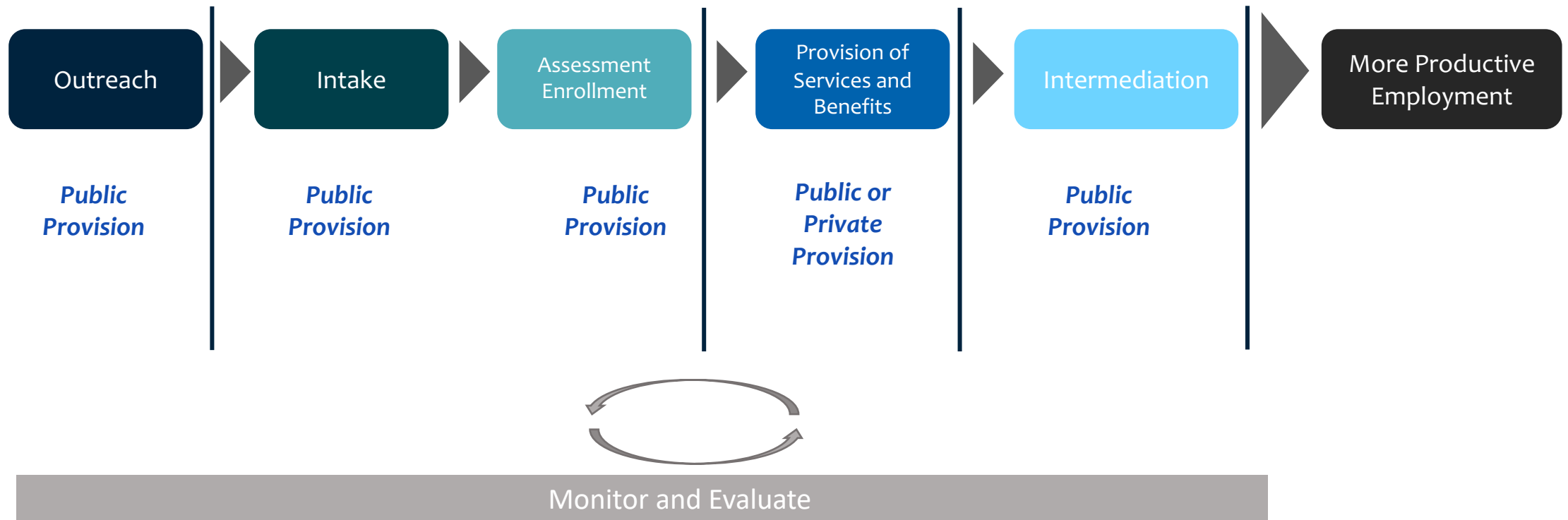
Reforms

- ▶ In 2009 the OMIL strengthening program was introduced to facilitate both the expansion of employment offices and their improved performance.
- ▶ In 2012, vouchers for outsourced job placement were put in place but suspended after 12 months.
- ▶ In 2013 the Manual of Inclusive Labor Intermediation Processes was created, followed in 2016 by a new online training program for OMILs, to ensure that all offices run similar service protocols.
- ▶ In 2019 President Piñera signed off the State Digital Transformation Law, which mandates public agencies (both at central and local levels) to become paperless within five years.



Since both the central and municipal governments are involved in the PES provision, services are provided by different actors.

Counseling and guidance are usually provided in-house by the OMIL professionals, but they are also offered online by SENCE. Training is executed by SENCE and often outsourced to accredited training providers. Additional services which the PES does not provide are available to jobseekers through referrals.





PES provides general information, LM statistics and reaches out to employers

Outreach

**Public
Provision**



Call center service for jobseekers.



Labor market information.



Labor market statistics and labor market studies to identify supply and demand.



SENCE's National Observatory: made up of a central office and a Network of 16 Regional Observatories. It provides information on occupations and economic sectors, as well as a list of the most required jobs in the country.



Outreach to employers to inform them about the OMILs' services and obtain information about their personnel needs.



PES provides services for jobseekers and employers; Unemployment Assistance (UA) claimants must register.

Intake

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Provision**

Clients

- Jobseekers
 - ▲ Jobseekers receiving unemployment assistance benefits are required to register and report to the OMIL. Other social programs might also require the beneficiaries to register.
- Employers
 - ▲ No obligation to register

Registration of jobseekers

- ▲ An employment counselor carries out an initial assessment of each client's needs in a short interview.
- ▲ For those entitled to unemployment assistance, the OMILs provide an unemployment certificate for them to obtain the payment. These beneficiaries must also register at the national job portal (BNE) within 96 hours after applying for the unemployment assistance benefit.
- ▲ After the assessment, jobseekers are provided with the necessary services. UA beneficiaries must report to the offices monthly.
- *Jobseekers must register separately at the unemployment insurance fund.
- *The SENCE evaluation (2017) found that not all OMILs make use of the BNE platform.



A diagnosis is conducted to identify the jobseeker's needs and strengths.

Assessment
Enrollment

**Public
Provision**

Individual diagnosis conducted by a Psycho-Social Professional

- An individual diagnosis is created during an interview with a Psycho-Social Professional as part of the OMIL registration process.
- During this interview, the professional develops a diagnosis by looking at the work experience, educational levels, user motivations for job search, job preferences, skills, and interests. Furthermore, an evaluation of the cognitive, motor, psychological, and/or functional capacities is conducted to detect which type of adjustments are needed for placement (in case of disability).
- In case the user is considering applying for an available vacancy, or if the Psycho-Social Professional considers it necessary, the jobseeker will have to complete one or more occupational-psychological tests.
- From the information gathered, the professional prepares a document in which he or she gives an account of the relevant dimensions for the person's work performance. This document should provide a general overview of the user's physical, cognitive and psychological abilities and guide the type of positions in which the user would perform adequately.

*This process is the one described in the OMIL Manual. However, during the SENCE evaluation (2017), it was found that in many OMILs, this diagnosis is not given the priority it should have. Mainly because of the lack of availability of psycho-social professionals and time constraints in processing the data.



Provision of services is based on the individual diagnosis

Assessment
Enrollment

**Public
Provision**

- Once an individual diagnosis has been conducted and a job profile has been created, the Psycho-Social Professional guides the user about the existing possibilities in the areas of training and labor intermediation.
 - The jobseeker is then referred to the process that best responds to his or her strengths and needs.
 - Independently of the referral, the user must be offered the possibility to participate in a job preparation workshop.
 - If required, jobseekers are referred to complementary services not provided by the PES, e.g., skills certification, information on self-employment, and advice on business start-ups.
- *As mentioned above, this process is the one described in the OMIL Manual. No information was found on what occurs if no diagnosis is created.



PES does not manage unemployment benefits. UI benefit claimants **are not obliged** to register at the PES.

Provision of Benefits

Private Provision

Unemployment insurance- Individual Savings Account (*Seguro de cesantía*)

- Financed by employers' and employees' contributions. The amount of the contributions depends on the type of contract: temporary or permanent. The major part of the contribution goes to the Individual Savings Account and the rest to the Unemployment Solidarity Fund (UA).
 - Mandatory contributions for dependent workers in the private sector. The claimant must be over 18 y/o, and benefits are paid for any job termination, including voluntary resignations.
 - Qualifying period: 6 months of insured employment for temporary workers and 12 months for permanent workers. Contributions must be made since the affiliation to the system or since the last unemployment spell. It does not matter if these contributions were continuous or not.
 - Claimants do not need to register or report to the PES.
 - The level of the benefit depends on the amount accumulated in the individual's account and the type of employment contract. The first month the replacement rate is 70%, the second 55%, and it keeps decreasing monthly until reaching 30% after the sixth month. Workers can withdraw benefits for as long as their savings permit.
 - When the workers retire, they can either withdraw the accumulated resources or transfer them to their pension saving account.
 - The maximum period of uninterrupted contributions set by law is 11 years.
- *If the balance in the individual savings implies low benefits, the jobseeker can choose to complement them with the solidarity fund (Unemployment Assistance).



UI claimants can choose to apply for UA benefits, if they fulfill the requirements.

Provision of Benefits

Public and Private Provision

Unemployment Assistance (*Seguro de Cesantía con cargo al Fondo de Cesantía Solidario*)

- Needs-based and non-taxable. Available to workers under UI who fulfill the following requirements:
The person must be involuntarily unemployed, have received less than 10 payments from the Solidarity Fund during the last 5 years, be registered at the OMIL and the online national jobs portal BNE, and have insufficient resources in the individual account (UI) to finance an unemployment benefit.
- If eligible, each claimant can decide whether to apply for this benefit (not mandatory).
- The worker must have 12 contributions to the Unemployment Solidarity Fund in the past 24 months. The last three must be continuous and with the same employer. The workers must also report to the PES and declare that they are still unemployed every month to receive the benefit payment.
- The amount is based on the average of 12 salaries previous to unemployment, with minimums and maximums adjusted each year. The amounts are first financed with the individual account balance and complemented with the solidarity fund.
- For permanent workers: benefits are made to produce five monthly payments with different replacement rates. 70% for the first month, decreasing gradually to 35% for the fifth month. For temporary workers: payments are made to produce three monthly payments at the replacement rates of 50%, 40%, and 35%.
- Additionally, there are two extra months of benefits for all workers at the rate of 30% each if the current unemployment rate is 1 point higher than the last 4-year average rate.

*An Unemployment Subsidy (*Subsidio de cesantía*) is also in place for workers who are excluded from the Unemployment Insurance System.



The PES is not responsible for managing any social assistance benefits.

Provision
of Benefits

**Public
Provision**

Social Assistance (primarily the Chile Solidario program)

- Social assistance is carried out by the Ministry of Social Development, primarily through the “Chile Solidario” program. This program provides limited cash transfers and personalized psychosocial support (through regular household visits) to the beneficiary families.
- Since 2012, Chile Solidario is being replaced by a new scheme, the Ingreso Etico Familiar program. This includes conditional and unconditional cash transfers, bonuses for students’ academic performance, and wage subsidies to women in a vulnerable situation (Bono al Trabajo de la Mujer).
- Both programs (new and old version) are targeted to families in extreme poverty, people over 64 years of age and in vulnerable conditions, people living in the streets, and underage individuals with imprisoned parents. The benefit is determined through a means-test, which is approximated with the extreme poverty line.
- Even though these programs are not targeted at the unemployed specifically and are not run by SENCE or the OMILs, people profiting from this program can be connected to the PES. For example, for wage subsidy programs like Bono al Trabajo de la Mujer, the OMILs act as an entry point.
- Certain social programs may also require that the beneficiary is registered at the job portal BNE or the OMIL.



Strong sanctions are in place for UA claimants which fail to fulfill their conditionalities.

Provision
of Benefits

**Public and
Private
Provision**

Conditionalities

- Active job search
- Join the online national jobs portal BNE.
- Report monthly to the municipal employment offices, attend scheduled interviews, and accept suitable employment or training referrals.
- Jobseekers must certify that they are effectively searching for a job on the BNE platform every month. This implies applying for a job opportunity that the BNE informs them about and attending the job interviews mediated by the BNE.

Sanctions

The payments are automatically suspended (loss of remaining benefit) if the jobseeker:

- Rejects a job offer without good cause (with a remuneration equal to or greater than 50% of the last salary received).
- Rejects without cause a training opportunity offered or leaves a course before completion.
- Fails to update their CV at the BNE platform.

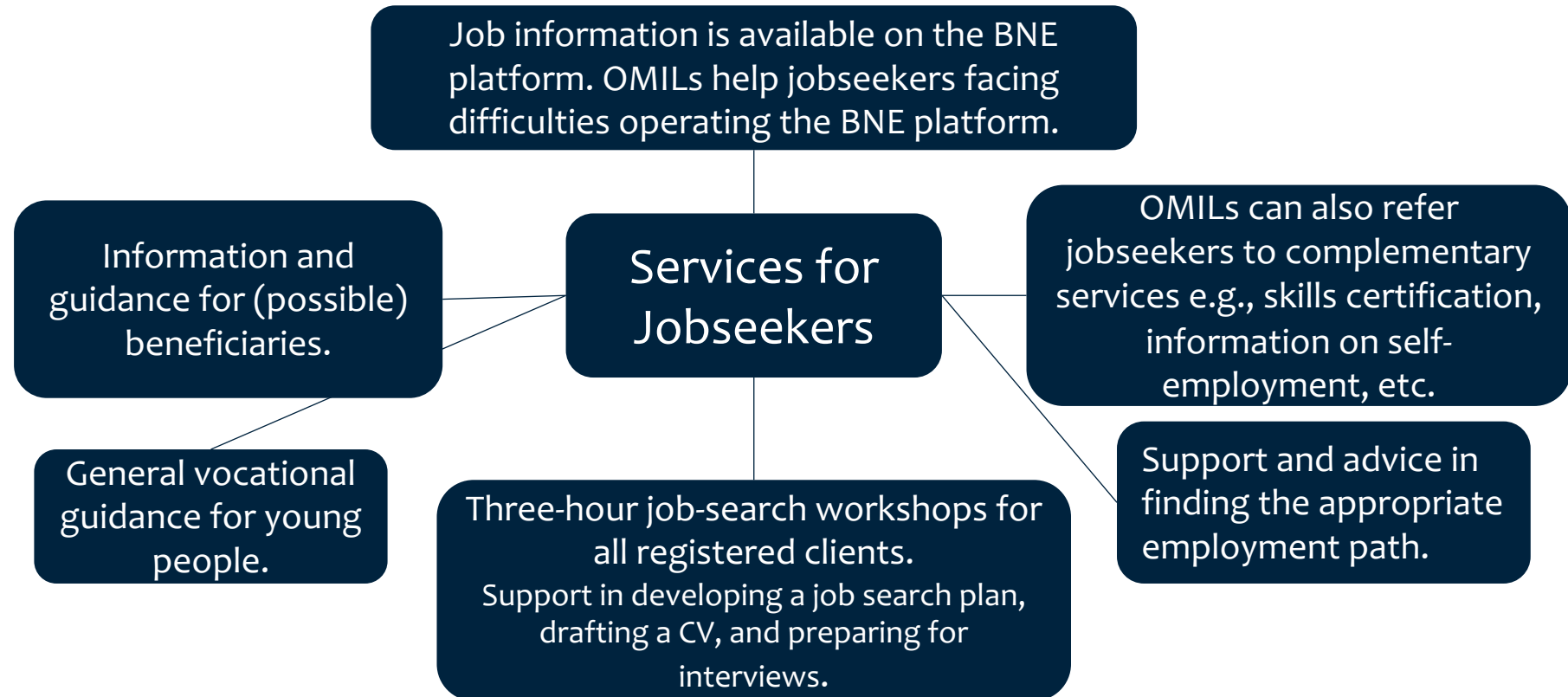


The type of services available may variate from OMIL to OMIL, depending on how many services they offer.

Provision of Services

Public Provision

The OMIL network has a structure comprising categories of OMILs at four levels of service, level IV being the ones offering the most basic services. OMILs with service levels I and II have additional services available for people with disabilities and people exiting incarceration.





Employers using OMILs' services on a regular basis include consulting firms, businesses, and the public sector.

Provision of Services

Public Provision

Services for Employers

Activities to nurture closer relationships with employers are supported by an Employment Promotion Officer located in each OMIL.

Business events for customers and potential customers of the OMIL.
In these events, the OMILs communicate their commitment to reducing unemployment in the region, promote their services, disseminate the public offer for entrepreneurs, and generate processes of reflection and sharing of good practices.

Visits to local enterprises to promote and provide the OMIL services.



Several ALMPs are offered to the PES clients. Training is executed by SENCE.



Provision of Services

Public and Private Provision

ALMPs

Training programs, vouchers and scholarships (in-house or outsourced). Allowances for meals and transportation during training courses are also available.

Internships.

Employment retention schemes.

Wage subsidies for apprenticeships and for those with disabilities.

Subsidized employment programs for low-income young workers: employer receives a monthly financial incentive, and the worker receives a wage supplement. Self-employed workers can also apply if they pay social security contributions.

Subsidized employment program for low-income vulnerable women: beneficiaries receive a monthly or yearly wage supplement.

Más Capaz program: targeted at economically inactive women of working age and young people (aged 15–19) who dropped out of secondary school. Services are provided in three stages: courses, social support, and labor intermediation.

On-the-job training program with two lines of execution: apprentices and seniors



Several intermediation services, including e-job fairs as an adaptation to the Covid-19 crisis.

Intermediation

**Public and
Private
Provision**



Online national jobs portal (BNE) allows jobseekers and employers to search matches directly.



Job fairs and e-job fairs.



For Jobseekers

- Matching based on the job profile. The jobseeker and the OMIL search together for vacancies
- Job search assistance through interviews
- Referrals to suitable vacancies
- If a person with a disability or a difficult background is hired, an educational talk is held before the first day to clarify concepts and dispel myths.



For Employers

- Job vacancies are registered through the BNE or at the OMILs and advertised across platforms
- Before publishing the vacancy, the placement staff enters the vacancy in the system and searches the jobseekers' database to find matching profiles
- Job analysis for the vacancy
- Pre-selection of candidates for the company
- Applicants database is available at the OMILs and on the BNE platform.



Follow-up after placement (~after three months) and support with job adaptation



Outsourcing



Most of the outsourcing is done for training and specific programs like Más Capaz. In case jobseekers need additional services, they can also be referred to other organizations.



The outsourcing of training takes place primarily through job training vouchers. With these vouchers, beneficiaries can choose from a defined range of training courses. Vouchers can be used for accredited providers only.



For the Mas Capaz program, in which OMILs act as an entry point, both the training and the job matching services are provided by external institutions. These programs are divided into three lines, and the provision works differently in every line (regular, youth with disabilities, and women entrepreneurs). According to the persons' needs in the different lines, several training institutions are involved. Generally:

- The institutions receive funding for each hour of training delivered and an amount for each effective placement. Payments for placements are granted if jobseekers obtain jobs lasting at least three months with a remuneration of at least a minimum wage.
- The outsourcing process works competitively. After SENCE publishes the rules of each contract, the institutions send the proposals. The courses that obtain a score higher than 5 for their technical proposal (weighted with 70%) go to the economic evaluation (weighted with 30%). Those with the highest scores are selected.



The OMILs had made previous attempts to subcontract specialized job placement services to private employment service providers in 2012. Through a pilot program, incentives for OMILs to outsource were offered. However, the voucher mechanism for job placement (Bono de Intermediación Laboral) was suspended after only 12 months of operation due to difficulties faced in measuring private providers' performance.



Digitalization

Some OMILs have their own website, while others have a section within the municipality website or list the SENCE website for information. The staff works with a digital information system composed of records, which are monitored and updated. SENCE and the UI fund publish information at the Chile Atiende website, a platform providing information on how to carry out different procedures needed for governmental services.

Services for Jobseekers

- ✓ On the BNE platform, they can find information, the job matching platform, and information on UI. If registered, they will also receive notifications on job offers and training, and they will be able to schedule interviews.
- ✓ On the SENCE website and social media, they can find a wide range of e-learning courses, webinars, e-job fairs possibilities (cooperation between BNE and SENCE), a course search platform, online career counseling options, information on occupations and economic sectors, and a list of the most required jobs on the website of the labor observatory.
- ✓ The application to several subsidies and programs and other procedures can be made online either on the SENCE or Chile Atiende website.

Services for Employers

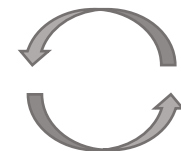
- ✓ On the BNE platform, employers can publish unlimited vacancies, search for workers, select and monitor candidates, schedule and monitor interviews and find guides on using the BNE services.
- ✓ On the SENCE website, they can find documents and general information related to SENCE and its programs, register for and settle training activities directly, use search engines to find courses for companies (Elige Mejor SENCE), and obtain reports and certificates.
- ✓ E-job fairs (cooperation between BNE and SENCE)
- ✓ The application to several subsidies and programs and other procedures can be made online either on the SENCE or Chile Atiende website.

Monitoring jobseekers



- While coordination between the OMILs, SENCE, and the Unemployment Insurance Manager (AFC) has improved, there is still no benefit control function of significant scope. The AFC relies on the OMIL's and BNE's reports and internal computer matches against contributor records.
- Furthermore, only those claiming unemployment benefits from the solidarity fund scheme (UA) are monitored. Those who claim only from their own savings account are not obliged to register at the OMIL or show any job search efforts. This is because the Chilean system incentivizes these job seekers through their savings accounts since they are retrieving from their savings to finance their unemployment benefits. Therefore, they are incentivized to find work as soon as possible to keep their savings.
- Those jobseekers who are not monitored can claim benefits as long as they have funds available on their account. Those claiming unemployment benefits covered by the Solidarity Fund can claim up to 5 monthly payments (except for two additional payments in case of high unemployment). There are conditionalities and sanctions in place for the latter, but as mentioned above, monitoring is only conducted by OMILs and BNE not by the UI fund.
- The OMILs follow-up on newly-placed clients. During this stage, the OMILs evaluate the worker's performance and support them in the first stages of adaptation to their job.

Monitor and Evaluate

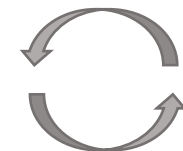


Monitoring the PES



- A manual for service provision was introduced in 2013, followed by an online training program in 2015, aiming to ensure that all OMILs run similar service protocols. This was followed by a study conducted by SENCE in 2017 to evaluate the satisfaction and standardized service delivery across OMILs. The report shows that there are still significant variations across offices.
- The head of each OMIL is in charge of the strategic planning to define the general orientation for the OMIL's work. For this, the OMIL's team meets to determine a vision, mission, and institutional strategies.
- Once a strategy is in place, the office defines an action plan, sets targets and time frames, and a monitoring strategy. This includes defining the relevant indicators that account for the progress, frequency, and form of the reports compiling these indicators.
- Since each OMIL functions independently, the monitoring strategy and action plan varies.
- The performance evaluation of the OMILs workers is conducted once the annual work period has ended. The OMIL Manager meets with each person on the team to review the work done.
- Customer satisfaction surveys have been conducted annually for the users of the OMIL between 2014-2019.

Monitor and Evaluate








Covid-19 responses



- The unemployed could apply for unemployment benefits through the online system from April 1, 2020, onwards.
- The Employment Protection Act allowed employers to retain their employees despite the suspension of activity. This act allowed workers to access the Unemployment Insurance benefits when one of the following occurred: a government order led to a suspension of the employment contract (quarantine); an agreement was reached to suspend the employment contract; or an agreement was made for a temporary reduction of the working day.
- SENCE offered a wide range of free online courses for those who wanted to improve their skills during the quarantine.
- SENCE and Claro (telecom operator) also launched ten online courses within the Capacitate para el Empleo program. The classes were open to everyone and aimed to support those seeking to rebrand themselves, undertake new projects, and generate income to address the employment crisis caused by the pandemic.
- SENCE also organized e-job fairs, which allowed people over 18 years old to apply for job offers in the Metropolitan, Valparaíso, and O'Higgins regions.



General observations

-  Alternative approach to ensure jobseekers stay active. Through the individual savings account, jobseekers are incentivized to find jobs to avoid spending their own savings.
-  ALMPs are strategically targeted to meet the needs of highly vulnerable groups. Furthermore, comprehensive ALMPs are in place (e.g., Mas Capaz) to tackle the different sides of unemployment.
-  The country is moving towards digitalization with the Digital Transformation of the State Law issued in 2019. This will reduce waiting times and queues for users but can represent a challenge for those without internet access and no digital literacy
-  Jobseekers receiving unemployment assistance are only monitored by the PES, not by the UI fund. This can present challenges for the PES because of their various responsibilities and high workload. Also, OMILs across the country have very different capacity levels, so the strictness in monitoring may vary as well.
-  A lack of standardization in service provision has been observed during SENCE's evaluation in 2017. This is the case despite the manual's introduction in 2013 because several OMILs fail to comply with the procedures. Nonetheless, the PES is working on improvement, which is why the standardization training was introduced in 2016.