Employment Policies for People with Disabilities in Peru

Stanislao Maldonado
University of California, Berkeley

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Overview

• Labor Market for People with Disabilities (PWD)
• Policy Instruments and Policy Outcomes
• Lessons
1. Labor Market for PWD

- Prevalence of disability is high in Peru for Latin American standards
- Labor market participation rates are low (40% participation gap), especially for women
- Unemployment is not the basic market exclusion mechanism
- Employment opportunities for PWD are in the informal sector
• Low levels of human capital are linked to low labor market participation and access to employment
Graph 1
Prevalence of Disability in Latin America

- Brazil: 14.50%
- Chile: 12.90%
- Ecuador: 12.10%
- Nicaragua: 10.30%
- Peru: 8.70%
- Uruguay: 7.60%
- Argentina: 7.10%
- Colombia: 6.60%
- Costa Rica: 5.40%
- Barbados: 4.60%
- Trinidad & Tobago: 4.50%
- Venezuela: 3.90%
- Guyana: 3.90%
- Bolivia: 3.80%
- Guatemala: 3.70%
- Suriname: 2.80%
- Jamaica: 2.80%
- Honduras: 2.70%
- Bahamas: 2.30%
- Panama: 1.80%
- Mexico: 1.80%
- El Salvador: 1%
- Paraguay: 1.00%
Graph 2: Distribution of Employed PWD by Type of Occupation

Source: ENAHO, 2004
Graph 3: Probability of Being Employed by Educational Level and Disability Status

Source: ENAHO, 2004
2. Policy Instruments and Policy Outcomes

• Disability policy is relatively new (Law 27050, 1998)

• Creation of new set of institutions regarding disability:
  – CONADIS (National Council for Integration of People with Disabilities)
  – Special Commission on Disability Studies (Congress)
  – National Direction of Labor Promotion for People with Disabilities (Ministry of Labor)

• Despite this, disability policies are poorly enforced and weekly implemented
Employment Policies

- Law 27050 and amendments (Law 28164): Two chapters on employment:
  - “Chapter VII: Promotion and Employment”
  - “Chapter VIII: Promotional Enterprises”
- It contains policy instruments common in developed societies (training and employment programs, quotas, employment services, financial and other supports, anti-discrimination laws, etc.)
- Certification of disability requirement (only 2.1% of population with disability).
• Policy instruments:
  – Employment and rehabilitation programs (INR)
  – Financial support (fiscal credit of 50% of wages paid to PWD if 30% of labor force is PWD, 80% if more than 30%)
  – Quotas (2% in labor programs run by Ministry of Labor, 3% of labor force in public sector, 15% of additional points in merit competition for jobs in public sector)
  – Anti-discrimination measures
**Quotas in Employment programs:**

<table>
<thead>
<tr>
<th>Name</th>
<th>PROJoven (s)</th>
<th>A Trabajar Urbano (s)</th>
<th>Perú Emprendedor (s)</th>
<th>Mujeres Emprendedoras (s)</th>
<th>Programa de Autoempleo y Microempresa (s)</th>
<th>Red CIL-PROEmpieo (s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiaries with disability</td>
<td>11</td>
<td>96</td>
<td>39</td>
<td>46</td>
<td>42</td>
<td>60</td>
</tr>
<tr>
<td>Total beneficiaries</td>
<td>34,136</td>
<td>194,756</td>
<td>n.d.</td>
<td>3,628</td>
<td>24,308</td>
<td>36,909</td>
</tr>
<tr>
<td>Participation rate of PWD</td>
<td>0.03%</td>
<td>0.05%</td>
<td>n.d.</td>
<td>1.27%</td>
<td>0.20%</td>
<td>0.16%</td>
</tr>
</tbody>
</table>

Recent data suggest important improvement of coverage of the workfare program (from 96 in 2004 to 1836 PWD in 2010)

Demand issues may be important

- **Quotas in Public Employment:**
  - 0.5% of PWD working for the State

- **Quotas don’t seem to work in context with high informality**
• **Promotional Enterprises:**
  
  – Relative success (from only 2 in 2003 to 600 in 2011)

  – Recent progress explained by implementation of service-disabled procurement preference in 2009 (Supreme Decree 184-2008)

  – Targeted to low-skilled workers (80% of Promotional Enterprises are in the Construction Sector)
3. Lessons

- Despite the weak enforcement, it is possible to make some progress by creating the “right” incentives.
- Policies need to be consistent with the characteristics of the labor market (human capital barriers).
- Demand constraints are more important.
- More emphasis on policy instruments targeted to improve PWD enterprises.